

CORPORATE GOVERNANCE

WORKING TOGETHER AS “ONE GLORY” FOR TRANSPARENT AND SOUND CORPORATE PERFORMANCE



**Masakazu
Nagashima**

Corporate
Auditor

**Satoshi
Hamada**

Outside
Corporate
Auditor

**Akira
Niijima**

Outside
Director

**Akihiro
Harada**

Director &
Senior Executive
Officer

**Motozumi
Miwa**

Director &
Senior Managing
Executive Officer

**Shigetoshi
Mabuchi**

Director &
Managing
Executive Officer



**Hirokazu
Onoe**

President &
Representative
Director

**Hideo
Onoe**

Director &
Managing
Executive Officer

**Tetsu
Yoshioka**

Director &
Senior Managing
Executive Officer

**Kaname
Kotani**

Director &
Managing
Executive Officer

**Hiroki
Sasaki**

Outside
Director

**Mikio
Nakajo**

Outside
Corporate
Auditor

**Toshihiko
Otani**

Corporate
Auditor

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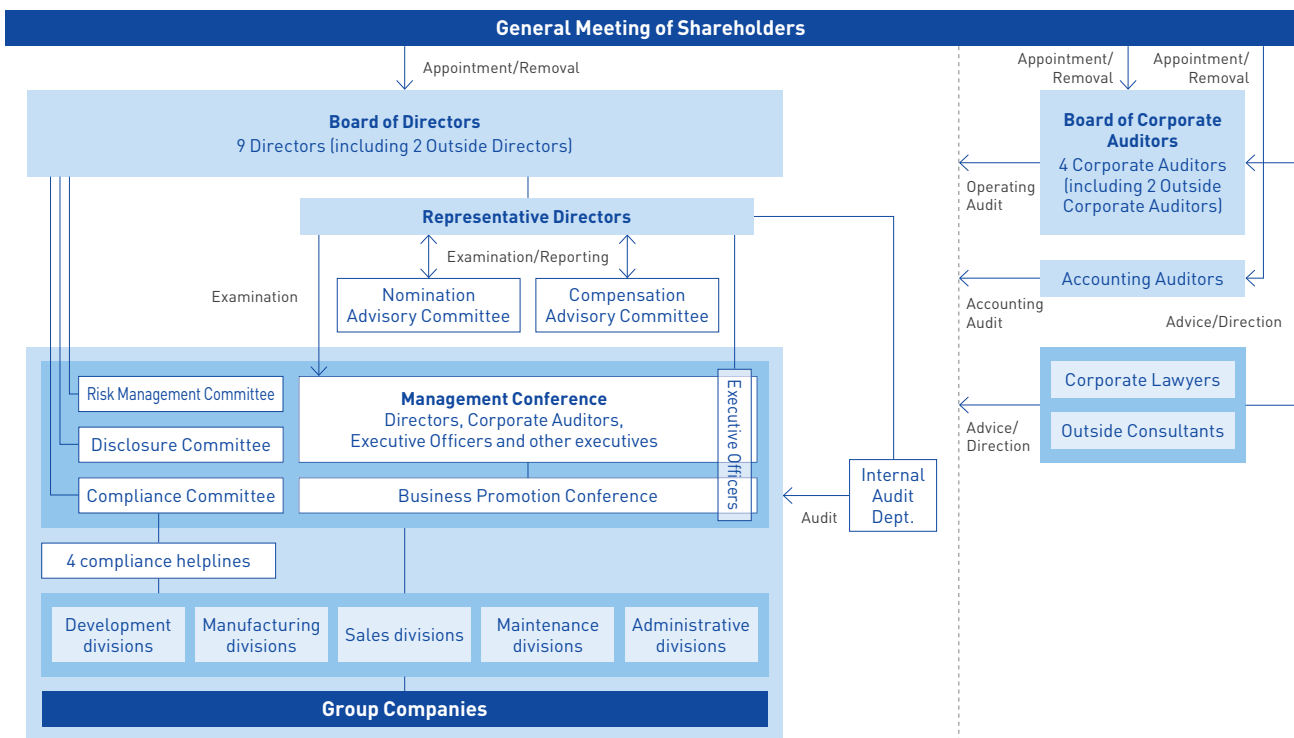
BASIC POLICY ON CORPORATE GOVERNANCE

GLORY’s corporate philosophy, which represents our corporate goal and raison d’être, is: “We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.” These words express our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development.

This philosophy guides our efforts to continuously improve our corporate value through sound and efficient business management, so that we can exist in harmony with society and earn the trust and support of all stakeholders.

These goals cannot be achieved without a firm commitment to the continuing improvement of corporate governance. We will continue our efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management, thereby improving corporate value.

Corporate Governance System



CORPORATE GOVERNANCE STRUCTURE

GLORY has adopted a “Company with Corporate Auditors” system under the Companies Act because the Company believes that a system in which the Board of Directors, which includes two outside directors, decides important management issues and supervises the execution of business, and in which the Board of Corporate Auditors oversees the Board of Directors, is effective for management of the Company. In addition, the Company has introduced an Executive Officer System and segregated the management

supervisory function and the business execution function to increase the speed and efficiency of business management. The Company has also established the Nomination Advisory Committee and Compensation Advisory Committee, the voluntary committees, to increase transparency and objectivity in key management issues. The following is an overview of the organizations that support the Company’s corporate governance system.

Directors and Board of Directors

GLORY's Board of Directors comprises nine directors (including two outside directors). In principle, the Board of Directors meets at least once per month, with attendance of four corporate auditors (including two outside corporate auditors). The Board of Directors decides the important business policies of the company and its group companies, supervises business execution, and receives reports on the status of business execution. The directors, including the highly independent outside directors, engage in active discussion and exchange opinions among themselves, and the corporate auditors express opinions as needed.

Corporate Auditors and Board of Corporate Auditors

GLORY's Board of Corporate Auditors is composed of two full-time corporate auditors and two outside corporate auditors for a total of four members. In principle, they meet once per month. The corporate auditors, including the outside corporate auditors, conducts audits based on an annual corporate audit plan determined in accordance with audit policy and the assignment of duties determined by the Board of Corporate Auditors. Based on such audits, corporate auditors issue reports on the audit status and exchange information and views at the Board of Corporate Auditors meeting.

HELPING OUTSIDE OFFICERS TO FULFILL THEIR MANAGEMENT SUPERVISION AND MONITORING ROLES

GLORY appoints two outside directors and two outside corporate auditors. The Company provides these outside officers with opportunities to view the actual workplace of core functions that support the business activities of the GLORY Group, including production and development, so that they can participate in management with a deeper understanding of the business situation, strategies and technologies of the Group. The outside officers have so far viewed various facilities, including main factories in Himeji and Saitama, development operations, and the call centers that support service operations. These on-site inspections provide outside officers with opportunities to gain a better understanding of our operations. Through such opportunities, our employees also learn much by talking with our highly experienced outside officers.



Manufacturing subsidiary visit by outside corporate auditors

THE INDEPENDENCE OF OUTSIDE OFFICERS

Concerning personal, capital and business relationships and other interests between GLORY and its outside directors and outside corporate auditors, we believe that these outside officers must not merely fulfill the criteria stipulated in the Companies Act, but must also be independent from the Company. Judgment of independence of the outside officers is made by the Board of Directors, taking into account business, personal and other relationships with the Group, as well as inquiries to the Nomination Advisory Committee and responses from that committee.

As for the current outside officers, there are no special interests between the Company and outside directors, Mr. Hiroki Sasaki and Mr. Akira Nijima, or between the Company and outside corporate auditors, Mr. Mikio Nakajo and Mr. Satoshi Hamada. Furthermore, there are no special interests based on personal, capital or business relationships between the Company and other companies, etc., in which the current outside officers are or were officers or employees.

These four outside officers have no conflicts of interest with ordinary shareholders, and the Company has designated and registered them as "independent officers," whom the Tokyo Stock Exchange requires listed companies to appoint.

CORPORATE GOVERNANCE

Executive Officer System

GLORY employs an Executive Officer System in order to make business execution speedier and more efficient. The executive officers, under direct command of the representative director, are charged with the execution of their appointed operations based on decisions made by the Board of Directors.

Management Conference

GLORY holds a Management Conference once a month to discuss the business policy and management plans in accordance with basic policy determined by the Board of Directors, and execution of major operations. The Management Conference comprises the company directors, including outside directors; the full-time corporate auditors; executive officers and other executives, and deliberates on issues and matters for company operations.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

GLORY has established a Compensation Advisory Committee to ensure the transparency and objectivity of decisions relating to compensation for directors, corporate auditors and other executives. Before making decisions about compensation for such executives and related matters, the Board of Directors always seeks the advice of the Compensation Advisory Committee and submits proposals to the General Meeting of Shareholders, the Board of Directors, or Corporate Auditors. Our stance on compensation for directors and corporate auditors is as stated below.

- Compensation for directors in charge of business execution consists of the “fixed compensation,” and the performance-related “bonus” and “stock compensation.”
- Compensation for outside directors and corporate auditors consists of fixed compensation only.
- The amount of fixed compensation for directors is determined in accordance with the responsibilities of each director and paid within the predetermined maximum amount pursuant to a resolution of the Board of Directors (Note 3).
- The amount of fixed compensation for corporate auditors is determined through discussions by the corporate auditors and paid within the predetermined maximum amount (Note 4).
- Funds for bonuses to directors are a fixed percentage of consolidated net income, an indicator linked to business performance.
- Retirement benefits for directors and corporate auditors are not provided.
- The stock compensation is used to provide incentives for directors to achieve the company’s medium-term financial performance targets. Under the plan, distribution of the Company’s shares will be linked to the extent to which the Company achieves its targets for the three-year period from the year ending March 2016.

Compensation for Directors and Corporate Auditors for the fiscal year ended March 31, 2015

Recipient	Total amount of compensation	Basic compensation		Bonuses	
		No. of persons	Amount	No. of persons	Amount
Directors (Except for Outside Directors)	¥113 million	9	¥65 million	7	¥48 million
Corporate Auditors (Except for Outside Corporate Auditors)	¥29 million	2	¥29 million	—	—
Outside Officers	¥28 million	4	¥28 million	—	—
(Outside Directors)	(¥16 million)	(2)	(¥16 million)	(—)	(—)
(Outside Corporate Auditors)	(¥12 million)	(2)	(¥12 million)	(—)	(—)

(Notes)

1. Basic compensation for the fiscal year under review includes the amount paid to two directors who retired at the conclusion of the 68th General Meeting of Shareholders held on June 27, 2014.
2. Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
3. 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.
4. 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.
5. Bonuses pertaining to this fiscal year under review were approved by resolution of the 69th Ordinary General Meeting of Shareholders held on June 26, 2015.

Business Promotion Conference

To promote prompt and appropriate execution of business operations, GLORY holds a Business Promotion Conference for each of the domestic and overseas operations. Each Conference is chaired by the head of each-operation, consisting of general managers of sales, development, quality assurance, manufacture, service and other related divisions. The Conference formulates and promotes business strategies, monitors progress in the implementation of business plans and reinforces coordination among various functions.

Nomination Advisory Committee and Compensation Advisory Committee

GLORY has established a Nomination Advisory Committee and a Compensation Advisory Committee to ensure transparency and objectivity concerning key management issues such as the appointment of directors and executive officers and decisions on their compensation. These committees consist of the representative director and two outside directors.

Other Management Committees

GLORY has also established a Compliance Committee to ensure that compliance is applied strictly and consistently group-wide, a Risk Management Committee to study measures for proper handling of risks and to take steps to

prevent risks from occurring, and a Disclosure Committee to ensure timely and appropriate information disclosure. These committees report to the Board of Directors as appropriate.

Internal Audit Department

In order to ensure compliance with legal and corporate requirements, as well as continuous business efficiency improvement, GLORY has established a 12-member group that reports directly to the representative director and acts as the Company's internal audit department. This department conducts audits in accordance with an annual internal audit plan that identifies areas where compliance risks are high, and suggests improvements based on audit results. Also, to ensure a high level of trust in the Company's financial statements, the Internal Audit Department evaluates the effectiveness of internal controls pertaining to financial reporting.

Accounting Auditors

GLORY has employed Deloitte Touche Tohmatsu ("Tohmatsu") as its accounting auditors since June 2007. There are no material conflicts of interest between the Company and the Tohmatsu and its staff that engage in GLORY audits. A policy is in place at Tohmatsu to limit the audit staff members' involvement in GLORY audits to a fixed period of time.

COMPLIANCE SYSTEM

GLORY considers group-wide legal compliance an important management priority, and the Board of Directors appoints one of its members to be the Chief Compliance Officer to implement a variety of measures to maintain and improve the compliance system. An example of such measures is the establishment of the Compliance Committee and compliance helplines. The Compliance Committee, which is chaired by the president and includes two outside experts who are both lawyers, discusses important issues relating to compliance and reports to the Board of Directors whenever appropriate. The Company operates four compliance helplines, including an outside helpline for employees of the group companies to report compliance problems and strives for

the early detection and correction of the problems, and the protection of reporters' interests.

In addition, to cope with accelerated expansion of our overseas business in recent years, the Company has established the GLORY Legal Code of Conduct with a global point of view, that applies to domestic and overseas group companies alike. To ensure the group continues to conduct business with the honesty and fairness synonymous with our brand and that the Company maintains high level of legal compliance and ethics, the Company promotes awareness of compliance by distributing a handbook and conducting compliance training seminars for the group employees.

BOARD OF DIRECTORS, BOARD OF CORPORATE AUDITORS AND EXECUTIVE OFFICERS

[As of June 27, 2015]

BOARD OF DIRECTORS



President*
Hirokazu Onoe



Director
Motozumi Miwa



Director
Tetsu Yoshioka



Director
Hideo Onoe



Director
Shigetoshi Mabuchi



Director
Kaname Kotani



Director
Akihiro Harada



Outside Director
Hiroki Sasaki



Outside Director
Akira Nijjima

BOARD OF CORPORATE AUDITORS



Corporate Auditor
Toshihiko Otani



Corporate Auditor
Masakazu Nagashima



Outside Corporate Auditor
Mikio Nakajo



Outside Corporate Auditor
Satoshi Hamada

EXECUTIVE OFFICERS

Senior Managing Executive Officer

Hideaki Matsushita

Managing Executive Officer

Hideo Onoe

Managing Executive Officer

Kaname Kotani

Senior Executive Officer

Akihiro Harada

Executive Officer

Manabu Shibutani

Executive Officer

Hideto Tanaka

Executive Officer

Toshihiko Kayama

Executive Officer

Masashi Michishita

Senior Managing Executive Officer

Tetsu Yoshioka

Managing Executive Officer

Shigetoshi Mabuchi

Senior Executive Officer

Takashi Mitsui

Senior Executive Officer

Hirokazu Sekino

Executive Officer

Hirofumi Kameyama

Executive Officer

Makoto Ueda

Executive Officer

Taneyoshi Ebashi

Executive Officer

Yoshihiro Takada

Senior Managing Executive Officer

Motozumi Miwa

Managing Executive Officer

Norio Murakami

Senior Executive Officer

Tokuya Shimizu

Senior Executive Officer

Satoshi Baba

Executive Officer

Tsutomu Iwata

Executive Officer

Katsunori Yamamoto

Executive Officer

Masato Ishida

Executive Officer

Hiroshi Uemura

* Indicates that the individual is a Representative Director.