

Last Update: June 29, 2021

GLORY LTD.

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<https://corporate.glory-global.com/>

The corporate governance of GLORY LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Based on our “Corporate Philosophy,” which embodies our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development, GLORY and its subsidiaries (collectively, the “Group”) aim to improve the corporate value by striving to exist in harmony with society and earn the trust and support of all stakeholders. To this end, we will strive to improve corporate governance by strengthening supervisory and executive functions of management, ensuring expedited, transparent and objective decision-making, and enhancing compliance management, thereby further improving the corporate value.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

The contents of disclosure based on each principle of the Corporate Governance Code are as follows. Each disclosure item is based on the code valid before the revision in June 2021.

<Principle 1.4: Cross-Shareholding*>

It is our policy to hold other companies’ listed shares as cross-shareholdings only if, based on a broad consideration of factors such as the business strategies and transaction status of any investee company, we determine that the corporate value of the Group would increase by maintaining or enhancing our relationship with such company. We will pay attention to the soundness of the investee company, consider the market value of shares as well as the dividends and other returns of such company, thereby ensuring the economic rationale of such holdings.

Further, with respect to each individual cross-shareholding, the economic rationale and future outlook are examined by the Board of Directors from a mid- to long-term perspective based upon such factors as their returns and risks and, based on such examination, the purposes of such holdings and their rationale, as well as the justifiability of continuing such holdings, are verified on an annual basis. Additionally, such holding is reconsidered if it is not found to be suitable.

In FY 2020, the Board of Directors conducted verification of all listed shares held by the Company as cross-shareholdings in terms of the stock name, purpose and rationale of such holdings from the viewpoint of whether there are potentials for business synergy with the investee companies and whether the return and risk regarding such holdings balance with the capital cost, etc., and decided to continue to hold the stocks whose suitability was confirmed. Further, some of the shares were sold due to reasons such as deviation from the original purpose and the lessening of the significance of such holdings.

When exercising voting rights on cross-held shares, the Company will determine how to vote after comprehensively taking into consideration various circumstances, including the condition of each investee company, in addition to criteria such as whether exercising the voting rights will improve the corporate value of the Company and the investee company.

** Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.*

<Principle 1.7: Related Party Transactions>

When the Company conducts any transactions with related parties, such as Directors or major shareholders, approvals of the Board of Directors are obtained in advance to ensure such transactions do not harm the Group or the common interests of its shareholders, unless the terms of the transactions are equivalent to those of other general transactions.

Further, aside from the foregoing, the Company's "Regulations of the Board of Directors" stipulates that resolution of the Board of Directors is required before a Director conducts any competitive transactions, self-dealing transactions or any other transactions that would involve a conflict of interest with the Company.

Transactions with related parties are disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations.

Meanwhile, Audit & Supervisory Committee requires Directors to submit confirmation letters concerning their respective engagement in competitive transactions, self-dealing transactions and any other transactions that would involve a conflict of interest with the Company or transactions with shareholders under unusual terms of transactions, and provide reports thereof to the Board of Directors.

<Principle 2.6: Roles of Corporate Pension Funds as Asset Owners>

The Company manages its corporate pension plan through the GLORY Group Corporate Pension Fund and a contract-type pension plan. Recognizing that how the pension fund reserves are managed can influence not only the stable formation of beneficiaries' assets but also its financial condition, the Company has been cultivating and assigning personnel who have appropriate qualities for the management of the pension fund reserves. Additionally, the Company has established a system for the sound management of pension assets by setting up expert committees regarding the corporate pension plan and utilizing outside professionals as necessary. Further, the status of the management of the pension fund reserves is reported to the Board of Directors regularly.

<Principle 3.1: Full Disclosure>

(i) Managerial Creed, Etc., Corporate Management Strategy and Management Plan

The Company's corporate philosophy, managerial creed, etc. are published on our website, and also its long-term visions and mid-term management plans are disclosed at stock exchanges, etc. as well as on our website whenever they are established.

■ Corporate Philosophy

<https://corporate.glory-global.com/groupinfo/philosophy/>

■ Long-Term Vision and the Medium-Term Management Plan

<https://corporate.glory-global.com/ir/management/plan/>

(ii) Basic Views and Policy on Corporate Governance

The Company sets forth its basic views and policy concerning corporate governance of the Group in the "Corporate Governance Guidelines."

■ Corporate Governance Guidelines

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

(iii) Policy and Procedures for Determining Remuneration of Directors and Other Officers

See "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" section under "II. 1. Directors' Remuneration" herein.

(iv) Policy and Procedures for Appointing, Dismissing and Nominating Directors and Other Officers

When appointing senior management from among Directors or nominating candidates for Directors, the Company examines individuals based on such criteria as their extensive experiences in and out of Japan, depth of insight, suitability of skills and expertise for the expected roles, personalities, and other factors that are necessary to achieve our corporate governance system and to contribute to the continuing increase of the Group's corporate value. Internal Director candidates are appointed from among individuals who have extensive knowledge of the domestic and overseas businesses or corporate operations of the Group. Outside Director candidates are appointed from among individuals who have expertise in such areas as corporate management, law, finance and accounting and are qualified to provide proper recommendations and advice on management from a broad perspective.

Candidates for Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have adequate experience and ability as well as necessary knowledge of finance, accounting and legal matters for conducting audits and supervisions regarding each business that the Group is engaged in Japan and overseas. In particular, the Audit & Supervisory Committee will include at least one person who has sufficient knowledge of finance and accounting, and candidates for Outside Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have high-level independence as well as rich experience and deep knowledge in such areas as law, finance, accounting and corporate management, etc.

Moreover, in order to secure transparency and objectivity in appointing Directors and other executives, the Company has established, as an optional advisory committee to the Board of Directors, the Nomination Advisory Committee, with at least a half of the members being independent Outside Directors. Candidates for Directors who are not Audit & Supervisory Committee Members are determined by the Board of Directors (with the consent of the Audit & Supervisory Committee in the case of Directors who are Audit & Supervisory Committee Members), after taking into consideration the advice of the Nomination Advisory Committee.

In the event that any member of the senior management is deemed to no longer meet the criteria above, the Board of Directors determines, after deliberation by the Nomination Advisory Committee, his or her dismissal from the position.

(v) Explanation regarding Appointment, Dismissal or Nomination of Directors

The Company states reasons for appointing each candidate for Director in the convocation notices of its general meetings of shareholders. Further, when the Board of Directors has determined to dismiss any member of the senior management from his or her position, disclosure will be made regarding such information in accordance with the timely disclosure rules, etc. based on the regulations set forth by the Tokyo Stock Exchange ("TSE").

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 4.1.1: Scope and Content of Matters Delegated to the Management>

The Board of Directors delegates certain types of decisions on important business execution to Directors, and the "Regulations of the Board of Directors" sets forth, as matters to be resolved by the Board of Directors, the matters stipulated in relevant laws and regulations and the Articles of Incorporation such as matters concerning general meetings of shareholders and accounting; Directors and the Board of Directors; the Company shares; basic policies on management; material assets; organization and personnel affairs; the Group's management, and other important matters of the Group.

Also, the decision-making authority concerning matters that do not fall within the scope of the matters of resolution stipulated by the said Regulations are delegated to Representative Directors, executive officers or managers of relevant departments, as stipulated in the "Regulations on Approval Authority."

<Principle 4.9: Independence Standards and Qualifications for Independent Outside Directors>

With regard to independence of individuals assuming the office of independent Outside Directors of the Company, the Company requires them to satisfy the Independence Standards for Independent Outside Directors described in this report under "II. 1. Independent Directors", in addition to the independence criteria set forth by TSE.

<Supplementary Principle 4.11.1: Overall Balance, Diversity and Size of the Board of Directors>

In the belief that the securing of balance of knowledge, experience and skills as well as the diversity of the Board as a whole is important, the Board consists of (a) executive Directors who have extensive knowledge of the Group's businesses or corporate operations in and out Japan and (b) Outside Directors who have expertise in areas such as corporate management, law, finance and accounting, etc. and are qualified to provide valuable recommendations and advice to the management from a broad perspective.

As to the number of Directors, in order to expedite the decision-making process and promote active deliberation at its meetings, the Board consists of no more than ten (10) Directors who are not Audit & Supervisory Committee Members and no more than five (5) Directors who are Audit & Supervisory Committee Members. The Board of Directors includes such number of independent Outside Directors as exceeds one-third of the Directors, having credentials to contribute to the sustainable growth and the increase of the corporate value over the medium to long term, aiming to achieve the appropriate supervisory functions of the management.

Skills required for the members of the Board of Directors are described in the Notice of the 75th Ordinary General Meeting of Shareholders.

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 4.11.2: Situation of Directors Concurrently Holding Positions>

Situations of Directors concurrently serving as officers at other listed companies are disclosed through in the convocation notices of the general meetings of shareholders, annual securities reports, the corporate governance reports or other similar publications.

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 4.11.3: Summary of Analysis and Evaluation of Effectiveness of the Board of Directors and Results thereof>

The Company endeavors to strengthen the function of the Board of Directors as a whole by having each Director perform a self-evaluation and, based thereon, analyzing and evaluating the effectiveness of the Board. A summary of the results is published on the Company's website.

■ Results of Analyses and Evaluation on Effectiveness of the Board of Directors

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

<Supplementary Principle 4.14.2: Policy for Training of Directors>

It is the Company's basic policy to appropriately provide each Director with such training opportunities as are necessary for them to fulfill their respective roles and responsibilities, regularly or as necessary.

Directors endeavor to acquire, update and deepen necessary knowledge by participating in in-house training or seminars by TSE and various external organizations, etc. Opportunities are also provided for them to deepen knowledge and understanding regarding the business, finance, organizations and other matters of the Group through participating in factory tours and site visits, etc. of the Company and its subsidiaries. They continuously endeavor to acquire, update and deepen necessary knowledge by such measures as participating in workshops given by lawyers, experts in various areas and other outside professionals, as necessary.

<Principle 5.1: Policy for Constructive Dialogue with Shareholders>

In order to attain sustainable growth and the increase of corporate value of the Company over the medium to long term, it is our basic policy to have in place an integrated framework and implement activities for promotion of constructive dialogue with shareholders and investors. This policy is disclosed on the Company's website.

■ Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors

<https://corporate.glory-global.com/ir/management/policy/>

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,493,200	7.39
Nippon Life Insurance Company	3,427,224	5.64
GLORY Group Employees' Stock Ownership Association	2,522,065	4.15
Custody Bank of Japan, Ltd. (Trust account)	2,386,200	3.93
Sumitomo Mitsui Banking Corporation	2,100,444	3.46
Tatsubo Fashion Co. Ltd.	1,500,000	2.47
Custody Bank of Japan, Ltd. (Trust account 9)	1,308,800	2.15
GLORY Business Partners' Stock Ownership Association	1,134,226	1.87
Custody Bank of Japan, Ltd. (Trust account 7)	944,100	1.55
MUFG Bank, Ltd.	879,600	1.45

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

- (1) The "Status of Major Shareholders" above is based upon the status as of March 31, 2021. The Company, which holds 2,866,078 treasury shares, is not listed in the "Status of Major Shareholders."
- (2) The "(Change) Report of Possession of Large Volume" dated April 7, 2011 filed by Nippon Life Insurance Company with the Director-General of the Kinki Local Finance Bureau indicates that such company held 3,878,824 shares of the Company (a holding ratio of shares of 5.65%) in total as of March 31, 2011. However, since the Company cannot confirm the number of shares beneficially held by that company, the number of shares held by it as registered on the shareholder registry is stated in the "Status of Major Shareholders" above.
- (3) In its "Report of Possession of Large Volume" made available for public inspection as of December 16, 2019, Mitsubishi UFJ Financial Group, Inc. states that MUFG Bank, Ltd. and its two joint holders held 3,383,500 shares of the Company (a holding ratio of shares of 5.32%) in total as of December 9, 2019. However, since the Company cannot confirm the number of shares beneficially held by such companies, the number of shares held by them as registered on the shareholder registry is stated in the "Status of Major Shareholders" above..

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation Updated

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors Updated	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors within the above number of Outside Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Joji Iki	From another company											
Junji Uchida	From another company											
Satoshi Hamada	Certified Public Accountant											
Keiichi Kato	Attorney-at-law											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Member of Audit & Supervisory Committee	Designated as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Joji Iki		○	There is no special interest between Mr. Iki and the Company.	<p>Mr. Joji Iki possesses extensive knowledge and experience as a management executive at another global company with emphasis on technological development.</p> <p>The Company appointed Mr. Iki as an Outside Director based upon the judgement that, with his advice and recommendations given from an independent standpoint, we would be able to strengthen the supervisory function while to ensuring and enhancing transparency and fairness in the Company's management.</p> <p>Mr. Iki is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>

Junji Uchida		○	There is no special interest between Mr. Uchida and the Company.	<p>Mr. Junji Uchida has long supervised business management possesses extensive knowledge and experience as a management executive at major steel companies which operate globally.</p> <p>The Company appointed Mr. Uchida as an Outside Director based upon the judgement that, with his advice and recommendations given from an independent standpoint, we would be able to strengthen the supervisory function while ensuring and enhancing transparency and fairness in the Company's management.</p> <p>Mr. Uchida is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>
Satoshi Hamada	○	○	There is no special interest between Mr. Hamada and the Company.	<p>Mr. Satoshi Hamada possesses expert knowledge and experience as a certified public accountant.</p> <p>The Company appointed Mr. Hamada as an Outside Director based upon the judgement that, with his expertise and experience in the Company's audits and supervisions from an independent standpoint, we would be able to ensure legitimacy and adequacy in the Company's management.</p> <p>Mr. Hamada is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>
Keiichi Kato	○	○	There is no special interest between Mr. Kato and the Company.	<p>Mr. Keiichi Kato possesses expert knowledge and experience as an attorney-at-law.</p> <p>The Company appointed Mr. Kato as an Outside Director based upon our judgement that, with his expertise and experience in the Company's audits and supervisions from an independent standpoint, we would be able to ensure legitimacy and adequacy in the Company's management.</p> <p>Mr. Kato is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>

[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
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Matters Related to the Independence of such Directors and/or Staff from Executive Directors

The Board of Directors assigns, through consultation with Audit & Supervisory Committee, two employees who have sufficient knowledge required by the Audit & Supervisory Committee, dedicated to assist in the performance of Audit & Supervisory Committee's duties. Such assistant employees perform their duties in accordance with the instructions of the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members at relevant subsidiaries. To secure independence of the assistant employees, the right to give instructions to them belongs to the Audit & Supervisory Committee during the period designated by the Audit & Supervisory Committee, and they will not subject to instructions of any Directors who are not Audit & Supervisory Committee Members. Any decisions on appointments, changes or personnel affairs regarding the assistant employees are subject to prior consent of the Audit & Supervisory Committee.

Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Committee and the Company's accounting auditors work in close collaboration to enhance the efficiency and effectiveness of their respective audits. In addition to the regular meetings held several times each year, they meet on an ad hoc basis, endeavoring to mutually ensure appropriateness and credibility of performance of their duties. This is achieved through such measures as briefing, consultation, inquiries and confirmation on matters that require special attention, regarding the annual audit plans and site audit plans (including audits of consolidated subsidiaries) prepared at the beginning of each fiscal year. Further, Audit & Supervisory Committee works in close collaboration with the Internal Audit Department positioned under its direct control to enhance the efficiency and effectiveness of their respective audits. Audit & Supervisory Committee Members receive and confirm copies of the audit notification stating such matters as the schedule, subject, purpose, method and other matters of the relevant audit which is given from the Internal Audit Department whenever they implement an audit pursuant to the annual audit plan. After completion of the audit, Audit & Supervisory Committee Members receive explanations concerning matters pointed out and status of implementation of improvement by way of the report on implementation of internal audits, based on which mutual exchange of opinions is conducted between Audit & Supervisory Committee Members and the Internal Audit Department personnel.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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[Independent Directors]

Number of Independent Directors	4
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Matters relating to Independent Directors

The Company has designated as Independent Directors all Outside Directors who satisfy the qualifications as Independent Directors.

The “Independence Standards for Independent Outside Directors” set by the Company are as follows:

<Independence Standards for Independent Outside Directors>

Independent Outside Directors must not fall under any of the following.

- (1) Any person who is currently, or at any point in the past ten years has been, an executive of the Company or any of its subsidiaries.
- (2) Any person who is a major client or supplier*1 of the Company or for whom the Company is a major client or supplier (or any executing person of the said major client or supplier if the client or supplier is a legal entity).
- (3) Any consultant, accounting or legal professional who receives a large amount*2 of monetary consideration or any other property from the Company besides compensation as a director (or a person belonging thereto if the consultant, accounting or legal professional is a legal entity).
- (4) Any person who receives a large amount*2 of financial contributions or support from the Company (or a person belonging thereto if the person is a legal entity).
- (5) Any person who is a major shareholder of the Company (or any executive of the said major shareholder if the shareholder is a legal entity).
- (6) Any person who has fallen under any of (2) through (5) above in the past three years.
- (7) A spouse or any family member within the second degree of kinship of any person (excluding those not in material positions*3) listed in (1) through (5) above.

*1 (i) A client or supplier with whom the Company’s average transaction value for the past three business years exceeds 2% of the consolidated net sales of the most recent business year of the Company or the client or supplier; or (ii) A financial institution from which the Company is borrowing money and from which the average of the amount borrowed by the Company as of the last day of the past three business years exceeds 2% of the consolidated total assets as of the last day of the most recent business year of GLORY.

*2 The average amount received during the past three business years exceeds (i) 10 million yen in the case of individuals or (ii) 2% of the gross revenue of the most recent business year of the said legal entity in case of a legal entity.

*3 “Material positions” means directors, audit & supervisory board members, executive officers or employees with senior management positions (such as division heads).

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

Please refer to “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

Recipients of Stock Options	-
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Supplementary Explanation

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[Directors' Remuneration]

Disclosure of Individual Directors' Remuneration

No Individual Disclosure

Supplementary Explanation Updated

The remuneration for Directors and Audit & Supervisory Board Members ("A&SB Members") for the fiscal year ended March 31, 2021 is as follows:

- Eight (8) Directors who are not Audit & Supervisory Committee Members (including two (2) Outside Directors)
Fixed compensation: ¥132 million (including ¥24 million for the Outside Directors)
Performance-based bonus: ¥53 million
Performance-based stock compensation: None (threshold not met)
- Three (3) Directors who are Audit & Supervisory Committee Members (including two (2) Outside Directors)
Fixed compensation: ¥27 million (including ¥12 million for the Outside Directors)
- Four (4) A&SB Members (including two (2) Outside A&SB Members)
Fixed compensation: ¥12 million (including ¥3 million for the Outside A&SB Members)

Notes:

- (1) Compensation for A&SB Members described above includes the amount paid to one (1) A&SB Member who retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020. At the same date, the Company transitioned to a Company with Audit & Supervisory Committee.
- (2) The amounts paid to Directors do not include employee salary portions for Directors who have concurrent responsibilities as employees.
- (3) Cash compensation has been paid to Directors who are not Audit & Supervisory Committee Members within a limit of ¥450 million per annum (including a maximum of ¥50 million for the Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) resolved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020. In addition, it has been resolved at such meeting that, regarding stock compensation plan, the upper limit of money to be contributed to the trust set up by the Company for the plan will be 300 million yen and the upper limit of the Company shares to be distributed will be 147,000 shares during the three fiscal years (or for each of the fiscal years thereafter if the trust continues).
- (4) The Company has implemented a performance-based stock compensation plan for Directors who are not Audit & Supervisory Committee Members, excluding Outside Directors. In FY2020, as the achievement rate against the performance target was below the threshold, no points have been allotted under the plan, hence no provision has been reserved for the stock compensation.
- (5) Cash compensation has been paid to Directors who are Audit & Supervisory Committee Members within a limit of ¥80 million per annum resolved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.
- (6) For the period before the transition to a Company with Audit & Supervisory Committee, cash compensation has been paid to Directors within a limit of ¥450 million per annum (including a maximum of ¥50 million for Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) as resolved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018. As for the stock compensation plan, the total amount to be contributed by the Company to the trust set up by the Company for the plan was up to 300 million yen and the number of shares to be distributed was up to 147,000 for each of the three fiscal years, from the fiscal year ended March 2019 to the fiscal year ended March 2021 (or for each of the three fiscal years thereafter if the trust continues), as resolved at the 74th Ordinary General Meeting of Shareholders. Cash compensation for Corporate Auditors has been paid within the limit of ¥80 million per annum as resolved at the meeting.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods	Updated
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The Company has set a policy regarding the remuneration for Directors as follows:

(Basic Policy on Remuneration)
Remuneration for Directors of the Company is designed in such a manner that values can be shared with shareholders and the level is appropriate for their duties, with due consideration given to incentives for continued improvement of corporate performance as well as to securing of talented human resources.

(Procedures for Determination of Remuneration)
In order to ensure transparency and objectivity regarding the remuneration for individual Directors, the total amount of monthly fixed compensation and bonuses for Directors who are not Audit & Supervisory Committee Members are determined by resolution of the Board of Directors, in line with a review by the Compensation Advisory Committee and within the ranges approved by a general meeting of shareholders, and the authority for the determination of individual amount is delegated to President. When such delegation is accepted, President shall make a decision based on the content confirmed by the Compensation Advisory Committee. As to the stock compensation, a certain number of shares of the Company are allotted according to the number of points calculated in accordance with the Share Distribution Regulations, which are confirmed by the Compensation Advisory Committee and determined by the Board of Directors. Remuneration for Directors who are Audit & Supervisory Committee Members is determined by consultation among the Audit & Supervisory Committee Members within the ranges approved by a general meeting of shareholders.

(Structure of Remuneration)
【Executive Directors】
Remuneration for executive Directors consists of fixed compensation (“Fixed Compensation”), short-term performance-based bonuses (“Bonuses”) and mid- to long-term performance-based stock compensation (“Stock Compensation”). The proportion of performance-based compensation is determined in stages according to the rank. Details of each type of compensations are as follows:

- The amount of remuneration for Directors shall be determined based on a broad consideration of factors such as the performance of the Company and the standard of other companies;
- Fixed Compensation is determined according to the position and responsibilities of the person concerned;
- The ratio between the base amount of cash compensation (Fixed Compensation and Bonuses) and that of Stock Compensation is set approximately at 80% and 20% respectively;
- The ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) for President is set approximately at 50% for each. For other Directors, the ratios are determined proportionately to that for President, according to the factors such as their responsibilities and the general standard of compensation;
- The target indicators for Bonuses are consolidated net sales and operating income set in the performance targets in the 2023 Medium-Term Management Plan. Bonuses are paid at a certain fixed time every year in the amount determined according to the base amount predetermined based on the degree of achievement towards those targets;
- The target indicators for Stock Compensation are the consolidated ROE, the operating income (both before goodwill amortization) and the net sales of new business domains set in the performance targets in the 2023 Medium-Term Management Plan. Based on the degree of achievement towards those targets, the number of shares to be allotted is determined according to the number of points given at a certain fixed time stipulated in the Share Distribution Regulations (at a certain fixed time during the trust period and upon retirement); and
- No retirement benefits are paid to Directors.

【Outside Directors】

- Remuneration for Outside Directors who mainly fulfill management supervisory functions consists only of monthly Fixed Compensation.

[Directors who are Audit & Supervisory Committee Members]

- Remuneration for Directors who are Audit & Supervisory Committee Members, who mainly fulfill auditing and supervisory functions, consists only of monthly Fixed Compensation.

[Support System for Outside Directors]

With regard to the system for communicating with Outside Directors, the Company endeavors to ensure that important management information is provided to them through such means as advance distribution of materials for the Board of Directors meetings and reporting or providing contents of deliberation at important meetings like management conference and other important in-house information as necessary.

Also, with regard to Outside Directors who are Audit & Supervisory Committee Members, reports on day-to-day audits and important management information are provided mainly by full-time Audit & Supervisory Committee Members through meetings of the Audit & Supervisory Committee. Further, the Company's officers and employees, the Internal Audit Department and accounting auditors conduct regular reviews and report the results thereof to such Outside Directors, thereby endeavoring to mutually work in close collaboration and communication.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

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Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	1
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Other matters

With the purpose of facilitating smooth management, the Company employs the system of appointing executive advisers from among retired presidents of the Company subject to an approval of the Board of Directors. Such advisers give advices on the Company's management from broader perspective and execute duties in the industry organizations and social contribution activities which lead to the improvement of the Company's corporate value. However, they do not have any authority for decision-making of the management.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The outline of main organs which support the Company's corporate governance system is as follows:

(Directors and Board of Directors)

The Company's Board of Directors is composed of twelve (12) Directors, nine (9) of which are Directors who are not Audit & Supervisory Committee Members and three (3) Directors who are Audit & Supervisory Committee Members, including four (4) independent Outside Directors. The Board of Directors, chaired by President & Director, decides the important business policies of the Group, supervises business execution, and receives reports on the status of business execution. In order to expedite decision-making, decisions on important business execution are flexibly delegated to the Directors, thereby enabling expedited and flexible decision-making.

(Audit & Supervisory Committee)

The Company's Audit & Supervisory Committee is composed of three (3) Audit & Supervisory Committee Members including two (2) independent Outside Directors. The Company shall arrange that Audit & Supervisory Committee has its full-time member and chairperson to ensure the effectiveness of the committee, with the chairperson presiding over its meetings. The Audit & Supervisory Committee conducts audits based on an annual corporate audit plan established in accordance with the audit policy and the assignment of duties

determined by the Audit & Supervisory Committee. This is executed in accordance with the internal control system by utilizing the Internal Audit Department positioned under the direct control of the committee and in close cooperation with the accounting auditor.

Further, the Audit & Supervisory Committee Members meet once per month in principle. They share information regarding status of implementation and results of the audits, and exchange opinions.

The two (2) Outside Directors who are Audit & Supervisory Committee Members ensure legitimacy and adequacy in the Company's management by leveraging their extensive knowledge and experience in conducting audits and supervisions of the Company.

In addition, Mr. Toru Fujita, Director who is a full-time Audit & Supervisory Committee Member, has rich experiences as General Manager of Accounting Dept. of the Company and Mr. Satoshi Hamada, Outside Director, is a certified public accountant, both of whom possess considerable expertise in finance and accounting. Mr. Keiichi Kato, Outside Director, is an attorney-at-law who possesses rich experience regarding corporate legal affairs as well as considerable knowledge thereof.

Also, the Company assigns two (2) employees dedicated to assist in the performance of Audit & Supervisory Committee's duties in order to secure further effective auditing.

(Executive Officers)

The Company employs an Executive Officer System in order to make business management speedier and more efficient by separating the supervisory function and business execution function of management. The executive officers, under direct command of Representative Director, are charged with the execution of their appointed operations based on decisions made by the Board of Directors or by the Director to whom the Board of Directors has delegated the authority. The number of Executive Officers is twenty-seven (27).

(Nomination Advisory Committee and Compensation Advisory Committee)

In order to secure transparency and objectivity in appointing, and determining remuneration for Directors and Executive Officers, the Board of Directors has established, as its advisory body, the Nomination Advisory Committee and the Compensation Advisory Committee, each with the chairperson and majority of the members being independent Outside Directors. The chairperson and members of each such committee are appointed by the Board of Directors.

(Management Conference)

The Company has established the Management Conference as an advisory body to the Representative Directors with the aim of making flexible management decisions and discussing execution of operations in accordance with basic policy determined by the Board of Directors. The Management Conference, chaired by President & Director holds a meeting once a month in principle, and comprises executive Directors, executive officers and other executives.

(Business Promotion Conference)

The Company holds the Business Promotion Conference for each of the domestic and overseas operations to promote prompt and appropriate execution of business operations and to strengthen cooperation among the various divisions of the Company. Each of the conferences, chaired by the company presidents of domestic or overseas business, consists of such attendees as the heads of sales, development, quality assurance, manufacturing, service and other related divisions, to formulate and implement business strategies, to confirm progress according to the business plans, and to reinforce coordination among various functions.

(Other Management Committees)

The Company has established various committees such as (i) the Risk Management Committee, chaired by President, to prevent the emergence of assumed risks of the Group, reduce and mitigate the impact, minimize losses in the event of a crisis, and provide an early recovery, (ii) Compliance Committee, chaired by President, to ensure and promote legal compliance within the Company, and (iii) Disclosure Committee, chaired by the IR officer, to ensure timely and appropriate disclosure of corporate information. Each such committee endeavors to ensure appropriateness of the operations and matters discussed at these committees are reported to the Board of Directors appropriately.

(Internal Audit Department)

In order to improve its corporate governance, the Company has established, as an internal audit unit, the Internal Audit Department (consisting of 12 members) positioned under the direct control of the Audit & Supervisory Committee. This department conducts audits in accordance with an annual internal audit plan that identifies areas where compliance risks are high, and suggests improvement 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)

The Company 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 engaged in the Company audits. A policy is in place at Tohmatsu to limit the audit staff members' involvement in the Company's Audit to a fixed period of time.

Furthermore, to enable Directors (excluding executive Directors, etc.) to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may conclude agreements with such Directors to the effect that liability of Directors be limited. Based on this, the Company has concluded an agreement with each of the Outside Directors to the effect that their liabilities may be limited in accordance with Paragraph 1, Article 427 of the Companies Act, details of which are as follows;

- * Director shall be liable for damages up to the minimum amount of liability stipulated in Paragraph 1, Article 425 of the Companies Act should he or she become liable for damages caused to the Company as a result of negligence in the performance of his or her duties.
- * The liability limitation described above shall be applicable in cases where Director performed the duties that became the cause of liability in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that it is effective for its corporate management to have a structure under which the speeding-up and streamlining of decision-making on important management issues and the strengthening of the supervisory functions can be achieved. Under such belief, the Company has adopted a "Company with Audit & Supervisory Committee" as a form of corporate organization under the Companies Act, thereby flexibly delegating decisions regarding the important business execution to Directors. Further, the Company has adopted the executive officer system to aim for the increase of the speed and efficiency of business management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

Updated

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	In order to enable shareholders to adequately review proposals addressed at ordinary general meetings of shareholders, convocation notices therefor have been delivered three weeks (statutory-required period plus six days) in advance since the June 2008 Ordinary General Meeting of Shareholders, and, in advance of such deliveries, disclosed on the TSE's website and the Company's website since June 2015. Further, the "convocation notice" is now fully colorized and contains photos and graphic charts, so as to be easy to understand for our shareholders.
Allowing Electronic Exercise of Voting Rights	To enhance convenience for our shareholders and to facilitate smoother exercise of their voting rights, an electronic method to exercise voting rights began to be used at the June 2003 Ordinary General Meeting of Shareholders.
Participation in Electronic Voting Platform	Since the June 2007 Ordinary General Meeting of Shareholders, the Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The convocation notices and reference documents are available in English alongside with the original Japanese version on the websites of TSE and the Company.
Other	At its general meetings of shareholders, audio-visual presentations and narrations, etc. are used, and business reports, balance sheet and P/L statements of the Company are presented to the shareholders by using photos of our products as well as graphic charts to deepen their understanding. Further, efforts are made to carefully answer questions raised by the shareholders in a comprehensible way. Since 2005, showroom tours and factory visits have been organized after the shareholders meetings to deepen their understanding of the Group through communication with our officers and staff members and through display of our products.

2. IR Activities

Updated

	Supplementary Explanations	Explanation by president
Preparation and Publication of Disclosure Policy	The Company has established and published on our website "Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors." https://corporate.glory-global.com/ir/management/policy/	
Regular Investor Briefings for Individual Investors	Our business strategies, etc. are presented through the company briefings or/and exhibition at IR events. In the fiscal year 2020, briefings for individual investors were cancelled due to the Covid-19 pandemic. Our website has a dedicated section for individual investors, on which the company profile and business details are explained in plain terms. https://www.glory.co.jp/ir/kojin/ (available only in Japanese)	○

Regular Investor Briefings for Analysts and Institutional Investors	Briefing sessions or telephone conferences are held after the announcements of financial results, through which President provides financial results and the recent business developments of the Company. For the fiscal year 2020, telephone conferences were held for each of the four quarters, due to the Covid-19 pandemic. After the briefings on financial results, exhibitions of our products and other events alike are held as appropriate to promote the understanding of our business.	○
Posting of IR Materials on Website	The following materials are published on the Company's website: [Published Materials] Financial results, "timely disclosure" materials other than financial results, annual securities reports, quarterly reports, convocation notices for its general meetings of shareholders, newsletters to shareholders, annual reports, etc. https://corporate.glory-global.com/ir/	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: Corporate communications Dept., Management Strategy Headquarters	

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Under the Company's compliance framework, the "Corporate Action Guidelines" and the "Employee Action Guidelines" have been established as conduct guidelines for a <i>"better businessperson and member of society."</i> These guidelines stipulate that the positions of all stakeholders such as shareholders, customers, suppliers, employees, business partners and local communities must be respected.
Implementation of Environmental Activities, CSR Activities etc.	It is the Group's belief that contributing to the development of a safe and secure society through provision of products of a highly public nature, i.e. "money handling machines," matches our corporate philosophy, and to realize such philosophy is equal to fulfilling our corporate social responsibility (CSR). Based upon this corporate philosophy, we have established a policy to <i>"enable a confident world"</i> as the basic policy of our "Long-Term Vision 2028," and endeavor to contribute to the development of sustainable society. Also, under its environmental policy of <i>"We will contribute to realizing sustainable society by engaging in earth-friendly activities and providing environment-friendly products and services"</i> , the Company has obtained ISO14001 certification and has implemented activities to preserve the environment based upon our environment management system. For more details, reference should be made to the Company's CSR reports and website. https://corporate.glory-global.com/csr/
Development of Policies on Information Provision to Stakeholders	The Company has established the policy concerning information disclosure under which we promptly disclose to our shareholders, investors and other stakeholders, information on financial conditions and management strategies, as well as other information considered as effective for understanding of the Company, while paying attention to transparency, fairness and continuity.

Other	<p>In order to create a work environment in which the diversity, personality and individuality of the employees of the Group are respected and each of them can fully utilize his/her ability and career experience, the Group is committed to promote diversity through a variety of efforts. These include: (1) developing human resources serving for promotion of globalization; (2) promoting gender equality in the workplace; (3) utilizing workers who are re-employed after retirement and (4) promoting employment of people with disabilities.</p> <p>In particular, as part of efforts to support active involvement of the female employees, the Company has established “GLORY Women’s College” to support their career development and has been striving to develop and enhance various systems and programs from the standpoint of securing a work-life balance. In 2013, the Company received an accreditation from the Minister of Health, Labour and Welfare as a company promoting measures under the Act on Advancement of Measures to Support Raising Next-Generation Children, thus obtained the “Next-Generation Certification Mark” (named “<i>Kurumin</i>”).</p> <p>In addition, in 2016, the Company opened an in-house daycare center named “Glory Kids Home” on the premises of our headquarters, in order to support our employees with their childcare as well as their career development.</p> <p>In addition, the Company has been recognized as one of Certified Health and Productivity Management Organizations 2021 (large enterprise category) by the Ministry of Economy, Trade and Industry and the Japan Health Council (JCHI), as a company engaging in efforts to advance health and productivity management in accordance with initiatives that address health issues impacting the local community and health improvement initiatives promoted by JCHI.</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and its Current Status Updated

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has established, based on a resolution of the Board of Directors on June 25, 2021, the “Basic Policy on the Internal Control System” as follows:

- (1) Framework to secure performance of duties of the directors and employees of the Company and its subsidiaries in compliance with relevant laws and regulations and the Articles of Incorporation
 - a. The Group’s “corporate philosophy” is “*We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.*” This philosophy expresses our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development.

Based upon this philosophy and in order for the Group to exist in harmony with society and build relationships of trust with all its stakeholders, President and all Directors voluntarily endeavor to implement “compliance management,” while at the same time repeatedly communicating to employees a message saying that compliance with relevant laws and regulation and social ethics is a prerequisite for corporate activities. Further, the basic views and policies related to corporate governance within the Group are set forth in the “Corporate Governance Guidelines.” Further, the basic views and policies related to corporate governance within the Group are set forth in the “Corporate Governance Guidelines.”

- b. The Company’s Board of Directors makes decisions on important matters and supervises Directors’ performance of their duties in accordance with relevant laws and regulations, the Articles of Incorporation and Regulations of the Board of Directors.
- c. The Company has established the Nomination Advisory Committee and the Compensation Advisory Committee, which support and monitor from an independent standpoint the performance of deliberation function of the Board, thereby securing transparency and objectivity of nomination of Directors and executive officers and of decision-making process of the amounts of their remuneration.
- d. Audit & Supervisory Committee audits and supervises from an independent standpoint the performance of Directors’ duties, including the status of internal control system.
- e. The Company has established the Compliance Committee chaired by President, in which its members, including outside experts, deliberate on important compliance-related issues concerning the Group and report the results to the Board of Directors.
Also, the Board appoints a Chief Compliance Officer from among the Officers, who, with the secretariat of the Compliance Committee playing a primary role, assumes responsibility for organizing, planning, implementing various measures concerning compliance, as well as conducting monitoring and training.
- f. As the consultation contacts (helpline) concerning overall compliance matters of the Group, the Company has established four contact points: (1) the immediate supervisor of the consultant; (2) the secretariat of the Compliance Committee; (3) the workplace counselling staff and (4) outside consultation services. Such contact points are intended to promote detecting at an early stage and rectifying any problem and to protect those seeking consultation in accordance with the “Internal Rules on Consultation.”

(2) System for storage and management of information related to performance of Directors’ duties

- a. With regard to the storage and management of information related to performance of Directors’ duties, type of documents to be stored, the period of storage and a person in charge of document management are designated pursuant to the “Document Management Rules” to properly store and manage the relevant information.
- b. Directors may at any time inspect information regarding the execution of duties of Directors such as the minutes of the Board of Directors meetings.
- c. The “Information Security Rules” are stipulated and enforced in order to maintain appropriateness of information storage and management.

(3) Regulations and other frameworks for control of risk of loss of the Company and its subsidiaries

- a. The Company has set the “Risk Management Manual” and the “Crisis Management Manual” pursuant to the “Risk Management Rules” for implementation of appropriate measures to obviate any risks and to minimize loss and prompt early recovery upon occurrence of crises within the Group.
- b. The Company has established the Risk Management Committee as an organ to supervise risk management within the Group, which designates the responsible department and person for each of the risk items and implements preventive measures against such risks. The Company has also established a structure to enable prompt responses at times of crisis.

(4) Structure to ensure that the duties of directors, etc. of the Company and its subsidiaries are effectively executed

- a. The Company’s Board of Directors holds a regular meeting once each month and extraordinary meetings as necessary to make appropriate decisions regarding basic policies and other important matters relating to management and to supervise the performance of Directors’ duties.
- b. The Company has included a provision in the Articles of Incorporation that enables certain types of decisions on important business execution to be delegated to the Directors and adopted an executive officer system to ensure that Directors’ duties are performed efficiently by delegating executive authority to Directors or executive officers.
- c. The Company has established the “2023 Medium-Term Management Plan” as a company-wide target to be shared by Directors and employees, with the aim of promoting appropriate and efficient business operations pursuant to relevant strategies.

- d. The Company has established a framework to enable prompt and appropriate decision-making, by clearly defining in the “Regulations on Approval Authority” responsibilities and authorities assumed by each organization and rank in the Company and each of its subsidiaries and by appropriately delegating authority thereunder.
- (5) Structure to ensure proper business operations as a corporate group comprising the Company and its subsidiaries
- a. The Company selects an Officer in charge of Group compliance to implement educational activities for the officers and employees of the subsidiaries and to ensure thorough compliance with the “GLORY Legal Code of Conduct” and the internal rules of each subsidiary.
- b. Audit & Supervisory Committee meets with the audit & supervisory board members of the subsidiaries regularly and as needed, and collaborate closely with the Internal Audit Department positioned under the direct control of the committee and the accounting auditors to ensure that supervision and audit of the entire Group is effectively and properly conducted in compliance with the Group’s consolidated management.
- c. The Company promotes proper business operations of its subsidiaries by having them obtain approval of the Board of Directors on important matters related to their business strategies as well as their basic management policies and earnings plans, and submit reports to the Board on quarterly operating results and financial conditions as well as other important matters.
- d. The Company assigns certain Directors, executive officers and other officers of the Company to the office of Directors or the audit & supervisory board members of its subsidiaries as necessary, and also requires its subsidiaries to report on important managerial matters pursuant to the “Rules on Management of Affiliated Companies,” etc. e. The Internal Audit Department is positioned under the direct control of the Audit & Supervisory Committee and it conducts internal audits of the Company and its subsidiaries in order to evaluate validity and adequacy of the internal control system of the Group. Results of the audits are directly and promptly reported to the Audit & Supervisory Committee and to President .
- f. The Company’s corporate planning department is assigned to designate appropriate governance departments to supervise the subsidiaries. It is also assigned to designate decision-making authorities as and operations of the Company and its subsidiaries, and controls them in accordance therewith, while appropriately administering and guiding the subsidiaries. The governance department implements the management administrating of the subsidiaries in collaboration with the management planning department.
- g. In order to ensure that no false statements, errors or similar incorrect entries are included during the course of preparation of financial reports, effective internal control is implemented in various manners, including control with the use of information technology.
- h. In order to ensure that its financial statements are properly prepared as required by the Financial Instruments and Exchange Act, the Company endeavors to promote cooperation among the departments concerned and make its internal control system effective by establishing the Internal Control Evaluation Committee. Further, Audit & Supervisory Committee obtains regular reports from Directors and employees regarding the status of internal control system concerning financial reports.
- (6) Matters concerning employees assigned to assist the duties of Audit & Supervisory Committee and matters concerning the independence of such employees from Directors who are not Audit & Supervisory Committee Members
- a. The Board of Directors assigns, through consultation with Audit & Supervisory Committee, certain employees who have sufficient knowledge required by Audit & Supervisory Committee, dedicated to assist in the performance of Audit & Supervisory Committee’s duties.
- b. Such assistant employees perform their duties in accordance with the instructions of the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members at relevant subsidiaries.
- c. To secure independence of the assistant employees, the right to give instructions to them belongs to Audit & Supervisory Committee during the period designated by relevant Audit & Supervisory Committee,

and they will not subject to instructions of any Directors who are not Audit & Supervisory Committee Members.

- d. Any decisions on appointments, changes or personnel affairs regarding the assistant employees are subject to prior consent of Audit & Supervisory Committee.

(7) System for directors and employees of the Company and its subsidiaries to report to Audit & Supervisory Committee

- a. Directors who are not Audit & Supervisory Committee Members or employees of the Company or its subsidiaries' directors, audit & supervisory board members or employees, or any person who have received a report from any of the foregoing persons (hereinafter the "Directors and Employees, Etc." in this section) provide a report to Audit & Supervisory Committee promptly if any matter that may cause material damage to the Group, fraudulent conduct or material violation of laws or regulations or the Articles of Incorporation occurs or is likely to occur.
- b. Within the Group, it is prohibited to treat Directors and Employees, Etc. disadvantageously on the grounds that a report under the preceding item has been made thereby.
- c. Audit & Supervisory Committee may receive reports and information from Directors and Employees, Etc. and inspect the materials and records of meetings as necessary, to which Directors and Employees, Etc. must immediately and appropriately respond.

(8) Other practices to ensure that audits by Audit & Supervisory Committee are effectively implemented

- a. Directors who are Audit & Supervisory Committee Members are entitled to be present at meetings, at which execution of material duties of Directors who are not Audit & Supervisory Committee Members is deliberated.
- b. In order to ensure effective and appropriate monitoring and auditing of the entire group for consolidated management, the Internal Audit Department is positioned under the direct control of the Audit & Supervisory Committee, thereby building an organization structure of direct reporting to the committee. Also, the Audit & Supervisory Committee cooperates with accounting auditors to improve effectiveness of audits.
- c. Representative Directors regularly have meetings with Audit & Supervisory Committee to exchange views concerning issues to be dealt with by, and risks surrounding, the Company as well as the situation of the environment for audits by Audit & Supervisory Committee and material issues related to audits.
- d. Audit & Supervisory Committee may utilize services of certified public accountants, attorneys-at-law, consultants and other outside advisers as necessary in order to perform its duties.
- e. When Audit & Supervisory Committee makes claims for payment of any expenses or debts incurred for execution of their duties, the Company will immediately bear the expenses or debts unless the Board of Directors determine that it is unnecessary.

2. Basic Views on Eliminating Anti-Social Forces

In the "GLORY Legal Code of Conduct," the Company stipulates as its basic policy that it resolutely deals with any antisocial forces by blocking any and all relationships with, giving no benefits whatsoever to such forces and by working in close cooperation with related administrative agencies. Further, the department in charge of general affairs, as the supervisory department, designates a responsible officer to readily coordinate and cooperate with persons in charge at the branch offices. Such department actively and constantly participates in seminars and other opportunities sponsored by related administrative agencies to collect necessary information and implement training for Directors and employees as needed and in an emergency act in collaboration with company attorneys and related administrative agencies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

Other matters concerning the corporate governance system are as follows:

(1) Basic disclosure policy

a. Basic disclosure policy

The Company commits to “*communicating with stakeholders and striving for appropriate information disclosure*” in its Corporate Action Guidelines. Based on this stance, the Company is dedicated to increasing the transparency in its management through quick, accurate and fair means of providing the latest corporate information and to gaining a better understanding of its management policies and business activities through constructive dialogue, thereby building long-term relationships of trust with shareholders and investors.

b. Information disclosure standards

The Company discloses its corporate information in accordance with the Companies Act, Financial Instruments and Exchange Act and other laws and regulations as well as with the timely disclosure rules of the Tokyo Stock Exchange (the “Timely Disclosure Rules”), where the Company’s stock is listed. Also, with respect to the information that is not covered by the Timely Disclosure Rules, including non-financial information, the Company endeavors to voluntarily disclose such information taking into consideration the timeliness and fairness of information disclosure, to the extent that the Company believes such disclosure is useful for shareholders and investors to reach investment decisions.

(2) Deliberation and disclosure procedures for corporate information

a. Information concerning facts that have occurred

Upon occurrence of major disasters or filing of a lawsuit, or when similar events arise, information regarding such fact is immediately reported by the responsible department to the Disclosure Committee, and following deliberation by the Disclosure Committee, will be disclosed without any delay pursuant to a resolution of the Board of Directors or direction of President.

b. Information concerning facts that have been determined

Material information concerning the facts that have been determined is reported by the responsible department in charge of the relevant matters to the Disclosure Committee, and following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

c. Information concerning disclosure of annual and quarterly financial results etc.

Information concerning settlement of financial results, quarterly disclosures, etc. is reported by the department in charge of the relevant matters to the Disclosure Committee, and following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

d. Information concerning subsidiaries

Material information concerning subsidiaries is reported by the department in charge of the relevant matters to the Disclosure Committee, and following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

(3) Deliberation and determination regarding information to be disclosed

a. When facts, etc. arise concerning the Company or any of its subsidiaries that must be disclosed, the Disclosure Committee will discuss whether to disclose the information and about the timeliness and appropriateness of such disclosure. If it is determined that it is necessary to disclose such information, it will be disclosed pursuant to a resolution of the Board of Directors or President. When information

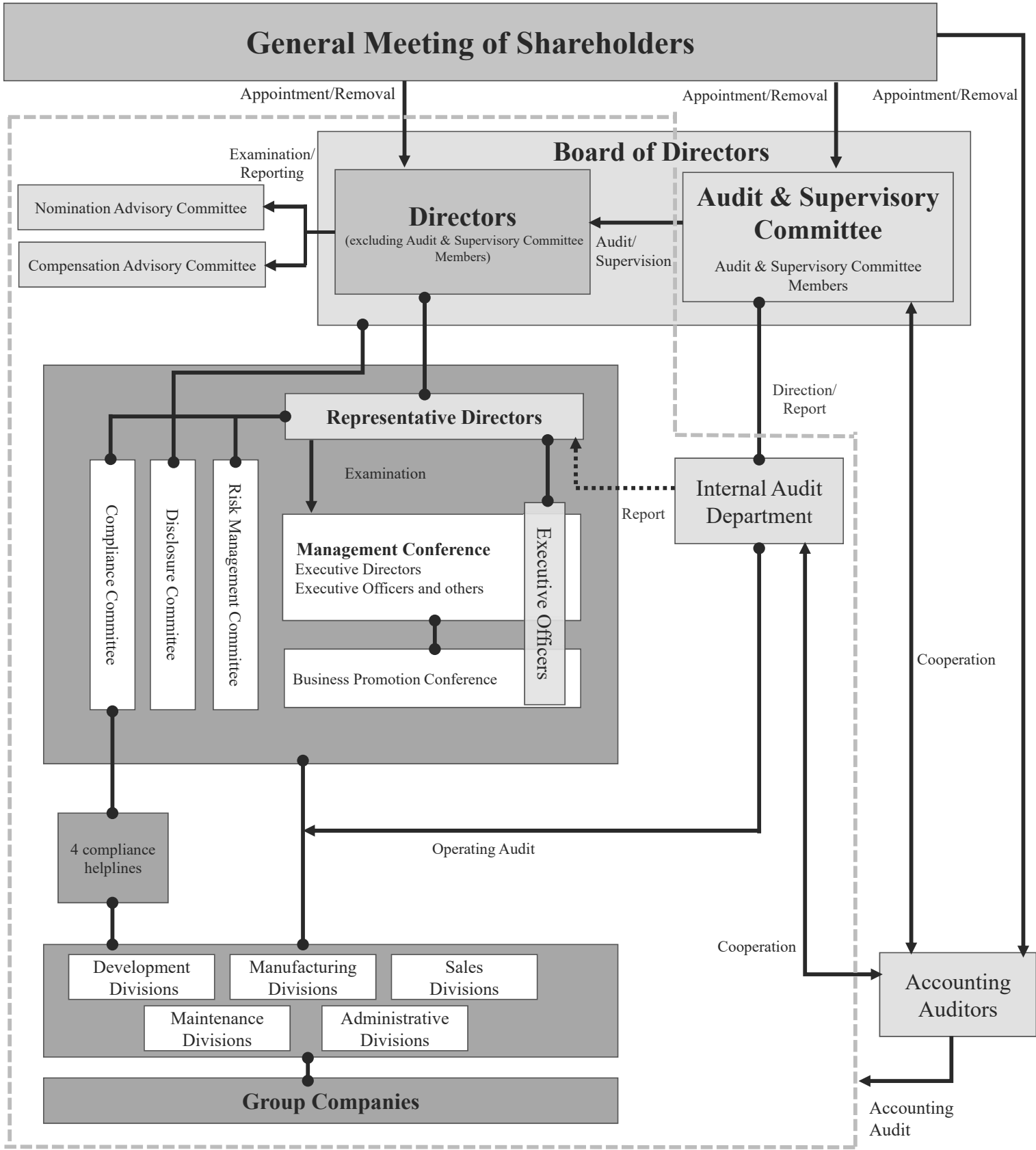
is disclosed pursuant to a resolution of President, he/she will report to the Board of Directors the content of the disclosed information and the reason for disclosure.

b. Information concerning facts that have been determined is disclosed following resolution by the Board of Directors after deliberation of the Disclosure Committee. However, the emergency information may be disclosed by a resolution of President. In such a case, President will report to the Board of Directors the content of the disclosed information and the reason for disclosure.

(4) Chief Information Officer and his/her role

With respect to the Chief Information Officer stipulated in the Timely Disclosure Rules, an Officer involved in the Company's management is appointed to such position and he/she assumes the duties stipulated in said Rules and endeavors to effect optimal information disclosure through consultation with stock exchanges from time to time as necessary.

< Corporate Governance Framework >



< Disclosure Framework of GLORY >

