

# Corporate Governance Report

Updated: December 26, 2023

**GLORY LTD.**

Motozumi Miwa,

President & Representative Director

Contact: Legal Department

+81-79-297-3131

Securities Code: 6457

<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 grow as a sustainable enterprise by contributing to a prosperous society through our commitment to product development, the Company and its subsidiaries (collectively, the “Group”) aim to improve the corporate value by striving to exist in harmony with society and promoting sound and efficient corporate management that is trusted and supported by all stakeholders. To this end, we strive to improve corporate governance thus further improve our corporate value, through enhanced supervisory and executive functions of management, expedited, transparent, and objective decision-making, and enhanced compliance management.

### Reasons for Non- compliance with the Principles of the Corporate Governance Code

The Company implements each principle of the Corporate Governance Code revised on June 11, 2021.

### Disclosure Based on the Principles of the Corporate Governance Code **Updated**

The contents of disclosure based on each principle of the Corporate Governance Code revised on June 11, 2021 are as follows.

#### **Principle 1.4: Cross-Shareholding\***

It is the Company’s policy to hold shares of listed companies as cross-shareholdings only if, based on a broad consideration of factors such as business strategies and transaction status of such companies, we judge that maintaining and enhancing the relationship with such companies would increase the corporate value of the Group. To ensure the economic rationale of such holdings, the Company pays attention to the soundness of the management of such companies and consider the market value of shares as well as the dividends and other returns of such companies.

The Board of Directors annually reviews the purposes and rationale of each cross-shareholding, and discuss whether to continue or discontinue such holdings, based on the economic rationale and future outlook as well as risks and returns over the mid- to long-term. Additionally, such holding is reconsidered if it is found to be unsuitable.

In FY2022, the Company continued its shareholdings based on the Board’s examination of the stock name, purpose and rationale thereof including the business synergy with the investee companies, the balance of risks and returns against the capital cost.

The Company will exercise voting rights on cross-held shares based on broad consideration of factors including the condition of each investee company and on the criteria such as whether or not such exercise is deemed to 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**

Approvals of the Board of Directors are obtained in advance to ensure transactions with related parties, such as Directors or major shareholders, 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.

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

**Supplementary Principle 2.4.1: Ensuring Diversity in the Core Human Resources**

The Company considers diverse human resources who create new value and business as one of the keys for further growth of the Company. We actively and consistently recruit diverse personnel regardless of age, gender, nationality, and career backgrounds and promote their appointment to management positions.

In addition, the Company aims to develop its employees' skills based on the belief that the growth of employees will lead to the growth of the Company and, in turn, will contribute to the sustainable improvement of our corporate value.

■ For details: [https://www.glory.co.jp/csr/society/human\\_resources/](https://www.glory.co.jp/csr/society/human_resources/)

**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 cases where the management of pension fund reserves may affect its financial condition besides the stable asset formation of beneficiaries, the Company has assigned personnel trained and suited for the management of the pension fund reserves, and in addition, has established a system to ensure sound management of pension assets by incorporating the opinions of outside professionals where deemed necessary, through the committees regarding the corporate pension plan. Further, the status of the management of the pension fund reserves is reported to the Board of Directors on a regular basis.

**Principle 3.1: Full Disclosure****(i) Managerial Creed, Etc., Corporate Management Strategy and Management Plan**

The Company's corporate philosophy and managerial creed are made available on its website, while long-term visions and mid-term management plans are disclosed through the Tokyo Stock Exchange ("TSE") and other media, and on the Company's website when formulated.

**■ 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's Corporate Governance Guidelines sets forth its basic views and policy concerning corporate governance of the Group.

**■ Corporate Governance Guidelines**

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

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

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

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

For the appointment of senior management from among Directors or nomination of candidates for Directors, the Company examines individuals based on such criteria as their extensive experiences in and out of Japan, depth of insight, ability and expertise for the expected roles, personalities, and other factors

required to develop the corporate governance system and to contribute to the steady increase corporate value of the Group. Candidates for executive Directors are appointed from among individuals with extensive knowledge of the Group's domestic and overseas businesses or corporate operations. Candidates for Outside Directors are appointed from among individuals who have expertise in the areas of corporate management, law, finance, and accounting and are qualified to provide recommendations and advice on the management from broad perspectives.

Candidates for Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have experience, abilities, and necessary knowledge of finance, accounting, and legal matters required for audits and supervisions for the businesses that the Group is engaged in Japan and overseas. Specifically, the Audit & Supervisory Committee will include at least one individual 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 of independence as well as broad experience and extensive knowledge in the areas of law, finance, accounting, and corporate management.

To ensure transparency and objectivity in the appointment of Directors and executives, the Company has established, as an optional advisory committee to the Board of Directors, the Nomination Advisory Committee, of which the majority of members are 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), taking into consideration the advice from 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, upon 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, in the case that 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 TSE.

■ Notice of Ordinary General Meeting of Shareholders

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

**Supplementary Principle 3.1.3: Initiatives on Sustainability**

The Group's 2023 Medium-Term Management Plan sets out its sustainability policy with a specific target and initiatives, based on its mission to address social issues with technological innovation and contribute to the realization of sustainable society.

The policy sets forth the initiatives from the aspects of environment, society, governance, and creation of new value, with the aim of increasing the corporate value of the Group through its contribution to a sustainable growth of society. In order to promote these initiatives, we have established the Sustainability Committee chaired by the President and supervised by the Board of Directors on a regular basis. Also, the Board sets the policies and material issues regarding sustainability, and confirms the status of the initiatives.

Since November 2021, the Company has been supporting the Task Force on Climate Related Financial Information Disclosure (TCFD) recommendations and implementing a series of initiatives.

■ For details see: <https://www.glory.co.jp/csr/>

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

The Company stipulates the matters to be resolved by the Board of Directors in 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; important assets and borrowings; organization and personnel affairs; the Group's management, and important matters of the Group. The Board of Directors delegates certain decisions regarding executions of important operations to Directors.

In addition, decision-making authorities are delegated to Representative Directors, executive officers, or managers of relevant departments for matters out of scope of resolution as stipulated in the “Rules 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 4.10.1: Approach, Authority, and Roles, etc. regarding Independence of the Composition of the Nomination Committee and the Compensation Committee**

Please refer to “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management”.

**Supplementary Principle 4.11.1: Balance, Diversity and Scale of the Board of Directors**

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

As to the number of Directors, 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 to expedite the decision-making process and promote active deliberation. In addition, one-third or more of the Directors are independent Outside Directors who have credentials to contribute to the Company’s sustainable growth and the increase in its corporate value over the medium- to long-term to ensure appropriate supervision of the Company’s management.

Skills required for the members of the Board of Directors are described in the Notice of the 77th 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**

Status of Directors concurrently serving as officers at other listed companies are disclosed through the convocation notices of the general meetings of shareholders, annual securities reports, corporate governance reports, or 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 strengthens the functions of the Board of Directors through evaluating of the effectiveness of the Board involving Directors’ self-evaluation followed by analysis by the Board. Summary of the results is available on the Company’s website.

■ Results of 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 Directors with training as necessary and on a regular basis for them to fulfill their respective roles and responsibilities.

Directors acquire, update, and develop necessary knowledge through in-house training and/or seminars organized by the TSE and other external organizations and are given the opportunities such as factory tours and on-site visits in the Company and its subsidiaries, for them to refine their knowledge and understanding

towards the Group's business, finance, and structures. Further, they participate in workshops given by outside professionals such as lawyers and other subject matter experts 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 initiatives to promote 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/>

#### **Action to implement management that is conscious of cost of capital and stock price [Available in English]**

The summary of the initiatives to improve the corporate value of the Company can be found in the following material.

- Integrated Report 2023 (P45)  
<https://pdf.irpocket.com/C6457/cEro/IM3F/aCN1.pdf>
- FY2023 2nd Quarter Material for Investor Conference (P16)  
<https://pdf.irpocket.com/C6457/MH4b/l3vN/oB3W.pdf>

## **2. Capital Structure**

<b>Foreign Shareholding Ratio</b>	From 20% to less than 30%
-----------------------------------	---------------------------

#### **Status of Major Shareholders**

<b>Name/Company Name</b>	<b>Number of Shares Owned</b>	<b>Percentage (%)</b>
The Master Trust Bank of Japan, Ltd. (Trust account)	7,982,500	14.24
Nippon Life Insurance Company	3,427,224	6.11
GLORY Group Employees' Stock Ownership Association	2,794,069	4.98
Custody Bank of Japan, Ltd. (Trust account)	2,741,600	4.89
Sumitomo Mitsui Banking Corporation	1,600,444	2.85
Tatsubo Fashion Co. Ltd.	1,500,000	2.68
THE BANK OF NEW YORK MELLON 140044	1,186,357	2.12
GLORY Business Partners' Stock Ownership Association	1,135,986	2.03
MUFG Bank, Ltd.	879,600	1.57
Tatsuta Bouseki Co., Ltd.	726,204	1.30

<b>Controlling Shareholder (except for Parent Company)</b>	-
<b>Parent Company</b>	-

#### **Supplementary Explanation**

- (1) The "Status of Major Shareholders" above is based upon the status as of March 31, 2023. The Company, which holds 2,873,306 treasury shares, is not included 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, declares the holding of 3,878,824 shares of the Company (shareholding ratio of 5.65%) as of March 31, 2011. However, the above list only includes the number of shares registered on the shareholder registry, since the Company was unable to confirm the number of shares beneficially held by such company.
- (3) The "Report of Possession of Large Volume" made public as of December 16, 2019 and the "Report of Possession of Large Volume (Amendment Report)" made public as of July 5, 2021 by Mitsubishi UFJ

Financial Group, Inc. declares that MUFG Bank, Ltd. and its two joint holders held a total of 3,383,500 shares of the Company (shareholding ratio of 5.32%) as of December 9, 2019. However, the above list only includes the number of shares registered on the shareholder registry, since the Company was unable to confirm the number of shares beneficially held by such companies as of March 31, 2023.

- (4) The “Report of Possession of Large Volume” made public by Sumitomo Mitsui Trust Bank, Limited as of March 6, 2023, declares the holdings of 3,065,400 shares of the Company (shareholding ratio of 5.20%) with two other holders as of February 28, 2023. However, it is not included in the above list, as the Company was unable to confirm the number of shares beneficially held by such companies as of March 31, 2023.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
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

-

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

-

## 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 Committee
-------------------	--

#### 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	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors within the above number of Outside Directors	5

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											
Ian Jordan	From another company											
Keiichi Kato	Attorney-at-law											
Yukako Ikukawa	Certified Public Tax Accountant											

\*Categories for "Relationship with the Company"

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- 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*
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- 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)
- Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Member of Audit & Supervisory Committee	Designated as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Joji Iki		✓	No special interest between Mr. Iki and the Company.	<p>Joji Iki possesses extensive knowledge and experience as a management executive at another global company with emphasis on technological development.</p> <p>The Company has appointed Mr. Iki as an Outside Director based upon the judgement that his advice and recommendations, given from an independent standpoint, would contribute to the enhancement of the supervisory function of the board and ensuring transparency and fairness in the Company's management.</p> <p>Mr. Iki is 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		✓	No special interest between Mr. Uchida and the Company.	<p>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 has appointed Mr. Uchida as an Outside Director based upon the judgement that his advice and recommendations, given from an independent standpoint, would contribute to the enhancement of the supervisory function of the board and ensuring 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>



Ian Jordan		✓	No special interest between Mr. Jordan and the Company.	<p>Ian Jordan possesses considerable experience and knowledge in the world of software and technology services as a management executive at large multi-national consulting and technology companies.</p> <p>The Company has appointed Mr. Jordan as an Outside Director based upon the judgement that, his advice and recommendations, given from an independent standpoint, contribute to the enhancement of the supervisory function and our competitiveness in the global market while ensuring and ensuring transparency and fairness in the Company's management.</p> <p>Mr. Jordan 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	✓	✓	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 has appointed Keiichi Kato as an Outside Director based on the judgement that, his expertise and experience applied in the Company's audits from an independent standpoint would strengthen the Board's supervision, in ensuring 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>

Yukako Ikukawa	✓	✓	No special interest between Ms. Ikukawa and the Company.	Yukako Ikukawa possesses expert knowledge and experience as a Certified Public Tax Accountant. The Company has appointed Ms. Ikukawa as an Outside Director, based upon the judgement that her expertise and experience applied in the Company's audits from an independent standpoint would strengthen the Board's supervision from an independent standpoint, in ensuring legitimacy and adequacy in the Company's management. Ms. Ikukawa 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 her and the Company's general shareholders.
----------------	---	---	--	--

### 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
--	-----------

#### 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 the knowledge required by the committee, to assist in the committee's execution of duties (the "Assistant Employees"). Assistant Employees perform their duties as directed by the committee and are permitted to assume the office of audit & supervisory board members of the Company's subsidiaries. To ensure independence of such employees, the authority to direct them belongs to the Audit & Supervisory Committee during the period designated by the committee, and they are not subjected to instructions of any Directors who are not the 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

The Audit & Supervisory Committee and the Company's accounting auditors work closely to enhance the efficiency and effectiveness of audits. They meet regularly and as required to ensure appropriateness and credibility in their execution of duties, and the meetings cover briefing, consultation, inquiries and confirmation on matters that require special attention, annual and site audit plans (including audits of consolidated subsidiaries) prepared at the beginning of each fiscal year.

Further, the Audit & Supervisory Committee works closely with the Internal Audit Department positioned thereunder to enhance efficiency and effectiveness of audits.

Each time the Internal Audit Department conducts an audit pursuant to the annual audit plan, Audit & Supervisory Committee Members receive the copies of the audit notification from the Internal Audit Department and confirm such matters as schedule, subject, purpose, method and other matters of the relevant audit stated therein. After completion of the audit, Audit & Supervisory Committee Members receive an internal audit report concerning matters pointed out and the degree of improvement, upon which they discuss and exchange opinions with the Internal Audit Department personnel. In addition, the general manager of the Internal Audit Department reports to the committee quarterly on results of internal audits and other important matters for discussion, reports to the President & Representative Director on a monthly basis, and meet with the accounting auditor regularly and as necessary for discussion.

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	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

--

## Independent Directors

Number of Independent Directors	5
---------------------------------	---

### Matters relating to Independent Directors

The Company has designated as Independent Directors all Outside Directors who satisfy the requirement for 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\*<sup>1</sup> 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\*<sup>2</sup> 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\*<sup>2</sup> 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\*<sup>3</sup>) listed in (1) through (5) above.

\*<sup>1</sup> (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.

\*<sup>2</sup> 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.

\*<sup>3</sup> “Material positions” mean 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
----------------------------------	---------------------------------

### Supplementary Explanation

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

Recipients of Stock Options	-
-----------------------------	---

### Supplementary Explanation

-

## Directors’ Remuneration

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
--	--------------------------

The remuneration for Directors for FY2022 (fiscal year ended March 31, 2023) is as follows:

- Ten (10) Directors who are not Audit & Supervisory Committee Members (including three (3) Outside Directors)  
Fixed compensation: ¥134 million (including ¥32 million for the Outside Directors)  
Performance-based bonus: —  
Performance-based stock compensation: ¥5 million
- Three (3) Directors who are Audit & Supervisory Committee Members (including two (2) Outside Directors)  
Fixed compensation: ¥35 million (including ¥16 million for the Outside Directors)

Notes:

- (1) The remuneration for Directors who are not Audit & Supervisory Committee Members for FY2022 includes the remuneration paid to the Director who retired at the conclusion of the 76th Ordinary General Meeting of Shareholders held on June 24, 2022.
- (2) The amounts paid to Directors who are not Audit & Supervisory Committee Members 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) 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.
- (5) Performance-based Bonuses and Stock Compensation are paid to five executive Directors (excluding Outside Directors) who are not Audit & Supervisory Committee Members. The amount of performance-based Stock Compensation refers to grant allowance for the current fiscal year.
- (6) No Bonuses were paid for FY2022 as the condition below has not been met.  
*Condition for paying Bonuses:* Net income before goodwill amortization for FY2022 (Net loss of 2,834 million yen) is more than total amount of ordinary dividend paid in FY2021 (4,132 million yen)

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods Updated

The Company has set a policy regarding the remuneration for Directors as follows:

**a) Basic policy**

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. Due consideration is given to incentives for continued improvement of corporate performance and securing of talented human resources.

**b) Policy on remuneration structure**

- 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"). Bonuses or Stock Compensation may not be paid to Directors who serve as executive directors of the Company's subsidiaries, considering the remuneration paid by such subsidiaries and the levels of their duties in the Company.

- Remuneration for Outside Directors consists of monthly Fixed Compensation, considering their supervisory roles and independency.
- No retirement benefits are paid to any Director

**c) Policy on determining the contents and calculation of amount and numbers of remuneration**

- The amounts of remuneration for Directors are based on broad consideration of factors including the Company's performance of and the compensation standard of other companies.
- Fixed Compensation is determined according to the position and responsibilities of each Director.
- Bonuses are cash compensation based on short-term business performance and are aimed at improving the Group's business performance for each fiscal year covered in the medium-term management plan. The target performance indicators for Bonuses are consolidated net sales (40%) and operating income (60%) as set out in the 2023 Medium-Term Management Plan. Bonuses are paid at a certain time every fiscal year of the amount determined according to the degree of achievement of those targets, within the range of zero times (achievement rate less than 60%) to two times (achievement rate 140% or more) the predetermined base amount. No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year.
- Stock Compensation is non-cash compensation based on mid- to long-term business performance and is aimed at improving the Group's business performance for the three fiscal years covered in the medium-term management plan. The performance indicators for Stock Compensation are consolidated ROE and operating income (both before goodwill amortization) and net sales in new business domains as set out in the 2023 Medium-Term Management Plan. According to the level of achievement of the targets of those indicators for the three fiscal years, the number of shares allotted is determined by the number of "points" given at a certain time during the trust period and upon retirement as stipulated in the Share Distribution Regulations. No shares will be distributed if the level of achievement against the target for each fiscal year is less than 70%

The calculation method for Bonuses for FY2023 has partially been changed as below, expecting significant changes in the Company's performance in FY2023 compared to the previous two fiscal years (FY2021 and FY2022) of the 2023 Medium-Term Management Plan. This was resolved at the Board meeting on May 31, 2023, following the deliberations by the Compensation Advisory Committee on May 30, 2023.

(Before) As set out in the 2023 Medium-Term Management Plan, target indicators for Bonuses are consolidated net sales (40%) and operating income (60%). Bonuses are paid at a certain time every fiscal year of the amount determined according to the degree of achievement of those targets, within the range of zero times (achievement rate less than 60%) to two times (achievement rate 140% or more) the predetermined base amount. No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year.

(After) As set out in the 2023 Medium-Term Management Plan, target indicators for Bonuses are consolidated net sales (40%) and operating income (60%). The formula is base amount multiplied by the achievement rate, with 0% used for the rate under 60% for each indicator. Performance-based indicators may be changed to decrease the amount of bonuses if net income attributable to the parent is impacted by significant changes in business environment. No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year. %

**d) Policy on determining compensation ratio by type**

- 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.
- For the President, the ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) is set approximately at 50% and 50% respectively. The ratios applied for Directors other than the President are determined by the ratio applied for the President, considering their responsibilities and general compensation standard.

**e) Matters on determining remuneration of individual Directors**

The Company believes that the following process is necessary to ensure transparency and objectivity. Total amount of monthly Fixed Compensation and Bonuses to be paid to Directors who are not Audit & Supervisory Committee Members, is deliberated upon by the Compensation Advisory Committee before being determined by a resolution of the Board of Directors within the ranges approved at a general meeting of shareholders. To enable timely decision-making, the authority is delegated to the President, who will then determine the

amount to be paid to each Director upon confirmation of its fairness by the Compensation Advisory Committee.

As for Stock Compensation, the Company grants the Company's shares equivalent to the points calculated based on the Share Distribution Regulations as resolved by the Board of Directors, upon confirmation by the Compensation Advisory Committee.

Remuneration for Directors who are Audit & Supervisory Committee Members consists of monthly Fixed Compensation only, as they serve mainly with audits and supervision of corporate management. The amount for each Director who is an Audit & Supervisory Committee Member is determined by deliberations of the Audit & Supervisory Committee Members within the ranges approved at a general meeting of shareholders.

### Support for Outside Directors

The Company ensures that key management information is provided to Outside Directors through materials distributed in advance to the Board of Directors meetings, reporting or/and providing the contents of deliberation from key meetings such as management conference, and various other important internal information as necessary.

Day-to-day audit reports and key management information are provided to Outside Directors who are Audit & Supervisory Committee Members, principally by a full-time Audit & Supervisory Committee Member at Audit & Supervisory Committee meetings. 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 for close collaboration and effective communication.

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

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

-

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

Other matters

To facilitate corporate management, the Company employs a system to appoint executive advisers from among retired presidents thereof by resolution of the Board of Directors. Such executive advisers provide guidance and recommendations on the Company's management from a broad perspective, while executing duties for industry organizations as well as social contribution activities that are also important in improving the Company's corporate value. However, such executive advisers do not have any authority for management decisions.

## 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 five (5) independent Outside Directors. The Board of Directors, chaired by President & Director, decides on important business policies of the Group, and supervises and receives reports on the Group's business execution in accordance with the Rules of the Board of Directors. To enable expedited decision-making, the authority regarding decisions on execution of important operations is delegated to the Directors as necessary.

In FY2022, the Board of Directors met 16 times and made necessary resolutions and received reports on the status of business execution. Major agenda items in FY2022 included progress of the 2023 Medium-Term Management Plan and direction of the next medium-term management plan, M&As and post-investment monitoring, internal controls, Board effectiveness evaluation, procurement difficulties and geopolitical risks, and investments on major system development.

### 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 ensures that the effectiveness of the Audit & Supervisory Committee with a full-time member and a chairperson therein. The chairperson who is a full-time committee member presides over its meetings. The Audit & Supervisory Committee works closely the Company's Internal Audit Department positioned thereunder and the accounting auditor to conduct audits based on the committee's annual corporate audit plan in accordance with the audit policy and the assignment of duties determined thereby.



Further, the Audit & Supervisory Committee Members meet once per month in principle to deliberate on the status and results of audits.

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

Mr. Keiichi Kato, Outside Director, is an attorney-at-law who possesses extensive experience regarding corporate legal affairs and Ms. Yukako Ikukawa, Outside Director and Certified Public Tax Accountant, possess considerable expertise in finance and accounting. Their experience and expertise contribute to the effectiveness of audits and enhance the Board's supervision in enhancing legitimacy and adequacy in the Company's management.

Moreover, the Company assigns two (2) employees to assist in the execution of duties of the Audit & Supervisory Committee for further effective auditing.

#### **Executive Officers:**

The Company employs an Executive Officer System in order to separate the functions of supervisory and business execution of management for prompt decision-making and efficient business 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.

#### **Nomination Advisory Committee:**

The Company has established a Nomination Advisory Committee to ensure transparency and objectivity concerning the nomination of directors. As required by the Board of Directors, the Nomination Advisory Committee deliberates on the nomination of candidates for Directors and Executive Officers, the selection of senior management executives, and the planning for their successors. The committee members are Mr. Joji Iki (Chairperson, Outside Director), Mr. Junji Uchida (Outside Director), and Mr. Motozumi Miwa (Representative Director).

In FY2022, the committee met 14 times to deliberate on matters including the election of candidates for Directors and Executive Officers, succession planning for executives, and future direction of the Executive Officer System.

#### **Compensation Advisory Committee:**

The Company has established a Compensation Advisory Committee to ensure transparency and objectivity in determining remuneration for Directors and Executive Officers. As required by the Board, the Compensation Advisory Committee deliberates and reports to the Board on the fairness of the amount, structure and decision-making process in relation to remuneration consisting of fixed compensation, bonuses and stock compensation. The committee members are Mr. Junji Uchida (Chairperson, Outside Director), Mr. Joji Iki (Outside Director), and Mr. Motozumi Miwa (Representative Director).

In FY2022, the committee met four times to deliberate on matters including the amount of Fixed Compensation for Directors and Executive Officers, target values, formulas, and the amount calculated for Bonuses, and points to be awarded under the Stock Compensation Plan.

#### **Management Conference:**

The Company holds Management Conferences, which act as an advisory body to the Representative Directors for prompt management decisions and deliberations on business execution in accordance with the basic policies determined by the Board of Directors. The Management Conference, chaired by the President & Director, is held once a month in principle and comprised of full-time Directors, Executive Officers with senior management positions, Company Presidents of Domestic and International Business Companies, and Executive General Managers of Headquarters.

#### **Business Promotion Conference:**

The Company holds Business Promotion Conferences for prompt and appropriate operation of domestic and international businesses and enhanced cooperation among divisions. The conferences are chaired by the Company President of Domestic or International Business Company and attended by the heads of sales, development, quality assurance, manufacturing, service divisions to formulate and promote business strategies, confirm progress of business plans, and enhance collaboration among divisions.

**Other Management Committees:**

The Company has established the following management committees for appropriate corporate management and the outcome of deliberations by each committee are reported to the Board of Directors as necessary:

- (i) Risk Management Committee, chaired by President, to prevent the emergence and mitigate the impact of assumed risks facing the Group, and minimize losses and facilitate an early recovery in the event of a crisis
- (ii) Compliance Committee, chaired by the President, to ensure and promote legal compliance within the Company
- (iii) Disclosure Committee, chaired by the IR officer, to ensure timely and fair disclosure of corporate information, and
- (iv) Sustainability Committee, chaired by the President, to promote initiatives that contributes to a sustainable society.

**Internal Audit Department:**

The Company has established the Internal Audit Department (consisting of 15 members) as an internal audit unit and is positioned under the direct control of the Audit & Supervisory Committee to improve its corporate governance. The department conducts audits in accordance with the Company's annual internal audit plan which identifies areas where compliance risks are high, and suggests improvement based on audit results. To maintain trust in the Company's financial statements, the department evaluates the effectiveness of internal controls pertaining to financial reporting.

**Accounting Auditor:**

The Company has appointed Deloitte Touche Tohmatsu ("Tohmatsu") as its accounting auditors since June 2007. There are no material conflicts of interest between the Company, Tohmatsu, and its staff engaged in the Company audits. In addition, Tohmatsu has a policy in place to limit the involvement of its audit staff in the Company's Audit to a fixed period.

Furthermore, for 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

	Supplementary Explanations
Early notification of General Meeting of Shareholders	To enable shareholders to adequately review proposals addressed at ordinary general meetings of shareholders, the Company has delivered convocation notices three weeks (statutory-required period plus six days) in advance since the ordinary general meeting of shareholders held in June 2008 and, disclosed on websites of the TSE and the Company four weeks in advance since June 2015.
Allowing electronic exercise of voting rights	The Company has adopted electronic voting since the ordinary general meeting of shareholders held in June 2003 to facilitate the exercise of their voting rights.
Participation in electronic voting platform	The Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc since the ordinary general meeting of shareholders held in June 2007.
Providing convocation notice in English	The convocation notices of general meetings of shareholders are available in English on the websites of the TSE and the Company.
Others	The Company uses audio-visual presentations and narrations with photos and graphic charts to present its business reports, balance sheet, and P/L statements, etc. to the understanding of shareholders at the general meetings of shareholders. Further, the Company responds to questions raised by its shareholders in an attentive and comprehensible manner. As a new initiative, the 77th Ordinary General Meeting of Shareholders in June 2023 was held in a “hybrid” style with live streaming for shareholders to view the meeting online.

## 2. IR Activities

	Supplementary Explanations	Explanation by a representative director or a representative executive officer
Preparation and publication of disclosure policy	The Company has formulated the “Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors” available at: <a href="https://corporate.glory-global.com/ir/management/policy/">https://corporate.glory-global.com/ir/management/policy/</a>	
Regular investor briefings for individual investors	The Company presents its business strategies, etc. through investor presentations or/and exhibition at IR events. In fiscal 2022, the Company held a briefing session for a private investor. The Company’s website has a sector for private investors where corporate profile and business details are explained in plain terms. <a href="https://www.glory.co.jp/ir/kojin/">https://www.glory.co.jp/ir/kojin/</a> (available in Japanese only)	✓
Regular investor briefings for analysts and institutional investors	Briefing sessions are held after the announcements of quarterly financial results, through which the President explains the earnings results and recent business developments of the Company.	✓
Posting of IR materials on website	The following materials are published on the Company’s website: <a href="https://corporate.glory-global.com/ir/">https://corporate.glory-global.com/ir/</a> - “Timely disclosure” materials including financial results - Annual securities reports - Quarterly reports - Convocation notices for general meetings of shareholders - Newsletters to shareholders - Annual reports - Integrated report	
Establishment of department and/or manager in charge of IR	Corporate communications Department of Management Strategy Headquarters	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of internal rules for respecting the position of stakeholders	The Company has established the Corporate Action Guidelines and the Employee Action Guidelines under its compliance framework, to encourage each employee to become a <i>“better businessperson and member of society.”</i> These guidelines stipulate that all stakeholders including shareholders, customers, suppliers, employees, business partners, and local communities must be respected.
Implementation of environmental activities, CSR activities etc.	<p>The Group believes that its social responsibility is to contribute to the development of a safe and secure society through its products of a highly public nature, i.e., money handling machines as embodied in its corporate philosophy. Based on the philosophy, the Group promotes initiatives to <i>“Enable a confident world”</i> as set forth in our Long-Term Vision 2028, in its efforts to contribute to the development of sustainable society.</p> <p>The Company is ISO14001 certified and implements initiatives based on its environment management system under the policy of <i>“We will contribute to realizing sustainable society by engaging in earth-friendly activities and providing environment-friendly products and services”</i>.</p> <p>For details, see the Company’s integrated report and the sustainability sector on its website: <a href="https://corporate.glory-global.com/csr/">https://corporate.glory-global.com/csr/</a></p>
Development of policies on information provision to stakeholders	The Company has established the policy concerning information disclosure, under which it timely discloses its financial information, management strategies, and other information considered as effective for understanding of the Company to its stakeholders including shareholders, and investors, considering the transparency, fairness, and continuity of such disclosure.
Others	<p>The Company ensures diversity of its employees by:</p> <ul style="list-style-type: none"> <li>(1) Developing human resources to promote globalization</li> <li>(2) Promoting gender equality</li> <li>(3) Leveraging skills and knowledge of those re-employed after their official retirement</li> <li>(4) Promoting employment of people with disabilities to create a work environment in which diversity, personality and individuality of employees are respected and their abilities, career, and experiences are fully leveraged.</li> </ul> <p>The Company has established “GLORY Women’s College” among other systems and programs to support the career development and work-life balance of its female employees. 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” (named “<i>Kurumin</i>”).</p> <p>In 2016, the Company opened an in-house daycare center named “Glory Kids Home” on the premises of its headquarters, to support our employees with their childcare and career development.</p> <p>In addition, the Company has been included in the Certified Health and Productivity Management Organizations 2022 (large enterprise category) by the Ministry of Economy, Trade and Industry and the Japan Health Council (JCHI), as a company promoting health and productivity management in accordance with the initiatives to address health issues impacting the local community and the health improvement initiatives promoted by the JCHI.</p>

## 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 on June 23, 2023, the “Basic Policy on the Internal Control System” as follows:

(1) Framework to ensure appropriate execution of duties of the directors and employees of the Group in compliance with applicable laws and regulations and the Articles of Incorporation

a. The Group’s corporate philosophy “We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.” expresses our mission to contribute to the development of society and grow as a sustainable and socially-conscious enterprise through our strong commitment to product development.

Under this philosophy, the President and all Directors themselves practice business management in compliance with relevant laws and regulations and social ethics and regularly communicate to employees that it is a prerequisite for corporate activities for the Group to co-exist in harmony with society and to build relationships of trust with all its stakeholders. Further, the Corporate Governance Guidelines sets out the basic views and policies related to the Group’s corporate governance.

b. The Company’s Board of Directors makes decisions on important matters and supervises Directors’ execution of their duties in accordance with applicable laws and regulations, the Articles of Incorporation, and Rules of the Board of Directors.

c. The Company has established the Nomination Advisory Committee and the Compensation Advisory Committee, which support and supervise from an independent standpoint the Board’s deliberations, thereby ensuring transparency and objectivity of nomination of Directors and Executive Officers and of decision-making process of their remuneration.

d. The Audit & Supervisory Committee audits and supervises from an independent standpoint the execution of duties by Directors, including the development and implementation of internal control system.

e. The Company has established the Compliance Committee chaired by the President, in which its members, including outside experts, deliberate on compliance issues occurred in the Group and report the results to the Board of Directors.

In addition, the Board appoints a Chief Compliance Officer from among the Officers, who, with the Compliance Committee Office, assumes responsibilities to establish and implement measures concerning compliance, supervises compliance management and provides compliance training for employees where necessary.

f. The Company has in place the following whistleblowing hotlines for any compliance matters occurred in the Group: (1) any supervisors of the whistleblower’s organization; (2) the Compliance Committee Office; (3) external consultation services (external law firm) and (4) external consultation services (external professional consultant firm). Such helplines are intended to promote early detection and mitigation of potential problems, while protecting whistleblowers in accordance with the “Glory Group Whistleblowing Code of Practice”

g. The Company’s Legal Code of Conduct stipulates as its basic policy that the Company blocks any and all relationships with antisocial forces, affords no benefits whatsoever thereto under any name, and works closely with relevant authorities against such threats. Further, the Company’s general affairs division, as the supervisory body, designates managers to work with the Company’s branch offices. The general affairs division proactively participates in seminars held by the authorities to collect necessary information, implement training for Directors and employees as needed, and respond to emergencies in liaison with engaged counsel and the authorities.

(2) System for preservation and management of information related to Directors’ execution of duties

a. With regard to the preservation and management of information related to performance of Directors’ duties, types of documents, period of preservation and a person in charge of document management are designated pursuant to the Document Management Rules to properly preserve and manage the relevant information.

b. Directors may at any time access information necessary for the execution of their duties, such as the minutes of the Board of Directors meetings.

- c. The Rules on Information Security are stipulated and enforced to ensure appropriate preservation and management of the said information.
- (3) Regulations and other frameworks to manage the risk of loss to the Company and its subsidiaries
- a. The Company has established the Risk Management Manual and the Crisis Management Manual pursuant to the Risk Management Rules, to obviate any risks within the Group, minimize losses, and enable prompt recovery in the event of a crisis.
  - b. The Company has established the Risk Management Committee as an organ to supervise risk management within the Group, and which designates the division and the person responsible for each risk to implement preventive measures. In addition, the Company has crisis management systems in place for prompt response in times of crisis.
- (4) Structure to ensure effective execution of duties by directors, officers and employees of the Group
- a. The Company's Board of Directors holds a regular meeting every month and extraordinary meetings as necessary, in order to make decisions regarding the Company's basic policies and other important management matters, and to supervise the execution of duties of Directors.
  - b. The Company has included a provision in the Articles of Incorporation that enables delegations of authorities to Directors for part of decisions of execution of important operations as necessary. In addition, the Company has employed the Executive Officer System to delegate certain authorities regarding business execution to relevant Directors or Executive Officers to ensure their effective execution of duties.
  - c. The Company has established the 2023 Medium-Term Management Plan as a set of company-wide guidelines to be followed by the Company's Directors and employees to ensure appropriate and efficient business operations pursuant to the strategies therein.
  - d. The Company's "Rules on Approval Authority" defines the responsibilities and authorities of each organization and its hierarchy within the Company and each of its subsidiaries and delegates authority thereunder to enable prompt and appropriate decision-making processes.
- (5) Structure to ensure appropriate business operations in the Group
- a. The Company designates an Officer responsible for the Group's compliance matters to promote awareness among officers and employees of the subsidiaries and to ensure compliance with the GLORY Legal Code of Conduct and other internal rules of each subsidiary.
  - b. The Audit & Supervisory Committee meets with the corporate auditors of the Company's subsidiaries regularly and as needed and works closely with the Internal Audit Department positioned under the direct control of the committee and the accounting auditors to ensure effective and proper supervision and auditing of the Group's business operations in compliance with the Group's consolidated management.
  - c. The Company ensures that subsidiaries obtain the approval of the Board on important matters related to their business strategies, basic management policies, and earnings plans, and to submit quarterly reports on their performance besides other essential matters to enable appropriate business operations of subsidiaries.
  - d. The Company assigns its officers (e.g. Directors and executive officers) to its subsidiaries as directors or corporate auditors as necessary, and work together to enhance the corporate values and internal control system of the subsidiaries pursuant to the Rules on Management of Group Companies and other rules.
  - e. The Internal Audit Department positioned under the direct control of the Audit & Supervisory Committee conducts internal audits of the Company and its subsidiaries to evaluate validity and adequacy of the internal control system across the Group. Results of the audits are directly and promptly reported to the Audit & Supervisory Committee and to the President.
  - f. The Management Planning Department designates the Company's relevant divisions that supervise each subsidiary. The Management Planning Department also determines decision-making authorities and duties of the Company and its subsidiaries and provide guidance on the management of subsidiaries in liaison with the Company's HR, Legal, General Affairs, Information Security, Accounting, and Finance Departments (the "Corporate Affairs Divisions") to ensure the effective management and internal controls in each subsidiaries. The said supervisory divisions are responsible for the corporate management of the responsible subsidiaries, in liaison with the Management Planning Department and the Corporate Affairs Divisions.

- g. The Company implements effective internal controls using various measures including Information Technology, to ensure no false statements, errors or similar incorrect entries are included during preparation of its financial reports.
  - h. In order to ensure that its financial statements are properly prepared as required by the Financial Instruments and Exchange Act, the Company has established the Internal Control Evaluation Committee to maintain the effectiveness of its internal control system by promoting cooperation among relevant departments. Further, the Audit & Supervisory Committee shall be reported by Directors and employees on a regular basis, regarding the internal control system for financial reporting.
- (6) Matters concerning employees assigned to assist the duties of Audit & Supervisory Committee and 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, employees who have sufficient knowledge required by Audit & Supervisory Committee as the Committee Office (the “Office”), to assist in the performance of Audit & Supervisory Committee’s duties.
  - b. The Office performs its duties in accordance with the guidance of the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members at relevant subsidiaries.
  - c. The right to direct the Office belongs to Audit & Supervisory Committee during the period designated by relevant Audit & Supervisory Committee to ensure its independence, and it will not receive instructions or orders from any Directors who are not Audit & Supervisory Committee Members.
  - d. Any decisions on appointments, transfers, or personnel affairs regarding the Office are subject to prior consent of the Audit & Supervisory Committee.
- (7) System for directors and employees of the Group to report to Audit & Supervisory Committee
- a. The Company’s Directors who are not Audit & Supervisory Committee Members or employees or its subsidiaries’ directors, corporate auditors 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 of any matters that may cause material damage to the Group, or the fact that fraudulent conduct or material violation of laws, regulations, or the Articles of Incorporation has occurred or is likely to occur.
  - b. Within the Group, it is prohibited to give disadvantageous treatment to Directors and Employees, Etc. on the grounds that a report under (7) a. has been made thereby.
  - c. The 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 effective implementation of audits by the Audit & Supervisory Committee
- a. Directors who are Audit & Supervisory Committee Members are entitled to be present at meetings which deliberate on execution of material duties of Directors who are not Audit & Supervisory Committee Members.
  - b. In order to ensure effective and appropriate supervision and auditing of the Group, 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. To this end, the Audit & Supervisory Committee cooperates with accounting auditors to improve effectiveness of audits.
  - c. Representative Directors regularly meet with the Audit & Supervisory Committee to discuss issues and risks that need addressing, as well as the system for audits conducted by the Audit & Supervisory Committee and material issues pertaining to thereof.
  - d. The Audit & Supervisory Committee may retain certified public accountants, attorneys-at-law, consultants, and other outside advisers as necessary in its execution of duties.
  - e. The Company will bear any expenses or debts claimed by the Audit & Supervisory Committee in execution of their duties, unless the Board of Directors judges this unnecessary.



## 2. Basic Views on Eliminating Anti-Social Forces

The Company's Legal Code of Conduct stipulates as its basic policy that the Company blocks any and all relationships with antisocial forces, affords no benefits whatsoever thereto under any name, and works closely with relevant authorities against such threats. Further, the Company's general affairs division, as the supervisory body, designates managers to work with the Company's branch offices. The general affairs division proactively participates in seminars held by the authorities to collect necessary information, implement training for Directors and employees as needed, and respond to emergencies in liaison with engaged counsel and the authorities.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
------------------------------------	------

Supplementary Explanation

-

### 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 the philosophy of “*communicating with stakeholders and striving for appropriate information disclosure*” defined in its Corporate Action Guidelines. Based on this philosophy, the Company strives to enhance the transparency of its management through prompt, 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 besides other relevant laws and regulations as well as with the timely disclosure rules set forth by the Tokyo Stock Exchange (the “Timely Disclosure Rules”), where the Company's stock is listed. Further, with respect to the corporate information that is not subject to the Timely Disclosure Rules, including non-financial information, the Company endeavors to voluntarily disclose such information taking into consideration the timeliness and fairness of 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 to the Disclosure Committee by the responsible department, then 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 to the Disclosure Committee by the responsible department in charge of the relevant matters, then 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 to the Disclosure Committee by the department in charge of the relevant matters, then 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 to the Disclosure Committee by the department in charge of the relevant matters, then following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

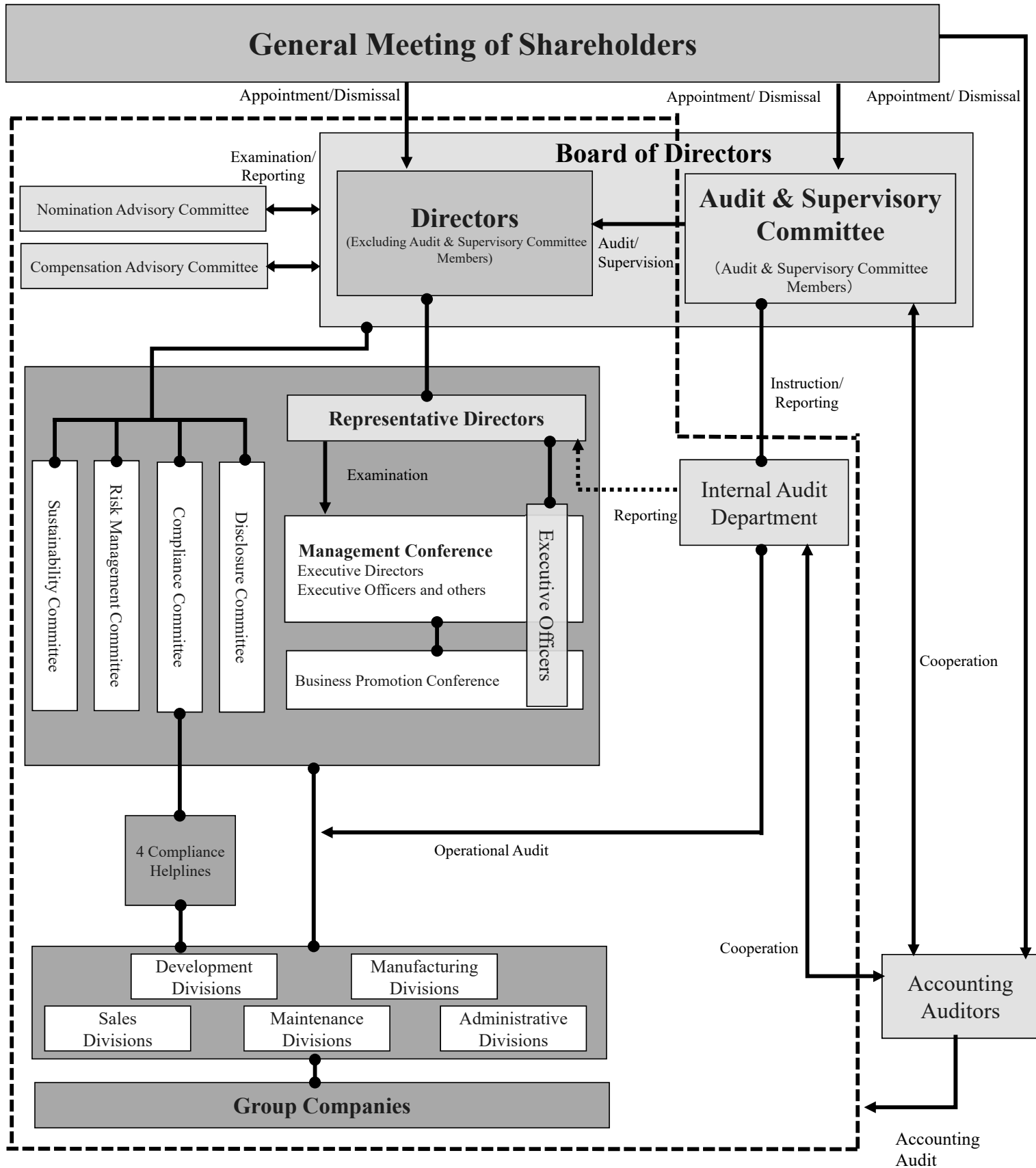
(3) Deliberation and determination regarding information to be disclosed

- a. In the event that facts, etc. concerning the Company or any of its subsidiaries that require disclosure arise, the Disclosure Committee will deliberate the necessity of disclosure besides 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. In the case that information is disclosed pursuant to a resolution of President, he/she will report to the Board of Directors the content of and the reasons for disclosure.
- b. Information concerning the facts that have been determined is disclosed by resolution of the Board of Directors, following deliberation by the Disclosure Committee. However, information requiring urgent disclosure 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 as necessary.

# < Corporate Governance Framework >



## < Disclosure Framework of GLORY >

