Corporate Governance Report

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GLORY LTD.
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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>

<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 2017, the Board of Directors conducted verification of all listed shares held by the Company as cross-shareholdings taking into consideration the stock name, purpose and rationale of such holdings 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 and *kansayaku* (hereinafter "Audit & Supervisory Board members" or "A&SB members") 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, A&SB members require Directors, regularly on an annual basis, 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.
A&SB member candidates 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 regarding each business that the Group is engaged in Japan and overseas. In particular, the Audit & Supervisory Board will include at least one person who has sufficient knowledge of finance and accounting, and Outside A&SB member candidates 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, A&SB members 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 and A&SB members are determined by the Board of Directors (with the consent of the Audit & Supervisory Board in the case of A&SB 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 Each Director and A&SB Member
The Company states reasons for appointing each candidate for Director or other officer 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").

<Supplementary Principle 4.1.1: Scope and Content of Matters Delegated to the Management>
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/ Independent A&SB members" 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 and include multiple number of independent Outside Directors having credentials to contribute to the sustainable growth and the increase of the corporate value over the medium to long term.

<Supplementary Principle 4.11.2: Situation of Directors and A&SB Members Concurrently Holding Positions>
Situations of Directors and A&SB members concurrently serving as officers at other listed companies are disclosed 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 and A&SB Members>
It is the Company's basic policy to appropriately provide each Director and A&SB member with such training opportunities as are necessary for them to fulfill their respective roles and responsibilities, regularly or as necessary.
Directors and A&SB members 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%

[Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
Nippon Life Insurance Company	3,427,224	5.47
The Master Trust Bank of Japan, Ltd. (Trust account)	3,290,000	5.25
Japan Trustee Services Bank, Ltd. (Trust account)	2,567,500	4.09
Sumitomo Mitsui Banking Corporation	2,100,444	3.35
GLORY Group Employees' Stock Ownership Association	2,049,693	3.27
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,760,600	2.81
Tatsubo Fashion Co. Ltd.	1,500,000	2.39
JP MORGAN CHASE BANK 385174	1,185,900	1.89
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,140,000	1.82
STATE STREET BANK AND TRUST COMPANY 505223	1,118,302	1.78

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

Supplementary Explanation <Updated>

(1) The "Status of Major Shareholders" above is based upon the status as of March 31, 2018. The Company, which holds 5,931,205 treasury shares, is not listed above 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 "(Change) Report of Possession of Large Volume" made available for public inspection as of October 2, 2017, Mitsubishi UFJ Financial Group, Inc. states that it and its three joint holders held 3,470,519 shares of the Company (a holding ratio of shares of 5.06%) in total as of September 25, 2017. However, since the Company cannot confirm the number of shares beneficially held by such companies, it is not included in the "Status of Major Shareholders" above.

(4) In its "(Change) Report of Possession of Large Volume" made available for public inspection as of January 5, 2018, MFS Investment Management K.K. states that it and its one joint holder held 2,733,010 shares of the Company (a holding ratio of shares of 3.98%) in total as of December 29, 2017. However, since the Company cannot confirm the number of shares beneficially held by such companies, it is not included in the "Status of Major Shareholders" above.
Further, in its "(Change) Report of Possession of Large Volume" made available for public inspection as of April 16, 2018, Mitsubishi UFJ Financial Group, Inc. states that it and its three joint holders held 3,350,444 shares of the Company (a holding ratio of shares of 4.88%) in total as of April 9, 2018.

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 1000
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 10 to less than 50

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

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Number of Outside Directors	2
Number of Independent Directors within the above number of Outside Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroki Sasaki	From another company											
Joji Iki	From another company											

* 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)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroki Sasaki	○	There is no special interest between him and the Company.	Mr. Hiroki Sasaki possesses extensive experience and global knowledge as a management executive at other companies. The Company appointed him as an Outside Director based upon our judgement that, by receiving his proper recommendations and advice given from an independent standpoint, we would be able to strengthen the supervisory function and ensure and enhance transparency and fairness in the Company's management. He is also designated as an "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.
Joji Iki	○	There is no special interest between him and the Company.	Mr. Joji Iki possesses extensive experience and global knowledge as a management executive at another company. The Company appointed him as an Outside Director based upon our judgement that, by receiving his proper recommendations and advice given from an independent standpoint, we would be able to strengthen the supervisory function and ensure and enhance transparency and fairness in the Company's management. He 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.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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[A&SB Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of A&SB Members Stipulated in Articles of Incorporation	4
Number of A&SB Members	4

Cooperation among A&SB Members, Accounting Auditors and Internal Audit Departments

A&SB members and the Company's accounting auditors work in close collaboration to enhance the efficiency and effectiveness of their respective audit operations. In addition to the regular meetings held several times annually, they meet on an ad hoc basis, endeavoring to mutually ensure appropriateness and credibility of performance of their duties through such measures as providing explanation and consultation, or questioning and confirmation on matters that require special attention, regarding the annual audit plans and site audit plans (including audits of consolidated subsidiaries) at the beginning of each business year.
Further, A&SB members and the Internal Audit Department personnel of the Company mutually work in close collaboration to enhance the efficiency and effectiveness of their respective audit operations. A&SB 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, A&SB 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 A&SB members and the Internal Audit Department personnel.

Appointment of Outside A&SB Members	Appointed
Number of Outside A&SB Members	2
Number of Independent A&SB Members within the above number of Outside A&SB Members	2

Outside A&SB Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mikio Nakajo	Attorney-at-law													
Satoshi Hamada	Certified Public Accountant													

* 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 subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside A&SB Members' Relationship with the Company (2)

Name	Designation as Independent A&SB Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Mikio Nakajo	○	There is no special interest between him and the Company.	Mr. Mikio Nakajo possesses expert knowledge and experience as an attorney-at-law. The Company appointed him as an Outside A&SB member based upon our judgement that, by having him utilize such expertise and experience in the Company's audits from an independent standpoint, we would be able to ensure and enhance legitimacy and adequacy in the Company's management. He is also designated as "Independent A&SB member," 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.
Satoshi Hamada	○	There is no special interest between him and the Company.	Mr. Satoshi Hamada possesses expert knowledge and experience as a certified public accountant. The Company appointed him as an Outside A&SB members based upon our judgement that, by having him utilize such expertise and experience in the Company's audits from an independent standpoint, we would be able to ensure and enhance legitimacy and adequacy in the Company's management. He is also designated as "Independent A&SB member," 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.

[Independent Directors/Independent A&SB Members]

Number of Independent Directors/Independent A&SB Members	4

Matters relating to Independent Directors/Independent A&SB Members

The Company has designated as Independent Directors and Independent A&SB members all Outside Directors and A&SB members who satisfy the qualifications as Independent Directors and A&SB members.
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 per year 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 (other than outside directors), audit & supervisory board members (other than Outside audit & supervisory board members), executive officers or employees with senior management positions (such as division heads).

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

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

Recipients of Stock Options	-

Supplementary Explanation

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[Directors' Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

The remuneration for Directors and A&SB members for the fiscal year ended March 31, 2018 is as follows:

【Fixed cash compensation】
・¥104 million for nine (9) Directors (including ¥19 million for three (3) Outside Directors)

・¥43 million for five (5) A&SB members (including ¥12 million for two (2) Outside A&SB members)

【Cash bonuses】
・¥70 million for six (6) executive Directors out of eight (8) Directors

Notes:
(1) Compensation for the fiscal year includes the amount paid to an Outside Director and an A&SB member who retired at the conclusion of the 71st General Meeting of Shareholders held on June 23, 2017.
(2) Amounts paid to Directors do not include employee salary portions for Directors who have concurrent responsibilities as employees.
(3) Fixed cash compensation has been paid to Directors within a limit of ¥150 million per annum (including a maximum of ¥20 million for Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) and to A&SB members within a limit of ¥50 million per annum, both of which were approved at the 61th Ordinary General Meeting of Shareholders held on June 28, 2007.
Incidentally, it was resolved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018 that the maximum amount of cash compensation for Directors should be ¥450 million (including the maximum ¥50 million for Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) and ¥80 million for A&SB members.
(4) Bonuses pertaining to the year ended March 2018 were approved by resolution of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018.
(5) In addition to the above, the amount of ¥18 million is reserved as a provision for performance-based stock compensation for the year ended March 2018 for six (6) executive Directors.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has set a policy regarding the remuneration for Directors and A&SB members as follows:

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

(Procedures for Determination of Remuneration)
In order to secure transparency and objectivity, remuneration for Directors and A&SB members is determined by resolution of the Board of Directors or by consultation among the A&SB members, respectively, in line with a review by the Compensation Advisory Committee and within the ranges approved by the general meeting of shareholders.

(Structure of Remuneration)
【Remuneration for Directors】
Remuneration for Directors consists of "monthly fixed compensation," performance-based "bonuses" and "stock compensation," and the proportion of the performance-based compensation to the total amount of compensation is set in stages in accordance with the respective position of Directors. Details of each of the compensations are as follows:
- The "monthly fixed compensation" is determined in accordance with the respective position and responsibilities;
- The "bonuses" are paid in cash according to the level of achievement of the target indicators, namely, consolidated net sales and operating income within the range between 0% (if achievement rate is less than 60%) and 200% (if achievement rate is 140% or more) of the predetermined threshold amount;
- As to the "stock compensation," shares of the Company are distributed according to the level of achievement of the target indicators namely, consolidated ROE and operating margin among the performance targets of

the "2020 Medium-Term Management Plan," in the number corresponding to the points ranging from 0% (if achievement rate is less than 90%) to 200% (if achievement rate is 140% or more) of the position-based basic points of each executive Director;
- Retirement benefits will not be paid; and
- Remuneration for Outside Directors who mainly fulfill management supervision functions consists of monthly "fixed compensation" only.

【Remuneration for A&SB members】
- Remuneration for A&SB members who mainly fulfill auditing functions consists of monthly "fixed compensation" only.

[Support System for Outside Directors and Outside A&SB Members]

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 their attendance at management conferences or advance distribution of materials for the Board of Directors meetings, as well as reporting or providing other important in-house information as necessary.
Also, with regard to Outside A&SB members, reports on day-to-day audits and important management information are provided mainly by full-time A&SB members through meetings of the Audit & Supervisory Board. Further, by attending meetings of the Board of Directors, they receive important management information and reports from Directors concerned.

[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.) <Updated>	2

Other matters <Updated>
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 comprises eight (8) Directors (including two (2) Outside Directors), and in principle, meets at least once per month, with attendance of four (4) A&SB members (including two (2) Outside A&SB members). The Board of Directors decides the important business policies of the Group, supervises business execution, and receives reports on the status of business execution. Directors, including Outside Directors, engage in active discussion and exchange opinions among themselves, and A&SB members express opinions as needed.
Also, two (2) Outside Directors attend, in addition to the Board of Directors meetings, such other important meetings as the Nomination Advisory Committee, the Compensation Advisory Committee and Management Conference, etc. Further, they receive information regarding internal control directly or indirectly from the

officers and staff members of the Company as necessary. Thus, they play an important role in securing and improving transparency and fairness in the Company's management by providing advice from an independent standpoint and exchanging opinions.

(A&SB Members and Audit & Supervisory Board)
The Company's Audit & Supervisory Board is composed of two (2) full-time A&SB members and two (2) Outside A&SB members for a total of four (4) members and, in principle, meets once per month. A&SB members, including the Outside A&SB members, conduct audits based on an annual corporate audit plan determined in accordance with audit policy and the assignment of duties determined by the Audit & Supervisory Board. Based on such audits, A&SB members issue reports on the audit status and exchange information and views at meetings of the Audit & Supervisory Board.
The full-time A&SB members attend the important conferences such as the meetings of the Board of Directors and the Management Conference, and express their opinions as necessary. They share with other A&SB members, including Outside A&SB members, information obtained through inspection of key documents regarding management approval and reports and explanations from Directors and executive officers concerned, thereby endeavoring to monitor the status of execution of operations and ensure the effectiveness of audits. They also report the status of implementation and results of the audits to President on a quarterly basis and exchange opinions.
The two (2) Outside A&SB members play important roles in ensuring and enhancing legitimacy and adequacy in the Company's management by leveraging their extensive knowledge and experience in conducting audits of the Company.
In addition, Mr. Toru Fujita, A&SB member, has rich experiences as General Manager of Accounting Dept. of the Company and Mr. Satoshi Hamada, Outside A&SB member, is a certified public accountant, both of whom possess considerable expertise in finance and accounting.
Also, the Company assigns an employee dedicated to assist in the performance of A&SB members' duties in order to secure effective auditing by A&SB members.

(Executive Officers)
The Company employs an Executive Officer System in order to make business execution speedier and more efficient. 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.

(Management Conference)
The Company 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 Directors, including Outside Directors; the full-time A&SB members; executive officers and other executives, and deliberates on issues and matters for company operation.

(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. Each of the conferences, chaired by the head of each-operation, consists of general managers of sales, development, quality assurance, manufacture, service and other related divisions and formulates and implements business strategies, confirms progress of business plan, and reinforces coordination among various functions.

(Nomination Advisory Committee and Compensation Advisory Committee)
In order to secure transparency and objectivity in appointing, and determining remuneration for Directors and A&SB members, the Board of Directors has established, as its advisory body, the Nomination Advisory Committee and the Compensation Advisory Committee, each with half or more members and the chairperson being independent Outside Directors.

(Other Management Committees)
The Company has established various committees such as the Compliance Committee to ensure legal compliance within the Company, the Risk Management Committee to implement risk preventive measures and

determine countermeasures, and Disclosure Committee to facilitate timely and appropriate disclosure of corporate information. Matters discussed at these committees are reported to the Board of Directors appropriately.

(Internal Audit Department)
In order to ensure compliance with legal and corporate requirements as well as continuous business efficiency improvement, the Company has established the Internal Audit Department, an 11-member group that reports directly to President and acts as the internal audit unit. 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 and the like) and A&SB members to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may conclude agreements with such Directors and A&SB members to the effect that liability of Directors and A&SB members be limited. Based on this, the Company has concluded an agreement with each of the Outside Directors and the Outside A&SB members 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 or A&SB member 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 ow 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 whereby the Board of Directors having more than one (1) Outside Director makes decisions on important management issues and supervises the execution of business and the Audit & Supervisory Board monitors the activities of the Board of Directors. Under such belief, the Company has adopted "Company with the Audit & Supervisory Board" as a form of corporate organization under the Companies Act. Further, the Company has adopted the executive officer system and will endeavor to increase the speed and efficiency of business management by separating the supervisory function and the business execution function of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	In order to enable shareholders to adequately review proposals addressed at its ordinary general meetings of shareholders, convocation notices for the meetings 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 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.
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." http://corporate.glory-global.com/ir/management/policy/	
Regular Investor Briefings for Individual Investors	Our business strategies, etc. are explained by holding company briefings or participating in IR events. During fiscal year 2017, the briefings for individual investors were held seven (7) times. Our website has a special section for individual investors, on which the company profile and business details are explained in plain terms. http://www.glory.co.jp/ir/kojin/ (available only in the Japanese language)	○
Regular Investor Briefings for Analysts and Institutional Investors	Briefing sessions are held following the announcements of annual and second quarter financial results, and telephone conferences after the announcements of first quarter and third quarter financial results, through which the President personally explains financial results information and the recent situation of the Company's operations. After the briefings on financial results, exhibitions of our products are held with the aim of promoting 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 (Japanese only), quarterly reports (Japanese only), company briefing materials, convocation notices for its general meetings of shareholders, annual reports, etc. http://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

	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 "better businessperson and member of society." These guidelines stipulate that the respective 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 "enable a confident world" 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 "We will act in earth-friendly ways and endeavor to provide environment-friendly products with the consent of the company," the Company has obtained ISO14001 certification and 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. http://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	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. In particular, as part of efforts to support active involvement of the female employees, the Company offers the "GLORY Women's College" for their career development and is working to establish 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, and obtained the "Next-Generation Certification Mark" (known as the "*Kurumin*"). In addition, in 2016, the Company opened an in-house daycare center called "Glory Kids Home" on the premises of our headquarters, aiming to support child care and the career development of our employees.

IV. Matters Related to the Internal Control System

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

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, the "Basic Policy on the Internal Control System" which stipulates a framework for ensuring Directors' performance of their duties in compliance with relevant laws and regulations and the Articles of Incorporation and also ensuring proper business operations of the Company and those of the corporate group comprising the Company and its subsidiaries. The contents of this Basic Policy are 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, the 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 of nomination of Directors, A&SB members and executive officers and of calculation of the amounts of their remuneration.

d. A&SB members attend the Board of Directors meetings regularly to confirm that Directors perform their duties in compliance with relevant laws and regulations as well as the Company's Articles of Incorporation.

e. The Company has established the Compliance Committee chaired by the 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 Directors, 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 consultor; (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 and A&SB members may at any time inspect 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 adopted an executive officer system to ensure that Directors’ duties are performed efficiently by delegating executive authority to executive officers.

c. The Company has established the “2020 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 appoints a Director 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. A&SB members meet with the audit & supervisory board members of the subsidiaries regularly and as needed and collaborate closely with the accounting auditors and internal audit department to ensure that supervision and audit of the entire Group compliance with the Group’s consolidated management is effectively and properly conducted.

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, A&SB members, 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 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 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.

f. 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.

g. 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, A&SB members obtain regular reports from Directors and employees regarding the status of internal control system.

(6) Matters concerning employees assigned to assist the duties of A&SB members upon request of A&SB members, and matters concerning the independence of such employees from Directors

a. The Board of Directors assigns, through consultation with A&SB members, certain employees who have sufficient knowledge required by A&SB members, dedicated to assist in the performance of A&SB members' duties.
b. Such assistant employees perform their duties in accordance with the instructions of the A&SB members 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 A&SB members during the period designated by relevant A&SB members, and they will not subject to instructions of any Directors.
d. Any decisions on appointments, changes or personnel affairs regarding the assistant employees are subject to prior consent of A&SB members.

(7) System for directors and employees of the Company and its subsidiaries to report to A&SB members and other systems for making reports to A&SB members

a. Directors 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 A&SB members 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. A&SB members 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 A&SB members are effectively implemented

a. A&SB members may utilize services of certified public accountants, attorneys-at-law, consultants and other outside advisers as necessary in order to form independent views or to implement audits.
b. When A&SB members make 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.
c. Representative Directors regularly have meetings with A&SB members 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 A&SB members and material issues related to audits.
d. A&SB members are entitled to be present at meetings at which execution of material duties of Directors is deliberated, in addition to meetings of the Board of Directors.

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	Adopted

Supplementary Explanation

The Company has adopted a plan for countermeasures to deter large-scale acquisitions of its shares that do not contribute to the corporate value of the Company or the common interests of its shareholders (takeover defense measures) (the "Plan"), details of which are as follows:

(1) Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually ensure and enhance the Company's corporate value and the common interests of its shareholders.

The Company believes that ultimately its shareholders should make the decisions on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares, etc. issued by the Company (the "Company's shares, etc.") if it would contribute to the corporate value of the Company and the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders, namely, those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders.

Especially, the Company is engaged in the money handling business and has important roles of not only promoting efficiency of money handling, but also supporting the money circulation systems of countries around the world. In order to maintain the society's high level of trust and ensure further development through stable supply of its products, it is essential to fully understand the source of the Company's corporate value such as the Company's corporate philosophy, various kinds of technologies and know-how which are indispensable to the money handling machine business, and the relationship of trust with customers, business partners, local communities and other stakeholders.

Therefore, if a large-scale acquisition is made without understanding the source of the Company's corporate value, the corporate value of the Company and the common interests of its shareholders would be significantly harmed. The Company believes that persons who would make a large-scale acquisition of the Company's shares in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

(2) Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Viewed as Inappropriate Under the Basic Policy

a. The Purpose of the Plan

The Plan was re-adopted the Plan upon the approval at the 70th Ordinary General Meetings of Shareholders held in June 24, 2016 for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders in accordance with the above-mentioned Basic Policy. Specifically, the Plan is designed, for occasions of possible large-scale acquisitions of the Company's shares, to deter any such acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, by securing necessary time and information for the shareholders to decide whether or not to accept such proposal or for the Company's Board of Directors to provide an alternative proposal, and at the same time enabling the Board to discuss or negotiate with the possible acquirer.

b. Outline of the Plan

(i) Establishment of Procedures

The Plan sets forth the procedures applicable in cases of possible acquisition of Company' shares, etc.

or any similar action, or a proposal1 therefor that falls under either of (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. of a holder amounting to 20% or more of the share certificates, etc. issued by the Company; or (ii) A tender offer that would result in the owning ratio of share certificates, etc. of share certificates, etc. after the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship after the tender offer totaling at least 20% of the share certificates, etc. issued by the Company (the "Large-Scale Acquisition"; the party effecting the Large-Scale Acquisition to be called the "Large-Scale Acquirer").

(ii) Request for the Provision of Information

The Company's Board of Directors will require the Large-Scale Acquirer to submit to the Board the information prescribed in the Plan for consideration before initiating the Large-Scale Acquisition.

(iii) Consideration and Recommendation by the Independent Committee (the "Committee")

The Committee which is formed by Outside Directors etc. of the Company who are highly independent from the management of the Company considers information provided by the Large-Scale Acquirer or the Board of Directors, opinions on the Large-Scale Acquisition and any alternative proposals. If certain requirements prescribed by the Company are satisfied, such as when the Large-Scale Acquirer does not comply with the procedures prescribed in the Plan or the substance of the Large-Scale Acquisition threatens to harm the corporate value of the Company and the common interests of its shareholders, and if the Committee determines the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Committee will recommend to the Board the implementation of the gratis allotment of Stock Acquisition Rights. If the Committee determines that the Large-Scale Acquisition by the Large-Scale Acquirer does not meet any of the requirements set forth, the Committee will recommend to the Board the non-implementation of the gratis allotment of Stock Acquisition Rights. The Committee may reserve its determination recommending the implementation of the gratis allotment of Stock Acquisition Rights until confirmation of the shareholders' intent regarding the implementation is obtained.

(iv) Resolutions of the Board of Directors and Convocation of the Shareholders Intent Confirmation Meeting

The Company's Board of Directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting any recommendation by the Independent Committee described above as much as possible. However, the Company's Board of Directors is able to confirm the shareholders' intent if the Independent Committee determines that it is practically possible to confirm the intent of the Company's shareholders and that the confirmation is appropriate in light of laws and ordinances and the duty of care of a good manager of the Company's Board of Directors, or recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the confirmation of the shareholders' intent.

c. Rationality of the Plan

For the following reasons, the Company believes that the Plan has high level of rationality.

(i) Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan satisfies the three principles set forth in the Guidelines Regarding Takeover Defense for the purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

(ii) Placing High Value on the Intent of Shareholders

The Plan has been introduced based on the resolution of the 70th Ordinary General Meeting of Shareholders held in June 24, 2016. Further, regarding the need to trigger the Plan in case of a Large-Scale Acquisition, the intent of the Company's shareholders may be confirmed at a general meeting of shareholders.

(iii) Establishment and Decision of the Committee.

In order to operate the Plan appropriately and eliminate arbitrary decisions by Directors to ensure rationality and fairness of its decisions, the Company has established the Committee comprised solely of independent outside parties. The Company's Board of Directors, in exercising its role under the Companies Act, shall pass a resolution respecting such decision by the Committee as much as possible.

(iv) Establishment of reasonable objective requirements

The Plan is established in such a manner as to prevent being triggered unless reasonable and objective

requirements have been satisfied, and a structure to prevent arbitrary triggering by the Company's Board of Directors is ensured.

(v) Obtaining Advice of Outside Experts

The Committee may, at the Company's expense, obtain advice of outside experts who are independent from the Company and the Committee, further ensuring the fairness and objectivity of decisions to be made by the Committee.

(vi) Abolition of the Plan

If the Board of Directors passes a resolution to abolish the Plan, the Plan shall be abolished in accordance with that resolution.

d. Disclosure of the Plan

For details of the Plan, please refer to the press release dated May 12, 2016 titled "Announcement of Re-adoption of Countermeasures to Large-Scale Acquisition of GLORY Shares (Takeover Defense Measures)" which is posted on GLORY Website http://corporate.glory-global.com/

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

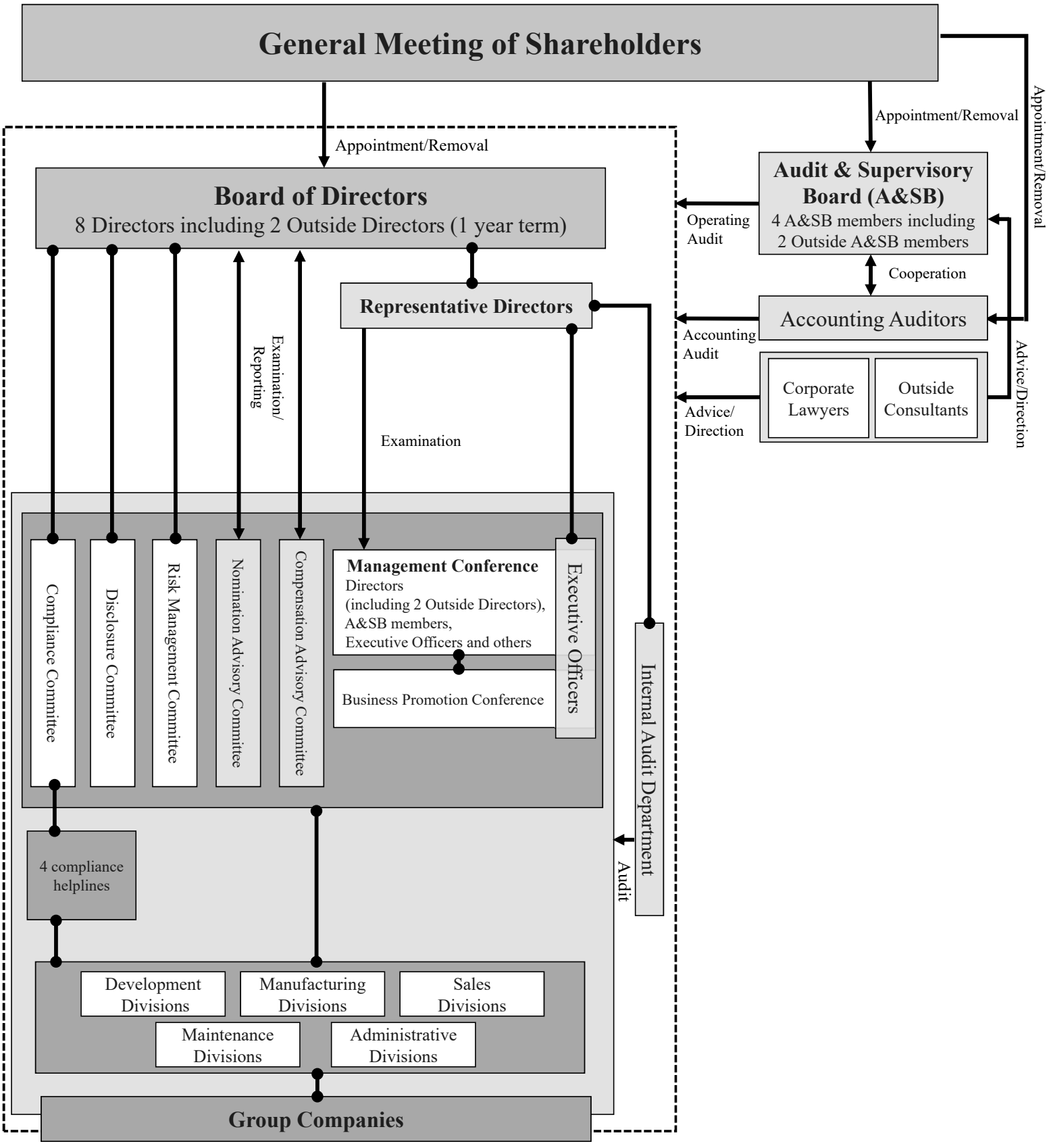
a. When facts, etc. arise concerning the Company or any of its subsidiaries that must be disclosed, the Disclosure Committee will discuss whether to disclose the information and about the timeliness and appropriateness of such disclosure. If it is determined that it is necessary to disclose such information,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

