



Ezaki Glico Co., Ltd.

www.glico.com/global/

CSR Report 2019

Glico Group

A Wholesome Life in the Best of Taste

The Glico Group began life when its founder Ri-ichi Ezaki created Glico nutritious caramel, which contained glycogen, based on his strong desire to contribute to enhancing people’s health through business.

In the years since, as we have carried forward the founder’s principles, it has fallen to us to take contributing to people’s health, both in mind and body, as our mission and do our best to bring about the ideal espoused by the corporate philosophy, “A Wholesome Life in the Best of Taste,” where everyone can live a fulfilling life full of joy. It is to this end that we have bred 創意工夫 (Innovation and Creativity).

One of the pieces of guidance left behind by the founder, “contribute to society through business,” both highlights the origins of the Glico Group and the basis for our CSR activities even now, 100 years after he first came across glycogen.

Now, we hold an even greater value for society than we once did, by spreading our philosophy of being inspired by tastefulness, of providing delight through wholesomeness, and of glorying in the resplendence of life, throughout the world.

The Glico Group will continue to work to achieve our mission around the world, by responding to the demands and expectations of the times and by taking on the challenge of creating new value; we will grow together, hand-in-hand with society.



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Editorial policy

This CSR report is published for all stakeholders with a view to detailing the Glico Group’s Corporate Social Responsibility (CSR) approach and stance, and to communicate specific activities the group is undertaking. While previously most information was published on the corporate website, it was decided that with the establishment of a CSR Committee in January 2018, a report would also be published to improve our disclosure of information and promote understanding by a greater number of people.

Reporting scope

Ezaki Glico Co., Ltd. and all Glico Group companies. For more details on group companies, see p. 38.

Reporting period

Fiscal 2018 (April 1, 2018 to March 31, 2019)
*Some information included in this report may date from before fiscal 2018 or after April 2019.

Published June 2019 (published once a year)

Guidelines consulted

- Global Reporting Initiative (GRI) Standards
- *Environmental Reporting Guidelines 2012*, published by the Ministry of the Environment
- ISO 26000 (Guidance on social responsibility)

Published by

Corporate Communications Division, Corporate Planning Office, Ezaki Glico Co., Ltd.

— Corporate Philosophy —

A Wholesome Life in the Best of Taste

At Glico, we are inspired to contribute to a tastefully wholesome delight in the resplendence of human life.

HEART

Be inspired
by tastefulness!

HEALTH

Provide delight
through
wholesomeness!

LIFE

Glory in the
resplendence
of life!

— The Glico Spirit —

Achieve - Innovation! Cheerfulness! The thrill of the Positive!

Taking full pleasure in innovation, let us boldly undertake all actions.

Through that which is interesting, that which is fresh, that which is delightful,
that which is excellent and that which challenges ingenuity,
we will experience the thrill of the positive.

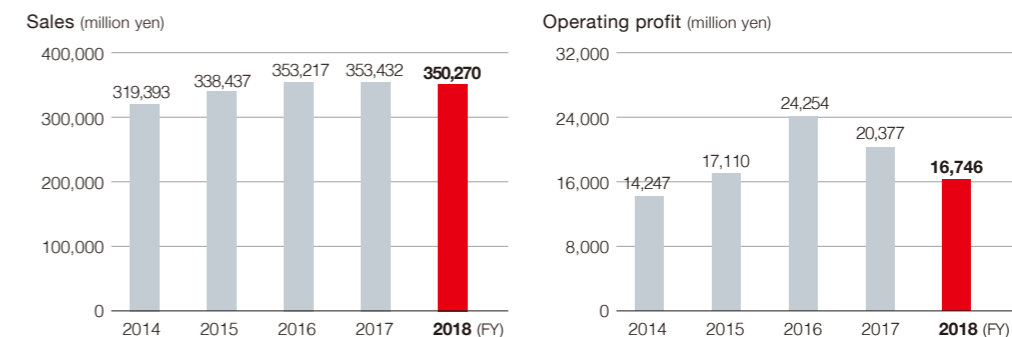
Even more, everyone will experience the thrill of the positive.

Corporate Data

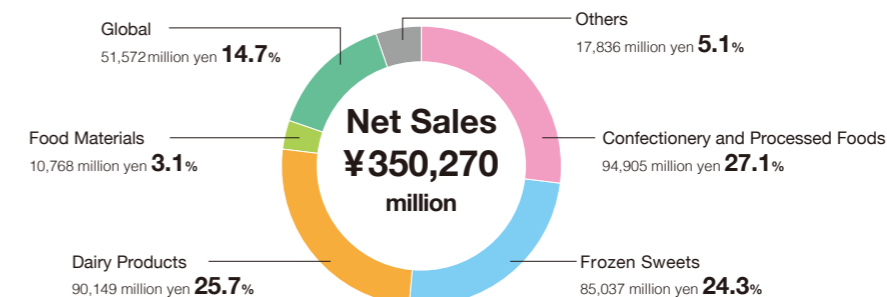
Name	Ezaki Glico Co., Ltd.
President & CEO	Katsuhisa Ezaki
Commenced Sales	February 11, 1922
Established	February 1929
Capital	7.773 billion yen
Business	Manufacture and sale of confectionery, frozen sweets, dairy products, processed foods and other products
Employees	5,381 (consolidated)
Headquarters	4-6-5 Utajima, Nishi-Yodogawa-ku, Osaka, Japan 555-8502
International Expansion	Focused on 16 companies in 12 countries



Financial results



Net sales and sales percentage by business segment



Business Overview





Glico founder, Ri-ichi Ezaki

The Ideal of Service to Society

The founder of the Glico Group, Ri-ichi Ezaki, was born in 1882 in Hasuikemachi, part of Saga City in Saga Prefecture. At the age of 14, after graduating in four years from the upper division of elementary school, Ri-ichi started to help at the family pharmaceutical business while at the same time borrowing transcripts of middle school lessons to study by himself. He was imbued with a spirit of service to others, with his father telling him that people have an obligation to work hard, to make money from business and help others, as best they can within their means. He also learned a lot about business at the home of a devoted scholar who lived nearby, Sayokichi Naramura. Naramura taught Ri-ichi that business was not only for oneself, but also for society. While a seller might profit from selling goods, the buyer also profits as a result of obtaining a product that is worth the money spent, he explained. Naramura's teachings, summarized as "business is service," would inspire Ri-ichi throughout his life.

Encounter with Glycogen

In 1919, Ri-ichi was working as a peddler when he encountered a fisherman boiling oysters on the bank of the Hayatsue River. Remembering a newspaper article he'd

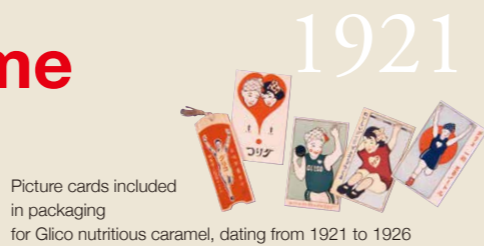
The Pursuit of A Wholesome Life in the Best of Taste

Inheriting the Founding Spirit

Taking note of the glycogen contained in oyster broth in 1919, our founder Ri-ichi Ezaki created Glico nutritious caramel and began sales in 1922. His aim was to popularize Glico nutritious caramel, and improve the health of the Japanese people through business. From that time to the present day, we have embodied that thinking in our various products and services. We have changed the expression of our founding spirit to today's corporate philosophy, "A Wholesome Life in the Best of Taste," but the Glico Group has always endeavored to contribute to society in all aspects of our business.



Glico nutritious caramel when it first went on sale in 1922



Picture cards included in packaging for Glico nutritious caramel, dating from 1921 to 1926

read—about how shellfish, particularly oysters, are rich in glycogen, an important energy source—he asked the fisherman for a sample of the oyster broth, and had it analyzed at the Kyushu University Imperial Hospital. The results showed it contained glycogen, as well as calcium, copper, and other nutrients. In the following year, Ri-ichi's eldest son Sei-ichi, eight years old at the time, contracted typhoid fever. His severely weakened condition persisted, and the doctor was at a loss. With the doctor's permission, Ri-ichi gave Sei-ichi the glycogen extract he was researching, a little at a time. Much to everyone's surprise, Sei-ichi recovered his strength. Ri-ichi thought, "I'd like to put this glycogen, that saved my son, to broader use in society. It might be useful as a medicine..." A doctor from Kyushu University suggested prevention is better than care. This prompted the idea that, "The ones who need glycogen most are growing children, why not put it into a caramel that kids will love?" In this way, Ri-ichi was inspired to focus on caramel, a favorite treat among children at the time.

Creation of Glico Nutritious Caramel

Ri-ichi was a complete beginner when it came to confectionery, but he conceived the name, shape, trademark, and catchphrase for his new product. Because it contained glycogen, he called it "Glico." The name was euphonious, only a few letters, was easy to remember, and sounded like something new. He was

committed to the heart shape because it represented something common to all. He adopted a running man crossing a finish line as a trademark. Seeing children racing at a shrine near his house, Ri-ichi decided that "a runner with hands raised as they crossed a finishing line would be a good symbol of health." Ri-ichi also attached great importance to an effective slogan. Inspired by the running man symbol, he hit on the phrase "... meters in a single piece." He thought 100 meters would be too short, and 500 meters too long, judging that 300 meters would be just right. Making adjustments so one piece of Glico nutritious caramel had the calories needed to run 300 meters, he adopted "300 Meters in a Single Piece" as its slogan. An eye-catching red color was used for the package to differentiate it from other companies.

Including a Toy to Also Promote Healthy Minds

"The two most important missions for children are eating and playing. Glico nutritious caramel serves as a source of nutrition for growing children. If we also include a small toy in the box, it will cultivate children's knowledge and sensibilities, and help develop healthy minds." Ri-ichi was concerned not only with the physical health of children, but also their development of



Bisco (since 1933)



Almond Chocolate (since 1958)

healthy minds. When Glico nutritious caramel first went on sale, it included small picture cards, and before long, small toys. This is how the combination of Glico nutritious caramel with a small toy came into being.

Innovation & Creativity in the Best of Taste

Starting with Glico nutritious caramel, Glico has developed a wide variety of products. When *Almond Chocolates* first went on sale, they were manufactured one piece at a time by dipping a whole almond in chocolate using tweezers. *Pocky* evolved from the idea of coating the already-popular *Pretz* pretzel snack with chocolate, leaving one end uncoated so it could be held in the hand. Glico has developed many types of manufacturing equipment independently to make these product ideas a reality, and deliver them to a larger number of customers. This accumulation of ideas, manufacturing technologies, and expertise is the soil from which our creative products grow. For us, it is a thrill to push the envelope of creativity, so our customers can experience the joy delivered by Glico products.

Endless Pursuit of Health

Bisco was launched as Glico's second nutritious confectionery. Research indicated that yeast aids function of the digestive system, so we developed *Bisco*, a sandwich biscuit with yeast

blended into the cream filling. Today's product meets the need for regulation of intestinal function by combining cream with *Lactobacillus* instead of yeast. We also listened to feedback from our customers who said they love ice cream, but avoid it because they worry about the calories. Working with the faculty at a medical university we carried out R&D, and created *Calorie Control Ice* with 80 calories per serving. Today, this has evolved into the brand *SUNAO*, with an even lower sugar content. Customers want to eat delicious foods that are healthy, and Glico is continually evolving to achieve that, without ever compromising.

Glico Products Make Their Way Overseas

Glico's activities extend beyond Japan. We have established manufacturing facilities in Thailand, France, China, South Korea, Indonesia, and the U.S.A. to deliver our products directly to people in each region. Recently, we have been actively working to export from our overseas manufacturing sites to countries around them. This is because our founder and employees have worked hard to develop and manufacture products based on the desire to contribute to society through business.

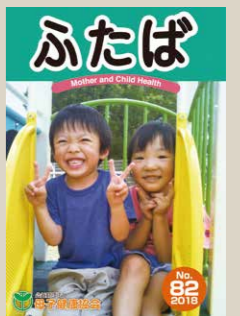


Pocky Chocolate (since 1966)

Calorie Control Ice (since 2003)

Supporting The Mother and Child Health Foundation

As part of our activities to promote enriched living, we support The Mother and Child Health Foundation, established by our founder Ri-ichi Ezaki in 1934 with his own wealth. Its purpose is to help improve the physical and mind health of mothers and children, and it mainly provides research grants in pediatrics to improve children's health, and aid in the prevention and treatment of illnesses. It is also engaged in a wide range of related activities such as publishing a newsletter, and holding symposiums.



Once a year, the foundation publishes *Futaba*, a newsletter packed with information on children's health.

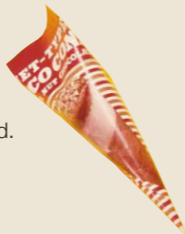
Going forward, we will carry on our founding spirit, and continue our corporate activities all over the world, with the aim of achieving our corporate philosophy of "A Wholesome Life in the Best of Taste."

The Growth of the Glico Brand and Social Value Creation

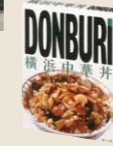
- 1919 ● The company's founder, Ri-ichi Ezaki, discovers that oyster broth contains glycogen.
- 1921 ● Glico nutritious caramel is created and test-marketed.
- 1922 ● Glico nutritious caramel goes on sale at the Mitsukoshi Department Store in Osaka. This day is now celebrated as the founding of Ezaki Glico Co., Ltd., February 11.
- 1925 ● A factory is constructed in Toyosaki, in Osaka's Kita Ward.
- 1927 ● The idea of including miniature toys is first conceived.
- 1931 ● Glico nutritious caramel vending machines with video players are placed in department stores and other locations in Tokyo.
- A factory is constructed in Utajima in Osaka's Nishi-Yodogawa Ward, the current site of Glico's headquarters.
- 1932 ● A factory is constructed in Dalian, China as part of expansion into mainland China and Southeast Asia.
- 1933 ● Bisco is launched.
- 1934 ● The Mother and Child Health Foundation is established.
- 1935 ● A large neon Glico sign is constructed next to the Ebisu Bridge in the Minami area of Osaka.
- 1937 ● A factory is constructed in Tokyo.
- 1945 ● The factories in Osaka and Tokyo are completely destroyed in air raids, leaving the company without factories or assets in Japan or elsewhere.



- 1951 ● The factories in Osaka and Tokyo are rebuilt.
- 1953 ● A factory is constructed in Kyushu.
- 1955 ● Almond Glico is launched.
- 1956 ● Ezaki Glico Foods Co., Ltd. is formally incorporated.
- Glico Dairy Co., Ltd. is established in Saga Prefecture.
- 1957 ● Wheat starch production begins.
- 1958 ● Almond Chocolate is launched.
- 1960 ● One Touch Curry is launched.
- 1962 ● Pretz is launched.
- 1963 ● Glico Cone (later renamed Giant Cone) is launched.
- 1966 ● Seven of Glico's dairy firms are merged into Glico Dairy Co., Ltd.
- Pocky is launched.
- 1969 ● Yoghurt Kenko is launched.
- 1970 ● Thai Glico Co., Ltd. is established.
- 1972 ● Construction of the Glico Museum is completed.
- Food colorant, Monas Colour, is launched.
- Puchin Pudding is launched.
- 1973 ● Kogen Milk in 1000ml containers is launched.
- 1978 ● Panapp is launched.
- 1979 ● Café au Lait and Café Jelly are launched.



- 1982 ● Ezaki Glico Foods Co., Ltd. and Glico Ham Co., Ltd. are merged to form Glico Nutrition Co., Ltd.
- Generale Biscuit Glico France (GBGF) S.A. is established.
- 1985 ● Seventeen Ice vending machines are introduced.
- 1986 ● The Biochemical Research Laboratory is constructed.
- Beef Curry LEE boil-in-the-bag curry is launched.
- Aisu no Mi is launched.
- 1988 ● Glicopia Kobe is opened.
- 1989 ● DONBURI boil-in-the-bag products are launched.
- 1992 ● The new corporate philosophy of "A Wholesome Life in the Best of Taste," the Glico Spirit, "Achieve innovation, cheerfulness, and the thrill of the positive," and a new logo are announced.
- おいしさ与健康
- Glico
- 1995 ● Juku Curry is launched.
- Shanghai Ezaki Glico Foods Co., Ltd. is established.
- 1996 ● Glico's first website, "Glico Dream Restaurant," is unveiled.
- 1997 ● Choushoku Ringo Yogurt is launched.
- 1999 ● Glico designated November 11 as Pocky & Pretz Day.
- 2000 ● Glico Dairy Co., Ltd. is renamed Glico Dairy Products Co., Ltd. and made a wholly owned subsidiary of Ezaki Glico Co., Ltd.
- The Ezaki Glico Co., Ltd. headquarters and all manufacturing companies are awarded ISO 14001 (environmental management systems) certification.
- 2001 ● Icreo Co., Ltd. joins the Glico Group.
- 2002 ● The Office Glico business is rolled out in earnest.
- The Glico Group Code of Conduct is established.
- 2003 ● Ezaki Glico USA Corporation is established.
- POs-CAM gum, a food for specified health use, is launched.
- Calorie Control Ice is launched.
- 2004 ● ZEPPIN Curry is launched.



- 2005 ● "Mental balance chocolate," GABA, is launched.
- 2008 ● Cheeza is launched.
- 2009 ● ICREO Balance Milk and ICREO Follow-up Milk are launched.
- 2010 ● The Glico Wagon project launched nationwide in Japan.
- 2012 ● Glico Nutrition Co., Ltd. is split up.
- Glicopia East is opened.
- Pocky is launched in earnest in Vietnam and Indonesia.
- 2013 ● Pocky is launched in South Korea.
- PT. Glico-Wings is established in Indonesia.
- 2014 ● All shares in Glico Ham Co., Ltd. are transferred to another company.
- Pocky is launched in Malaysia.
- PT. Glico Indonesia is established.
- The sixth iteration of the Glico sign in Dotonbori is lit up for the first time (using LED lights).
- 2015 ● Seventeen manufacturing companies and the Marketing and SCM departments are awarded with FSSC 22000 certification.
- Glico Frozen (Thailand) Co., Ltd. is established.
- Glico Dairy Products Co., Ltd. is merged into Ezaki Glico Co., Ltd.
- 2016 ● Glico ice creams are sold for the first time in Thailand.
- Glico Chiba Ice Cream Co., Ltd. is expanded.
- Glico Channel Create, Inc. is established.
- Glico ice creams are manufactured and sold for the first time in Indonesia.
- 2017 ● Glico Malaysia Sdn. Bhd. is established.
- Glico Asia Pacific Pte. Ltd. is established.
- Glico Canada Corporation is made a subsidiary.
- Glicopia Chiba is opened.
- 2018 ● American company TCHO Ventures, Inc. is acquired.
- Glico Philippines, Inc. is established.
- Glicopia Kobe is reopened after a refurbishment.
- 2019 ● Icreo Co., Ltd. is separated up and part-subsumed in a company split.



To be a business that plays its part in society — The Glico Founding Spirit can still be seen in our CSR activities



The Glico Group's Beginnings

“A Wholesome Life in the Best of Taste”—The desire of our founder, Ri-ichi Ezaki, to “be a business that plays its part in society” is an unchanging corporate philosophy that lives on in the Glico Group, and a legacy we will pass on to the future.

From the time he was a boy, our founder helped with the family pharmaceutical business, later taking it over from his father. He learned that the essence of business is that “business is not only for oneself, but also for society.” Never veering from this principle, he was constantly striving to play a role in society, and the unique business idea he arrived at was the creation of Glico nutritious caramel.

At the time of our founding in 1922, many people, including children, suffered from malnutrition and our founder had a strong desire to help improve the health of the Japanese people. This was the inspiration behind the development of Glico nutritious caramel, using highly nutritious glycogen. To reflect our commitment, the phrase “enhance people’s health through food” was adopted as our founding philosophy.

Later, our founder studied many fields on his own—from pharmaceutical science and nutritional science, to sales, publicity, and psychology. He always applied his ingenuity, and continually pursued “how to contribute to society” throughout his life.

The wording of our corporate philosophy has changed with the times to “A Wholesome Life in the Best of Taste,” but the underlying aspirations we inherited from our founder have not changed at all. “Contributing to society through business” is the starting point that unites the diverse businesses of the Glico Group, as well as our past, present, and future.

To Realize Our Corporate Philosophy

Our founder believed that “the two most important missions for children are eating and playing” and that sparked the idea of selling Glico nutritious caramel together with a toy. Since Glico served as a source of nutrition for growing children, he thought including a toy would improve children’s sensibilities, and promote development of their mind as well as their body. Broadening our contribution through business—beyond the health purely of the body—is still at the heart of our current corporate philosophy, “A Wholesome Life in the Best of Taste.” For this reason, our philosophy calls on us to support more vibrant living from a range of perspectives: Heart (be inspired by tastefulness), Health (provide delight through wholesomeness), and Life (glory in the resplendence of life). The essential point in pursuing this corporate philosophy is the Glico Spirit, the spirit of ingenuity, we inherited from our founder, which tells us to “Achieve... Innovation, Cheerfulness, and The Thrill of the Positive.” Furthermore, our Code of Conduct indicates how we should conduct ourselves in order to pursue our corporate philosophy by exhibiting the Glico Spirit.

These three foundations—our corporate philosophy, the Glico Spirit, and Code of Conduct—have deep connections to one another due to the concept that is the starting point of the Glico Group, “contributing to society through business.” For this reason, CSR is essential for us to realize our corporate philosophy.

CSR of the Glico Group, Integrated with Management

Today, we are developing our business in areas such as confectionery, frozen sweets, dairy products, and processed food, and increasing the quality and quantity of products to support the growth of infants and customer health, while conducting R&D on functional food materials. Although the business environment continues to undergo severe changes, we will strive to expand our business—while always anticipating the future—and improve our value to global society.

In every era, the unchanging mission of the Glico Group is “contributing to society through business.” We must continually respond to the demands and expectations of changing times, and activities with that aim are treated as CSR.

Therefore, management and CSR are inseparable, and going forward we will continue to integrate the two in our pursuit of stronger management and more thorough implementation of CSR.

Establishment of Committees to Promote CSR Activities

Adopting the view that CSR is the essence of our business activity, we established a system in January 2018 to further promote CSR. This system is centered around a CSR Committee, a decision-making body for all our activities. Keeping in mind international indicators like ISO 26000 and the United Nations Global Compact, we have established five subcommittees focused on the environment, consumers, fair trade, human resources, and regional contribution respectively. These subcommittees are working to identify issues we will have to address in the future, in order to set objectives and goals for promoting our CSR activities. In addition, CSR Workplace Promotion Leaders are designated at each workplace, and these leaders work to promote CSR there in cooperation with the subcommittees. Our aim is to further accelerate concrete initiatives, and continue to be a company that contributes to society through business.



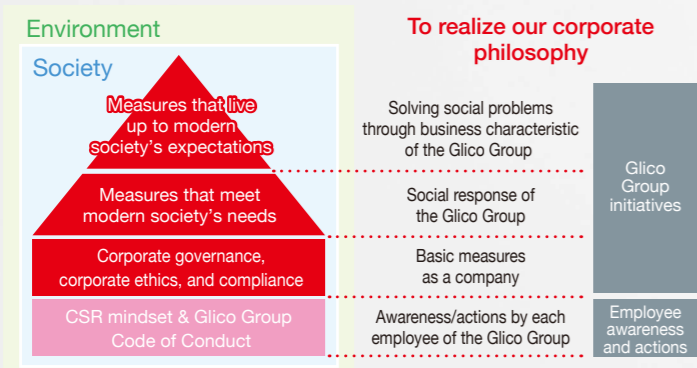
Towards a Sustainable Society

Behind our launch of the promotional system led by our CSR Committee was a strong desire to create a better society. If we promote and intensify our CSR activities, our contribution will be able to reach people all over the world. There are many social issues that we must address such as poverty and discrimination, and, to contribute to the attainment of SDGs—international goals for a sustainable society—we must actively work to resolve these and other social issues. This is not something within the power of a single company, and our approach has been to take action in collaboration with a diverse range of people, starting in the fields that are our forte. In the Glico Group, we currently adhere to a basic policy of strengthening competitiveness, through selection and concentration of management resources, and our business foundation for sustained growth. In this way, we are accelerating activities to create new value in the world. To meet the expectations of modern society by solving social problems, through business characteristic of the Glico Group, we will broaden our horizons globally, and continue making step-by-step progress. At the same time, we pledge to continue contributing, through business and social activities, to all of our stakeholders. I hope we can count on even greater support from you in the future.

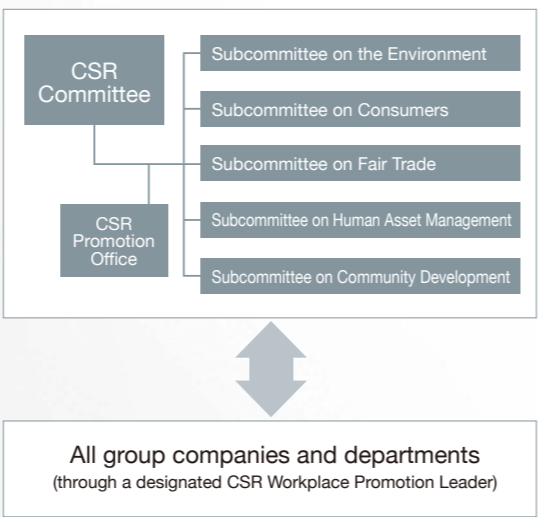
Katsuhisa Ezaki
President & CEO
Ezaki Glico Co., Ltd.

The Glico Group's Approach to CSR

The Glico Group's history dates back to when founder Ri-ichi Ezaki developed Glico nutritious caramel containing glycogen, with his determination to contribute to enhancing people's health through food. We have inherited the founder's determination and carried out activities under the mission of contributing to healthy minds and bodies with the aim of realizing the corporate philosophy of "A Wholesome Life in the Best of Taste" and helping people all over the world to live a rich life full of smiles. To continue to fulfill this mission in the world in the times ahead, we will meet demands and expectations that change with the times, take up challenges to create new values, and develop with society.



CSR Promotion System



The Glico Group Code of Conduct

This Code of Conduct sets out the principles of conduct which we have to take so that the Glico Group will contribute to society through its business and realize the Corporate Philosophy, "A Wholesome Life in the Best of Taste", through the Glico Spirit, "Achieve - Innovation! Cheerfulness! The thrill of the Positive!" Any and all directors, officers and employees of the Glico Group* are required to adhere to this Code of Conduct.

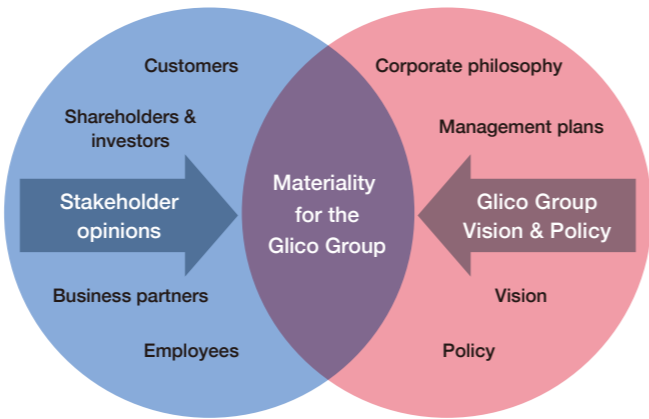
*Glico Group: Ezaki Glico and its subsidiaries

1. We will provide safe and reliable products and services and useful information, which are worthy of trust of our customers around the world. By doing so, we will seek to contribute to the good health in 'mind and body' of our customers.
 - (1) We always empathize with our customers and face them with sincerity, and will develop and provide goods and services that are useful to society.
 - (2) We will strive to maintain our quality assurance at global standards. If any product safety issues arise, we will be thorough in investigating the causes and taking measures to prevent recurrence.
 - (3) To maintain and improve quality, we will continually review systems and operating methods that better enable us to Plan, Do and Check.
 - (4) We will respond promptly and sincerely to customers' requests.
 - (5) We will use expressions and displays that are appropriate and easy to understand on our products.
2. We respect laws, regulations and social norms and promote fair and equitable business activities with high ethical standards throughout the company.
 - (1) We will maintain appropriate relationships with public officials, politicians and business partners, and will prevent all forms of corruption.
 - (2) We will not get involved in cartels, bid rigging or any other acts that impede fair competition, and will compete appropriately in the market.
 - (3) We will carry out our activities with respect for the legitimate property rights of third parties over both tangible and intangible assets.
 - (4) In addition to the above items, we will strive to ensure consideration to human rights, labor and the environment in all activities across our value chain.
3. We will communicate openly with society and build relationships of trust.
 - (1) We will disclose information to and communicate with all our stakeholders, with emphasis on transparency, timeliness, fairness and continuity.
 - (2) We will emphasize public relations activities and promote two-way communication in providing corporate information.
 - (3) We will keep and preserve any and all personal and confidential information in a stringent manner.
4. We will promote environmentally-friendly corporate activities.
 - (1) We will work to secure the biodiversity and sustainability of our precious earth through preventing environmental pollution and global warming and effectively using resources.
 - (2) We will work to reduce environmental burdens in the processes of our business, including, procurement of raw materials, production, supply, distribution and final disposal of containers and packaging.
 - (3) We recognize that our business is dependent on the gifts bestowed upon us by nature. We will promote environmental conservation so that we could pass on these gifts to future generations.
5. We realize our role as a good corporate citizen and we will coexist harmoniously with local communities and contribute to their sustainable development.
 - (1) We will contribute to the improvement of people's health, as well as economic, cultural and welfare development, through our business activities.
 - (2) Through dialogue with local communities, we will help identify their issues and needs and will strive to meet their expectations.
 - (3) Using knowledge and technology acquired through our business activities, we will aim to help resolve problems of local communities through educational support and initiatives for community revitalization.
6. We respect basic human rights and will strive to create an environment that enables the active participation of diverse individuals.
 - (1) We reject and will not use any form of forced labor or child labor.
 - (2) We will provide equal opportunities to all people without any discrimination for age, gender, race, religion or other such characteristics.
 - (3) We will strive to maintain and improve working environments in order to motivate employees and enable them to demonstrate their diverse personalities and abilities.
 - (4) We recognize that human capital is key to accelerating and delivering sustainable growth of the Glico Group. We are committed to developing our employees to their fullest potential and supporting their physical and mental wellbeing.

Glico Group's Materiality

Identification of Materiality in Line with International Guidelines

In the Glico Group, we have carried out investigation and analysis to clarify materiality for the sustainability and development of the Glico Group and society. Our analysis is based on the GRI Standards, international standards for corporate non-financial information disclosure. This assessment serves as a foundation for developing plans and goals for CSR activities, and aims to improve the objectivity and other characteristics of our CSR reports.



Reference questionnaires	
(1) Customers	Opinions and feedback received by the Glico Customer Center
(2) Shareholders & investors (institutional and individual)	Q&A sessions at the regular general meetings of shareholders Questionnaires answered by shareholders of, and investors in, Ezaki Glico Co., Ltd. Questionnaires at individual investor briefings Questionnaires at corporate briefings
(3) Business partners	Questionnaires answered by business partners
(4) Employees	Questionnaires answered by employees

< Steps used to identify materiality >

STEP 1

We tried to identify materiality by analyzing how the Glico Group is viewed by stakeholders closely involved with the group (through various questionnaires).

STEP 2

We conducted an attitude survey of executives and others within the Glico Group, and ranked the importance of the social issues identified in STEP 1.

STEP 3

By combining importance for stakeholders (STEP 1) and importance for the Glico Group (STEP 2), we narrowed down key themes. Then we identified materiality through discussion by the CSR Committee.

STEP 1

Identification of Social Issues Facing the Glico Group from the Stakeholder's Perspective

- (1) We analyzed all responses in the questionnaire surveys results by type of stakeholder, and identified key social issues for the Glico Group. On that basis, we listed candidates for key issues, and classified them into 13 categories.
- (2) To each of the 13 categories, we assigned an importance score in accordance with the number of stakeholder responses.
- (3) We determined the order of the categories according to the total importance score for each category.
- (4) We plotted a key issue map on the vertical axis in accordance with the order of their importance.

13 categories of high importance (vertical axis)	
1 a. Corporate governance	8 h. Supply
2 b. Improvements to marketing/product value	9 i. Health promotion and childcare support
3 c. Information disclosure	10 j. The environment
4 d. Quality & safety	11 k. Sound business activities and improvements to corporate value
5 e. Procurement	12 l. Shareholder returns
6 f. Good working environments	13 m. Overseas business
7 g. Human resources development	

STEP 2

Selecting Social Issues from the Glico Group's Perspective

- (1) We administered a questionnaire to executives and others in the Glico Group regarding the 13 categories determined in STEP 1.
- (2) For each of the 13 categories, we assigned an importance score, reflecting perceived importance as a management issue.
- (3) We determined the order of categories according to the total importance score for each category.
- (4) We plotted a key issue map on the horizontal axis in accordance with the order of their importance.

13 categories of high importance (horizontal axis)	
1 b. Improvements to marketing/product value	7 g. Human resources development
2 d. Quality & safety	8 i. Health promotion and childcare support
3 k. Sound business activities and improvements to corporate value	9 l. Shareholder returns
4 f. Good working environments	10 j. The environment
5 a. Corporate governance	11 h. Supply
6 m. Overseas business	12 c. Information disclosure
	13 e. Procurement

STEP 3

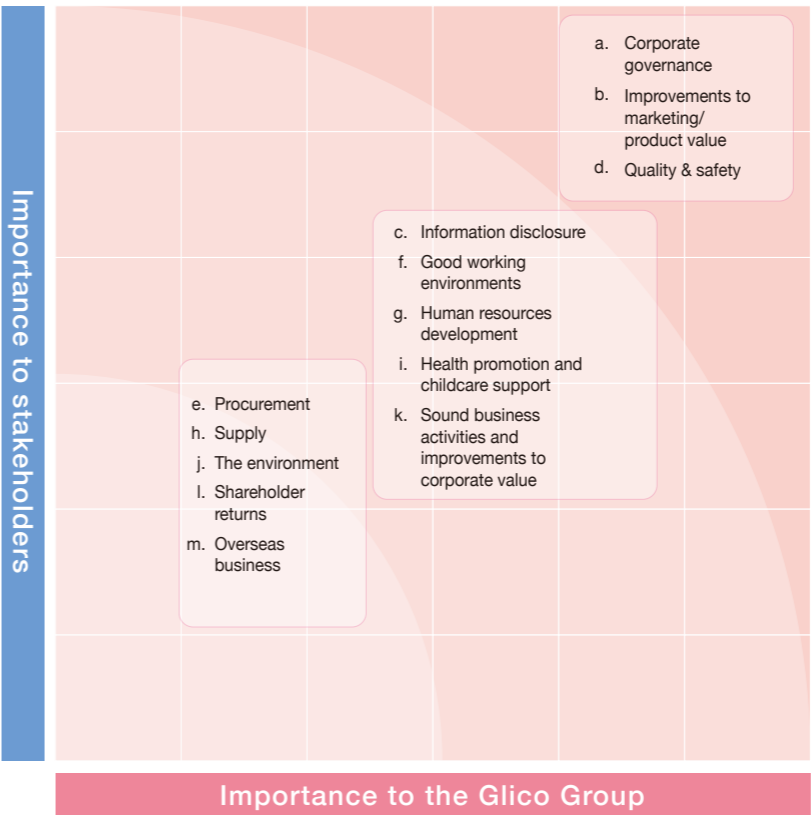
Identifying Materiality

- (1) The 13 categories plotted along the vertical and horizontal axes in STEP 1 and STEP 2 were placed on the key issues map.
- (2) We identified issues with high importance both for stakeholders and for the Glico Group.
- (3) In consultation with the CSR Committee, these results were discussed, and designated as materiality for the Glico Group.



Deliberation by the CSR Committee

Glico Group's Materiality Map



Information about the three important categories identified here is presented in the CSR Activity Topics section of this report (see pp. 15–16)

TOPICS 1
Corporate governance

TOPICS 2
Improvements to marketing/product value

TOPICS 3
Quality & safety

CSR Activity Topics

We report here on activity topics in three categories identified as particularly important issues facing the Glico Group.

TOPICS 1 Corporate governance

Endeavor to Promote CSR through Group Teamwork

1st CSR Summit



Policy explanation at the 1st CSR Summit

On April 27, 2018, we held the 1st CSR Summit to accelerate efforts to solve social issues through business, as part of the Glico Group's conscientious work to address social needs. This summit linked facilities in Japan, China, South Korea, and ASEAN, and there were a total of about 140 participants, including people involved with the CSR Committee and CSR Workplace Promotion Leaders.

To commence the summit, the CSR Committee's chairman spoke on the concept and significance of CSR, common to the whole group, and then objectives and goals were presented by the heads of each subcommittee (environment, consumers, fair trade, human

asset management, community development). Later, a workshop was held on the topic "Key Issues to Address in View of Modern Society and Ideas for Solutions." Then the participants divided into 16 teams for lively discussions on issues the entire group needs to focus on going forward, and what sort of response is necessary at the workplace level at each group company or department, etc. In a questionnaire survey of summit participants, 95% said that the summit had enhanced their willingness to promote CSR activities and this was an important opportunity to raise awareness. Going forward, we will continue to hold CSR summits, and proceed with activities through group teamwork.



Workshop at the 1st CSR Summit

TOPICS 2 Improvements to marketing/product value

First Pocky Regional Support Project

Grants presented to agricultural groups in Nagano Prefecture through a foundation



Share happiness! Pocky
分かち合っていて、いいね!

Regional Pocky sold in souvenir shops at major stations, airports, and other outlets in each region

Regional Pocky are sold in souvenir shops at major stations, airports, and other outlets throughout Japan. We develop ingredients for these products with the cooperation of local communities, including local governments, JA (Japan Agricultural Cooperatives), and farmers, and the products showcase the appeal of carefully selected ingredients, the people, and the land of each region.

Through dialogue with farmers in Nagano Prefecture who are enthusiastic about their local specialties, we were exposed to their ideas and this led to us launching the Pocky Regional Support Project, delivering local specialties through Regional Pocky. In this project, we used the crowdfunding platform CAMPFIRE to raise funds for revitalizing agriculture. This was done by exposing

people to seasonal specialties and Regional Pocky, and communicating the attractions of the local area. As a result, we raised funds exceeding the initial target in only one month, and supporters received deliveries of seasonal Shinshu Kyoho grapes, Shinshu Kyoho Grape Pocky, and other items. The total amount raised, ¥600,000, was presented, via the Nagano Prefecture Mirai Fund, as grants to six agriculture-related groups selected through a public appeal. Plans are to use these funds for agriculture promotion projects and activities to increase the number of people engaged in agriculture in the future. Going forward, we will continue initiatives to contribute to local communities through Regional Pocky, based on the theme of "giving back to local communities."



Presentation ceremony for Pocky Regional Support Project funds on December 20, 2018

TOPICS 3 Quality & safety

Launch of ICREO Akachan (Baby) Milk, the First Liquid Baby

For disaster preparation and to support infant care



ICREO Akachan (Baby) Milk

Repeated natural disasters in recent years have shown the difficulty, during emergencies, of securing the milk that infants need. Also, looking after an infant may be hard work, so liquid formula, which requires no preparation, is attracting attention as a way of lightening this load. In northern Europe, the percentage of women in the labor force is much higher, and the region is well-known as a leader in childcare. There, liquid formula has been in use for about 50 years as a tool to support infant care. In light of this social issue, Ezaki Glico Co., Ltd. recognized the urgency of selling liquid formula in Japan, and do commenced development in 2016, creating ICREO Akachan (Baby) Milk.

Formula in Japan

The product is safe enough to be drunk by newborns, and is easy to prepare, requiring only to be poured. This product was approved by the Consumer Affairs Agency on March 5, 2019 to be labeled as a food for special dietary use, and on that same day we started sales from our online store. This product can be stored for long periods, so it is useful for disaster preparedness, and is also convenient when going out, or leaving a baby with family unfamiliar with formula preparation, thereby easing the burden of infant care. We will continue efforts to protect the lives of infants during disasters, and support routine childcare.



ICREO Akachan (Baby) Milk event on March 11, 2019



With Our Planet

We will promote environmentally-friendly corporate activities.

The Glico Group recognizes that our business activities are only possible due to the blessings of nature, and we consider the impact on the global environment in our business decisions and conduct. To ensure the sustainability of our precious planet, and pass on its blessings to future generations, we strive to reduce environmental impact in the various processes of the value chain.

Environmental Management

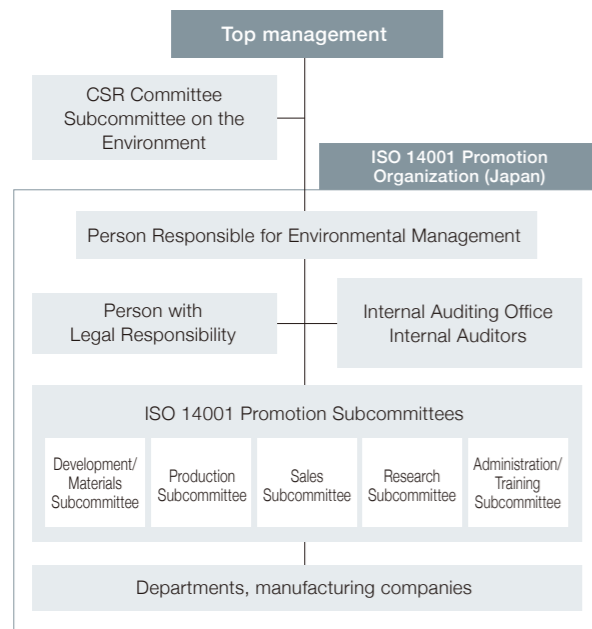
Environmental management system

The Glico Group has been working for a long time to control environmental pollution and conserve energy and resources. We established an environmental policy in February 2002, and since that time we have continually been working to reduce environmental impact and protect the environment based on the requirements of ISO 14001, an international standard for environmental management systems.

Companies that have acquired ISO 14001 certification

- Ezaki Glico Co., Ltd.
- Tohoku Glico Manufacturing Co., Ltd.
- Sendai Glico Manufacturing Co., Ltd.
- Nasu Glico Manufacturing Co., Ltd.
- Ibaraki Glico Manufacturing Co., Ltd.
- Chiba Glico Manufacturing Co., Ltd.
- Kanto Glico Manufacturing Co., Ltd.
- Tokyo Glico Manufacturing Co., Ltd.
- Gifu Glico Manufacturing Co., Ltd.
- Mie Glico Manufacturing Co., Ltd.
- Kansai Glico Manufacturing Co., Ltd.
- Hyogo Glico Manufacturing Co., Ltd.
- Tottori Glico Manufacturing Co., Ltd.
- Saga Glico Manufacturing Co., Ltd.
- Shanghai Ezaki Glico Foods Co., Ltd., Branch No. 1
- Shanghai Ezaki Glico Foods Co., Ltd., Branch No. 2
- Shanghai Ezaki Glico Nanfeng Foods Co., Ltd.
- Bangkok Factory, Thai Glico Co., Ltd.
- Rangsit Factory, Thai Glico Co., Ltd.

System for promoting environmental activities



Glico Group Environmental Policy

We have established an environmental policy in order to clarify the stance of the Glico Group toward environmental initiatives, and set guidelines for our activities. Our environmental policy is provided to enlist the understanding and cooperation of customers, business partners, and other stakeholders as we carry out our business activities.

Glico Group Environmental Policy

In modern society, people are trying to protect nature and restore a rich sense of humanity. We pursue environmentally friendly corporate activities based on the corporate philosophy of the Glico Group: "A Wholesome Life in the Best of Taste."

1. We will deliver high-quality, safe and secure products and services to our customers, while striving to reduce environmental impact in processes ranging from raw material or ingredient procurement to production, supply, and final disposal of containers and packaging.
2. We will endeavor to make a sustainable society for our precious planet by working to prevent environmental pollution and global warming, and by observing laws, regulations, and other rules.
3. We will review our operations, strive to improve their efficiency, and continually improve our management system to boost its effectiveness and help achieve qualitative improvement of our corporate activities.
4. We will raise awareness of environmental protection, and strive for safe workplaces where employees can work with peace of mind.
5. We will promote a wide range of communication activities and social contribution, while valuing connections with customers and society.

This environmental policy is openly available to all.
Revised in April 2016

Indicators for Glico Group environmental activities

- Reduction in environmental impact of products and services
- Prevention of global warming
- Prevention of environmental pollution
- Effective utilization of resources
- Qualitative improvement in corporate activities through greater efficiency and review of operations
- Initiatives toward environmental education and safety
- Promotion of environmental communication



Reduction in Environmental Impact of Products and Services

Environmentally-aware planning and design of products

In the Glico Group, we use raw materials, ingredients, and a variety of other resources to provide safe and secure products. We design products with environmental awareness from the development and planning stage, to reduce environmental impact in all phases of the product cycle, from procurement of raw materials and ingredients to manufacturing and consumption.

Consolidation of raw materials and ingredients for efficient procurement and use

With our commitment to "tastefulness" and "wholesomeness," we are researching raw materials and ingredients in pursuit of greater quality, and also consolidating the amount we need to manufacture through more efficient, lean manufacturing.

Environmentally friendly procurement of raw materials, ingredients and packaging materials

As well as working to ensure the materials and ingredients we procure are environmentally friendly, we consider the environment when we choose the materials that we use to produce the containers our products will end up in. We also use environmentally friendly plastic, paper, and ink.

Reduction of container and packaging volume

We pursue improved containers and packaging to improve overall product quality, and also endeavor to lower environmental impact by reducing the amount of packaging we use.

Example:

- Product:
 - Almond Peak
 - Kobe Roasted Chocolat
- Reduction measure:
 - Reduced-weight plastic tray
- Total reduction amount:
 - 4.1 metric tons (FY2018)



Efforts to reduce volume of household refuse

We indicate packaging material types and recycling marks on our packaging so it is easy to sort and recycle. We also design boxed products in such a way that they can be folded, decreasing the volume of household waste.

Efforts to address marine plastic waste

Marine plastic litter issues have become a global problem. In the Glico Group, we examined customers' purchasing and consumption behavior, and as a result stopped affixing straws to 500ml Café au Lait containers (March 2019).

- Expected amount of reduction:
 - 6.1 metric tons/year (calculated using annual sales for FY2018)



Measures for vending machines

We also sell *Seventeen Ice*, beverages, and desserts through vending machines. The Glico Group is systematically switching the vending machines it uses to the energy-saving type.

Custom *Seventeen Ice* vending machine

35% energy savings compared to 2014

- Vacuum insulation material
- LED lighting

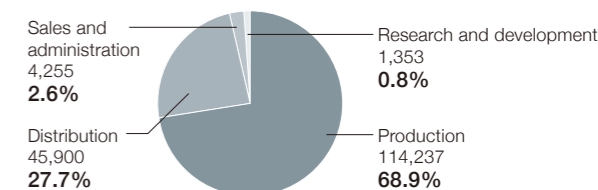


Energy-saving vending machine

Prevention of Global Warming

We are working to reduce CO₂ emissions by managing the amounts of electricity, natural gas, and other energy used in our business activities. When replacing equipment at our plants and other facilities, we switch to energy-saving types.

CO₂ emissions by segment (FY2018) (Unit: t-CO₂)



*For production, sales and administration, and research, we used the adjusted emission factors for each electricity provider released in December 2018.

*For distribution, figures follow the Specified Consigner Periodical Report (FY2017) pertaining to the Act on the Rational Use of Energy. Calculations combine the fuel method, fuel consumption method, and metric ton/kilometer method. Energy usage covers raw material deliveries, product deliveries, waste transport, Office Glico deliveries, and energy used by our own warehouses.

*Scope of CO₂ emitting segments: ISO 14001-certified group companies (Japan) and the companies to which they consign distribution.

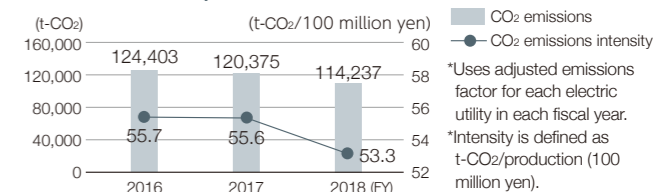
Efforts in production

Electricity, gas, and various other types of energy are used in production. We are making operations more efficient, and promoting energy conservation. Also, equipment that uses energy is being systematically upgraded to energy-saving types. Equipment using fuel oil, which emits a large amount of CO₂, is being systematically converted to use gas or other forms of energy while taking efficiency into consideration.

As for water use, we purify industrial water at some factories and use it as service water for toilets, etc. In some production lines we reuse cooling waste water for cooling refrigeration equipment.

Our aim is to achieve a reduction of at least 1% per year in CO₂ emissions intensity through continual improvement of our management system.

CO₂ emissions in production



CO₂ emissions in fiscal 2018 exhibited a declining trend, due to a drop in production volume.

CO₂ emissions intensity was improved through a review of electric power suppliers, and a reorganization of factories.

Efforts in distribution

In the Glico Group, we are reducing CO₂ emissions, taking into account energy usage and load efficiency during product transport.

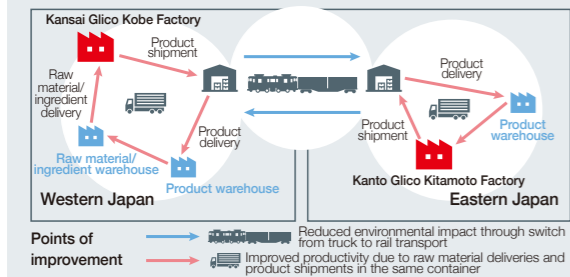
- Expansion and review of distribution centers based on overall distribution efficiency
- Improvement of delivery efficiency through expansion of joint delivery with other companies in the industry
- Improvement of load capacity through use of trucks with increased tonnage
- Promotion of modal shift to rail transport

Ezaki Glico Co., Ltd. is recognized as a company meriting the Eco-Rail Mark.



As part of the 2018 Excellent Green Logistics Commendation Program, we received the Ministry of Economy, Trade and Industry Director-General for Commerce and Service Industry Policy Award. (Collaboration with Japan Freight Railway Company, and Zenkoku Tsu-un)

We helped to reduce environmental impact and improve the work environment for drivers by using 31-foot containers, and using containers that can be transported by both rail and truck for raw material and ingredient delivery and product shipment or delivery.



Efforts in offices

The greatest use of energy in the office is air conditioning. To reduce electricity usage, we promote the Cool Biz and Warm Biz campaigns, and post notices to ensure customers visiting the company understand the policy.

We are also switching lighting and electronic devices to energy-saving types, and are asking staff to turn off equipment when it is not in use.

Efforts in sales

In sales, we promote greater efficiency and energy conservation in operations, as well as environmentally friendly driving among our employees. We are promoting a switch to hybrid vehicles with lower CO₂ emissions. At Glico Channel Create, we have adopted electric vehicles with low CO₂ emissions.

Prevention of Environmental Pollution

At business sites that have acquired ISO 14001 certification, we check laws and regulations, and local ordinances, based on our system of compliance with environmental law, and carry out monitoring and measurement. Furthermore, we periodically conduct training drills as preparation in case of a leak in any environmental pollutant.



A drill at the Kansai Glico Kobe Factory. Emergency response procedures were confirmed for a scenario where oil had leaked and got into the rainwater system. (October 2018)

Effective Utilization of Resources

Efforts to achieve zero emissions

We are promoting the 3Rs (Reduce, Reuse, and Recycle) with the aim of achieving zero emissions*.

*If waste heat from incineration is recovered, or incinerated ash is reused, this is included in resource recovery. A condition of zero emissions is taken as when a factory's waste recycling rate is 99.5% or higher.

Manufacturing companies

- By improving production efficiency, we are reducing the amount of raw materials, ingredients and products that become waste, through the reduction of loss from each process, the rationalization of production, and other measures.
- Raw materials and ingredients delivered to factories are packaged in various ways depending on their characteristics. In collaboration with business partners, the Glico Group is working to reduce the packaging materials it uses and also ensuring the quality of the raw materials and ingredients it procures. Efforts include reusing containers used to transport raw materials and ingredients, and eliminating excessive packaging.

Companies whose plants have achieved zero emissions

- Sendai Glico Manufacturing Co., Ltd.
- Tohoku Glico Manufacturing Co., Ltd.
- Kanto Glico Manufacturing Co., Ltd.
- Nasu Glico Manufacturing Co., Ltd.
- Chiba Glico Manufacturing Co., Ltd.
- Tokyo Glico Manufacturing Co., Ltd.
- Gifu Glico Manufacturing Co., Ltd.
- Mie Glico Manufacturing Co., Ltd.
- Kansai Glico Manufacturing Co., Ltd.
- Hyogo Glico Manufacturing Co., Ltd.
- Glico Icreo Manufacturing Co., Ltd.
- Tottori Glico Manufacturing Co., Ltd.
- Saga Glico Manufacturing Co., Ltd.

Head Office (Administration Department & Research Department)

At present, we are tackling the total amount of waste we produce while continuing our drive towards zero emissions.

- By setting up refuse sorting stations based on meticulous sorting standards, we have changed from a mindset of throwing away to a mindset of reuse, by sorting to recover resources.

Sales Department

To address waste merchandise connected to Ezaki Glico Co., Ltd.'s Sales Department, we have been endeavoring since fiscal 2002 to recover resources by recycling this waste into animal feed and fertilizer. Since sales promotion materials used at supermarkets and other outlets generate a large amount of waste, we have established a systematic use plan, and are working to ensure no waste of resources.

Qualitative Improvement in Corporate Activities through Greater Efficiency and Review of Operations

Based on the idea that improving our business activities by reviewing tasks and making them more efficient can help to reduce environmental impact, we are taking steps such as improving productivity and reducing loss in our business activities.



Example: TPM activities at manufacturing companies

We carry out TPM (Total Productive Maintenance) activities to achieve a high-quality, low-cost production system and highly safe workplace environment through stabilization of production lines.

Every year, we bring together manufacturing companies and other participants from the Glico Group and hold a conference to report on TPM activities, where we present awards to recognize outstanding efforts.



Example: Reduction of overtime work

We are striving to reduce overtime work by raising productivity in operations. Through these efforts, we can also reduce energy usage outside regular working hours.

Example: Going Paperless Declaration

We are shifting to paperless operations in order to improve work efficiency. This will also promote effective utilization of resources.

Going Paperless Declaration

The Glico Group will achieve paperless operations.

Through reforms of organizational and individual workstyles, we will realize paperless operations, and thereby improve efficiency and productivity.

The Three Rules of Paperless Operations

1. Eliminate work processes that use paper

Develop and implement a work flow that allows work without paper.

2. Eliminate printing and copying

Establish a habit of not using paper for things like reference materials, checking documents, or distributing copies.

3. Stop keeping paper backups

As a rule, forbid personal possession of printed documents, and switch to electronic data.

January 2018

Initiatives Towards Environmental Education and Safety

Environmental education

We carry out periodic environmental education to ensure that employees raise their environmental awareness and actively apply themselves to environmental protection activities in both their public and private lives. This includes using e-learning, and then conducting tests to check understanding.

We also hold training courses for group members who gained more specialized knowledge relating to ISO 14001 to act as internal auditors.

Environmental ISO-related education and training courses

In addition to periodic environmental education, we have various e-learning courses pertaining to ISO 14001-related initiatives.



Efforts to ensure safety

Based on the idea that solving problems to reduce environmental impact may also help improve the work environment for employees, we use an environmental management system in our approach to occupational safety and health.

- Examples:
- Reducing overtime work through greater work efficiency
 - Reducing traffic accidents through safe, environmentally friendly driving
 - Strengthening measures to prevent entanglement in manufacturing equipment

Promotion of Environmental Communication

Promotion of communication

We communicate messages about the environment to all our stakeholders in an appropriate manner.

- Disclosure of information on our website
- Requesting outsourcing contractors and business partners to cooperate in environmental initiatives
- Accepting feedback from local communities
- Notification and reporting to government agencies
- Accepting students for workplace experience programs

Government guidance, feedback, etc.

In fiscal 2018, the Glico Group was not involved in any administrative penalties, lawsuits, or similar issues relating to the environment. However, Tokyo Glico received a warning notice that their sewage water did not meet quality standards. The company identified the cause and took steps to improve water quality.

Issues were also pointed out by people in the communities around our business sites. These were resolved in all cases, and we are committed to careful management to prevent recurrence.

Awards, certifications, etc.

The Glico Group has received environmental awards and certification from multiple government bodies in the areas where our business sites are located.

Kanto Glico Manufacturing Co., Ltd. was certified by Saitama Prefecture as a Top Level Business with an outstanding approach to address global warming. (April 2018)



At Ezaki Glico Co., Ltd., we are contributing part of sales proceeds from gum sold in an eco-friendly pouch to the Green Fund of the National Land Afforestation Promotion Organization. In recognition of this, we received a Letter of Appreciation from the Minister of Agriculture, Forestry and Fisheries. (July 2018)





With Our Customers

We will provide safe and reliable products and services and useful information, which are worthy of trust of our customers around the world. By doing so, we will seek to contribute to the good health in 'mind and body' of our customers.

We have built a quality assurance system covering every stage until the product is in the customer's hands—from product design and manufacturing to sales—in order to deliver safe products with reliable quality. We have also acquired FSSC 22000 certification, an international scheme for quality assurance systems. To provide products and services, we share customer feedback with related departments, and use this to make improvements.

Quality Management

Food Safety Guidelines

Our top priority for all of our products and services is to ensure safety and peace of mind for our customers. We will take the following actions to enforce our Food and Safety Guidelines.

1. We handle food, which is directly related to the health of our customers. With this in mind, we will comply with all relevant laws and regulations.
2. We will establish goals to fulfill the Food Safety Guidelines, and review them when necessary.
3. To ensure the safety of our products, we will continually optimize operational systems and procedures that enable effective "plan, do, check" cycles. We will also work on developing the technologies required to do so.
4. We will promptly respond to customers' requests with sincerity.
5. In cases where problems concerning the safety of our products may arise, we will thoroughly investigate its cause and take measures to prevent recurrences.
6. We will improve the level of quality assurance to meet global standards.

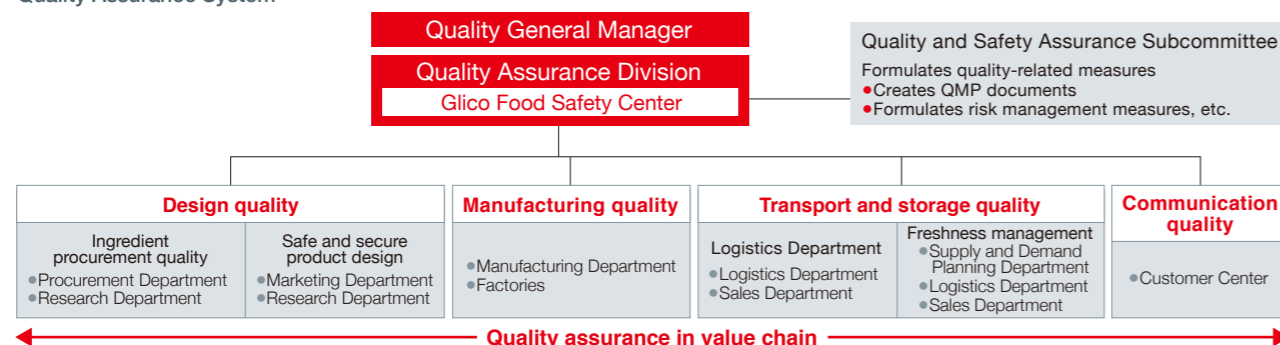
All Glico Group employees will understand and execute the matters described above.

April 1, 2018

Glico Group efforts to improve quality

We have established internal auditing teams at each manufacturing company, and we are making improvements by identifying quality risk factors relating to products or the manufacturing environment.

Quality Assurance System



Quality assurance in the Glico Group

Our top priority for all of our products and services is to ensure safety and security for our customers, which is the first policy we stipulated in our Glico Group Food Safety Guidelines, and our quality assurance is based on this policy. The underlying framework is a system built around quality-related documentation with our Food Safety Guidelines at the apex.

At Ezaki Glico Co., Ltd., we maintain a total commitment to quality assurance by appointing a Quality General Manager to supervise all aspects of quality assurance, and continually conduct quality management activities throughout the value chain based on standards specified in our QMP (Quality Management Practice) guidelines.

Quality-related documentation system

To ensure thorough quality management, we document in writing all points relating to quality assurance. Our Policy is comprised of several elements, including: requirements to meet certification standards, group-wide standards, and standards for each group company. We carry out activities in line with these documents at each worksite, and keep records of the process and results.



Food safety management based on FSSC 22000

We have acquired FSSC 22000 (an international scheme for food safety management systems recognized by GFSI) certification at 21 manufacturing companies inside and outside Japan.

Main management elements

1. Quality management based on QMP documents
2. Auditing
3. Education for improving quality

Educational activities for improving quality

We provide training for new employees and for each department and post, with the Group Quality Assurance Division playing a central role. In this way, we strive to improve knowledge and awareness of quality and establish a management culture.



Quality training session



Quality education

We have also established an Archive for Learning from Mistakes so employees can learn lessons from past product recalls and other incidents.



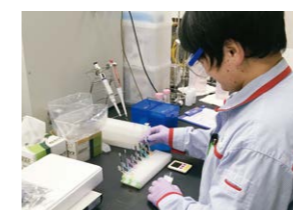
Archive for Learning from Mistakes

Design Quality

Selection of ingredients

We carefully investigate suppliers' quality assurance systems, and only select suppliers capable of providing quality measuring up to our standards. We have put in place a system to ensure that we receive safe ingredients. This involves obtaining, before delivery begins, quality disclosures which describe ingredients in detail and guarantee their safety, and checking suppliers' compliance with relevant laws and regulations.

At the Food Product Safety Center, we also have a system for checking for agricultural chemical residues, GMO farm products, allergens, and so forth.



Allergen testing



Safety analysis

Safe and secure product design

At the planning and design stage, we carry out design quality review, engage in activities to keep quality high in response to product-specific needs for safety and security, and proceed to the manufacturing stage only when standards set forth in QMP documents are met.

We meticulously verify that labeling for ingredients, campaigns, and other purposes is compliant with laws and regulations. We pay close attention to ensure that designs are easy for customers to understand.

Quality inspection

We check design quality with a focus on market shelf life, through methods such as acceleration testing. At the manufacturing stage, we double-check before shipment that manufacturing matches design quality.

Examples of design quality checks

- Flavor, mouthfeel
- Appearance
- Microorganisms
- Oil and fat oxidation (using light or oxygen)
- Temperature tolerance (melting, bloom test)
- Moisture value, water activity
- Transport resilience, etc.



Microorganism testing



Sensory evaluation

Development of foods for long-term storage that can also be used as emergency foods



Bisco storage can



Curry Shokunin ready-to-eat without heating



ICREO Akachan (Baby) Milk

Manufacturing Quality

Raw material and ingredient procurement and delivery

We comply with food safety manuals established based on FSSC 22000 at each manufacturing company. We strictly check the temperature, labeling, appearance and other characteristics at receipt upon acceptance of raw materials or ingredients. Also raw materials and ingredients are verified for quality just before use. We have developed a system for assigning barcodes, so the history of use can be tracked.



Pesticide residue analysis



Checking and recording is done at raw material receipt

Manufacturing facility and equipment management

In accordance with our quality standards, we attempt to manage hygiene, temperature, humidity, quantity, packaging/printing defects and other issues, and to prevent contamination by foreign objects. To prevent quality trouble due to production equipment, we have established machine design standards, and we carefully ascertain that these standards are met when new equipment is installed.

Transport and Storage Quality

Transport quality

We are working with distributors to protect products by ensuring traceability, solving problems, forming plans for food defense, and taking other steps.

Storage quality

During storage too, we work to protect products using the same techniques described above, and we only ship to market those that satisfy standards based on proper inventory management.

Sales Quality

Sales quality management

To supply customers with products that meet standards, we ensure proper storage and handling in collaboration with sales outlets.

Vending machine quality management

As for our *Seventeen Ice* vending machines, we carefully manage the products themselves and strive to improve the cleanliness of the machines and the areas around them in collaboration with wholesalers. We are also promoting the adoption of high-performance vending machines with improved product visibility and easier operation.

Communication Quality

Solving problems from the customer's perspective

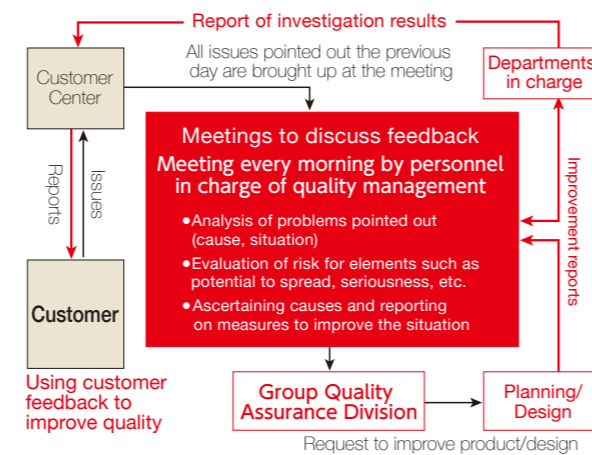
We sell baby milk and various other products for infants and children. Therefore, demands from customers for those products are very high. At the Customer Center, we empathize and work closely with customers, and our main focus is devoting every effort to resolving customer problems.

Customer Center

The center receives roughly 50,000 telephone calls, emails, and letters from customers every year. When customers contact the center, we respond promptly, politely, and in good faith, and provide accurate information.

Meetings to discuss feedback

Every morning, personnel in charge of quality management in the Quality Assurance Department, Manufacturing Department, and other parts of our organization meet together, and carefully examine the issues we received from the Customer Center the previous day. We respond quickly by providing investigation results to manufacturing companies, the Planning Department, and the Research Department.



Improvement of customer service quality

We have made a declaration of compliance with JIS Q 10002:2005 (quality management - customer satisfaction - guidelines for complaint handling in organizations), and we make improvements every day to enhance customer service quality. In addition, we provide training in fielding telephone calls, and ensure employees learn a range of knowledge to prepare for various inquiries, including how to give milk to infants, how to prepare processed foods, and how to take sports supplements.

Examples of qualifications held by Customer Center staff to improve their knowledge

- Consumer Affairs Advisor
- Food Labeling Advisor
- Call Taking Skills Test (Level 3)
- Nutritionist
- Childcare Advisor
- Supplement Advisor

Experience-based customer center training

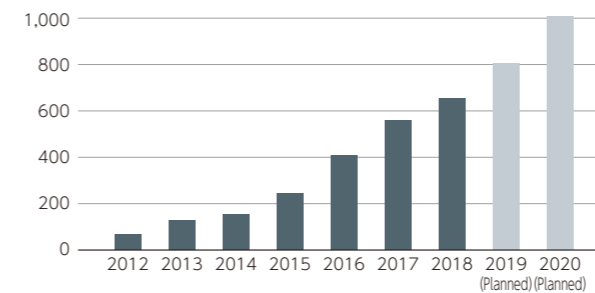
We provide employees with emotionally-moving moments talking with customers, and activities to foster customer-orientation. One example of this is experience-based customer center training where trainees respond as telephone operators

to customer feedback. By actually responding to real customers, trainees experience the importance of close contact with customers and their feelings, and this helps to improve their awareness of quality from the customer's perspective. By fiscal 2018, 680 people have undertaken this training. Going forward, we plan to increase the number of employees receiving this training.



Experience-based customer center training (Training in responding to calls)

Number of trainees completing experience-based customer center training (cumulative)



Fan meetings for members of the online Glico Club

Employees in the Manufacturing Department and other staff have little chance to directly interact with customers, so we provide them with the opportunity to participate in fan meetings for members of the online Glico Club, another way in which Glico is creating emotionally-moving moments talking with the customer.

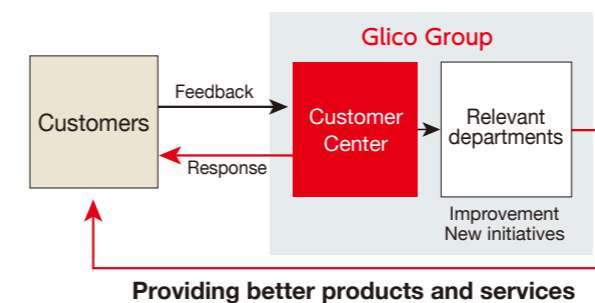


Glico Club fan meeting

Improvement of products and services

We share customer feedback throughout the company, and use it to improve products and services. Customer feedback acts as a motivator, giving rise to new initiatives.

Use of customer feedback



Improvement based on customer feedback

Some cases where products were improved by utilizing feedback from customers are listed on the Ezaki Glico Co., Ltd. website (www.glico.com/jp/customer/product/). Some customers have told us how happy they were when products were improved thanks to our quick response, and such fruitful communication is a strong motivator for our people in charge.

Example: Seventeen Ice



In response to feedback about a customer's inability to eat ice cream from our vending machines due to a milk allergy, we developed new products containing no allergens

Example: Premium Juku Curry



A customer pointed out that, "If I throw away the outer box, there's no way to tell the best-before date." In response, we started printing the best-before date on each tray

Improving the quality of product information

Labeling on the product package is the most reliable medium for communicating product information, and we make our labels as easy to understand as possible. Naturally, labels are carefully examined at the product development stage, and even after a product goes on sale, we always pay close attention to customer feedback and strive to make improvements quickly.

Easy-to-understand product labels

In addition to laws, regulations, and industry standards, we have established in-house standards for labeling. We work hard to achieve peace-of-mind for the customer by ensuring appropriate, easy-to-understand labeling.



With Our Business Partners

We respect laws, regulations and social norms and promote fair and equitable business activities with high ethical standards throughout the company.

As a company handling products directly related to customer health, we in the Glico Group believe it is our mission to work as a team with the suppliers who are our business partners to fulfill our social responsibility throughout the supply chain. Therefore, we require legal compliance and ethical conduct from our suppliers, not only in areas our company is directly engaged in, and hold them to the same high standard in areas such as human rights, labor, and the environment in their corporate activities. We conduct fair and equitable trading with all of our suppliers in accordance with our Basic Policy for Purchasing Activities, and by building trusting relationships, we promote environmentally and socially aware procurement activities.

Basic Policies Towards Suppliers

The Glico Group is conducting business activities on a global scale and based on the Glico Group's CSR philosophy, we have established a goal of promoting high value-added business activities by respecting human rights, preventing corruption, and complying with competition laws throughout the value chain. To achieve this goal, we have clarified issues to be addressed by the Glico Group in terms of fair trade, based on ISO 26000 and the UN Global Compact, and formulated a Fair Trade Basic Policy. We put that policy into effect in April 2019.

Fair Trade Basic Policy

We pursue sustainable and high value-added business which will be globally extended with a high sense of ethics, by way of seeking, in conjunction with any and all of our group companies and business partners in the value chains of our business, to comply with any applicable laws in each country and achieve the following aims:

- (1) To eliminate and abolish any "forced labor," "child labor" and "discrimination in employment and occupation" which is against the Fundamental Principles and Rights at Work;
- (2) To prevent any fraud and corruption in any form by way of, for example, having appropriate relationships with not only public officials and politicians but also business partners and avoiding any transactions with conflict of interest with our board members, officers or employees;
- (3) To ensure fair competition in the market through making it the first priority to provide safe and secure goods and services to customers without getting involved in any activities which may hamper or impede fair competition, including, but not limited to, cartels and bid-rigging;
- (4) To conduct activities that respect any property rights legitimately held by third parties whether such property is tangible or intangible; and
- (5) To heighten awareness on each of the foregoing among the parties concerned, and then prevent any related incident or problem from occurring and enable every prompt and appropriate measure to be taken against actual occurrence.

Commitment to fair and equitable trade

We conclude a Basic Transaction Agreement with all suppliers who collaborate as partners of the Glico Group, to ensure alignment with Glico's objectives for its continuous global business activities with high added value based on high ethical standards. Business with each partner is based on this agreement.

In the Glico Group, we practice fair and equitable trading in compliance with laws and regulations, both inside and outside Japan, founded on fair evaluation, selection and equitable competition opportunities; we also work to strengthen trusting relationships with suppliers.

Basic Policy for Purchasing Activities

We have established the Glico Group Code of Conduct based on corporate compliance for putting our corporate philosophy into practice. The principles of the Basic Purchasing Policy of the Ezaki Glico Co., Ltd. Group Procurement Division are shared with suppliers, and basic policies for procurement are established with the aim of building sound business relationships. In addition, the Basic Purchasing Policy specifically indicates the actions to be taken by the people in charge of purchasing, and establishes a specific purchasing stance to prevent improper relationships with suppliers.

Purchasing Policy

1. Activities will be carried out in compliance with the relevant laws and regulations related to purchasing operations in each country, and in accordance with the Glico Group Code of Conduct and other in-house rules.
2. Elements of each transaction, such as cost, quality, and delivery period, will be properly examined, and purchasing decisions will be made based on economic rationality.
3. We will strengthen business partnerships with suppliers, and work hard to ensure transactions are fair, equitable, and transparent.
4. We will regularly evaluate our suppliers' corporate stances, in areas such as management situation and technical or sales capabilities, and conduct business in a way that focuses on our corporate social responsibility.
5. We will strive for ethically aware transactions.
6. We will strive for environmentally friendly transactions such as green purchasing.

Stance of people in charge of procurement

1. We will not engage in transactions which deviate from laws, regulations, or the Glico Group Code of Conduct.
2. We will stringently evaluate the raw materials or ingredients, goods, or services to be supplied, and conduct transactions that value competitiveness in terms of cost, quality, safety, and other factors.
3. We will maintain sound relationships with suppliers. We will never abuse our position to coerce in areas such as unfair discounts or extra services.
4. Those in charge of procurement will not be allowed to have personal interests in connection with suppliers and will never be permitted to gain personally such as by receiving hospitality exceeding socially accepted limits.
5. We will work to build relationships with trustworthy suppliers, and will not engage in business with firms that violate social norms.

Evaluation of suppliers in terms of fair and equitable trade

In order to confirm and verify whether trade is fair and equitable in accordance with our Basic Policy for Purchasing Activities, the Procurement Department evaluates its own activities and asks its suppliers to evaluate its activities once a year.

Selection of suppliers with emphasis on CSR

We select optimal new suppliers by evaluating candidates in terms of their management, CSR efforts, quality, cost, delivery period, service, and other factors. In addition, the supplier and the Glico Group carry out a fair and equitable evaluation of these items once a year for all existing suppliers.

In fiscal 2018, evaluation items relating to CSR were added to the checklist in order to prioritize selection of companies committed to CSR. If the evaluation shows a company needs guidance for improvement, we strive to strengthen their weak points, and help them grow as a partner.

Results of supplier evaluation in FY2018



Efforts to prevent corruption

In order to eliminate improper transactions and collusion involving exchange of money or other valuables with public officials, corporate officers, or suppliers, we have formulated group internal rules relating to global prevention of corruption based on our Fair Trade Basic Policy, and since March 2019 we have been gradually adopting these rules at group companies in each country. Starting with workshops at group companies in Singapore, Thailand, Indonesia, and China, we plan to gradually offer training at key sites outside Japan.

Commitment to safety and reliability management

We have a system, centered on the Group Quality Assurance Division, for safe and reliable procurement throughout the entire supply chain, through collaboration with departments and suppliers requesting business.

Management system for safe, reliable procurement



Sharing of management system with suppliers

We plan to unify product names in our product information systems and ingredient and raw material delivery standards systems, and going forward we will aim to incorporate these into the Quality Management Program, to ensure consistent quality.

Holding supplier quality meetings

Every year, we hold a supplier quality meeting, where we evaluate efforts by suppliers and discuss initiatives for the future.

Compliance

In the Glico Group, we are fully committed to ethical conduct and compliance with the laws and regulations in the countries/regions where we do business, not only at our own company, but also at our suppliers.

Compliance with anti-trust laws

In Japan, we have formulated the Guidelines for Compliance with the Antimonopoly Act, and we provide education on the law in relevant departments of our domestic group. Through our Procurement Division and other relevant departments, we require our suppliers to work towards compliance.

Work style reform

In March 2019, we conducted a survey to approximately 320 of Ezaki Glico Co., Ltd. and Glico Nutrition's supplier companies (i.e. suppliers providing ingredients or raw materials, manufacturers, and distributors, etc.) regarding efforts to respond to the Act on the Arrangement of Related Acts to Promote Work Style Reform and the impact of that act on business. With the law coming into effect in April 2019, we began to prepare initiatives with suppliers.

CSR-aware procurement

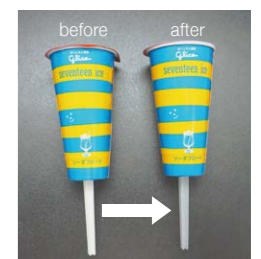
In the Glico Group, we promote procurement from suppliers who engage in business activities that consider the environment and human rights. In addition, we are shifting to digital traceability in collaboration with suppliers. We made it mandatory by April 2019 for suppliers to affix barcode labels to the ingredients or raw materials they supply. Going forward, we will promote a shift to RFID automatic recognition using IC tags. We plan to have this implemented by 2022.

Ingredient and raw material procurement that considers the environment and human rights

As part of procurement that recognizes safety, reliability, the environment, and human rights, we promote procurement of traceable cacao beans with a certificate of origin. By 2020, the Glico Group plans to switch all of the Africa-grown cacao beans it procures to traceable cacao beans. Also by 2020, we intend to switch palm oil used in our core brand products to palm oil certified by the RSPO (Roundtable on Sustainable Palm Oil).

Adoption of environmentally friendly packaging materials

As well as eliminating plastic straws from our *Café au Lait* product, we are adopting environmentally friendly materials, such as now making part of *Seventeen Ice* sticks biomass plastic.



Part of the *Seventeen Ice* stick is now made with biomass plastic

Communication with suppliers

In the Glico Group, we visit suppliers and hold periodic supplier briefings to ensure the dissemination and consistent implementation of the Glico Group's supply chain management (SCM) policy. Through such communication, we strengthen our partnerships with suppliers as we go forwards.



Supplier briefing at Ezaki Glico Co., Ltd.



With Our Employees

We respect basic human rights and will strive to create an environment that enables the active participation of diverse individuals.

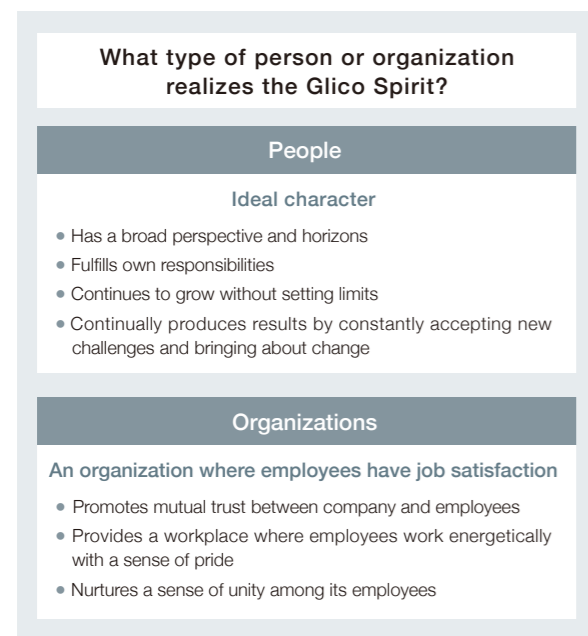
We, the Glico Group, believe our greatest management resource is people, and we are working to develop highly motivated human resources and strengthen our corporate culture and systems to bring out the independence and creativity of each individual. We respect human rights, diversity and inclusion; we work hard to create a workplace for every employee, regardless of personal characteristics such as age, sex, race, religion, or special needs. We also focus effort on maintaining and improving safety and wellness in the workplace. We promote Health and Productivity Management to improve the wellness of employees.

Basic Policy on Personnel

To achieve continual development of our company, we must be a company that is supported, trusted, and respected by society—a company that our employees can take pride in. We at Glico believe that our greatest management resource, normally the source of our corporate development, is people themselves. One facet of our basic approach is to promote reform by striving to develop and cultivate the abilities of individuals, so that highly motivated and capable human resources can join forces and exhibit their abilities as a team. Another facet is to foster a corporate culture that allows the steady cultivation of human resources who can promote this reform. In this way, we aim for both corporate development and the happiness of our employees.

People and Organizations that Realize the Glico Spirit

Corporate Philosophy	A Wholesome Life in the Best of Taste
Glico Spirit	Achieve... Innovation, Cheerfulness, and The Thrill of the Positive



Glico Core Values

Values needed to realize the Glico Spirit

Values that incorporate the Glico Seven Principles, the origin of Glico Spirit

[The Glico Seven Principles]

- 創意工夫 (Innovation and Creativity)
- 質実剛健 (Strength and Vitality)
- 奉仕一貫 (Continuous Public Service)
- 積極果敢 (Boldness and Determination)
- 勤儉力行 (Thrift and Hard Work)
- 不屈邁進 (Persistence)
- 協同一致 (Cooperation)



Work Style Reform

Better work, better life

In the Glico Group, we don't draw a hard distinction between work and life. We take a broad view that life includes work, and promote efforts to raise the quality of both. To be specific, we have introduced programs for telework, flex-time, and annual paid leave by the hour. In addition, we are making a company-wide effort to reduce overtime work through greater operational efficiency, and encourage employees to take annual paid leave.

Annual paid leave

At Ezaki Glico Co., Ltd., we have a strict five-day working-week system, with Saturdays, Sundays, and public holidays off. We also provide a maximum of 20 days of annual paid leave where the unused portion from the previous year is carried over. The percentage of annual paid leave taken in fiscal 2018 exceeded 70%.

Percentage of annual paid leave taken

FY2015	FY2016	FY2017	FY2018
58.3%	62.6%	69.9%	70.6%

Telework program

At Ezaki Glico Co., Ltd., we promote autonomous, efficient workstyles for our employees. We have established a program enabling employees to work from home and other locations outside company sites to improve work efficiency and productivity. In the one year since the program was adopted in January 2018, the average percentage of eligible employees using the telework program at least once a month was 28.1%.

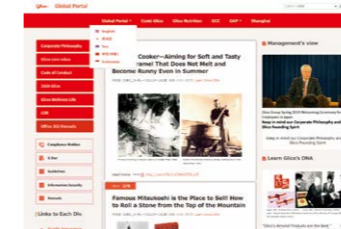
Diversity and Inclusion

Promotion of diversity and inclusion

The Glico Group promotes diversity (participation by people with diverse characteristics). In terms of inclusion, we are strengthening measures to enable participation by the right person in the right place, regardless of age, sex, race, religion, special needs, or other characteristics.

Glico Group intranet—development of Glico Global Portal Net

In the Glico Group, we believe it is important for all our group employees of different nationalities to strive as a team towards our goals in their daily work, and we promote internal communication to that end. Therefore, we have developed the Glico Global Portal Net with multi-language support by adapting our group intranet to countries where we conduct business. Through this portal site, we are disseminating information that needs to be understood by group employees such as messages from top management and the principles of our founding.



Promoting female participation

In the Glico Group, we believe it is important to promote the participation of women in order to improve corporate value. Specifically, we proactively promote women to positions as officers and managers, and hold support sessions such as career development training for female employees and diversity management training for their superiors. We have also strengthened our various programs relating to child-rearing support.

Co-parenting

Our aim is to create a corporate culture enabling participation by diverse human resources, where employees can design their own lives, with childcare leave as one such starting point. The childcare approach advocated by the Glico Group aims to foster family communication and infant care through a cooperative effort by both mothers and fathers. In March 2019, we redesigned our maternity and childcare leave system, and adopted a new one. Employees who are pregnant, or whose spouses are pregnant, and employees raising children younger than two years old, are allowed to take an additional five days of paid leave in the case of one child. We have also started to provide paid leave for other reasons, e.g. infertility treatment, those trying to conceive, nursing or medical check-ups for sick/injured children or grandchildren, and participation in school events. Also, starting in April 2019, we have made it mandatory for men to take infant care leave.



Website introducing our new childcare leave system

Support for baby formula costs

Ezaki Glico Co., Ltd. has a program providing partial support for the cost of powdered baby milk. Employees raising children under one year old are eligible for the program.

Sick or injured childcare leave

For employees with children up to the third grade in elementary school, Ezaki Glico Co., Ltd. provides leave to care for a sick or injured child or to prevent the illness of a child. In addition to annual paid leave, five days can be taken per year for one child, or 10 days if the employee has two or more children.

Daycare facility for employees, Kodomopia Daycare Center Kobe

As part of our efforts to ensure a workplace environment where employees of child-rearing age can work with peace of mind, we opened Kodomopia Daycare Center Kobe in April 2019 at the Kobe factory of Kansai Glico, one of our manufacturing companies. The 276 m² site includes a 171 m² playground, where various physical activity programs are available so children can focus on play. The center is also open on Saturdays, Sundays, and holidays, in accordance with factory operation.





• Programs relating to pregnancy, childbirth, and infant care

- Co-parenting leave
- Staggered work shift program for pregnant employees
- Paid hours for hospital visits
- Consultation during pregnancy
- Consultation before infant care leave
- Maternity leave
- Celebratory birth bonus
- Lump-sum payment for childbirth and infant care
- Exemption from social insurance premiums during maternity leave
- Financial assistance for high-cost health insurance treatments resulting from complications during childbirth
- Family allowance
- Consultation before returning to work after childbirth
- Infant care leave
- Support for baby formula costs
- Infant care leave benefits
- Shortened working hours for infant care
- Childcare leave for sick or injured children
- Exemption from or limits on overtime/holiday work, limits on late-night work
- Program for special agreement on work location

• Training for management

We provide training for management to promote co-parenting leave throughout our organization. As one example, on January 29, 2019, we held a lecture by Mr. Tetsuya Ando, representative of the NPO, Fathering Japan. About 140 employees participated, and they learned about the significance of fathers' participation in infant care, and the importance of support by superiors in creating a desirable workplace environment.



Training for management

• Employment of people with special needs

In fiscal 2018, we met the statutory target average employment rate for persons with special needs for Ezaki Glico Co., Ltd. and the entire domestic group. In fiscal 2019, our efforts will include carefully examining work at group companies that did not achieve our goals and investigating how to employ the right person for the right job. Our aim by the end of fiscal 2020 is to achieve the statutory requirement, as designated by law in Japan, for people with special needs at all group companies.

• Measures enabling diverse human resources to participate in appropriate positions

In the Glico Group, we take various steps to enable a range of human resources to work in suitable positions. In fiscal 2018, we opened a new workplace on October 1 with the aim of enabling participation of people with special needs, regardless of the specific disability. At this workplace, we brought previously outsourced work such as attaching labels to export products in-house. We have created a system that provides a sense of satisfaction and being needed, and have made sure our work environment, and also relaxation spaces, are suitable for any employee, whatever special need they may have. In the future, we will work to develop jobs where special needs are no impediment, and to create a system and structure supporting long-term employment.

Human Resource Development

• Measures for human resource development

In the Glico Group, we are focused company-wide on development and cultivation of human resources as a key

management issue. Based on the idea that people with varied ways of thinking—such as perspectives on management, life, and their own missions—can solve various management problems and promote reform through constant study and continual practice, we offer a curriculum that incorporates different ways of thinking, knowledge, and practice, in accordance with the Glico Core Values, into our training system.

Human resource development system

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
All employees	Outside seminars and designated public qualifications (where needed)											
	TOEIC	Language classes	Online study					TOEIC	Language classes	Online study		
	OJT leader training						OJT leader training					
	Mentor training						Mentor training					
Management	Training for reform leaders											
Mid-rank	Individual programs for people promoted to management positions											
	Training for selected mid-rank staff						Joint management training					
	Human resources assessment training test						Personnel training					
New graduates	2nd year training for new graduates						3rd year training for new graduates					
	Training for new employees						Training for new employees					
Voluntary	All employees			Designated			Selected			Required for promotion		

Respect for Human Rights

• Respect for human rights

In the Glico Group, we have clearly indicated in our Code of Conduct that individuals have equal dignity and rights and that we will never discriminate based on age, sex, race, or any other characteristic. Accordingly, we have built a system that respects human rights.

• Efforts to protect the human rights of employees

To maintain a sound work environment, the Glico Group has established the Glico Compliance Hotline as a means for any officer or employee to notify the company if they discover a violation of the law or in-house rules, harassment, or other compliance issue. When a report is made, an investigative body independent from management investigates and makes a judgment. We ensure the whistleblower never suffers detrimental treatment for making the report. In our system, if a person alleged to have committed a violation is a member of the investigative body, the content of the report is not communicated to that member (see p. 36).

Occupational Safety and Health

• Prevention of occupational accidents

At Glico Group manufacturing sites, we are fully committed to safety and health activities, and we work to ensure a safe workplace where employees have peace of mind. Through such things as safety point-and-call, KY (hazard prediction), and activities towards 5S (Sort, Set in order, Shine, Standardize, and Sustain) at morning assembly and other occasions, we strive to prevent employee injuries, and ensure a safe, upbeat, and healthy workplace. In fiscal 2017 and 2018, there were no life-threatening serious accidents.



With Our Communities

We realize our role as a good corporate citizen and we will coexist harmoniously with local communities and contribute to their sustainable development.

Through its business activities, the Glico Group strives to contribute to individual health management, as well as drive development of the economy, social welfare, and culture. Moreover, we hope to assist in resolving the issues faced by local communities through educational support by way of our wealth of expertise and technology, as well as through our activities in the areas of economy, social welfare, and culture. In order to carry this out, we are making active efforts to communicate with local communities to accurately ascertain their issues and needs, and respond to their requests and expectations.

Educational Support

• The Glico Group's educational support

Utilizing the many resources it possesses, the Glico Group is involved in various educational initiatives.

• Factory tours at Glicopia

Our founder, Ri-ichi Ezaki, firmly believed that, "The two most important missions for children are eating and playing." With this in mind, Glico operates three factory tour facilities—Glicopia Kobe (Hyogo), Glicopia East (Saitama), and Glicopia Chiba (Chiba)—where visitors can learn about the group's products and food culture in an enjoyable way. Each facility stands alongside a Glico factory, and here visitors can view, up close, the manufacturing processes of products such as *Pocky*, *Pretz*, *Papico*, and *Seventeen Ice*; create their own original snacks using digital technologies; take part in quizzes; and more. In this way we are providing spaces for local communities and many other people to see, enjoy, and learn.



Glicopia Kobe



Glicopia Chiba

• Collaborative educational programs at Glicopia

Glicopia also collaborates with local administrations to hold educational programs. At Glicopia East, we offered our assistance in the annual Summer Holiday 3R Environment Seminar held by the Saitama Prefecture Department of Environment's Recycling Promotion Bureau. The seminar was held for the sixth time in fiscal 2018. Around 80 parents and children from Saitama Prefecture were invited to take part, and a *Pocky* and *Pretz* factory tour was followed by a seminar about the various environmental efforts at Glico's factories. The seminar told how disposed products are converted into feed for livestock, and the ways in which the size of packaging materials are minimized in order to reduce waste.

Through these factory tours and seminars, participants can learn about the Glico Group's history, its products, and efforts to protect the environment. They are also an opportunity to increase awareness of the environmental problems that local communities face.



Pocky being made



Summer Holiday 3R Environment Seminar

• Programming lessons with GLICODE®

In fiscal 2020, a new national curriculum will be rolled out at elementary schools across Japan. As part of this, computer programming is set to become a compulsory subject, with a view to enhancing logical thinking and problem-solving skills. The Glico Group has supported the healthy growth of children since its founding and GLICODE® has been developed as an educational material to let children have fun learning about programming, all while eating delicious snacks. In fiscal 2016, the Ministry of Internal Affairs and Communications kickstarted a project to disseminate programming among the nation's youth, and GLICODE® was selected to be a part of the initiative. Since then, with the help of the nation's elementary school teachers, programming lessons using GLICODE® have been given in classrooms at 20 schools nationwide. Glico employees have also been holding GLICODE® workshops. In fiscal 2018, we held a total of 15 GLICODE® workshops. Specifically, we worked with Ashiya Kids Square (which organizes extracurricular children's classes) in Ashiya, Hyogo Prefecture, to hold these workshops at afterschool classes, and we also invited children from foster homes to trial sessions at Glicopia facilities.



Glico employees giving GLICODE® workshops



Developing the next generation through work experience

The Glico Group offers a variety of work experience programs for different ages and interests. We raise interest in our business and in work as a whole through these programs, which play an important role in nurturing next-generation leaders from each locality.

• Tottori Future Kids Project

Tottori Glico Manufacturing took part in a project led by BSS San'in Broadcasting that sought to communicate to young children the enjoyment of working and the allure of companies in Tottori Prefecture. As a result, on August 8, 2018, five students (fifth and sixth graders) from schools in the prefecture took part in a work experience program at the company. After observing how hashed beef roux is made, the children learned how to examine product quality and inspect the operational status of factory equipment. Through the factory tour and their first-hand experiences, the children could see the behind-the-scenes processes that create the products they see every day.



Examining product quality



Learning about Tottori Glico Manufacturing

Activities to promote health

As a food manufacturer with the corporate philosophy “A Wholesome Life in the Best of Taste,” we at Glico undertake a variety of activities to promote health, utilizing the wealth of resources at our disposal and expertise as well.

• Kids' sports classes

Sympathizing with racing driver Takuma Sato's wish to inspire promising children, who are the future, the Glico Group offers its backing to the Takuma Kids Kart Challenge,



Takuma Sato and participants at the Takuma Kids Kart Academy



Children driving go-karts at the Takuma Kids Kart Academy

an initiative that facilitates exchange between children from across the country through kart racing. The 2018 event, the fifth, began with time trial qualifying races in 16 locations in Japan. The top 10 qualifiers were then invited to the Takuma Kids Kart Academy, where they learned driving skills from Sato himself. We will continue to offer our support to athletes and children to promote healthy lives.

• Health education seminar

On October 27, 2018, we took part in the Kenko Iki-iki exhibit hosted by Nishiyodogawa Ward in Osaka, and held a seminar on the health benefits of almonds. Through sales of products such as *Almond Chocolate* and *Almond Glico*, the Glico Group pioneered the almond market in Japan. Using that expertise, we lectured participants on the health benefits of almonds, and also talked about general nutritional science. Participants listened while drinking our almond-based drink *Almond Koka*, and learned how to incorporate almonds into their own diets effectively.



Health education seminar



Almond Koka

Social Activities

Supporting regional economies

The Glico Group is engaged in various educational activities both inside and outside of Japan that help to sustain economies in each region.

• First GLICODE® lessons in Thailand

As part of our efforts to provide educational support overseas, on February 14, 2019, 12 members from Thai Glico's marketing department visited an elementary school affiliated with Chulalongkorn University and held an extracurricular class using a Thai-language GLICODE® for the first time in Thailand.



Extracurricular GLICODE® lesson in Thailand

Supporting social welfare

The Glico Group carries out various volunteer activities throughout Japan, such as cleanups and crime prevention activities. The group also supports reconstruction efforts, disaster preparedness events, and social welfare activities held by local administrations.

• Visiting disaster-hit areas in the Glico Wagon

With the wish to provide happiness and “A Wholesome Life in the Best of Taste” all over Japan, we loaded a van with Glico Group products and have been touring the country. Since the Great East Japan Earthquake in 2011, the Glico Wagon has been stopping off at several disaster-hit areas. In September of fiscal 2018, the wagon participated in the Kazetorock Imony Festival in Shirakawa, Fukushima Prefecture, one of the cities struck by the Great East Japan Earthquake. The following January, the wagon visited Mihara in Hiroshima Prefecture, an area affected by the July 2018 torrential rains, and next, in March, a town called Atsuma that was hit by the Hokkaido Eastern Iburi earthquake. We brought a smile to those living in disaster-affected areas through fun photographs with the Glico Wagon and offerings of Glico assortments.



The Glico Wagon at the Kazetorock Imony Festival 2018



The Glico Wagon in Mihara, Hiroshima Prefecture

• Disaster preparedness training with local communities

We believe that ensuring the safety of local communities through collaborative activities is a key part of our social contribution efforts. Our headquarters are located in Osaka's Nishiyodogawa Ward, an area at sea level, where huge damage is expected should the banks of nearby rivers burst. To ensure smooth response in case of an emergency, the Glico Group has taken part in the ward's wide-area disaster preparedness training since fiscal 2017. In fiscal 2018, around 30 local residents took part in an evacuation drill where they were guided to the gymnasium on the headquarters' site.



Local residents evacuating to the gymnasium within the Glico Group headquarters site

• Donations to food banks to reduce food loss

As a food manufacturer, we focus a great amount of effort on reducing waste that is generated during the production process. We also donate completed products to food banks. The main products we donate are yogurts, drinks, and biscuits. At Shanghai Ezaki Glico Foods Co., Ltd. we have partnered with the Lüzhou food bank to provide food to elementary school students living in impoverished areas. We also communicated to them the importance of valuing food and maintaining a healthy diet. Approaching other food banks as well for potential partnerships, Sendai Glico donated processed foods to Co-op Tohoku's Co-op Food Bank for the first time in fiscal 2018. We will continue working closely with local residents to reduce the amount of food loss.



Partnership with Co-op Tohoku



Volunteering at the Lüzhou food bank

Supporting regional culture

The Glico Group supports the development of regional sports and cultures by lending its hand to the preservation and revitalization of regional events.

• Good!! Glico Exhibition

Between July 21 and September 2, 2018, a special Glico-themed exhibition was held at the Saga Prefectural Art Museum—close to where our founder, Ri-ichi Ezaki, was born. We provided several hundred items to exhibit, as well as materials related to Ezaki's life. The exhibition included displays of the heart-shaped rollers used to shape the company's earliest products, a replica of a *Glico* vending machine with video players, dioramas of the changing faces of Dotonbori's Glico sign, displays of *Glico* nutritious caramel miniature toys, and more. The many visitors to the exhibition learned all about the company's founding principles and its relationship with Saga Prefecture.



Exhibition reception area



Exhibits



With Our Shareholders and Investors

We will communicate openly with society and build relationships of trust.

The Glico Group discloses information to all its stakeholders—including its shareholders and investors—according to the relevant laws and regulations, while also offering a wide range of other material to deepen their understanding of the group's activities. We also place great importance on dialogue with our shareholders and investors, and engage in thorough communication through general meeting of shareholders and financial results briefings, where group management provides direct briefings on financial results, management policies, and strategies. In this way, we take the initiative to maintain close contact with them.

Basic IR Policy

The Glico Group sees its shareholders and investors as particularly important stakeholders. Through appropriate disclosure of corporate information, we strive to build long-term relationships of trust, and ensure accurate evaluation of our corporate value. We will continue to actively disclose information in a timely and fair manner, while complying with all relevant laws and regulations.

Building relationships of trust with shareholders and investors

Accurate evaluation of corporate value

Active information disclosure

Compliant Timely Fair Continuous

Information disclosure on our website

In publishing IR information on our website, we strive to disclose information to our stakeholders—particularly our shareholders and investors—in a timely and appropriate manner. We publish a wide range of IR material on our dedicated website, including IR news, summaries of financial results, financial briefing material, business reports, fact books, and more.

And, by publishing our summaries of financial results, financial briefing material, and annual reports in English, we also communicate relevant information to our foreign investors. We have also launched an easy-to-navigate website which outlines the Glico Group's operations and quality initiatives, promoting understanding of our approach to business.



Homepage of Glico's IR website

Dialogue with institutional investors

Twice a year in May and November, we hold financial results briefings for our institutional investors, and group management talks about financial results, management policies, and strategies. We also actively attend conferences organized by securities companies, while responding to requests for meetings, facility tours, and interviews from institutional investors to ensure a high level of communication.



Financial results briefing (twice yearly)

Dialogue with individual shareholders

We see general meetings of shareholders as valuable opportunities to communicate with our shareholders, and are constantly working to make them more meaningful. We have also introduced electronic voting to make it easier for our shareholders to participate in the settling of key corporate matters.

During the 113th general meeting of shareholders held in 2018, we reported on the Glico Group's business in fiscal 2017, and outlined the business policies and initiatives paramount to achieving the goals set out in our medium-term management plan and were able to have some lively discussion with all of our shareholders. Moreover, we offered Glico Group seminars for individual investors so that they could learn more about our management philosophy and future business plans. We also publish a business report twice a year that describes the Glico Group's operations.



Shareholder benefits

As one way to give thanks to our shareholders for their unwavering support, and to enhance their understanding of our business activities, we operate a shareholder benefit program. In fiscal 2018, we presented those who own more than 100 shares with an assortment of Glico products.

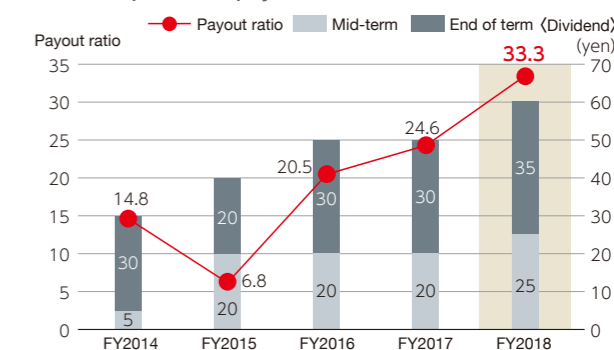


*Image is for illustrative purposes only

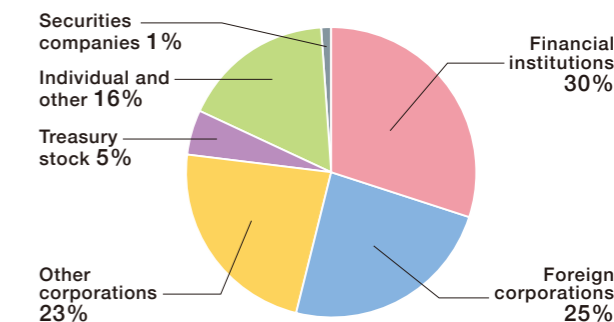
Distribution of profits

In order that we can maximize corporate value in the long term, we place the utmost priority on growth investments. With respect to dividends, we target a consolidated payout ratio of 25% or more to ensure a stable, continuous shareholder return. The annual dividend for fiscal 2018 was ¥60 per share. Moreover, at the board of directors' meeting in May 2019, we decided on ¥5 billion of treasury stock acquisitions (the maximum) as one way to enhance shareholder return.

Dividend per share/payout ratio



Ratio of shares by shareholder (as of March 31, 2019)



Main IR Activities in Fiscal 2018

For institutional investors

- Held financial results briefings
- Held individual interviews
- Attended conferences organized by securities companies
- Published annual report
- Published fact book

For individual investors

- Published business report twice a year
- Held company seminar

Information disclosure on our website

- IR news
- Summaries of Financial statements
- Presentation materials
- Annual securities report
- Annual report
- Fact book
- Business reports

In-house feedback

- Reports to board of directors



Corporate Governance

We shall work constantly to improve our corporate governance system.

The Glico Group strictly adheres to the laws and regulations, industry rules and social norms associated with the manufacture and sale of products and the provision of services. The Glico Group has built a corporate governance system that will ensure the sustainable growth of the group, medium- to long-term enhancement of corporate value, and increased transparency and efficiency in management, all for the benefit of our shareholders and other stakeholders. As one part of our efforts, we have established a Risk Management Committee that ensures thorough internal control and risk management, and sound, appropriate management.

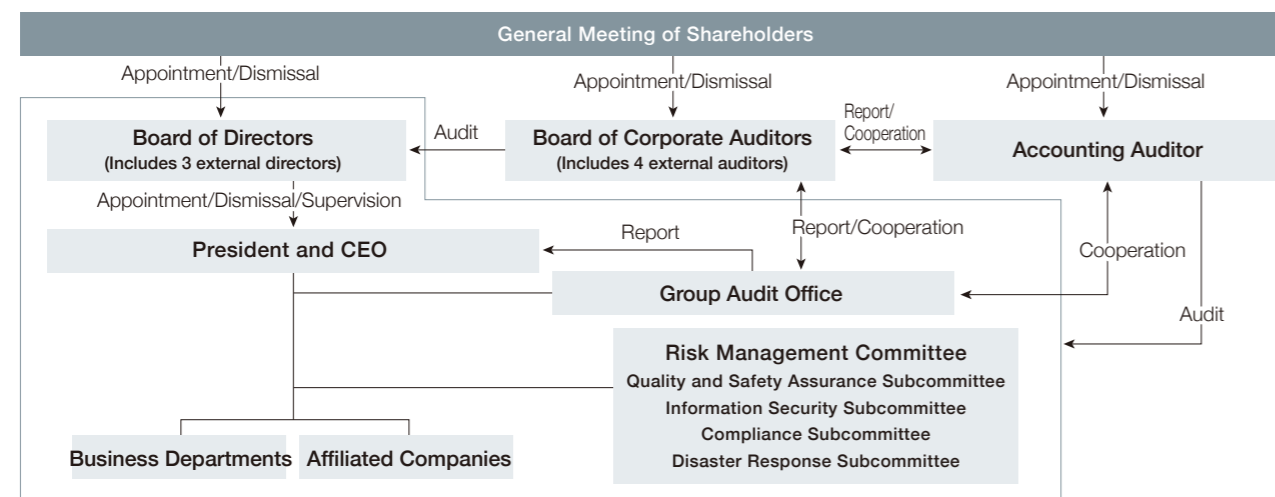
Basic views on corporate governance

Based on our corporate philosophy and the Glico Spirit, the Glico Group strives for sustainable growth, medium to long term enhancement of corporate value, and increased transparency and efficiency in management. As such, we are working on the continuous enhancement of our corporate governance system based on the following basic policy (see right).

Corporate governance system

The Glico Group's corporate governance system is headed by the general meeting of shareholders, the highest decision-making body in the organization, and is predominantly comprised by a board of directors, which monitors the business activities and business execution conducted by each division and affiliated company, and the board of corporate auditors, which oversees and audits execution of duties by the board of directors.

Corporate Governance System



• Board of Directors

The board of directors, which consists of seven members (including three external directors as of March 31, 2019), meets once a month as a rule in order to deliberate and make decisions on matters as stipulated by laws and company regulations, as well as important issues regarding execution of business. The Glico Group also operates an executive officer system with the aim of enhancing its monitoring capabilities and execution of business.

• Board of Corporate Auditors

The board of corporate auditors consists of five members (including four external corporate auditors as of March 2019). Each corporate auditor actively attends board of director meetings and other in-house meetings to accurately audit the execution of duties by the group's directors.

Reasons for adopting this corporate governance system

The Glico Group has adopted a governance system that comprises the board of directors and the board of auditors. This system enhances the board of directors' ability to make decisions on business matters and the board of corporate auditors' ability to improve management and supervision of business execution. Further, it increases management efficiency and enables accurate, strategic managerial decision-making.

Internal control

In order to maintain appropriate and sound execution of business, the board of directors is making efforts to establish an effective internal control system and compliance structure to comply with relevant laws and company regulations. Moreover, the board of corporate auditors monitors the internal control system to maintain its effectiveness and functionality. As an internal audit department under direct control of the CEO, the Group Audit Office maintains the effectiveness and validity of each group company's internal control system.

Risk management

We have established the Risk Management Committee to work towards the early detection of, and rapid response to, potential risks by collecting relevant information and training employees and hold regular risk management meetings. Four subcommittees organized under the Risk Management Committee are engaged in a variety of activities that enable cross-organizational and specialized management of risk. The Quality and Safety Assurance Subcommittee works to strengthen QA activities, while the Information Security Subcommittee promotes information security for both electronic and non-electronic media. The Compliance Subcommittee maintains the laws and in-house regulations and rules that are to be complied with and notifies them to the wider group. The Disaster Response Subcommittee is responsible for improving the systems relating to the group's business continuity plan (BCP), and identifies potential risks while formulating countermeasures to be disseminated and featured in employee training. We have also made preparations for an emergency response headquarters, separate to the Risk Management Committee, to deal with any serious emergencies. With regards to anti-social forces that threaten the order and safety of society, not only do we reject any relationship with them whatsoever, we work in close cooperation with external institutions such as law firms and police organizations to ensure a firm stance in dealing with such forces.



Wide-area BCP training

Promotion of compliance

In order that we can carry out our professional duties while complying with relevant laws and company regulations, we have formulated the Glico Group Code of Conduct as a set of concrete guidelines, and are communicating their content to all executives and employees. Moreover, the Compliance Subcommittee is at the center of efforts to disseminate and ensure strict compliance with laws and in-house regulations throughout the Glico Group and its

subsidiaries. The subcommittee also carries out compliance training and other necessary education, ensuring thorough compliance.

We have also established a system whereby individuals can immediately report to corporate auditors any instances of severe compliance violations or misconduct by employees, or anything that may cause serious damage to the company's reputation.

Glico Compliance Hotline

We have established the Glico Compliance Hotline as an anonymous whistleblowing system to enable all Glico Group executives and employees to report violations, or suspected violations, of laws or in-house regulations without having to worry about retaliatory action or disadvantageous treatment. If a report is received, it is dealt with by an investigative entity independent of company management.

Internal audits and corporate audits

The internal audit and corporate audit framework is composed of our internal audit department (Group Audit Office) and five corporate auditors. The Group Audit Office heeds advice from accounting auditors regarding the evaluation of internal control in relation to financial reporting, and uses this advice to improve and evaluate operation of this internal control system. Meanwhile, it works together with the board of corporate auditors to monitor business activities associated with internal control at every business site, and reports its findings to the CEO and corporate auditors. Corporate auditors monitor the overall business activities of the company based on the auditing plans formulated at the beginning of the term. While all auditors attend every board of director meeting, full-time corporate auditors actively participate in important internal meetings, focusing on preventing violations of laws and company regulations, or any issues that may impact shareholder benefits. Accounting auditors meet with corporate auditors four times a year to exchange opinions regarding auditing plans and progress of audits, and work together to carry out audits. Audit briefings from accounting auditors are attended by corporate auditors and the group's CFO. Audits required under the Companies Act for important affiliated companies are undertaken by an external auditing firm.

External directors and external corporate auditors

As of March 31, 2019, the Glico Group works with three external directors and four external auditors. In appointing external officers, although we do not have any specific guidelines or policies to ensure the independence of the appointment process, we refer to evaluation criteria used by the stock exchange in their selection of independent officers, and use our expertise and experience in society to appoint individuals who can contribute to the Glico Group's operations from an independent standpoint. We assess that our external directors revitalize board activities and fulfill their roles in overseeing managerial activities by posing appropriate and timely questions and contributing honest opinions when deliberating issues at the board of directors meetings.

CSR Activity Summary

In fiscal 2018, the CSR Committee and five subcommittees went ahead with initiatives in line with the Glico Group’s approach to CSR. We carried out specific CSR training for each workplace and focused on CSR training at our manufacturing companies in Japan. Furthermore, we used in-house communication tools to enhance our employee’s awareness and knowledge of the importance of CSR.

From fiscal 2019 onwards, we will enhance the activities of our subcommittees, and work to bring them in line with globally recognized indicators, such as SDGs.

Subcommittee	Subcommittee Goals (Vision)	Main Activities in FY2018
<div>Subcommittee on the Environment</div> <div></div>	To lessen our environmental impact through measures such as the reduction of CO2 emissions and use of sustainable resources, and to contribute to the conservation of our natural environment, and promote harmonious coexistence with all living things.	<ul style="list-style-type: none">Formulated goals for environmentally friendly use of packaging materials (March 2019, Ezaki Glico Co., Ltd.)(1) Reduced amount of packaging materials used through promotion of the 3Rs(2) Began using environmentally friendly materials
<div>Subcommittee on Consumers</div> <div></div>	To provide safe and reliable products and services and useful information, which are worthy of trust of our customers around the world. By doing so, we will seek to contribute to the good health in 'mind and body' of our customers.	<ul style="list-style-type: none">Developed a consumer-oriented mindset among our employees (telephone training, fan meetings with members of the online Glico Club, opening of the Archive for Learning from Mistakes, e-learning, etc.)Gathered and reflected customer opinionsCarried out survey regarding quality of information (on product packaging, on the website, etc.) for customers
<div>Subcommittee on Fair Trade</div> <div></div>	To promote high value-added business activities by respecting human rights, preventing corruption, and complying with the competition laws throughout the value chain.	<ul style="list-style-type: none">Formulated a Fair Trade Basic PolicyDecided to become a member of the RSPO (Roundtable on Sustainable Palm Oil) (Application and commencement of activities scheduled for FY2019)Progressively introduced rules and educational seminars regarding prevention of corruption and bribery in ASEAN and ChinaFormulated a set of guidelines regarding compliance with Japan’s Antimonopoly Act, and held seminars
<div>Subcommittee on Human Asset Management</div> <div></div>	To create innovation through a diverse workforce that can demonstrate the Glico Spirit, and thorough implementation of Health and Productivity Management.	<ul style="list-style-type: none">Revised Glico Group Code of ConductPromoted diversity and inclusion(1) Implemented measures to promote female participation and advancement in the workplace(2) Formulated goals for employment of persons with disabilities (Japan)
<div>Subcommittee on Community Development</div> <div></div>	To coexist with local communities and contribute to their development through educational support and social activities in the areas of economy, social welfare, and culture, at each workplace.	<ul style="list-style-type: none">Formulated a basic policy on regional contributionCarried out regional contribution activities centered on each workplace(1) Educational support activities (GLICODE® workshops, health education seminars, etc.)(2) Social contribution activities (reconstruction of disaster-hit areas, disaster preparedness support activities, collaboration with food banks, etc.)

List of Glico Group Companies

<div>Japan</div>	<div>China</div>
Ezaki Glico Co., Ltd.	Shanghai Ezaki Glico Foods Co., Ltd.
Sendai Glico Manufacturing Co., Ltd.	Shanghai Ezaki Glico Nanfeng Foods Co., Ltd.
Tohoku Glico Manufacturing Co., Ltd.	
Ibaraki Glico Manufacturing Co., Ltd.	<div>ASEAN</div>
Nasu Glico Manufacturing Co., Ltd.	Glico Asia Pacific Pte. Ltd.
Kanto Glico Manufacturing Co., Ltd.	Thai Glico Co., Ltd.
Chiba Glico Manufacturing Co., Ltd.	Glico Frozen (Thailand) Co., Ltd.
Tokyo Glico Manufacturing Co., Ltd.	PT. Glico Indonesia
Gifu Glico Manufacturing Co., Ltd.	PT. Glico-Wings
Mie Glico Manufacturing Co., Ltd.	Glico Malaysia Sdn. Bhd.
Kansai Glico Manufacturing Co., Ltd.	Ezaki Glico Vietnam Co., Ltd.
Hyogo Glico Manufacturing Co., Ltd.	Glico Philippines, Inc.
Glico Icreo Manufacturing Co., Ltd.	<div>North America</div>
Tottori Glico Manufacturing Co., Ltd.	Glico North America Holdings, Inc.
Saga Glico Manufacturing Co., Ltd.	Ezaki Glico USA Corporation
Glico Channel Create, Inc.	TCHO Ventures, Inc.
Glico Nutrition Co., Ltd.	Glico Canada Corporation
Chubu Glico Manufacturing Co., Ltd.	
Tohoku Frozen Distribution Co., Ltd.	<div>Other locations</div>
Kansai Frozen Distribution Co., Ltd.	Glico-Haitai Co., Ltd
Koei Information Systems Co., Ltd.	Generale Biscuit Glico France S.A.