

Corporate Governance

Setting the Glory team priorities to enable a confident world



Toru Fujita

Audit & Supervisory
Board Member

Joji Iki

Outside Director

Hideo Onoe

Director & Senior Managing
Executive Officer

Hirokazu Onoe

President &
Representative Director

Kaname Kotani

Director & Senior Managing
Executive Officer

Mikio Nakajo

Outside
Audit & Supervisory
Board Member

Satoshi Hamada

Outside
Audit & Supervisory
Board Member

Akihiro Harada

Director & Managing
Executive Officer

Motozumi Miwa

Executive Vice President &
Representative Director

Shigetoshi Mabuchi

Director & Senior Managing
Executive Officer

Hiroki Sasaki

Outside Director

Masakazu Nagashima

Audit & Supervisory
Board Member

Corporate Governance

Board of Directors (As of June 27, 2018)

**Hirokazu Onoe** President & Representative Director

Sep. 1970	Joined the Company	Jun. 2006	Director & Managing Executive Officer
Apr. 2000	General Manager, Vending Machine & Amusement Systems Business Div.	Apr. 2009	General Manager, Corporate Strategy Div.
Jun. 2001	Director	Jun. 2010	Director & Executive Vice President
Jun. 2004	Managing Director	Apr. 2011	President & Representative Director (to present)

**Kaname Kotani** Director

Jun. 1987	Joined the Company	Jun. 2014	Director & Senior Executive Officer
Jun. 2010	Senior General Manager, Development Div., Money Handling System Business Headquarters	Apr. 2015	Director & Managing Executive Officer
Apr. 2011	Deputy Executive General Manager, Development Headquarters	Apr. 2016	Responsible for information security (to present)
Apr. 2012	Executive Officer	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Apr. 2013	Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)	Apr. 2018	Responsible for new businesses (to present)

**Motozumi Miwa** Executive Vice President & Representative Director

Jun. 2009	Joined the Company	Apr. 2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters
Mar. 2010	General Manager, Legal Affairs Dept., General Affairs Div.	Apr. 2015	Director & Senior Managing Executive Officer
Jun. 2010	Executive Officer	Apr. 2016	Representative Director & Senior Managing Executive Officer
Apr. 2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters	Apr. 2017	Executive Vice President & Representative Director (to present); Responsible for Business Management Headquarters
Jun. 2012	Director & Senior Executive Officer		
Apr. 2013	Responsible for CSR, brand strategy and investor relations functions (to present)		

**Akihiro Harada** Director

Mar. 1985	Joined the Company	Apr. 2014	Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.
Apr. 2003	General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.	Apr. 2015	Executive General Manager, International Business Headquarters of the Company
Jan. 2006	President of GLORY (PHILIPPINES), INC.	Jun. 2015	Director & Senior Executive Officer
Apr. 2009	General Manager, Management Planning Dept., Corporate Strategy Div. of the Company	Apr. 2017	Director & Managing Executive Officer (to present)
Apr. 2012	Executive Officer; Project Leader, International Business Integration Project Management Office	Apr. 2018	Executive General Manager, International Business Company Unit (to present)
Jul. 2012	Director of Glory Global Solutions Ltd.		

**Hideo Onoe** Director

Jan. 1999	Joined the Company	Apr. 2013	Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.
Oct. 2005	General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters	Apr. 2014	Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.
Oct. 2006	Executive Officer	Jun. 2014	Director & Managing Executive Officer
Jul. 2009	President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)	Apr. 2015	Executive General Manager, Domestic Business Headquarters (to present)
Apr. 2012	Senior Executive Officer of the Company; Executive General Manager, Production Headquarters	Apr. 2017	Director & Senior Managing Executive Officer (to present)

**Hiroki Sasaki** Outside Director

Independent Director

Apr. 1965	Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel & Sumitomo Metal Corporation)	Jun. 2002	President & Representative Director of Sanyo Special Steel Co., Ltd.
Jun. 1995	Director of Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation)	Jun. 2007	Director & Senior Adviser of Sanyo Special Steel Co., Ltd.
Apr. 1999	Managing Director of Nippon Steel Corporation	Jun. 2008	Outside Director of the Company (to present)
Jun. 2001	Vice President & Representative Director of Sanyo Special Steel Co., Ltd.	Jun. 2009	Outside Audit & Supervisory Board Member of KITZ Corporation

**Shigetoshi Mabuchi** Director

Apr. 1982	Joined GLORY Shoji Co., Ltd. (now the Company)	Apr. 2014	Managing Executive Officer
Apr. 2005	General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.	Jun. 2014	Director & Managing Executive Officer
Apr. 2009	Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Jun. 2010	Executive Officer		
Apr. 2012	Senior Executive Officer; Executive General Manager, Service Headquarters (to present)		

**Joji Iki** Outside Director

Independent Director

Apr. 1977	Joined Kawasaki Heavy Industries, Ltd. ("KHI")	Apr. 2015	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology, Sales and Procurement department of KHI
Nov. 2002	Senior Manager, Aero-Dynamic Machinery Department, Machinery Division, Gas Turbine & Machinery Company of KHI	Apr. 2016	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology and Sales department and in charge of Ship & Offshore Structure Company of KHI
Apr. 2009	Executive Officer; General Manager, Machinery Division, Gas Turbine & Machinery Company of KHI	Apr. 2017	Director of KHI
Apr. 2012	Managing Executive Officer; President, Gas Turbine & Machinery Company of KHI	Jun. 2017	Outside Director of the Company (to present)
Jun. 2012	Representative Director & Senior Vice President of KHI		

Audit & Supervisory Board (A&SB) (As of June 27, 2018)



Masakazu Nagashima A&SB Member

Jan. 1983	Joined the Company	Jun. 2015	A&SB member of the Company (to present)
Oct. 2006	General Manager, Business Planning Dept., Retail & Media Industries Systems Company	Jun. 2016	A&SB member of GLORY NASCA Ltd. (to present)
Apr. 2011	General Manager, Internal Audit Dept.		A&SB member of Hokkaido GLORY Co., Ltd. (to present)



Toru Fujita A&SB Member

Sep. 1988	Joined the Company	Jun. 2014	A&SB member, GLORY Products Ltd. (to present)
Apr. 2011	General Manager, Accounting Dept., Business Managing Div.	Jun. 2017	A&SB member of the Company (to present)
Apr. 2012	General Manager, Accounting Dept., Business Managing Headquarters of the Company		



Mikio Nakajo Outside A&SB Member

Independent A&SB Member

Apr. 1998	Registered as attorney-at-law Joined Sawada Kikui Law Office (now Sawada Nakajo Law Office)	Jun. 2010	Outside Corporate Auditor of NISHISHIBA ELECTRIC CO., LTD. (to present)
Apr. 2005	Partner and Attorney-at-Law of Sawada Nakajo Law Office (to present)	Jun. 2011	Outside A&SB member of the Company (to present)
Apr. 2009	Vice President of Hyogo-ken Bar Associations		



Satoshi Hamada Outside A&SB Member

Independent A&SB Member

Apr. 1976	Joined Chuo Audit Corporation	Jun. 2005	Outside Audit and Supervisory Committee Member of WDB Co., Ltd. (now WDB Holdings Co., Ltd.) (to present)
Aug. 1981	Joined Asahi & Co. (now KPMG AZSA LLC)	Sep. 2014	Representative, Hamada Certified Tax Accountant Office (to present)
Nov. 1981	Registered as certified public accountant	Jun. 2015	Outside A&SB member of the Company (to present)
Sep. 1984	President, Satoshi Hamada Accounting Office (to present)	May 2016	Outside Director of NISHIMATSUYA CHAIN Co., Ltd. (to present)
May 1994	Outside Corporate Auditor of NISHIMATSUYA CHAIN Co., Ltd.		

Executive Officers

Senior Managing Executive Officer
Hideo Onoe*

Senior Managing Executive Officer
Shigetoshi Mabuchi*

Senior Managing Executive Officer
Kaname Kotani*

Managing Executive Officer
Norio Murakami

Managing Executive Officer
Akihiro Harada*

Senior Executive Officer
Tokuya Shimizu

Senior Executive Officer
Hirokazu Sekino

Senior Executive Officer
Satoshi Baba

Senior Executive Officer
Hirofumi Kameyama

Senior Executive Officer
Hideto Tanaka

Senior Executive Officer
Katsunori Yamamoto

Senior Executive Officer
Tsutomu Iwata

Senior Executive Officer
Masashi Michishita

Executive Officer
Makoto Ueda

Executive Officer
Toshihiko Kayama

Executive Officer
Taneyoshi Ebashi

Executive Officer
Masato Ishida

Executive Officer
Yoshihiro Takada

Executive Officer
Hiroshi Uemura

Executive Officer
Tetsuya Bogaki

Executive Officer
Chris T. Reagan

Executive Officer
Vincent Nakache

Executive Officer
Yoshifumi Kawabata

Executive Officer
Yoshihiro Ota

Executive Officer
Satoko Fujii

Executive Officer
Yukihiro Fujikawa

* Currently serving as Director

An Interview with Joji Iki, Outside Director

“ The Board of Directors will contribute to Glory’s sustainable growth by maximizing the potential of its technologies and human resources.”

Joji Iki

Previously served as representative director and vice president at Kawasaki Heavy Industries, Ltd. June 2017, appointed outside director at Glory



Glory’s excellent technologies and human resources

My impression is that Glory, having reached the centenary of its founding, is now preparing to launch initiatives designed to ensure sustainable growth going forward. Glory’s past growth has been driven by the advanced technology embodied in its products, and by a corporate culture characterized by a strong commitment to productivity improvement and cost reduction.

However, a deeper knowledge of the company’s present situation leads me to believe that some opportunities are being wasted. For example, Glory has yet to realize the full business potential of its facial recognition technology. In addition to that, Glory has many other technologies with the potential to produce substantial income if they are commercialized. To make the most of these technologies and ensure the success of its new initiatives, Glory needs to work creatively and with a sense of

urgency to commercialize these technologies.

I also believe that Glory has excellent human resources. Its overseas sales ratio has expanded rapidly since 2012 and is currently approaching 50%. As a result, there are increasing opportunities for young employees in Japan to gain overseas experience, including work in overseas group companies. The company needs to work actively to expand these opportunities. From my own experience, I know that young employees return having achieved amazing growth when they are sent overseas. As Glory moves forward with new initiatives, it will also need to provide support from Japan to ensure that its business models can be successfully transferred to other countries. To achieve rapid growth, Glory must continue to focus on developing human resources with overseas experience and skills that enable them to work globally.

Governance amid continued globalization

Social demands regarding corporate governance have become stricter in the last few years. At Glory we assess our governance to be functioning appropriately, but such demands are growing along with the times. Furthermore, because the common sense that forms the standard of governance varies according to country and region, we must integrate each nation’s laws and culture into Glory’s governance. In society now, if a problem occurs it spreads instantly and often becomes a bigger issue than it really is. From the saying “problems arise at the edges,” even our group companies in Japan and overseas must pay careful attention.

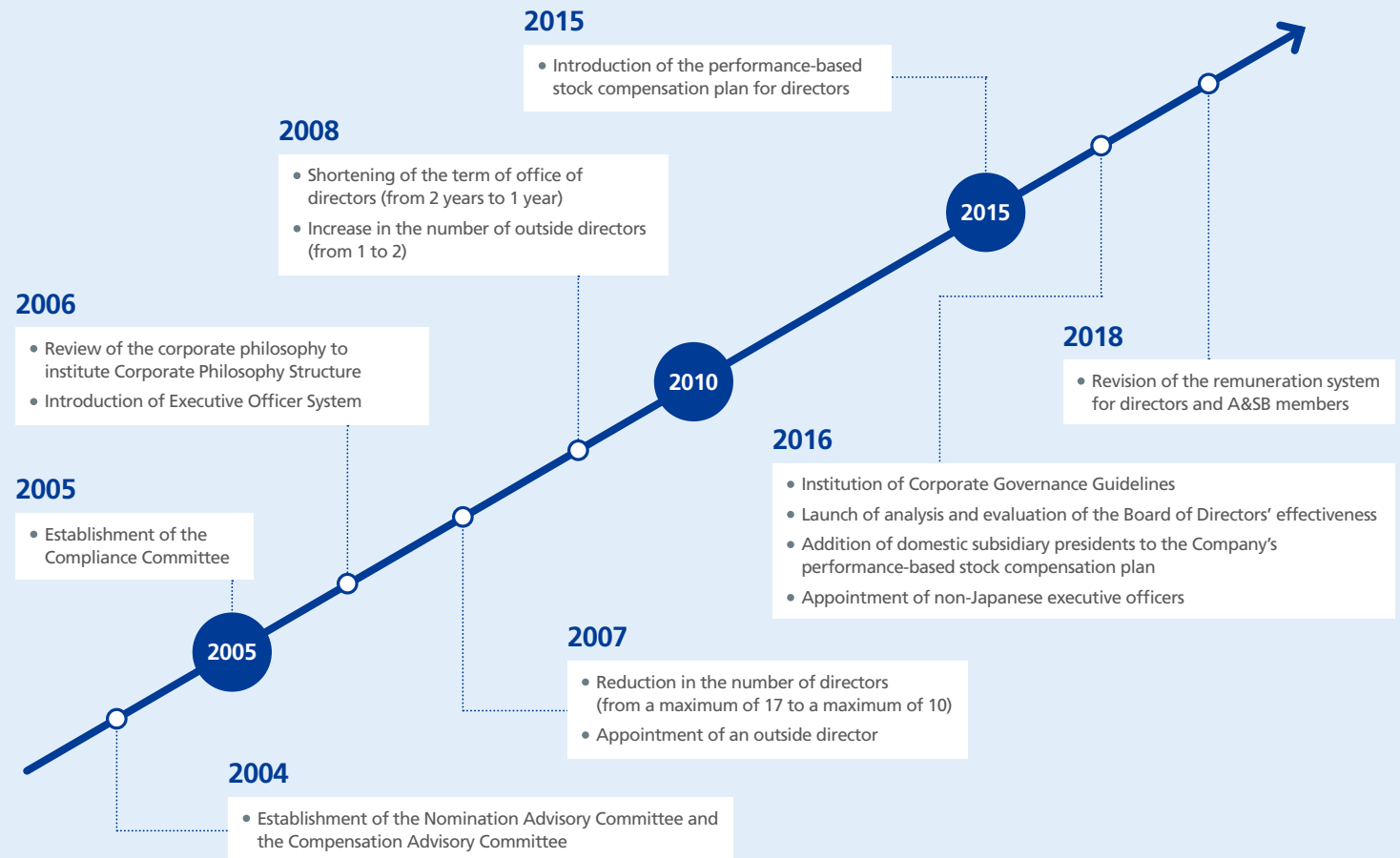
The Board of Directors conducts very active and meaningful discussions beyond the narrow focus of individual specialties. From a standpoint of not participating in business execution, I regard being able to share my opinion from an objective point of view as my most important role. I am requesting the deepening of Glory’s management strategy, such as the creation of new businesses and changes to business models. I want to help push forward the company’s initiatives by offering advice based on my experience as a management executive and an engineer.

It is important to contribute to society via our core business

In recent years there has been an increase in corporate initiatives in line with Sustainable Development Goals (SDGs) or Environmental, Social, and Governance (ESG). I believe that we can make the greatest contribution to realizing a sustainable society via our most socially influential operations, which is our core business. For Glory, its offering of accurate, easy-to-use products and services that contribute to improved production efficiency will result in a contribution to society. I believe that Glory can improve its social raison d’être by pleasing stakeholders and remaining conscious of CSR while engaging in its core business.

Glory's corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management, so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management.

Glory Corporate Governance Chronology



Corporate Governance Guidelines

To ensure sustainable growth of the Group and to boost corporate value over the medium and long terms, Glory formulated Corporate Governance Guidelines in February 2016. The Company is pushing forward with business management in line with these Guidelines and is striving to further strengthen its governance system.



http://corporate.glory-global.com/files/topics/930_ext_46_0.pdf

Corporate Governance Structure

Glory believes that for effective corporate management, the Board of Directors, having more than one outside director, should make decisions on important management issues and supervise the execution of business, while the Audit & Supervisory Board (“A&SB”) monitors the activities of the Board of Directors. Under such belief, Glory has adopted “Company with Audit & Supervisory Board” as a form of corporate organization under Japan’s Companies Act.

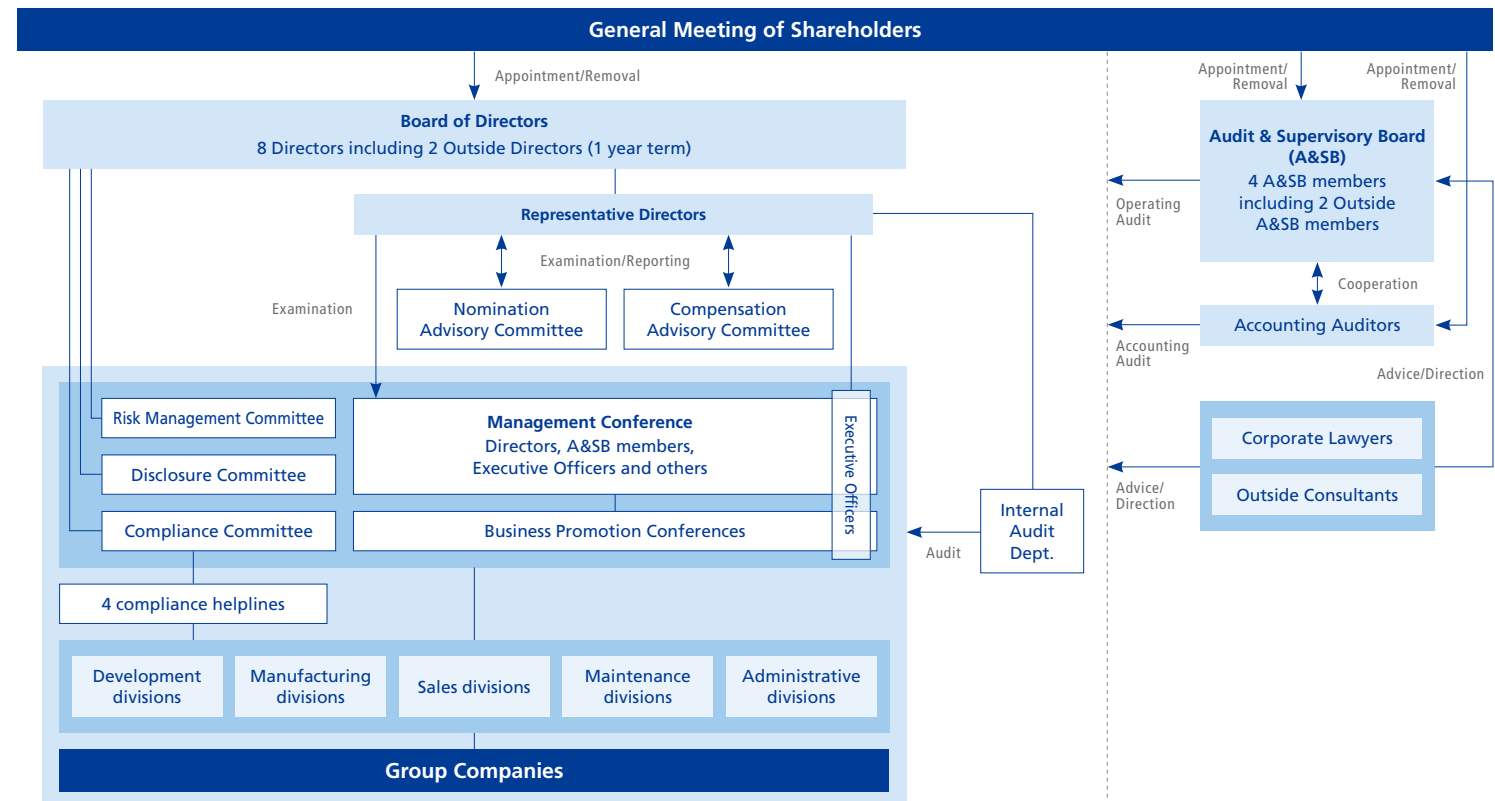
To ensure rapid decision making by, and vitalization of, the Board of Directors, the Company limits the number of directors to no more than ten, including several independent outside directors with qualities that enable them to contribute to sustainable growth and the improvement of corporate value from a medium- to long-term perspective.

Overseas business operations have expanded dramatically since the acquisition of Talaris Topco Limited in 2012. This is reflected in the composition of our Board of Directors, which includes two representative directors, four executive directors with extensive knowledge of the business or corporate operations of Glory, and two outside directors with the ability to provide appropriate expert advice based on knowledge of global corporate management and other fields. While we review the governance structure as needed, we believe this is the optimal board structure system for Glory at present, since it provides both balance and diversity in terms of knowledge, experience and ability of the Board as a whole.

The Company requires the A&SB to have a maximum of four members, the majority of whom must be outside A&SB members. At least one member of this Board must have adequate knowledge of finance and accounting. Currently the A&SB consists of two internal A&SB members who are familiar


with Glory’s business operations, and two highly independent outside A&SB members with extensive experience and expert knowledge of legal affairs, finance and accounting, corporate management and other fields.

Corporate Governance System (As of June 27, 2018)



Independent Outside Directors and Outside A&SB Members

We believe that our outside directors and outside A&SB members must be independent from Glory. Specifically, they are required to meet not only the conditions stipulated in the Companies Act and the rules of the Tokyo Stock Exchange, but also our own, more stringent criteria. For details concerning the independence requirements for Glory's independent outside directors, please refer to our Corporate Governance Guidelines.

 http://corporate.glory-global.com/files/topics/930_ext_46_0.pdf



Outside directors attending technology presentations

Information on Outside Directors and Outside A&SB Members

Outside Director	Reason of Appointment	Attendance rate at Board of Directors meetings (the year ended March 2018)	
		Board of Directors meetings	A&SB meetings
Hiroki Sasaki Nomination Advisory Committee Chair Compensation Advisory Committee Chair Independent Director	Mr. Hiroki Sasaki possesses considerable experience and global knowledge as a management executive at other companies and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of outside director.	16/16	
Joji Iki Nomination Advisory Committee Member Compensation Advisory Committee Member Independent Director	Mr. Joji Iki has long been leading business management at another company, and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of outside director.	13/13 (After appointment as outside director)	
Outside A&SB Member	Reason of Appointment	Attendance rate (the year ended March 2018)	
		Board of Directors meetings	A&SB meetings
Mikio Nakajo Independent A&SB Member	Mr. Mikio Nakajo possesses extensive knowledge and experience as an attorney-at-law and has been playing an important role, as an outside A&SB member in ensuring and enhancing compliance and adequacy in the Company's management. It is our judgment that we can strengthen the Company's management organization further by receiving his audit based on his experience and specialized knowledge from an independent standpoint.	16/16	14/14
Satoshi Hamada Independent A&SB Member	Mr. Satoshi Hamada possesses extensive knowledge and experience in corporate management as a certified public accountant. It is our judgment that we can ensure compliance and adequacy in the Company's management by receiving his audit based on his experience and specialized knowledge.	15/16	14/14

Analysis and Evaluation on Effectiveness of the Board of Directors

From the fiscal year ended March 31, 2016, the Company has annually analyzed and evaluated the effectiveness of its Board of Directors (the "Board") based on its Corporate Governance Guidelines. In the past two examinations, while it was judged that "the effectiveness of the Board is ensured sufficiently as a whole and that the current status of the Board is consistent with the Company's Corporate Governance Guidelines," we considered that there were some points for which "continuous efforts for

improvement are required."

Therefore, in the most recent examination, for the fiscal year ended March 31, 2018, the Company focused on those matters falling in the category of "continuous efforts for improvement are required."

As a result of analyzing and evaluating the anonymous self-evaluation questionnaires, some improvement was made from the previous year, though some issues remain to be solved. These issues include narrowing the Board's focus to

more strategic items, ensuring sufficient time for consideration, clarifying the main points of documents and utilizing IT tools at the Board meetings. Additional issues include readjusting roles and relationships between the Board and other managerial bodies, etc. and further delegating authority to such conferences.

Based on the most recent results, the Company will strive to increase the effectiveness of discussions at Board meetings regarding the setting of broad agendas for the corporate

managerial and business strategies. Furthermore, in the light of expected acceleration of overseas business development and entry into new businesses fields, the Company will maintain steady measures to improve the corporate governance structure by such means as securing appropriate composition and management of the Board, so as to ensure greater diversity.



<http://corporate.glory-global.com/groupinfo/governance/evaluation>

Remuneration for Directors and A&SB Members

Revision of the Remuneration System for Directors and A&SB Members

Outline of the revised remuneration system

The Company revised the remuneration system for Officers with the aim of sharing values with its shareholders and increasing incentives to enhance the medium- to long-term business performance and improving the corporate value of Glory's group companies.

In order to attain the abovementioned purpose, the Company revised its remuneration system for directors consisting of (1) fixed cash compensation ("Cash Compensation"), (2) short-term performance-based cash bonuses ("Bonuses") and (3) medium term performance-based stock compensation ("Stock

Compensation") thereby enhancing the system's overall linkage with performance.

Specifically, the proportion of the performance-based compensation ([2] Bonuses and [3] Stock Compensation) to the total amount of compensation ([1], [2] and [3]) was set in stages in accordance with the respective position of directors, and the range of fluctuation in Bonuses was expanded according to the achievement degree of performance goals, and the compositions of the remunerations and the balance of remuneration among different positions of directors were secured.

Regarding Stock Compensation, the range of fluctuation in the number of shares to be distributed according to the achievement level was expanded, while maintaining the current level of Stock Compensation awarded at the time of achieving standard performance targets.

The Remuneration System for Directors and A&SB Members after the Revision

[The upper limit of remuneration]

• Remuneration for Directors

Type of Remuneration		Amount
Cash	Fixed Compensation	¥450 million per year (including ¥50 million for outside directors)
	Bonuses	- No Bonuses to be paid to outside directors
Stock Compensation		<ul style="list-style-type: none"> • ¥300 million per 3 years • 147,000 shares per 3 years - outside directors not eligible for Stock Compensation

• Remuneration for A&SB Members

Type of Remuneration	Amount
Fixed Cash Compensation	¥80 million per year

Note: A&SB members are not eligible for Bonuses and Stock Compensation.

Corporate Governance

[Target performance indicators of Cash Bonuses and Stock Compensation]

• Bonuses

The following indicators were set as the target performance indicators for Bonuses. Bonuses will be paid according to the achievement degree of each target set at the beginning of each fiscal year as follows.

Target Indicators (Consolidated)	Achievement Degree	The Amount of Bonuses
Net Sales Operating Income	Less than 60% to 140% or more	0% of the prescribed basic amount to 200% of the prescribed basic amount

• Stock Compensation under the performance-based stock compensation plan (the "Plan")

Among the performance targets of the 2020 Medium-Term Management Plan* of the Company, the following indicators were set as the performance indicators under the Plan. According to the following achievement degrees of each target set at the beginning of each fiscal year, the company shares corresponding to the number of the points awarded will be distributed.

Target Indicators (Consolidated)	Achievement Degree	The Number of Points
ROE Operating Margin	Less than 90% to 140% or more	0% of the prescribed position-based basic points to 200% of the prescribed position-based basic points

* Performance Targets of 2020 Medium-Term Management Plan (Consolidated)

- ROE 8.0%
- Operating Margin 9.6%

Remuneration for Directors and A&SB Members for the year ended March 2018

Remuneration for the year ended March 2018 is as follows:

(Based on the former remuneration system)

Recipient	Basic Compensation		Bonuses	
	No. of Persons	Amount	No. of Persons	Amount
Directors (Outside Directors)	9 (3)	¥104 million (¥19 million)	6 (—)	¥70 million (—)
A&SB Members (Outside A&SB Members)	5 (2)	¥43 million (¥12 million)	— (—)	— (—)

Notes:

- Basic compensation for the year ended March 2018 includes the amount paid to one director and one A&SB member who retired at the conclusion of the 71st General Meeting of Shareholders held on June 23, 2017.
- Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
- A maximum amount of compensation for directors of ¥150 million per annum (including a maximum of ¥20 million for outside directors) was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007. This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
- A maximum amount of compensation for corporate auditors of ¥50 million per annum was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.
- Bonuses pertaining to the year ended March 2018 were approved by resolution of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018.
- In addition to the above, the amount of ¥18 million was reserved as a provision for performance-based stock compensation for the year ended March 2018 for six executive directors.