



CSR Report 2021

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 food 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 food 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, even after 100 years after the founder first came across glycogen, we believe our business actions based on this corporate philosophy bring more value to society. We will continue to act diligently and genuinely, to deliver inspiration, delight, and joy through our product and services.

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.

Reporting scope

Ezaki Glico Co., Ltd. and all Glico Group companies.

Reporting period

FY 2020 (January 1, 2020 to December 31, 2020)

*Some information included in this report may date from before FY 2020 and may also include activities undertaken in 2021.

Published

December 2021 (published once a year)

*Information is up to date as of the date of publishing.

*Company names and product names, etc. are registered trademarks or trademarks of their respective companies.

Guidelines consulted

Global Reporting Initiative (GRI) Standards
Environmental Reporting Guidelines 2018,
published by the Ministry of the Environment

Published by

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

Inquiries

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<https://www.glico.com/global/contact/>



Contributing to society and to the future through business

We would like to express our deepest condolences to those who have lost their lives throughout the new coronavirus infection (COVID-19) and extend our deepest sympathies to those affected and their families. We would also like to express our deepest respect and gratitude to all those who are making efforts, in medical institutions and government agencies, to prevent the spread of infection around the world and throughout Japan.

The spread of COVID-19 has caused significant changes in people's values and lives. We acknowledge the awareness of health has increased, and the importance of proper diet to build a healthy body has been reaffirmed. The Glico Group is currently expanding its business in the fields of confectionery, frozen desserts, dairy products, and processed foods, and is engaged in the growth of infants, the expansion of products that support the health of customers, and the research and development of food materials with health functions. We are also focusing on providing daily necessities that are delicious in our customers' daily lives and that help maintain and improve their health. The starting point for all these activities is the Glico Founding Spirit.

EZAKI Ri-ichi, the founder of our company, had wanted to contribute to society through the business for a long time when he happened to encounter glycogen contained in oysters. He set about applying innovation and creativity to develop Glico's nutritious candy (caramel) at a time when many people were suffering from malnutrition.

Reflecting this determination, our founder adopted the phrase "to contribute to enhancing people's health through food" as his corporate philosophy. The wording of this philosophy has changed with the times to "A Wholesome Life in the Best of Taste," but the underlying spirit that we inherited from our founder—"contribute to society through food business"—has not changed and will continue to remain the same. To realize the corporate philosophy, we must continually respond to the demands and expectations of changing times, and activities with that aim are treated as CSR.

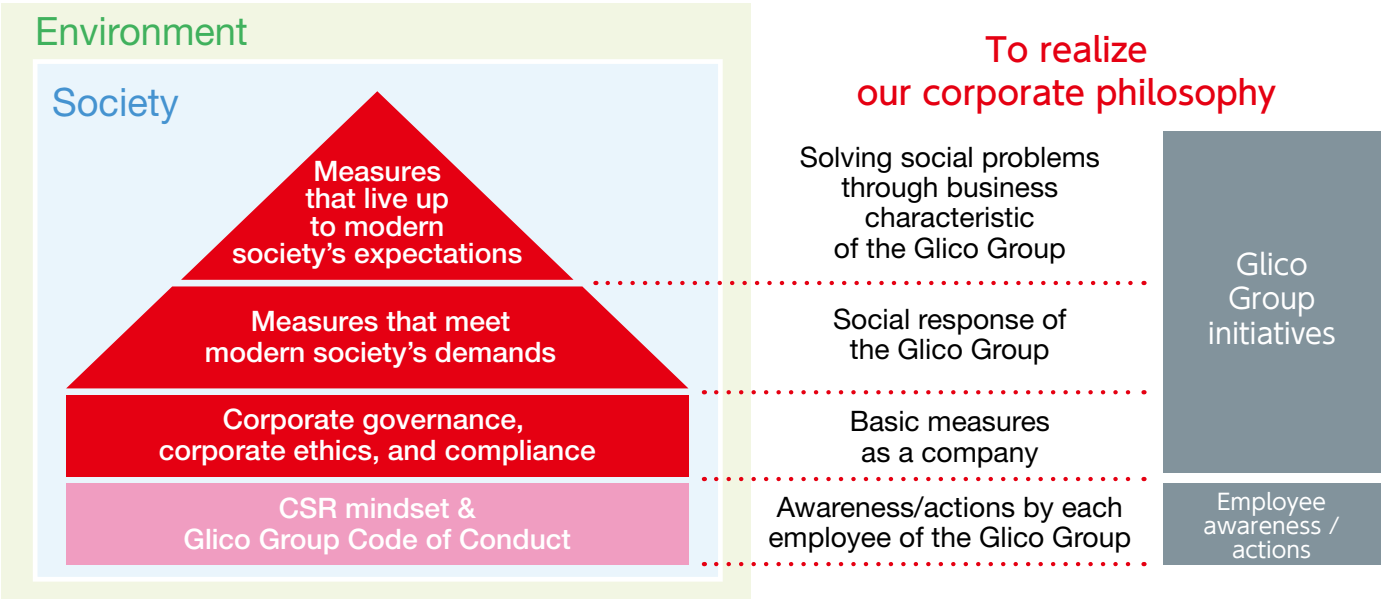
Today, we face various social issues in the world such as climate change and human rights issues. We believe that it is necessary to address these challenges by leveraging the strengths of the Glico Group. Going forward, we will focus to continue to be a company that "contributes to society through the food business" by actively and boldly engaging ingenuity and taking, 創意工夫 (Innovation and Creativity) to create value. We hope we can count on even greater support from you in the future.

Katsuhisa Ezaki
President & CEO
Ezaki Glico Co., Ltd.
March 2021

CSR Approach and Promotion System

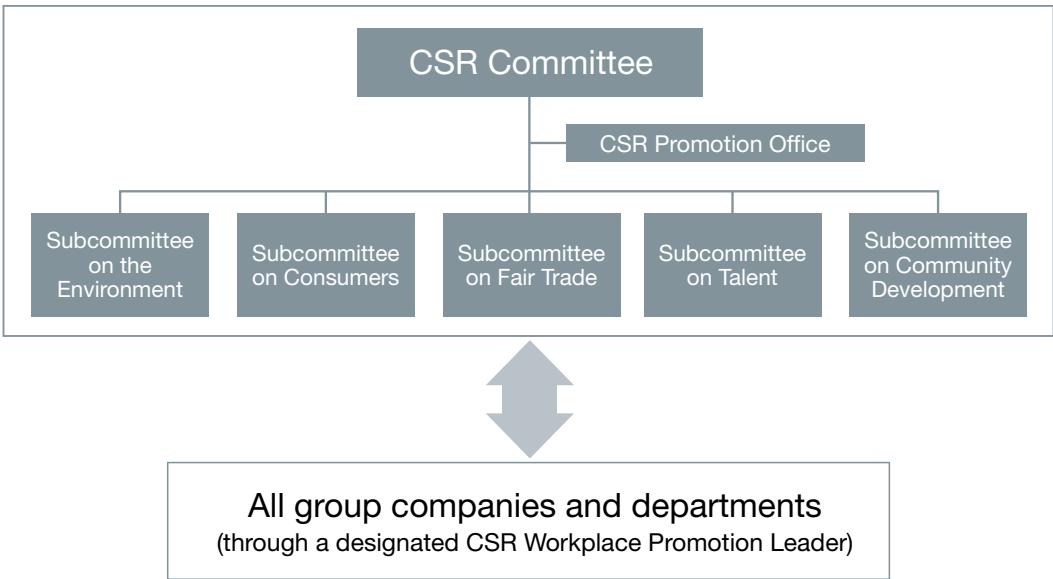
The Glico Group's Approach to CSR

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 regards the promotion of CSR as an important management issue. We have established the CSR Committee, headed by the President & CEO of Ezaki Glico, and we are promoting CSR together as a group. The committee meets several times a year for each item on their agenda to formulate directions, check progress, and otherwise discuss the promotion of CSR. Activities of the committee are reported to the Ezaki Glico board of directors and elsewhere to ensure that CSR is reflected in management policy and promoted by the whole group.












Materiality (Key Issues)

In the Glico Group, we believe that it is important to clarify of the materiality (key issues) to be addressed in order to realize our corporate philosophy of “A Wholesome Life in the Best of Taste” and continue to contribute to society through business.

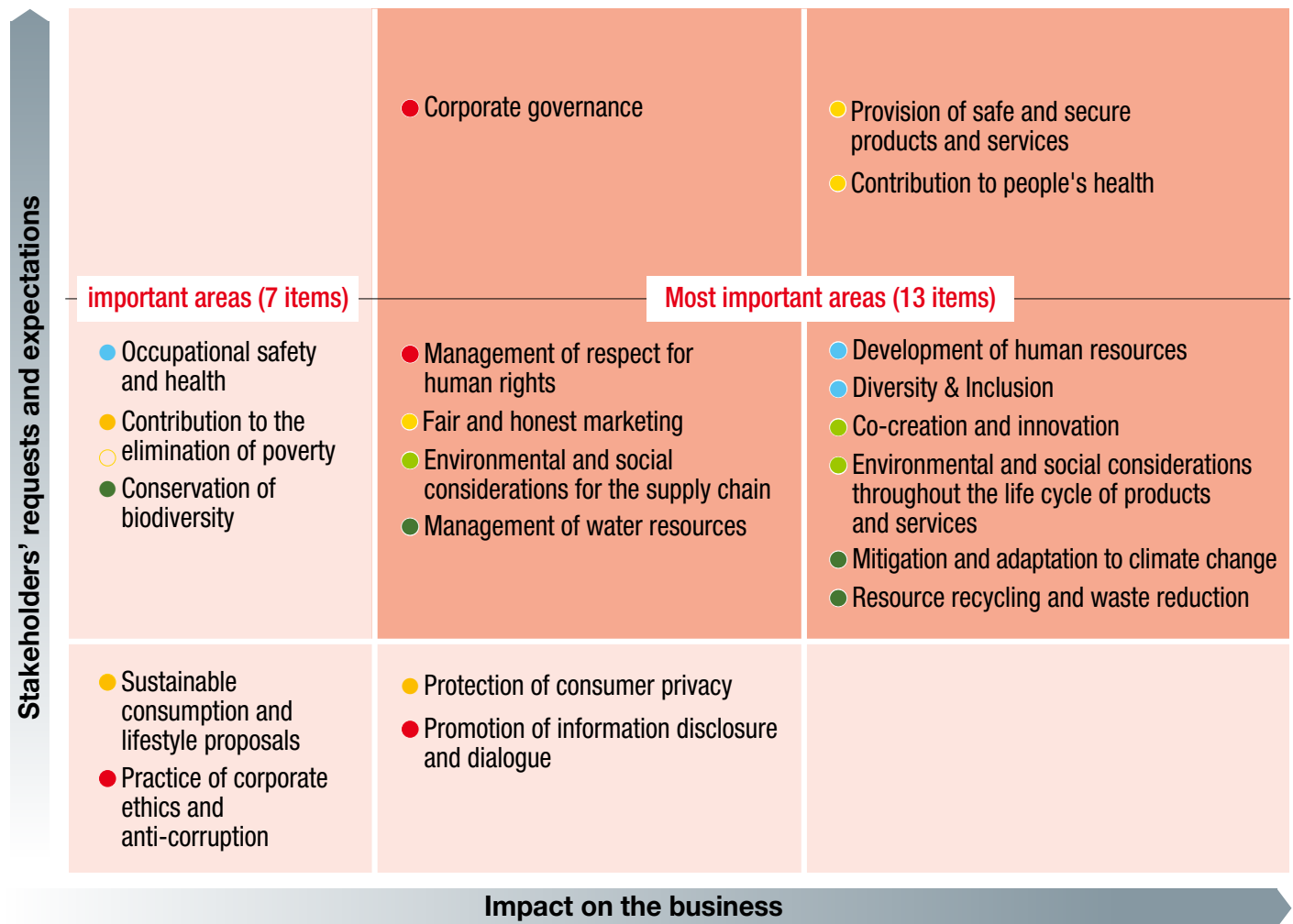
In June 2019, we identified materiality for the group in line with feedback from consumers, business partners, employees, shareholders, investors and other stakeholders (refer CSR Report 2019). This time, as we aim to contribute to realizing an even more sustainable society, we have reviewed this materiality while enhancing the perspective of global social issues and listening to the opinions of external experts.

This materiality will be the base for setting medium- to long-term goals and KPIs, and to continue to carry out our activities.

Materiality (20 key issues)		Main related SDGs
Product safety, consumer and community issues	<ul style="list-style-type: none"> · Provision of safe and secure products and services · Contribution to people's health · Fair and honest marketing · Contribution to the elimination of poverty · Protection of consumer privacy · Sustainable consumption and lifestyle proposals 	        
Labor and human rights issues	<ul style="list-style-type: none"> · Development of human resources · Diversity & Inclusion · Occupational safety and health 	
Environmental and social issues	<ul style="list-style-type: none"> · Co-creation and innovation · Environmental and social considerations throughout the life cycle of products and services · Environmental and social considerations for the supply chain 	
Environmental issues	<ul style="list-style-type: none"> · Mitigation and adaptation to climate change · Resource recycling and waste reduction · Management of water resources · Conservation of biodiversity 	
Compliance and governance issues	<ul style="list-style-type: none"> · Corporate governance · Management of respect for human rights · Promotion of information disclosure and dialogue · Protection of consumer privacy · Practice of corporate ethics and anti-corruption 	

Materiality Mapping

- Product safety, consumer and community issues
- Labor and human rights issues
- Environmental and social issues
- Environmental issues
- Compliance and governance issues



Materiality Identification Process

We conducted investigation and analysis to clarify materiality that we need to address. In addition to the Ten Principles of the United Nations Global Compact, the Sustainable Development Goals (SDGs), and the ISO 26000 standard, we refer to a number of sources when analyzing materiality, including non-financial disclosure standards demonstrated by the GRI Standards, SASB and others, and evaluation categories of ESG ratings organizations such as FTSE and MSCI. The specific identification process we followed is detailed below.





1. Develop materiality candidates

We created a list of materiality candidates based on the Glico Group corporate philosophy, code of conduct and business plans while factoring in international frameworks like the Ten Principles of the UN Global Compact and SDGs, guidelines of ISO 26000, the GRI Standards, SASB and others, and perspectives such as ESG evaluation categories.



2. Investigate candidates in working groups

We investigated the materiality candidates in working groups comprising a mix of people from relevant departments. We mapped the materiality candidates from step 1 against “Stakeholders’ requests and expectations” and “Impact on the business” to identify proposed materiality candidates for priority action.



3. Discuss candidates in the CSR Committee

Management and others in the CSR Committee discussed the proposed mapping, and materiality candidates for priority action, that were identified in step 2.



4. Dialogue with experts

We had a dialogue session with external experts to confirm the validity of materiality candidates discussed in step 3. We then reevaluated our proposed materiality in line with suggestions and comments received.

<Experts consulted>



Hideto Kawakita
CEO, International Institute for Human,
Organization and the Earth (IIHOE)



Mariko Kawaguchi
Board Member,
United Nations Global Compact Network Japan



Dialogue with experts (June 2020)

<Main Opinion and Feedback>

◆Providing value through products and services

- “Provision of safe and secure products and services” is an important issue for food businesses. The Glico Group is implementing a range of initiatives to ensure food safety, but that alone is unable to ensure peace of mind for consumers. In times ahead, consideration of human rights and animal welfare¹ will also play an important role in delivering this security. We recommend that the group pursue its activities based on a deep analysis of the safety and security they will provide going forward, and that they ensure proactive disclosure of related information.

- “Contributing to people’s health” includes more than just reducing ingredients (such as sugars and salt) that may adversely affect health if over-consumed. It is also expected that of the more value-added products and services providing people better health through continued use.

◆Human rights issues

As approaching to 2030, by which year the SDGs are intended to be achieved, stakeholder interest in human rights issues will increase. For example, “environmental and social considerations for the supply chain,” such as whether child labor or forced labor are utilized, will become more important when procuring raw materials from developing countries. Whether the “occupational safety and health” of employees is sufficiently guaranteed, such as ensuring people do not work excessive working hours, is another important human rights issue. The Glico Group should promote “management of respect for human rights” by identifying, preventing, reducing and dealing with the impact of human rights responsibilities in its business activities and business relationships, and ensure proactive disclosure of information related to those activities.

◆Environmental issues

“Mitigation and adaptation to climate change” and “conservation of biodiversity²” are both important global issues. The Glico Group has focused its activities to date on climate change mitigation, but as the impacts of climate change and the occurrence of abnormal weather events increase, adaptation activities are becoming increasingly important. This is also directly linked to procurement of the essential raw materials of products and services. The group needs to reduce environmental impact and adapt to climate change going forward.

◆The future

- We expect that continued use of Glico Group’s products and services will not only contribute to people’s health but will also help solve issues related to human rights, the environment and consumers.

- We recommend a review of the group’s materiality and portfolio, in line with changing times and future business activities, in three to five years’ time.

^{*1} Animal welfare refers to the raising of animals in conditions that ensure their health, comfort, sufficient nutrition, safety and natural movement, and that do not cause pain, fear, suffering or other distress.

^{*2} Biodiversity refers to diversity of ecosystems, species and genes on Earth. Supplies of food and water, and stability of our climate, are among the blessings of this biodiversity-based ecosystem that sustains life for us all.



5. Discuss and determine materiality by the board of directors

The Ezaki Glico board of directors discussed issues that were reevaluated and organized in step 4, and the positioning of such within the Glico Group, at a meeting on July 15, 2020, and then determined materiality for the Glico Group.

Going Forward

◆ Providing value through products and services

To continue fulfilling our corporate philosophy of “A Wholesome Life in the Best of Taste,” we will expand our range of products and services that enable people around the world to enjoy delicious and healthy foods and lifestyles, and live better lives. As a food business, we will increase the safety and security of not only our products and services but of the entire value chain.

◆ Human rights issues

We will work with all stakeholders to pursue activities in line with the Glico Group Human Rights Policy.

◆ Environmental issues

We will formulate the Glico Group Environmental Vision, establish long-term goals in areas such as climate change mitigation and adaptation, and biodiversity, and work to achieve those goals.

In this way, we aim to solve a range of social issues and contribute to a sustainable society while contributing to the health of people through business.

We will determine medium- to long-term goals and KPIs based on identified materiality. We will also publish those KPIs on our website.

Finally, we will consider reviewing our materiality in 2024 in line with changing times and future business activities.

With Our Planet

We will pursue corporate activities that preserve our rich global environment for the future.



Glico Group Environmental Vision

Formulation of the “Glico Group Environmental Vision 2050”

In March 2021, the Glico Group established a medium- to long-term vision for the year 2050 in four fields based on our key issues. We will pursue corporate activities that preserve the global environment for the future.

Glico Group Environmental Vision **2050**

We will fulfill our responsibilities to realize a resource recycling society.



The Glico Group's Medium- to Long-term Quantitative Environmental Goals and Initiatives

Based on the Environmental Vision, we have formulated following medium- to longterm goals and KPIs. We will head forward to achieve these goals and implement activities for contributing to a sustainable society.



<Initiatives>



The Glico Group manages the amounts of electricity, natural gas, and other energy used in our business activities, in order to reduce CO₂ emissions. When implementing the new equipment at our factories and other facilities, we shift to take high consideration that the equipment to be environment-friendly, such as energy-saving or nonfluorocarbon types. We focus to achieve a 100% reduction in greenhouse gases (such as CO₂ and fluorocarbon gases) by 2050 through means such as switching to renewable energy, enhancement of efficiency using cogeneration systems, and replacement of refrigerators.



The Glico Group reduces the usage of water at some of our factories, such as reusing wastewater for the cooling of refrigeration equipment. We focus to reduce our unit consumption of water by 20% and achieve zero water pollution by 2050 through means such as the adoption of air-cooled systems and improvement of water treatment technology.



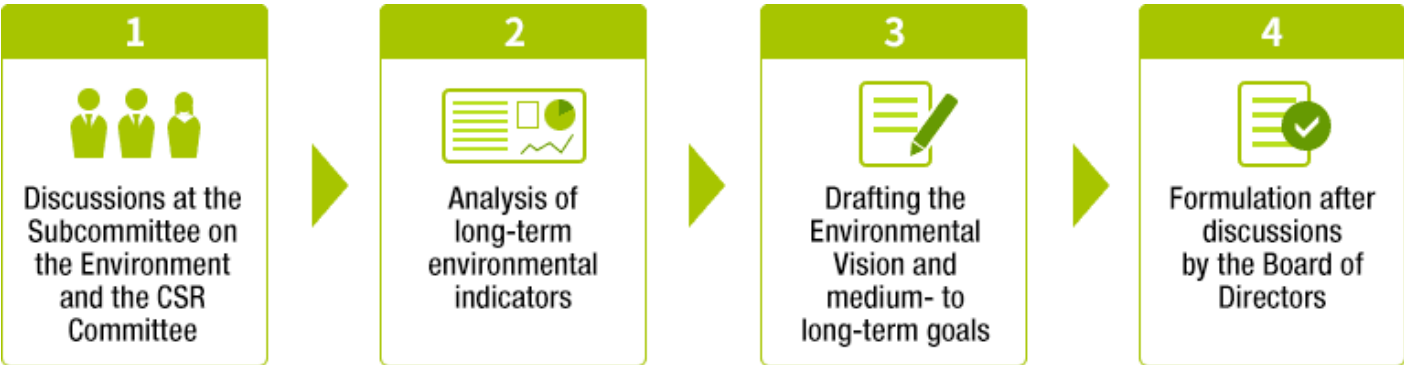
The Glico Group is pursuing improved containers and packaging and is also making actions to lower environmental impact by reducing the amount of packaging. We focus to completely replace plastic with recycled materials and paper with Forest Stewardship Council (FSC)-certified paper by 2050 through reductions in alignment with production technology improvement and the review of existed standards, as well as a shift to biomass materials.



The Glico Group reduces food loss/waste generated during the production process, and through systems that do not maintain excessive stocks by enhancing the accuracy of demand-supply projections. We focus on initiatives to eliminate disposal, such as increasing supply chain efficiency and improving the accuracy of demand-supply projections, and also undertake outlet sales of products with minor flaws that have no quality issues as irregular ones. Through these initiatives, we aim to achieve a 95% reduction in food loss/waste by 2050.

Process of Formulating the Environmental Vision and Medium- to Long-term Quantitative Environmental Goals

With the Subcommittee on the Environment of the CSR Committee playing a central role, we conducted analysis of long-term environmental assessments while receiving advice from experts and developed drafts of the Environmental Vision and medium- to long-term goals. The Vision and goals were formulated in March 2021 after the drafts were discussed by the CSR Committee and Board of Directors.



Environmental Policy and System

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 business activities. We will carry out these activities with the understanding and cooperation of customers, business partners, and other stakeholders.

Glico Group Environmental Policy

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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 through effective use of resources, 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

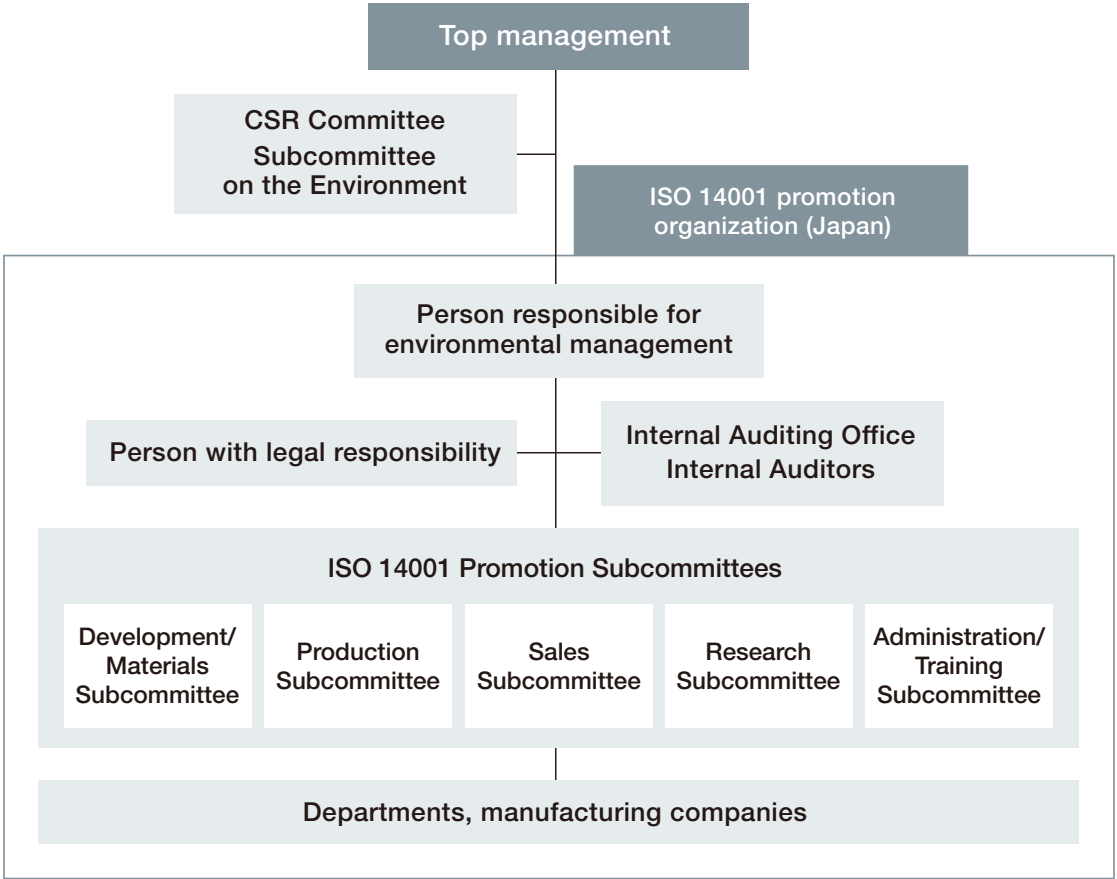
Indicators for Glico Group Environmental Activities

- 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 towards Environmental Education and Safety
- Promotion of Environmental Communication



We promote environmentally friendly corporate activities throughout the entire value chain.

System for Promoting Environmental Activities



Environmental Performance

Targets and Results

FY2021 Targets

1. Environmentally friendly design of products
 - Use environmentally friendly materials for all products (biomass plastic and ink, recycled plastic, certified wood and paper products, etc.)
 - Reduce use of one-way plastic packaging
2. Energy-saving, resource-saving initiatives, and initiatives for the prevention of global warming
 - Achieve CO₂ emissions intensity of 99% or less of benchmark
3. Zero industrial waste (zero emissions) initiative
 - Achieve raw material loss across all manufacturing companies of 95% or less of benchmark
4. Environmental education
 - Conduct 2 environmental education courses
 - Conduct 32 environmental education activities

FY2020 Initiatives and Results

1. Environmentally friendly design of products

FY2020 targets	Results/achievement rate	Evaluation
Develop 30 environmentally friendly products	Developed 131 environmentally friendly products	Pass
Promote the switch to environmentally friendly packaging	Adopted biomass ink for cartons, flexible packaging, and molded products	Pass

2. Energy-saving, resource-saving initiatives, and initiatives for the prevention of global warming

FY2020 targets	Results/achievement rate	Evaluation
Achieve CO₂ emissions intensity of 99% or less of benchmark	102% (per production of domestic manufacturing companies)	Fail
Achieve logistics-related CO₂ emissions intensity of 99% or less of benchmark	105% (per sales of domestic manufacturing companies)	Fail

3. Zero industrial waste (zero emissions) initiative


FY2020 targets	Results/achievement rate	Evaluation
Achieve raw material loss across all manufacturing companies of 95% or less of benchmark	106% (domestic manufacturing companies)	Fail
Achieve office paper usage (sheets) of 25% or less of FY2017 usage	21%	Pass

4. 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



A (completed previously):
Periodic environmental education

Type: E-learning



B (target participants only):
Internal auditor training seminar
follow-up course

Type: E-learning

FY2020 targets	Results/achievement rate	Evaluation
Conduct 2 environmental education courses (including external courses)	2 courses	Pass
Conduct 60 environmental activities	32 activities	Fail

Administrative guidance, feedback, etc.

In FY2020, the Glico Group was not involved in any administrative penalties, lawsuits, or similar issues relating to the environment. However, the Tokyo Factory received a warning notice from Akishima City that some of its wastewater did not meet standards in February 2020. We consider this to be an issue with high priority, so we conducted a major review of our activated sludge treatment procedures from this fiscal year. Wastewater quality has been improved and we are continuing efforts to stabilize water quality.


Energy and Other Environmental Impact

Changes in energy and other usage


Main energy and materials (units)	FY2020	YoY	FY2019	FY2018	FY2017	FY2016	FY2015
Energy intensity (kL per 100 million yen)	28.8	101.0%	28.5	28.8	29.4	28.8	28.1
Electricity (1,000 kWh)*	147,495	99.3%	148,563	154,086	158,717	158,622	154,408
City gas (1,000 m ³)	13,038	101.9%	12,788	13,441	14,283	13,942	13,307
Propane gas (tons)	81	82.6%	98	206	311	391	373
Heavy oil (1,000 kL)	81	82.6%	98	206	311	391	373
Kerosene (1,000 kL)	0.0	0.0%	0.0	0.0	0.0	0.0	2.0
Gasoline (1,000 kL)	0.4	57.1%	0.7	0.7	0.9	1.5	0.8

*Excluding power generation from cogeneration systems

Input		
Raw material or ingredient		
Packaging materials		
Main energy and materials	Electricity (1,000 kWh)	147,495
	Water (1,000 m³)	2,896
	City gas (1,000 m³)	13,038
	Propane gas (tons)	81
	Heavy oil (1,000 kL)	4.6
	Kerosene (1,000 kL)	0.0
	Office paper usage (tons)	18.5
	Gasoline (1,000 kL)	0.4



Glico Group



Output		
CO ₂ (tons)*	108,605 (Excluding emissions from vehicle fuel)	
Waste output and reuse	Resource recycling (tons)	17,895
	Waste (tons)	329
	Recycling rate	98.2%
Wastewater (1,000 m³)*	2,187	

*CO₂ emission factors for each electricity provider are adjusted from fiscal 2018 results released in January 2020.

*Results include the head office departments and sales departments of group company Glico Nutrition.

Environmental Management System

The Glico Group has been working for a long time to control environmental pollution and conserve energy and resources. We established the 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 and factories that have acquired ISO 14001 certification (FY2020)

- Ezaki Glico Co., Ltd.
- Nasu Factory
- Chiba Factory
- Tokyo Factory
- Mie Factory
- Kobe Factory
- Kaibara Factory
- Saga Factory
- Bangkadi Factory, Thai Glico Co., Ltd.
- Bangkadi Factory, Thai Glico Co., Ltd.
- Sendai Factory
- Ibaraki Factory
- Kitamoto Factory
- Gifu Factory
- Osaka Factory
- Hyogo Factory
- Tottori Factory
- Shanghai Ezaki Glico Foods Co., Ltd., Branch No. 1
- Shanghai Ezaki Glico Nanfeng Foods Co., Ltd.
- Rangsit Factory, Thai Glico Co., Ltd.

CO₂ Emissions for Each Group Company and Factory (FY2020)

Sendai Factory

- FSSC 22000 certified
- ISO 14001 certified
- Miyagi HACCP certified
- Achieved zero emissions

Location: Kami District, Miyagi Prefecture

Main products: Foods

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	3,179,326.0	CO ₂ emissions volume (t-CO ₂)*	3,815.7
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	877,700.8
Water (m ³)	217,538.0	Resource recycling (kg)	877,700.8
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	275.0	Waste water volume (m ³)	198,456.0
Heavy oil (kL)	782.4		
Kerosene (kL)	0.0		
Gasoline (kL)	0.1		
Office paper usage (kg)	626.0		

Ibaraki Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Hitachiomiya City, Ibaraki Prefecture

Main products: Ice creams

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	9,411,690.0	CO ₂ emissions volume (t-CO ₂)*	5792.9
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,071,735.0
Water (m ³)	169,754.2	Resource recycling (kg)	1,071,735.0
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	534.0	Waste water volume (m ³)	191,464.3
Heavy oil (kL)	750.1		
Kerosene (kL)	0.0		
Gasoline (kL)	0.6		
Office paper usage (kg)	313.3		

Nasu Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Nasushiobara City, Tochigi Prefecture

Main products: Beverages, yogurts

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	6,490,678.0	CO ₂ emissions volume (t-CO ₂)*	5,395.9
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,071,735.0
Water (m ³)	242,088.0	Resource recycling (kg)	1,071,735.0
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	5,309.7	Waste water volume (m ³)	191,464.3
Heavy oil (kL)	920.1		
Kerosene (kL)	0.7		
Gasoline (kL)	0.3		
Office paper usage (kg)	372.0		

Kitamoto Factory

- FSSC 22000 certified
- ISO 14001 certified
- Sai-no-Kuni (Saitama) HACCP system confirmed facility
- Certified Top Level Business within Saitama Prefecture's Excellent Large Scale Business Facilities category
- Achieved zero emissions

Location: Kitamoto City, Saitama Prefecture

Main products: Confectionery

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	12,605,241.0	CO ₂ emissions volume (t-CO ₂)*	8,214.4
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,879,763.4
Water (m ³)	66,138.0	Resource recycling (kg)	1,879,763.4
City gas (m ³)	1,172,042.0	Recycling rate	100.0%
Propane gas (kg)	0.0	Waste water volume (m ³)	41,272.0
Heavy oil (kL)	0.0		
Kerosene (kL)	11.0		
Gasoline (kL)	0.3		
Office paper usage (kg)	1682.1		

Chiba Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Noda City, Chiba Prefecture

Main products: Ice creams

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	16,395,120.0	CO ₂ emissions volume (t-CO ₂)*	9,031.5
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,456,056.0
Water (m ³)	207,417.0	Resource recycling (kg)	1,456,056.0
City gas (m ³)	799,572.0	Recycling rate	100.0%
Propane gas (kg)	0.0	Waste water volume (m ³)	167,101.0
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.4		
Office paper usage (kg)	654.9		

Tokyo Factory

- FSSC 22000 certified
- ISO 14001 certified
- Raw milk quality control
- Achieved zero emissions

Location: Akishima City, Tokyo

Main products: Beverages, fresh desserts, yogurts

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	13,900,674.0	CO ₂ emissions volume (t-CO ₂)*	10,292.7
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,353,888.0
Water (m ³)	422,659.6	Resource recycling (kg)	1,353,888.0
City gas (m ³)	1,836,025.0	Recycling rate	100.0%
Propane gas (kg)	17,345.0	Waste water volume (m ³)	314,530.0
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.1		
Office paper usage (kg)	1,754.2		

Gifu Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Ampachi District, Gifu Prefecture

Main products: Beverages, yogurts

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	11,906,794.0	CO ₂ emissions volume (t-CO ₂)*	9,055.9
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	1,992,355.0
Water (m ³)	351,751.0	Resource recycling (kg)	1,992,355.0
City gas (m ³)	1,211,359.0	Recycling rate	100.0%
Propane gas (kg)	2,332.0	Waste water volume (m ³)	234,250.5
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.0		
Office paper usage (kg)	781.8		

Mie Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Tsu City, Mie Prefecture

Main products: Ice creams

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	7,559,880.0	CO ₂ emissions volume (t-CO ₂)*	5,271.8
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	753,315.2
Water (m ³)	171,461.1	Resource recycling (kg)	753,315.2
City gas (m ³)	556,472.0	Recycling rate	100.0%
Propane gas (kg)	137.3	Waste water volume (m ³)	5,271.8
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.2		
Office paper usage (kg)	470.2		

Osaka Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Osaka City, Osaka Prefecture

Main products: Confectionery

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	3,924,796.5	CO ₂ emissions volume (t-CO ₂)*	4,986.5
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	418,369.9
Water (m ³)	25,454.0	Resource recycling (kg)	418,369.9
City gas (m ³)	1,442,699.2	Recycling rate	100.0%
Propane gas (kg)	0.0	Waste water volume (m ³)	41,389.0
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.7		
Office paper usage (kg)	724.3		

Kobe Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Kobe City, Hyogo

Prefecture

Main products: Confectionery

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	17,994,081.0	CO ₂ emissions volume (t-CO ₂)*	16,106.3
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	2,524,312.2
Water (m ³)	111,037.0	Resource recycling (kg)	2,524,312.2
City gas (m ³)	3,849,703	Recycling rate	100.0%
Propane gas (kg)	0.0	Waste water volume (m ³)	84,162.0
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	8.2		
Office paper usage (kg)	1,684.0		

Hyogo Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Miki City, Hyogo

Prefecture

Main products: Ice creams

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	7,407,440.0	CO ₂ emissions volume (t-CO ₂)*	5,459.5
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	528,319.5
Water (m ³)	117,247.1	Resource recycling (kg)	528,450.0
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	639.1	Waste water volume (m ³)	94,176.0
Heavy oil (kL)	545.5		
Kerosene (kL)	0.0		
Gasoline (kL)	0.3		
Office paper usage (kg)	726.1		

Kaibara Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Tamba City, Hyogo

Prefecture

Main products: Powdered milk for infants

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	2,587,815.0	CO ₂ emissions volume (t-CO ₂)*	3,375.6
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	111,099.0
Water (m ³)	42,733.0	Resource recycling (kg)	111,099.0
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	121.8	Waste water volume (m ³)	42,864.0
Heavy oil (kL)	736.6		
Kerosene (kL)	0.0		
Gasoline (kL)	0.0		
Office paper usage (kg)	157.9		

Tottori Factory

- FSSC 22000 certified
- ISO 14001 certified
- Tottori HACCP certified
- Achieved zero emissions

Location: Saihaku District, Tottori

Prefecture

Main products: Confectionery, foods

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	3,265,632.0	CO ₂ emissions volume (t-CO ₂)*	3,303.9
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	260,659.9
Water (m ³)	43,668.0	Resource recycling (kg)	260,659.9
City gas (m ³)	0.0	Recycling rate	100.0%
Propane gas (kg)	54,052.1	Waste water volume (m ³)	43,619.9
Heavy oil (kL)	454.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.4		
Office paper usage (kg)	267.8		

Saga Factory

- FSSC 22000 certified
- ISO 14001 certified
- Achieved zero emissions

Location: Saga City, Saga Prefecture

Main products: Beverages, yogurts

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	14,196,640.0	CO ₂ emissions volume (t-CO ₂)*	9,602.2
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	2,203,380.0
Water (m ³)	545,317.0	Resource recycling (kg)	2,203,620.0
City gas (m ³)	1,933,882.0	Recycling rate	100.0%
Propane gas (kg)	0.0	Waste water volume (m ³)	371,396.0
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.1		
Office paper usage (kg)	1,088.0		

Chubu Glico Manufacturing Co., Ltd.

- FSSC 22000 certified

Location: Nagoya City, Aichi

Prefecture

Main products: Wheat protein, wheat starch

Material balance

Material balance			
Input		Output	
Electricity (Purchased electricity) (kWh)	2,308,725.0	CO ₂ emissions volume (t-CO ₂)*	1,044.8
Electricity (In-house power generation) (kWh)	0.0	Waste emissions volume (kg)	291,918.0
Water (m ³)	43,904.5	Resource recycling (kg)	99,043.0
City gas (m ³)	0.0	Recycling rate	33.9%
Propane gas (kg)	142.0	Waste water volume (m ³)	34,225.4
Heavy oil (kL)	0.0		
Kerosene (kL)	0.0		
Gasoline (kL)	0.3		
Office paper usage (kg)	161.7		



Sendai Factory



Ibaraki Factory



Nasu Factory



Kitamoto Factory



Chiba Factory



Tokyo Factory



Gifu Factory



Mie Factory



Osaka Factory



Kobe Factory



Hyogo Factory



Kaibara Factory



Tottori Factory



Saga Factory



Chubu Glico Manufacturing Co., Ltd.

Efforts to Address Climate Change

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 factories and other facilities, we switch to energy-saving types.

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.

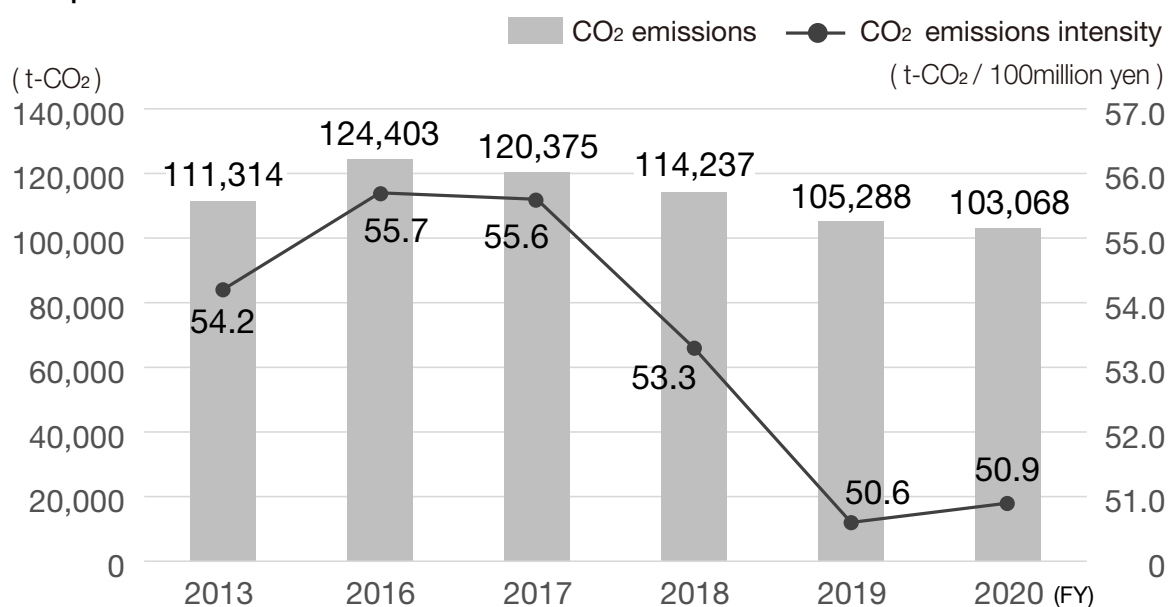
As for water use, we purify industrial water at some factories and use it as service water for toilets, etc. In some production lines we reuse cooling waste water for cooling refrigeration equipment.

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 fiscal 2019 were for nine months only because of a change in the fiscal year, but they also declined due to an annualized drop in production volume. CO₂ emissions intensity was improved through a review of electric power suppliers, and a reorganization of factories.

Due to decreased annual production, total CO₂ emissions for FY2020 were further reduced from fiscal 2019. Despite implementing initiatives such as co-generation equipment upgrades and energy-saving activities, CO₂ emissions intensity increased slightly.

CO₂ emissions in production



*Uses adjusted emissions factor for each electric utility in each fiscal year.

*Intensity is defined as t-CO₂/production (100 million yen).

*Converted to annualized results for January–December 2019

Example: Efforts in production

The Kobe Factory changed to a cogeneration system in February 2020. Compared to prior to the change, annual CO₂ emissions are expected to fall by approximately 700 tons/year, or approximately 4% of total emissions for the factory.



Example: Efforts at Nasu and Ibaraki Factories



The Nasu and Ibaraki factories changed to a new boiler using liquefied natural gas instead of conventional A-type heavy oil as fuel in February 2021. This is expected to result in CO₂ reductions of about 1,370 tons per year.

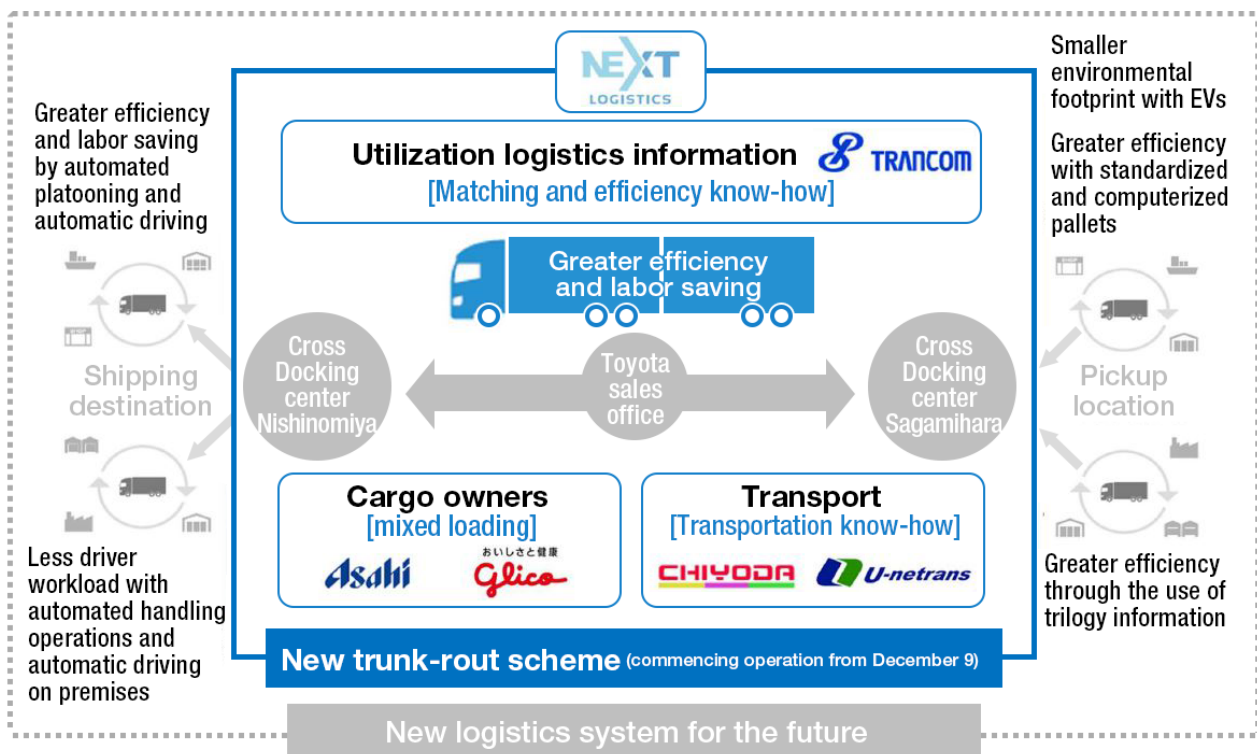
Efforts in Logistics

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

- Expansion and review of logistics centers based on overall logistics 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 transportation

Example: Commercialization and operation of a new scheme for trunk-route transportation in cooperation with six companies

From December 2019, Ezaki Glico will cooperate with six companies: NEXT Logistics Japan Co., Ltd., Asahi Group Holdings, Ltd., CHIYODA-UNYU Co., Ltd., Trancom Co., Ltd., and U-netrans Co., Ltd. to bring together the expertise and technologies of these companies involved in logistics, which include cargo owners, transportation companies, freight-required/trucks-required service companies and vehicle manufacturers, with the objective of commencing operation upon commercialization of a new trunk-route transportation scheme that will provide solutions to the escalating issues in logistics.



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.

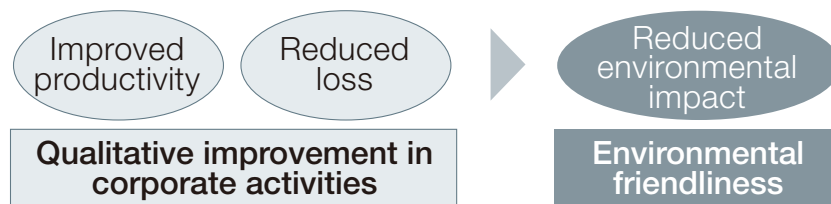
Efforts in Sales

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.

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.



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.

Example: Certification as a company meriting the Eco Rail Mark

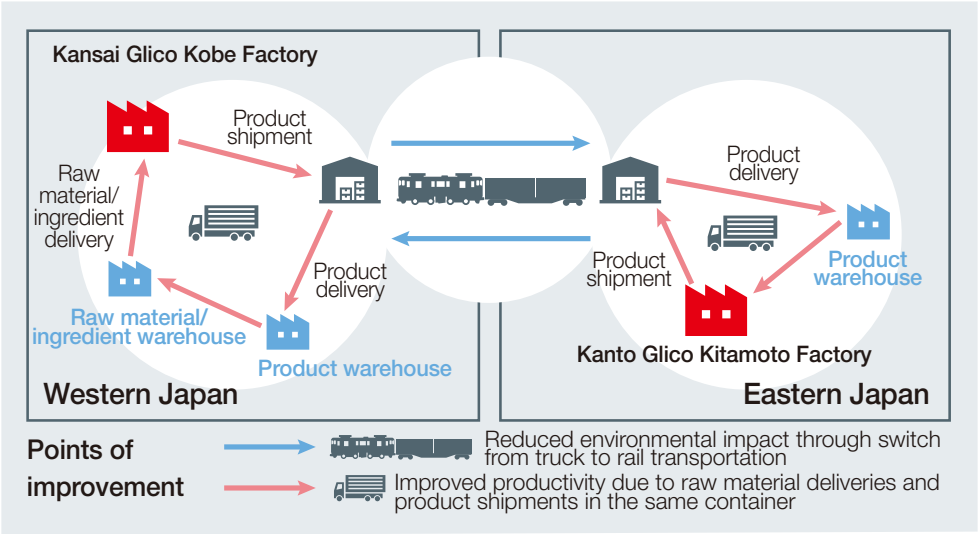
Products with Eco Rail Mark certification



Example: 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)

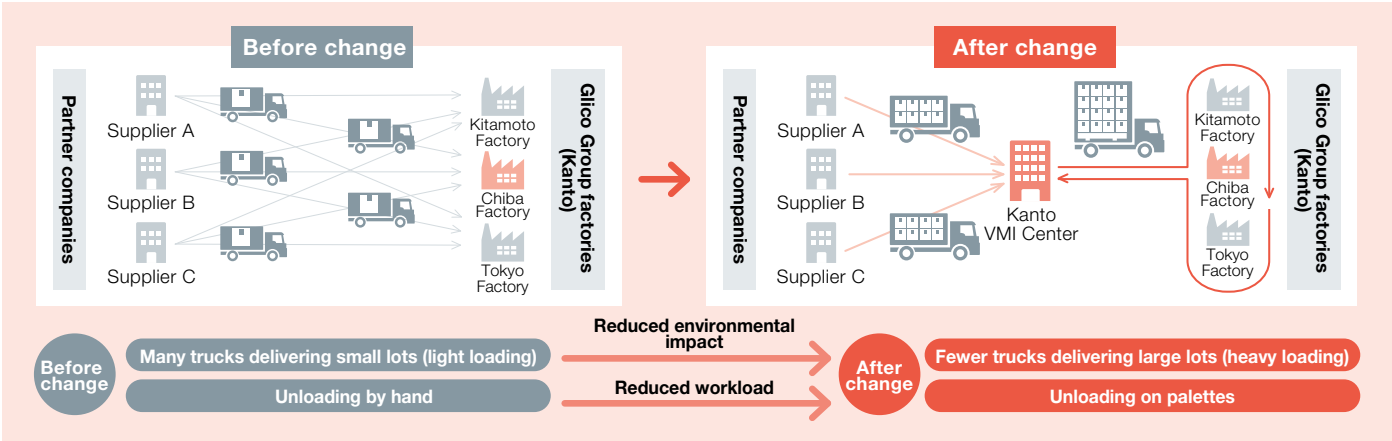
We helped to reduce environmental impact and improve the work environment for drivers by using 31-foot containers, and using containers that can be transported by both rail and truck for raw material and ingredient delivery and product shipment or delivery.



*Currently Kitamoto Factory and Kobe Factory

Example: As part of the FY2020 Excellent Green Logistics Commendation Program, we received the METI Minister's Award

In October 2019, we started developing our Vendor Managed Inventory (VMI) system as part of efforts to address social issues related to logistics. This new logistics system is an integrated system for managing the raw materials we use in food manufacturing in collaboration with suppliers. In addition to reducing environmental impact by reducing the number of trucks in use, it also helps reduce work associated with unloading trucks at the time of delivery.



Example: Participation in White Logistics Movement

Ezaki Glico supports the White Logistics Movement, an initiative put forward by Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry and Ministry of Agriculture, Forestry and Fisheries. We have also submitted a declaration of voluntary action to the secretariat of the White Logistics Movement. The movement aims to contribute to economic growth while addressing the increasingly serious issue of a shortage of truck drivers and ensuring stable logistics systems that are needed for daily living and industrial activities in Japan. It also seeks (1) improvement of truck transportation productivity and logistics efficiency, and (2) creation of a working environment that makes it easier to work for women and drivers in their 60s. Going forward, we will continue cooperating with logistics companies in an environment of mutual understanding as we work to improve efficiency and productivity for the logistics industry.

Initiative	Details
Proposals and cooperation for logistics improvement	Respond sincerely and actively work with receivers (business partners) when asked by logistics companies to reduce long waiting times, amend incidental tasks, and otherwise improve logistics.
Adoption of a reservation system	Adopt a truck reservation system to reduce time spent waiting to load cargo.
Use of pallets, etc.	Reduce cargo handling time by using things like pallets, hand trucks, foldable containers, and returnable boxes.
Provision of advance notice of shipment information from shipper	When sending cargo as the shipper, provide information on cargo arrival as early as possible to ensure sufficient time for logistics companies and receivers.
Extension of lead times	Cooperate with receivers (business partners) to extend lead times between ordering and delivery to ensure stability of vehicle dispatch.
Modal shift to sea and rail	Change from trucks to ferries, roll-on/roll-off ships, and rail for long-distance transportation. With this change, also revise transportation and cost sharing details as necessary.
Documentation of transportation contracts	Document transportation contracts.
Stopping or suspending operations during extreme weather	Avoid making unreasonable transportation requests when typhoons, heavy rain, heavy snow or other extreme weather events occur or are expected to occur. Also, to ensure the safety of drivers, respect the decisions of logistics companies if they determine it necessary to stop or suspend operations.
Improvement of truck transportation productivity and logistics efficiency	<ul style="list-style-type: none">• Increase productivity of transportation by improving the loading of pallets and increasing the size of trucks to carry more pallets.• Cooperate with not only logistics departments, but with procurement, production and sales departments as well, to improve end-to-end logistics efficiency.
Promotion of joint deliveries	Expand use of joint deliveries and improve delivery efficiency by improving load capacities, consolidating delivery destinations, and reducing delivery frequency, etc.

Example: Certification as a Top Level Business with an outstanding approach to addressing global warming

The Kitamoto Factory was certified by Saitama Prefecture as a Top Level Business with an outstanding approach to addressing global warming (April 2018). At the Innovate4Climate (I4C) global conference on climate change measures, hosted by the World Bank in Singapore on June 7, 2019, each country explained its issues and progress surrounding cap-and-trade schemes. The Kitamoto Factory was recommended to the conference by Saitama Prefecture because it had achieved certification as a Top Level Business. One representative attended as a panelist and discussed the ability to achieve considerable reductions in CO₂ emissions not only by capital investments but by improving operations as well.



Discussing progress of CO₂ reductions initiatives at I4C global conference hosted by the World Bank

Example: Contributions to the Green Fund of the National Land Afforestation Promotion Organization

At Ezaki Glico 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). We also contributed 10,836 tons of CO₂ reduction credits to Tokyo in support of the city's "Zero Emission Tokyo Strategy" for contributing net-zero CO₂ emissions by 2050 (January 2020).



POs-Ca gum in eco-friendly pouch

Example: VC activities at manufacturing companies

We carry out Value Creation (VC) 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 VC activities, where we present awards to recognize outstanding efforts.



Conference to report on VC activities

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

Reduction in Environmental Impact of Products and Services

Environmentally Friendly 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 to manufacturing and consumption.

Efforts in Containers and Packaging

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.

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.

Examples:

Product:

- *Almond Peak*
- *Kobe Roasted Chocolat*

Reduction measure:

- Reduced-weight plastic tray

Total reduction amount:

- 4.1 tons (FY2018)



Reduced-weight plastic tray

Efforts in 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 FY2014

- Vacuum insulation material
- LED lighting



Energy-saving vending machine

Efforts to reduce plastic usage

The Glico Group is adopting environmentally friendly packaging, including switching from straws made from petroleum-based plastic to straws made with 5% plant-based materials. In FY2020, 93.5% of straws were made with 5% plant-based materials.



Products with environmentally friendly straws

From March 2021, the laminated shrink film used on *Choushoku Ringo* (Breakfast Apple) Yogurt plastic cup containers was eliminated and specifications were changed to enable printing directly on the containers, which reduced usage of plastic. From May, biomass plastic replaced part of the raw materials used to make the containers. These efforts are expected to reduce total plastic usage per year by about 24 tons.



Plastic cup containers without shrink film

Efforts to Reduce Food Loss

Efforts in Collaboration with the Distribution Industry

To reduce food loss, it is important that we have the understanding of consumers and that we work in collaboration with wholesalers and retailers. Our aim is to eliminate waste by proposing improved efficiencies in the supply chain, which includes encouraging a review of appropriate delivery deadlines for distributors.

Longer Best-Before Dates and Month/Year Labeling

Best-before dates indicate the limits of food quality. They do not mean that the food cannot be eaten immediately after the dates. At Ezaki Glico, we ensure thorough manufacturing and quality control with each product group setting their own best-before dates. For products with long best-before dates, we have been working to switch to a month/year labeling system instead of actual dates for these best-before dates because the products exhibit slower quality deterioration and trying to manage dates at the consumption stage is meaningless.

Raising Awareness of Our Approach to Setting Best-Before Dates

Ezaki Glico is working with the industry to raise awareness so that customers properly understand best-before dates.

Examples of Activities to Reduce Food Loss

Example: Efforts to donate to food banks

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, beverages, and biscuits. At Shanghai Ezaki Glico Foods 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, in fiscal 2019 we continued our fiscal 2018 efforts by donating 480 retort-packed meals to Co-op Tohoku's Co-op Food Bank. Approaching other food banks as well for potential partnerships, we have been donating retort-packed meals to Co-op Tohoku's Co-op Food Bank since FY2018. In FY2020, we donated a total of 1,030 meals. In January 2020, employees of the Sendai Factory also worked with members of Co-op Tohoku's Co-op Food Bank to distribute donated food to recipients, which enabled them to understand the social importance of food banks. We will continue working closely with local communities to reduce the amount of food loss.



(Left) Working with Co-op Tohoku's Co-op Food Bank; (Right) Volunteering at Lüzhou food bank

Example: Raising in-house awareness: “Loss-non” tabletop advertising

To raise awareness of activities to reduce waste, we use tabletop advertising of the “Loss-non No-Food loss Project” in our cafeterias and lounge areas.



Example: Raising in-house awareness: Food recycling loop initiative in Kobe

We regularly conduct a food recycling loop initiative where the pigs raised on food scraps from our factories are provided as the ingredients for our in-house employee cafeterias. This helps raise employee awareness of waste reduction measures. Fertilizer made from the food scraps is also used in the kitchen garden of the Kodomopia Daycare Center, with the vegetables grown there provided with the midday meals at the center.



Example: Release of uneven products

The Glico Group is working to reduce food loss and reduce environmental burden through initiatives such as using advanced supply and demand prediction methods to eliminate excess stocks and using factory outlets to sell factory irregulars that might have small defects but no loss of quality.

* Sale locations and periods may vary.



Example: Launch of a new product using surplus strawberries after strawberry picking halted

After signing a comprehensive partnership agreement with the city of Osaka, Ezaki Glico was asked to consider using surplus strawberries after picking was halted due to the COVID-19 pandemic. As a result, we created *Ichigo-Gari Caplico Mini - Large Pack* as a way to use leftover strawberries. Launched in a limited edition in December 2020, available in the Kinki area of Japan and from the Glico Direct Shop (in-house mail order site), this product helped producers reduce food loss.



Effective Utilization of Resources

Environmentally Friendly Procurement of Raw Materials and Packaging Materials

As well as working to ensure raw materials 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.

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.

Efforts to Achieve Zero Emissions

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

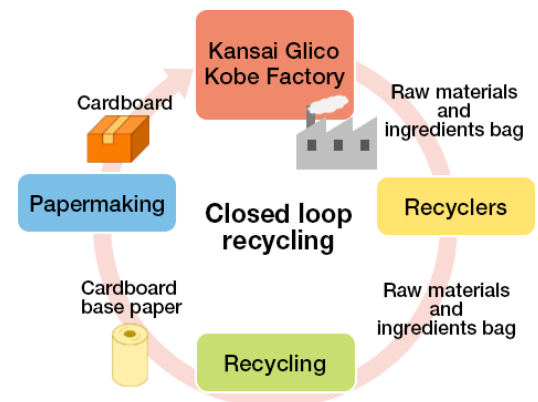
*If waste heat from incineration is recovered, or incinerated ash is reused, this is included in resource recycling. A condition of zero emissions is taken as when a factory’s waste recycling rate is 99.5% or higher.

Manufacturing companies

- By improving production efficiency, we are reducing the amount of raw materials and products that become waste, through the reduction of loss from each process, the rationalization of production, and many other types of activities.
- Raw materials 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 it procures. Efforts include reusing containers used to transport raw materials, and eliminating excessive packaging.

Example: Effective utilization of resources

The Kobe Factory started using recycled materials from March 2019 as a portion of the cardboard base paper it uses for its products. In collaboration with a cardboard manufacturer, it was able to reuse the heavy-duty plastic bags that it had previously recycled as RPF solid fuel for boilers.



Head office (administration departments and research departments)

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 recycle resources. We are currently working to reduce waste itself while reviewing the way we work and going paperless in offices.

Sales departments

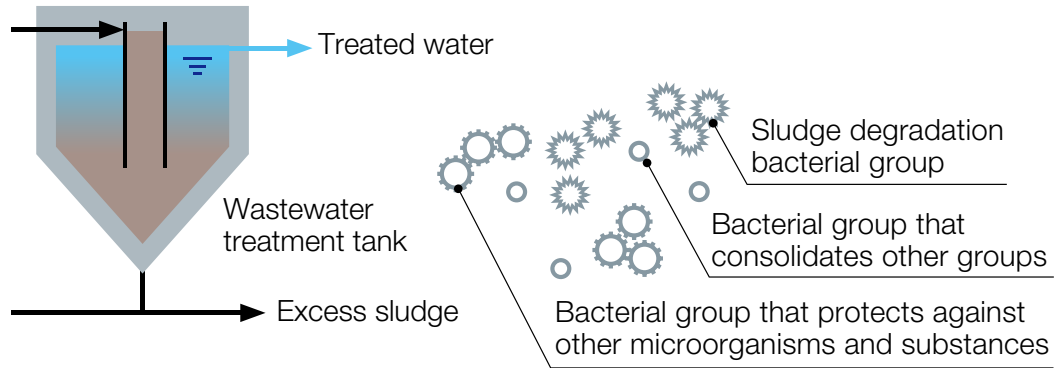
To address waste merchandise connected to Ezaki Glico’s sales departments, we have been endeavoring since fiscal 2002 to recycle resources by recycling this waste into animal feed and fertilizer. Since sales promotion materials used at supermarkets and other outlets generate a large amount of waste,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

Water Resource Management and Resource Recycling

A number of factories within the Glico Group are working to reduce the consumption of water resources through initiatives such as reusing wastewater for cooling in refrigeration equipment.

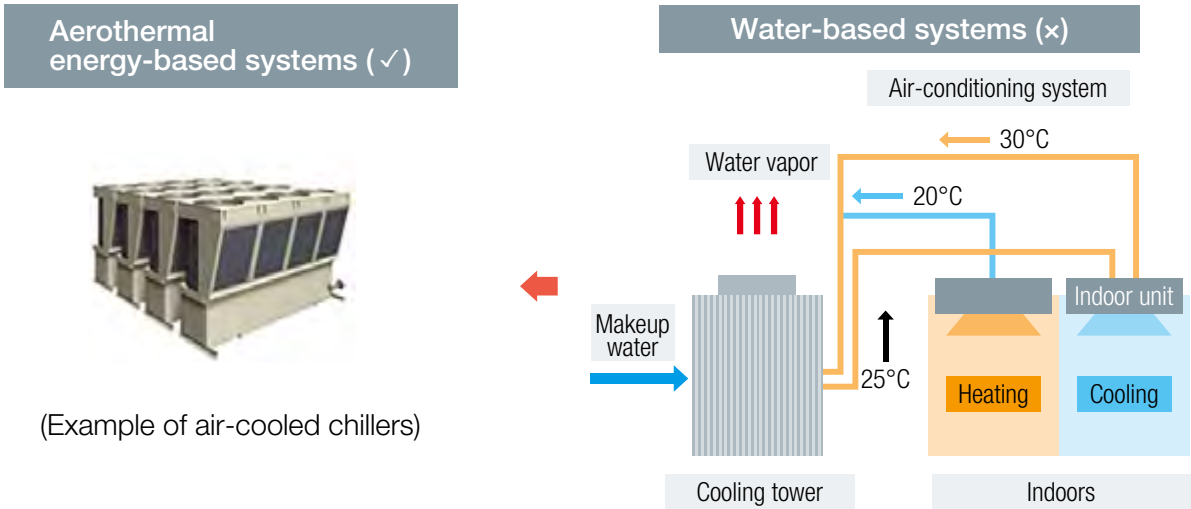
Improved wastewater treatment technologies

Wastewater generated at our factories undergoes purification at wastewater treatment facilities located at each factory, and it is then released after meeting standards for wastewater discharge. Organic matter in the wastewater is treated at each plant through an activated sludge process that uses aerobic microorganisms, generating about 3,000 tons per year of excess sludge as industrial waste. From FY2020, we have been researching and implementing advanced water treatment technologies that have enabled us to both reduce the volume of sludge generated as industrial waste in the wastewater treatment process and improve the wastewater treatment capacity as well. These technologies will be extended to other factories during FY2021.



Reduced water usage

Air conditioning systems that need water for cooling use vaporization heat to achieve heat exchange through cooling towers where supplied water is evaporated. About half of the clean water used at our confectionery factories is used as makeup water for these cooling towers. For this reason, when selecting air conditioning systems for factories from FY2020, we have recommended high-efficiency air-cooled chillers that do not require water for cooling. We have also actively adopted air-cooled systems when installing new systems and updating old systems according to our capital investment plan.



With Society

We will contribute to realize society with smile and happiness, through business.



Quality Management

Basic Approach

Glico Group Quality Policy

The Glico Group believes that success depends on delivering safe and trustworthy products and services to people around the world. We have developed the Glico Group Quality Policy that clarifies our stance and activities to achieve this mission. We are promoting activities with the understanding and cooperation of all stakeholders including our customers and business partners as well as all Glico employees.

Based on our “A Wholesome Life in the Best of Taste” philosophy, we promise to provide safe products and services with peace of mind to our customers and consumers all over the world.

1. Enhancing customer and consumer satisfaction

- We will fully comply with all laws and regulations related to the products and services.

2. Safety and peace of mind

- We will prioritize the quality in all activities from raw material procurement to sales to provide safety and peace of mind to our customers and consumers.

3. Full compliance

- We will fully comply with all laws and regulations related to the products and services.

4. Information disclosure

- We will faithfully deliver accurate information which customers and consumers are easy to understand in order to gain their trust.

5. Continuous improvements

- We will ensure product safety and continue to pursue better quality based on global quality and food safety management system.

Each and every employee of the Glico Group will understand and implement the above.

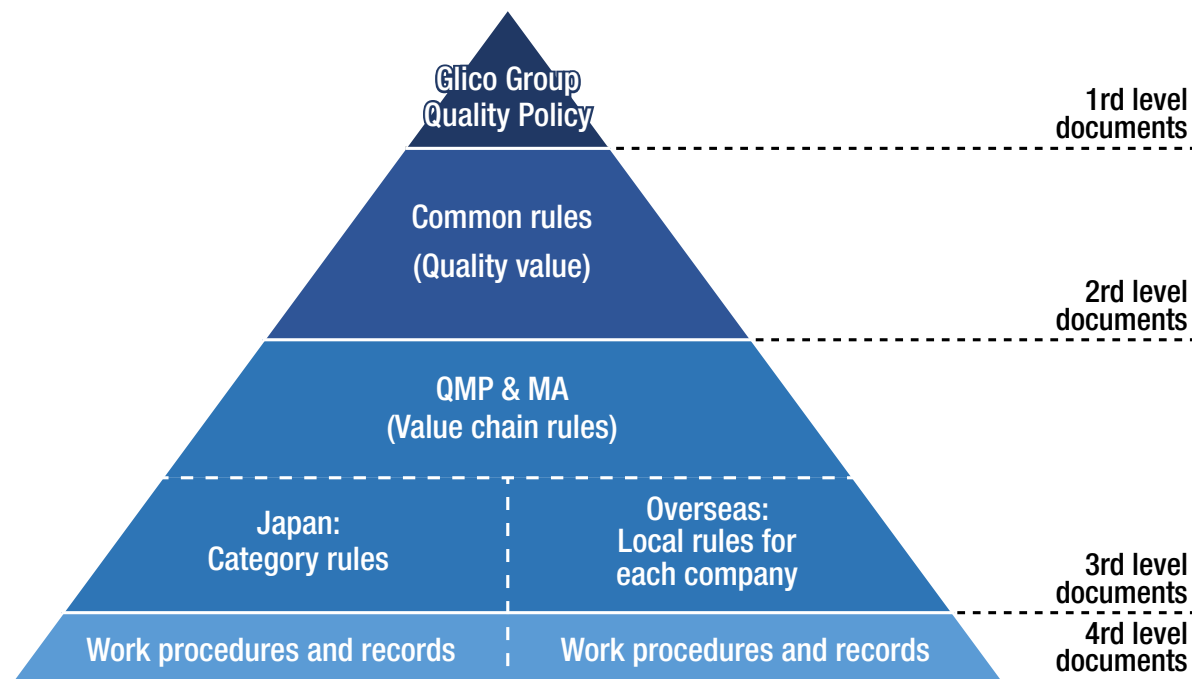
September 28, 2020

Quality assurance in the Glico Group

Our top priority is to deliver safe and secure products and services, and to ensure the satisfaction of our customers throughout the world, rooted in our philosophy of “A Wholesome Life in the Best of taste,” and our quality assurance is based on this policy. The underlying framework is achieved through a system of quality-related documents with our Glico Group Quality Policy at the apex that unfolds through the standards of each of our Group companies in Japan and overseas. At Ezaki Glico, 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 common rules and standards specified in our QMP (Quality Management Practice) documents.

Quality-related documentation system

To ensure thorough quality management, we document in writing all points relating to quality assurance. Our Glico Group Quality Policy is comprised of several elements, including: common rules, QMP & MA (manual), domestic category rules, local rules of overseas companies. We carry out activities in line with these documents at each worksite, and keep records of the process and results.

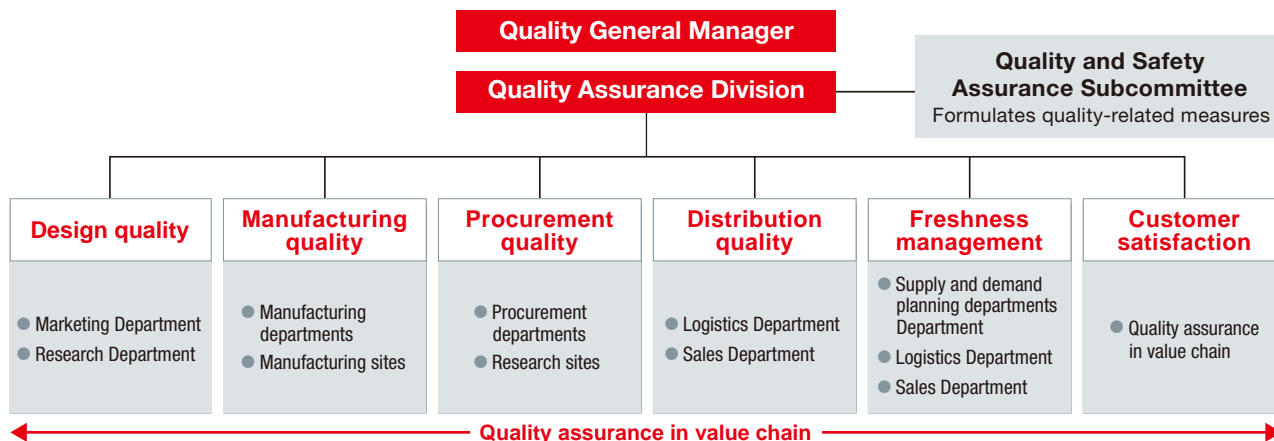


Quality Assurance System

The Quality Assurance Division coordinates quality assurance activities for each value chain department, including sales departments, marketing departments, manufacturing departments, and the Procurement Division, Legal Affairs Division, Public Affairs Division, Product Development Research Center, and Glico Customer Center. It also maintains and improves the quality assurance system and carries out the following initiatives.

1. We conduct a range of education and training to instill in employees a culture of prioritizing and ensuring quality.
2. We hold meetings to discuss feedback every morning except for non-working days, check with relevant departments the details of customer feedback received up until the previous day, and respond quickly to improve quality.
3. We clarify internal responsibilities for quality assurance, and work to build and improve the system to facilitate quality assurance at every stage, from product development and manufacturing through to advertising, sales promotion activities, and customer purchase.
4. We establish standards for package labeling, and for raw material use and factory selection, and conduct audits to confirm activities across each value chain comply with Glico Group standards.
5. We always stay abreast of government and industry trends, and quickly respond to changes in laws and regulations.
6. We anticipate, and take preventive action against, social risks concerning food safety and security.
7. We establish internal auditing teams at each manufacturing site, and we implement continuous improvement by identifying quality risk factors relating to products or the manufacturing environment.

Quality assurance system



Quality Assurance System

Food safety management based on FSSC 22000

1. We establish, implement, and record standards for important elements of quality assurance in each process from acceptance of raw materials to shipping of products.
2. We establish, implement and record hygiene management programs, including inspection of machinery and equipment, hygiene management, and hygiene education for employees.
3. We conduct prediction training and internal audits for quality abnormalities, and raise awareness and sensitivity of employees for quality assurance, including prevention, early detection and response to problems.
4. We make preparations to prevent unauthorized entry to production sites, including installation of surveillance cameras at entries of, and around, factories.

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 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 labelling is easy for customers to understand.



Raw Material Safety

Selection of ingredients

We carefully investigate suppliers' entire quality assurance systems, and only select suppliers capable of providing quality measuring up to the standards of the Glico Group. We have put in place a system to ensure that we receive safe ingredients. This involves preparing, before delivery begins, ingredient and raw material delivery standards which describe compliance with relevant laws and regulations and ingredients in detail and guarantee their safety, and sharing them with suppliers. At the Quality Assurance Division (Food Safety Group), we maintain a system for checking for agricultural chemical residues, GMO farm products, allergens, and so forth.



(Left) Allergen testing; (Right) Laboratory testing of safety

Raw material and ingredient procurement and delivery

We comply with food safety manuals established based on FSSC 22000 at each manufacturing site. 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. Moreover, we have developed a system for assigning barcodes, so the history of use can be tracked.



(Left) Pesticide residue analysis; (Right) Checking and recording at raw material receipt

Manufacturing Quality

Manufacturing facility and equipment management

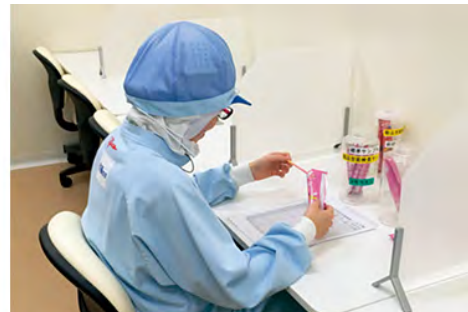
In accordance with our quality standards, we attempt to manage hygiene, temperature, humidity, quantity, packaging/printing defects and other issues, and to prevent contamination by foreign objects. To prevent quality trouble due to manufacturing equipment, we have established machine design standards,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

Continuous improvement of design quality and ensuring daily product quality

We check design quality with a focus on market shelf life, through methods such as acceleration testing and strive for continuous improvement. Even at the manufacturing stage, we double-check that manufacturing matches design quality through pre-shipment testing.

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
- Transportation resilience, etc.



(Left) Microorganism testing; (Right) Sensory testing

Transportation and Storage Quality

Transportation quality

We are working with logistics companies to protect products up to delivering them to our customers 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 conform to the standards of the Glico Group based on proper inventory management.

Realizing Customer Satisfaction

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.

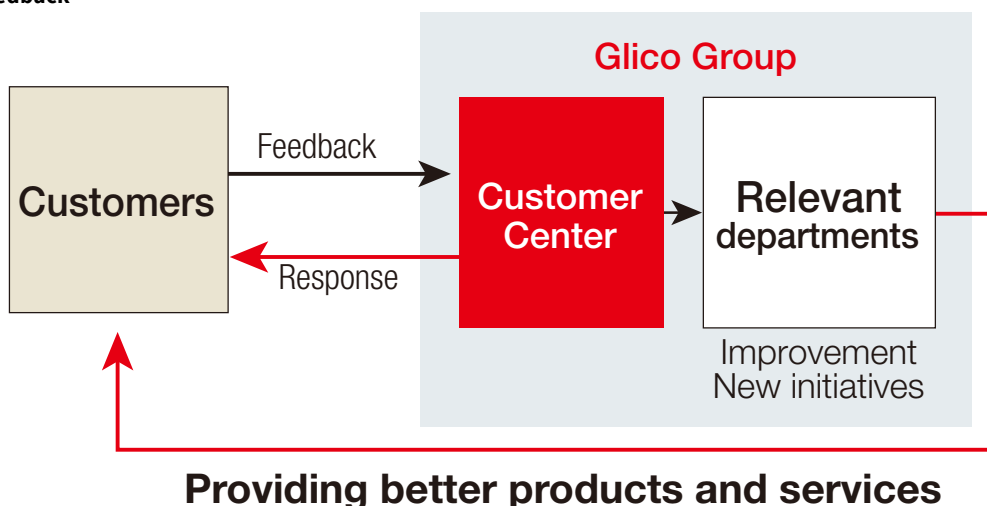
Customer Center

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.

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



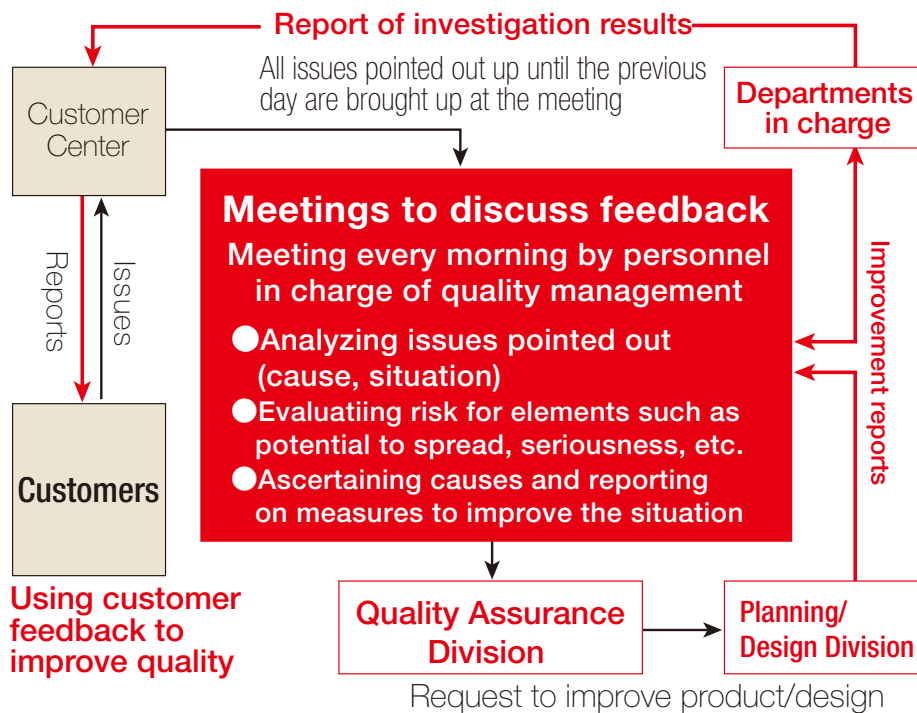
Voluntary recalls

In the Glico Group, we investigate the causes of any quality problem and work to improve quality. If any quality problem occurs, we share it within the group as we strive to prevent recurrence.

Year	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015
Recalls	0	0	1	0	0	2

Meetings to discuss feedback

Every morning, personnel in charge of quality management in the quality assurance departments, manufacturing departments, and other parts of our organization meet together, and carefully examine the issues we received from the Customer Center up until the previous day. We respond quickly by providing investigation results to manufacturing companies, the planning departments, and the research departments.



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

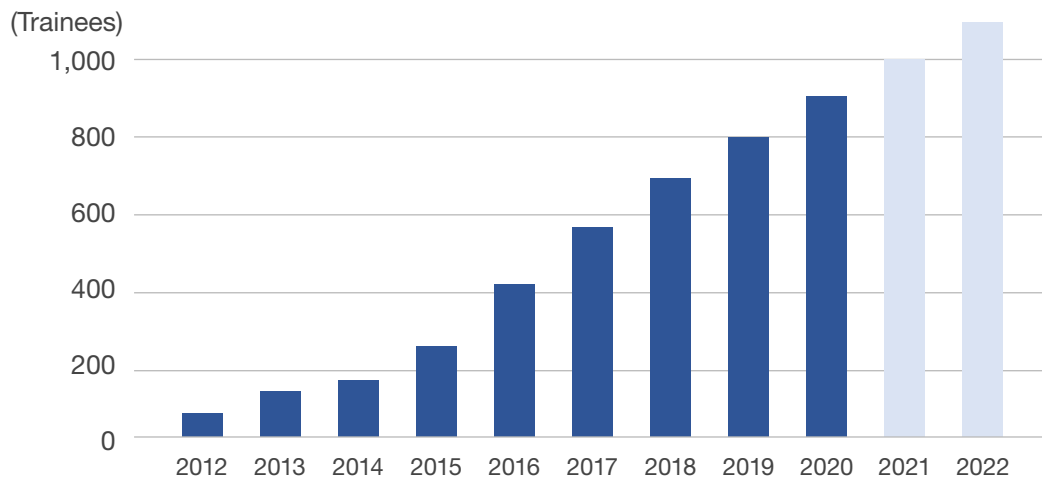
We provide employees with emotionally-moving moments talking with customers, and activities to foster customer-orientation. One example of this is experience-based customer center training where trainees respond as telephone operators to customer feedback. By actually responding to real customers, trainees 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 2019, 790 people have undertaken this training. Going forward, we plan to increase the number of employees receiving this training. By FY2020, 847 people have undertaken this training.

* Experience-based customer center training has been paused since March 2020 because of the pandemic.



Experience-based customer center training

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



Graph of trainees completing experience-based customer center training

Adoption of a chatbot-based, store search system

In 2020, we adopted a chatbot-based store search system to enable speedy replies to customer inquiries about our products. With customers able to search stores by themselves even outside of business hours, customer satisfaction is improved. Our operational efficiency is also improved because customers are able to search online instead of having to telephone our customer center.

Development of a global contact form

To enable us to respond to customer inquiries around the world, we have developed a global contact form for use by the entire Glico Group. The multilingual form enables us to quickly respond to customers in languages that they are familiar with, including English and the main languages used locally in countries where we have offices.

Improvement of 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. We had no breaches of the Act against Unjustifiable Premiums and Misleading Representations during fiscal 2019.

Communication with customers

The Customer Center publishes leaflets on chocolate, curry and dietary education to increase customer enjoyment.



Leaflets

Improvement Based on Customer Feedback

Plant-based Pucchin Pudding



Customer feedback

“Do you have any pudding that people with egg and milk allergies can also enjoy with their friends?”

Improvements

In March 2020, we launched a plant-based pudding that has no animal-based ingredients, including eggs and milk. We received a lot of positive feedback from customers, including “It was the first time I could give pudding to my child, who has allergies,” and “I love it that we can eat pudding together now!”

Aluminum retort pouches for Donburi-Tei, Saisai-Tei and Beef Curry Lee products



Customer feedback

“I threw the outer box away but there are no cooking instructions on the inner aluminum pouch. How many minutes should I heat it for?”

Improvements

We changed the design of the aluminum pouch so that even if the customer throws away the outer box, they still have the minimum requirements for preparation. The inner pouch includes cooking instructions and warnings such as not heating the product in the microwave oven while still in the aluminum pouch. This design is being gradually used for products manufactured from late January 2020.

Seventeen Ice



Customer feedback

“My child wants to eat the same thing as his friends, but the ice creams in the vending machines all have dairy ingredients. I wish you would include at least one ice cream that children with dairy allergies can eat.”

Improvements

In response to customer feedback, we started selling products without dairy ingredients from May 28, 2018. These products are currently the soda-flavored and Muscat grape-flavored varieties. They are available in vending machines where the message “Ingredients do not contain any of the 27 common allergens” is displayed on the product panels. Please note that these products are manufactured on production lines that also manufacture products that contain dairy ingredients.

*Products vary depending on the vending machine, so some varieties may not be available.

One happy customer provided some positive feedback: “In the past, my child was not able to enjoy an ice cream with us when we were out because all the products contained dairy ingredients. However, now that you also include non-allergenic products, my child will also be able to enjoy an ice cream. Thank you so much!”

Roux products: Premium Juku Curry and hashed beef



Customer feedback

“If I throw away the packaging and keep the product in the tray alone, I don’t know the best-before date. Can you put the best-before dates on the trays, too?”

Improvements

From February 2018 production, we started printing best-before dates on each individual serving tray. The easy-to-separate trays are now easier to use and are convenient for leftover roux and individual servings. We have also started printing the best-before dates on each tray of *Aunt Claire’s* and *Zeppin Curry* series roux products.

One happy customer provided some positive feedback: “Thanks for printing best-before dates on individual packages. It will be much more convenient. I was both surprised and impressed!”

Café Jelly



Customer feedback

“I opened the cream syrup so I could enjoy my *Café Jelly* but it had hardened. I poured the cream syrup on the *Café Jelly* but it felt really grainy.”

Improvements

We improved the cream syrup recipe by adjusting the formula and manufacturing method, making it finer and smoother than before.

Café Jelly, a long-selling product first launched in 1979 (42 years ago)

Curry Shokunin



Previous design Current design



Customer feedback

“With this product, you take the inner pouch out of the box and place it in the microwave oven. ‘This side up’ is written on the inner pouch but it is difficult to see because both sides of the pouch have similar writing of similar sizes. I accidentally put it in the microwave oven upside down. I would like a big warning on it.”

Improvements

We changed design from January 2017 production so that it is now easy to understand the top and bottom with large letters saying “Place in microwave oven with this side up.”

If the pouch is heated with the steam vent holes at the bottom, the curry may leak from the holes. The surface with the “Place in microwave oven with this side up” warning must always be facing up when heating.

Pocky Gokuboso



Customer feedback

“I didn’t want to get my hands dirty, so I opened the end of the packet that showed the picture of the *Pocky* without chocolate. Unfortunately, that end was the chocolate end and I ended up getting my hands dirty.”

Improvements

The packaging and inner packet had the same design, but we changed it from October 2016 production so that the picture of the *Pocky* and the actual *Pocky* inside are facing in the same direction.

Aunt Claire's Hashed Beef



Customer feedback

“I always mix up the hashed beef and beef stew products when I buy them. I end up buying beef stew when I really want hashed beef, and then have to go back and buy the right one later.”

Improvements

We changed colors used in the packaging designs to make it easier to differentiate the two products.

Pocky Chocolate



Customer feedback

“From the recycling mark on the packaging label, I can understand that the outer box is made from paper, but what is the inner pouch made from?”

Improvements

We made the plastic recycling mark on the inner pouch easier to see.

Curry roux



Customer feedback

“Depending on the product, the curry roux nutritional information on the label is either per box or per serving, which makes it difficult to compare.”

Improvements

Nutritional information was previously either per product or per displayed amount, but we standardized the information to per serving. We will gradually make these changes to stew and hashed beef roux products as well.

Human Resource Development

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.

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)

Glico Core Values

Growth

- We will always maintain a spirit of improvement, never satisfied with the status quo, and shall work to achieve **growth** as individuals and as an organization.

Leadership

- Regardless of position or duties, we will demonstrate **leadership** even in difficult situations, and carry through to the finish.

Innovation

- We will seek out what is interesting, fresh, and delightful, act boldly, and strive to offer customer value with creative, **innovative** ideas.

Collaboration

- Rather than be caught up in our own ideas, or those of our departments, we will create new synergy through **collaboration** with those who have a broad perspective.

Open mind

- We will keep an **open mind** towards all people, listen attentively to diverse values and views, and respect individuality as a business partner.

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	Personnel training											
	Individual programs for people promoted to management positions											
	Training for selected mid-rank staff						Joint management training					
New graduates	Personnel training											
	Human resources assessment training test											
New graduates	3rd year training for new graduates											
	2nd year training for new graduates						2nd year training for new graduates					
	Training for new employees						Training for new employees					
Voluntary	All employees			Designated			Selected			Required for promotion		

Promotion of Diversity & Inclusion

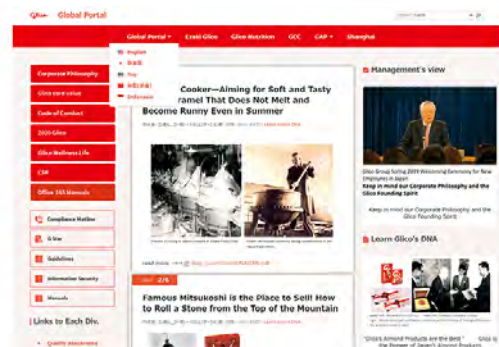
Basic Approach

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, gender, race, religion, special needs, or other characteristics.

Development of Glico Group Intranet: 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.



Intranet

Promotion of 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 co-parenting support.

Kurumin certification

For a long time, Ezaki Glico has been implementing a range of measures to enable employees to fulfill their responsibilities of balancing work and family/childcare. We obtained *Kurumin* certification from the Ministry of Health, Labour and Welfare in 2007.



Kurumin mark

Example: Female career development workshops, and diversity seminars for managers

As part of our efforts to promote diversity, every year we hold 4-day career development workshops for women in their 20s and 30s, and 2-day diversity seminars for the managers of workshop participants. We help the women to understand the importance of thinking about their future careers, and to develop the skills to achieve their goals. Our seminars also help managers to understand the diverse careers of their staff, and to learn methods for supporting those staff in their efforts.



Training for management

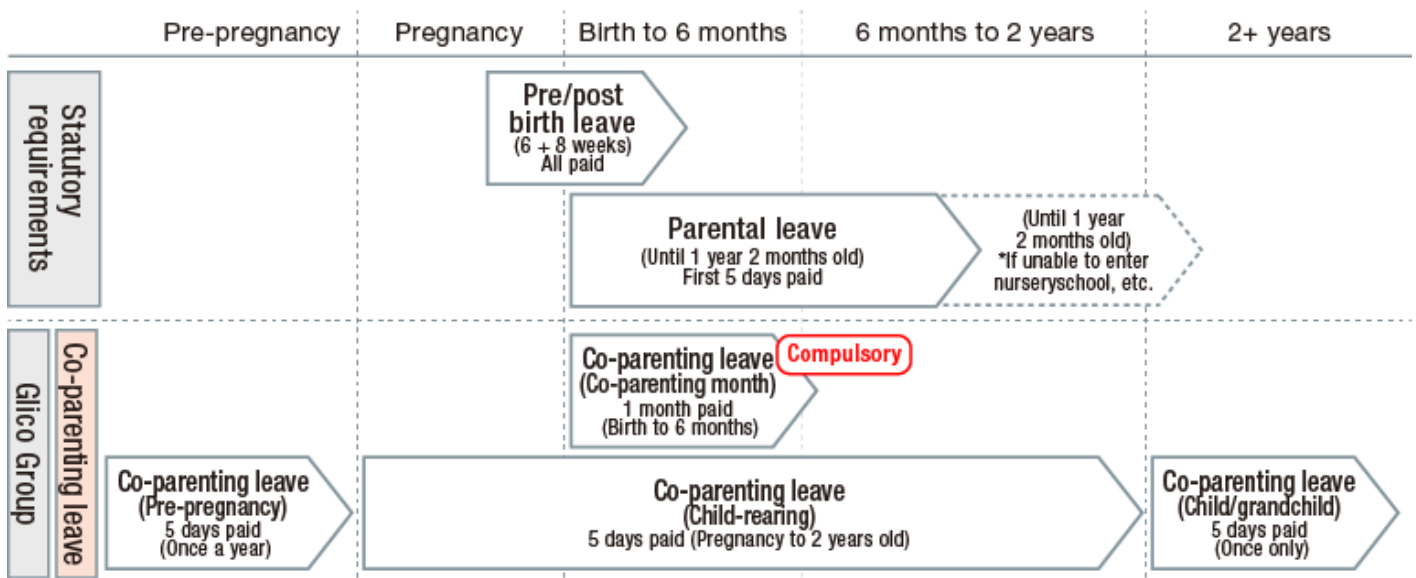
Glico Co-Sodate (co-parenting) Project

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.



“Co-parenting leave”

One of these initiatives is our co-parenting leave, which provides paid leave to employees participating in fertility treatment, efforts to conceive, co-parenting, child and grandchild care and medical examinations, and school events. There are four types of leave available (see below), with one of them being “co-parenting month,” where employees are required to take one month of leave within the first six months after the birth of their child. In addition to further promoting the participation of male employees in co-parenting activities, this leave also aims to encourage all members of a workplace where someone takes leave to rethink their workstyle awareness and behavior, and to improve productivity and enrich the lives of everyone.



Parental Leave Usage

	male	Female
FY2018	4	21
FY2019	32	32
FY2020	55	20

Support for baby formula costs

Ezaki Glico 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 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 at needs in co-parenting, can work with peace of mind, we opened Kodomopia Daycare Center Kobe in April 2019 at Kobe Factory. 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.



ふれあうココロ、いきるチカラ
こどもぴあ保育園
KOBE

Kodomopia Daycare Center Kobe

Example: Received Understanding Promotion Award at Ikumen Company Award 2020

The Ikumen Company Award is part of the Ikumen Project being implemented by the Ministry of Health, Labour, and Welfare to support fathers who are actively engaged in the upbringing of their children and to encourage fathers to use infant care leave. The award recognizes companies that support male employees at work and when caring for infants. In receiving the Understanding Promotion Award, Ezaki Glico was recognized for its Co-Sodate (co-parenting) Project and other efforts to actively support men when caring for infants.



(Right) Award ceremony in November 2020

Example: Presentation at UN Global Compact Leaders Summit 2021

The UN Global Compact Leaders Summit 2021 was an online summit where the UN Secretary-General and leaders from around the world met to discuss how to accelerate the SDGs. The Glico Group became a signatory to the UN Global Compact in 2019, and since that time has worked to increase its contributions toward realizing a sustainable society.

We launched our Glico Co-Sodate (co-parenting) Project in 2019 as a project for partners and family members to collaborate on dealing with parenting issues both inside and outside the company. With the Co-Sodate Project recognized as a gender equality initiative, we were asked to present our initiative at the Leaders Summit this time.



UN Global Compact Leaders Summit 2021

Re-Employment Initiative

In 2001, we launched a system of re-employment for employees after their mandatory retirement. We also adopted a “comeback system” for employees who have previously left the company.

Employment Initiative for People with Special Needs

Our aim by the end of fiscal 2021 is to achieve the statutory requirement, as designated by law in Japan, for employment of people with disabilities at all group companies. In FY2020, our group companies in Japan carefully examined their work and employed the right people for the right jobs. As of June 2020, the group average employment rate for people with special needs was 2.92%, which was an increase of 0.10% from the same period of the previous year.

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 Smile Factory at the head office on October 1 with the aim of enabling participation of people with disabilities, 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.

At Smile Factory, we are also working to achieve normalization where people with and without special needs work together normally and as equals. Employees are able to visit this workplace anytime, which we hope will facilitate an environment of mutual respect between group employees and employees with special needs.



Employment Initiative for Foreign Nationals

In the Glico Group, we are increasing employment of foreign nationals in line with the globalization of our business. To date, we have employed people from the United States, China, South Korea, Switzerland, Thailand, and Vietnam. In the future as well, we will continue to employ foreign nationals as part of our promotion of diversity and inclusion.

Initiatives for Gender Diversity

In addition to providing comfortable working environments for LGBT employees, the Glico Group provides learning opportunities through internal seminar training and e-learning activities, aimed at fostering in all our employees a culture of mutual openness and understanding of gender diversity, and it considers other welfare-related measures as well. In fiscal 2021, we partially revised our rules around company gifts of congratulations and condolences to our employees. In the change, we defined recipients of our “congratulations or condolences money and leave allowance” as any employee who notifies the company of their actual or common law marriage, regardless of the sex of their partner. By recognizing both LGBT employees and common law marriages in this way, we are responding to increasingly diverse ways of thinking and family structures.

Creating a Positive Work Environment

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.

Officer and Employee Data

Number of employees

	Male	Female
FY2019	1,446	1,173
FY2020	1,433	1,145

* Figures include permanent, seconded, part-time, casual, and temporary employees.

Number of managers between manager and officer

	Male	Female
FY2019	283	17
FY2020	281	21

Number of directors

	All directors	(External directors)	All auditors	(External auditors)
FY2019	7	(4)	5	(3)
FY2020	8	(4)	5	(3)

* Data for both fiscal years is as of the general meeting of shareholders.

Number of new graduate hires

	Male	Female
FY2018	8	22
FY2019	13	32
FY2020	17	13

Number of mid-career hires

	Male	Female
FY2018	36	15
FY2019	26	11
FY2020	37	10

The ratio of mid-career hires

	The ratio of mid-career hires
FY2018	63%
FY2019	45%
FY2020	61%

Percentage of employees subjected to regular performance reviews and career development

	Number of employees	Percentage
As of March 31, 2021	1,443	56.0%

* Percentage of all employees, including non-permanent (or 100% of permanent, expert, and senior employees).

Working hours, days off, use of annual leave

	Days off per year	Normal working hours	Overtime working hours (average per person per year)	Annual paid leave (average days taken)
FY2019	128 (Apr 2019–Mar 2020)	1,844.5 (Apr 2019–Mar 2020)	292.8 (Apr–Dec 2019, annualized from monthly average)	14.0 (Apr–Dec 2019, annualized from monthly average)
FY2020	127	1852.25	283.9	12.6

Annual paid leave

At Ezaki Glico 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 2019 exceeded 75%.

Percentage of annual paid leave taken

FY	FY2016	2017	FY2018	FY2019	FY2020
Percentage of annual paid leave taken	62.6%	69.9%	70.6%	77.2%	68.7%

Telework program

At Ezaki Glico 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. The average percentage of eligible employees using the telework program at least once a month in fiscal 2019 was 37.1%.

Example: Selected in top one hundred telework pioneers and received Award of the Minister for Internal Affairs and Communications

Ezaki Glico was selected by the Ministry of Internal Affairs and Communications as one of the top one hundred telework pioneers for FY2020. It was also selected as a recipient of the Awards of the Minister for Internal Affairs and Communications, which is the top prize. We received this prize in recognition of our efforts since 2015 to support child-raising and caregiving employees through our telework program and our effective utilization of teleworking as a way to provide employment support to people with special needs and to ensure the safety of employees during weather-related disasters.



Employment Programs

Program	Explanation
Telework program	This program enables employees to work from other locations outside company sites to improve work efficiency and work-life balance with the aim of promoting autonomous, efficient workstyles for our employees.
Program for special agreement on work location	This program enables employees to enter a special agreement on work location to achieve continuous skills development and create a vibrant workplace.
Volunteer leave program	This program enables employees to use their expired leave to engage in volunteer activities in areas affected by large natural disasters.
Jury duty leave program	This program provides leave, separate from annual paid leave, to attend court for jury duty.
Annual paid leave (half-day) program	This program enables employees to take their annual paid leave in half-day increments.
Annual paid leave (hourly) program	This program enables employees to take their annual paid leave in hourly increments.
Flextime program	This program enables employees to choose their own working hours to make the most efficient use of their time.
Satellite office program	This program enables sales staff to use rented office space, if their sales areas are too remote, to eliminate the need for long-distance commuting.
Programs relating to pregnancy, childbirth, and infant care	<p>Paid maternity and parental leave</p> <p>Staggered work shifts for pregnant employees</p> <p>Paid hours for hospital visits</p> <p>Consultation during pregnancy</p> <p>Consultation before infant care leave</p> <p>Maternity leave</p> <p>Celebratory birth bonus</p> <p>Lump-sum payment for childbirth and infant care</p> <p>Exemption from social insurance premiums during maternity leave</p> <p>Financial assistance for high-cost health insurance treatments resulting from complications during childbirth</p> <p>Family allowance</p> <p>Consultation before returning to work after childbirth</p> <p>Infant care leave</p> <p>Support for baby formula costs</p> <p>Infant care leave benefits</p> <p>Shortened working hours for infant care</p> <p>Childcare leave for sick or injured children</p> <p>Exemption from or limits on overtime/holiday work, limits on late-night work</p> <p>Program for special agreement on work location</p>
Programs relating to family care	<p>Family care leave</p> <p>Family care leave benefits</p> <p>Allowance for living separately for family care</p> <p>Shortened working hours for family care</p> <p>Paid family care leave</p> <p>Exemption from or limits on overtime/holiday work, limits on late-night work</p> <p>Program for special agreement on work location</p>

Occupational Safety and Health

In the Glico Group, we have established safety and health committees in each office and conduct a range of occupational safety and health activities in line with the Glico Group Safety and Health Policy formulated by the SCM Office in April 2018. We selected “ensuring the safety of machinery and equipment” and “developing Safety Key Persons” as key issues in 2018, and the SCM Office and each group factory are working on these issues as joint initiatives of Glico Group production departments.

To ensure the safety of machinery and equipment, we are currently following risk assessment methods to identify and assess risk hazards, and thoroughly implement safety measures stressing a hardware-first approach, with the aim of eliminating pinching and entanglement accidents on machinery and equipment. In 2019, we also reorganized and enhanced our risk assessments and safety reviews when introducing new equipment to factories.

To develop Safety Key Persons, we are collaborating with the Japan Industrial Safety & Health Association to hold sessions on risk assessments and kiken yochi (hazard prediction) training (KYT), and to develop key persons in each factory workplace that focus on safety and health activities. We have developed a system of education for occupational safety and health, and we are working systematically and deliberately to ensure the necessary safety and health education and training is provided.

Along with the declining birthrate and aging population of Japan, the average age of fixed-term employees in our factories is also increasing. For this reason, we started an exercise awareness campaign in 2019 to maintain and improve worker mobility with a focus on regular measurements of lower limb function and prevention of loss of mobility. Going forward as well, we will continue our efforts to create safe workplace environments that ensure the health and enthusiasm of our employees.

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 (Kiken Yochi) activities, 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 2018 and 2019, there were no life-threatening serious accidents and no deaths as a result of occupational accidents.

AEDs

We are installing automated external defibrillators (AEDs) in workplaces in case of sudden cardiac arrest. The devices are already located at head office, Osaka Umeda Office, Shinagawa Office, each supervising branch office, and some factories.

Mental Health

In the Glico Group, we support people with mental health issues and strive to prevent those issues from occurring. To support people with mental health issues, our Human Resources Division works with workplaces to operate individual return-to-work programs providing supported rehabilitation. We have also established a leave-and-return-to-work committee to objectively assess reviews of leave programs and return-to-work programs for employees with mental health issues. While on leave, affected people are also provided with an accident and sickness allowance from the Glico Health Insurance Association or paid leave from the company. To prevent mental health issues from occurring, we work with occupational health physicians to provide stress checks of all employees and send clinical psychologists to all domestic offices for training and individual consultations. We have also opened a 24-hour telephone support desk operated under contract by external parties and offering free counseling services.

Glico Group Human Rights Policy: Formulation and Process

In the Glico Group, we consider respect for human rights to be important for not only our directors, officers and employees, but for all stakeholders in the execution of business.

We have therefore always acted in respect of human rights in accordance with the Glico Group Code of Conduct. To further enhance this policy, we have formulated the Glico Group Human Rights Policy in accordance with the Guiding Principles on Business and Human Rights, which was approved as a global standard by the United Nations Human Rights Council in 2011, and we comply with these guidelines in our respect for human rights.

In August 2019, we launched a group-wide project team to formulate the Glico Group Human Rights Policy. Each department increased its understanding of the wide-ranging human rights issues required of a global company and, while obtaining advice from external specialists, formulated guidelines that fulfill the obligations of a global company.

In line with these guidelines, and to ensure respect for human rights by not only our directors, officers and employees but by all stakeholders, we ask for the understanding and support of everyone across the value chain, including suppliers and other business partners, for the Glico Group Human Rights Policy.

The Glico Group Human Rights Policy

As a global company with a worldwide presence, the Glico Group believes in the importance of respecting human rights of not only the Group's own directors, officers and employees* but also of all its stakeholders. Based on this belief, this "Glico Group Human Rights Policy" lays out the Glico Group's principles of actions to respect human rights, which all directors, officers and employees of the Glico Group are required to comply with. Also, the Glico Group makes a commitment to itself under its Code of Conduct that each of those directors, officers and employees should respect human rights.

In addition, the Glico Group also requests all stakeholders involved in its value chain, including, without limitation, suppliers and other business partners, to understand and support this Policy.

With this Policy, the Glico Group is engaged in initiatives to serve as a role model for realizing a sustainable society.

*The expression "directors, officers and employees" as used in this policy refers to all directors, auditors, executive officers and employees (including fixed-term, temporary, part-time, and casual employees) of the Glico Group.

1. Respect for human rights

1) The Glico Group supports international norms related to human rights, including, but not limited to, the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as the United Nations Guiding Principles on Business and Human Rights. Furthermore, Ezaki Glico Co., Ltd., the ultimate parent company of the Glico Group, is a signatory member to the United Nations Global Compact, and the entire Glico Group supports its Ten Principles.

2) The Glico Group understands and complies with all laws, regulations and rules relevant to its activities in all countries and regions where it is engaged in business. In the event that local laws and regulations in those countries or regions differ from or conflict with internationally recognized human rights standards, or in the absence of legislations on certain human rights in those countries or regions, the Glico Group will seek ways to honor the principles of internationally recognized human rights.

2. Important areas related to business activities

1) The Glico Group is aware that any of its business activities, including research and development, procurement and supply of goods and services, may present a potential or actual impact on human rights.

2) The Glico Group is aware that the following initiatives related to its business activities are important factors in its effort to respect human rights, and thus will promote and implement such initiatives. The Glico Group will start its implementation in areas where its business activities have a major impact.

(a) The Glico Group never permit and does not engage in forced labor or child labor, which violates the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

(b) The Glico Group does not discriminate any person based on age, gender, sexual orientation, disability, faith, race, nationality, ethnicity, religion, social status, or any other factor.

(c) The Glico Group strives to maintain a suitable working environment that enables all employees in each country or region to demonstrate their respective diverse personalities and abilities and to achieve their personal growths.

(d) The Glico Group respects the rights of employees regarding the freedom of association and the right to collective bargaining under the laws and regulations of each country or region.

3. Human rights due diligence

1) The Glico Group strives to avoid causing or contributing to any human rights infringement throughout its value chain, including, by itself or through its suppliers and other business partners. The Glico Group continually conducts certain monitoring and inspection to identify, prevent or mitigate negative impacts on human rights in relation to its business activities, in line with the United Nations Guiding Principles on Business and Human Rights.

2) The Glico Group will build up a process to take appropriate and effective remedial measures in case of causing or contributing to human rights infringement within its own operations or its value chain, and to communicate what measures were taken.

3) The Glico Group believes that stakeholders' perspectives are necessary in order to identify relevant stakeholders and respond appropriately to actual or potential impacts on human rights related to its business activities. In that sense, the Glico Group will listen to the voices of stakeholders in good faith, and share with them human rights issues related to its business activities at an appropriate timing.

4. Hotlines and remedial measures

1) The Glico Group recognizes the importance of internal reporting hotlines which its directors, officers and employees can use to report serious concerns to the company without fear of retaliation, when they become aware of or suspect violations of regional or national laws, regulations and rules, or internal rules of the Group, including the Glico Group Human Rights Policy. Against this backdrop, the Glico Compliance Hotline has been set up globally to ensure that there will be no retaliation towards directors, officers and employees who file reports on issues related to human rights.

2) The Glico Group seriously considers the comments, advices and recommendations provided by customers and other external stakeholders, through a hotline established for human rights issues, and then uses them to improve its business activities including its efforts to address human rights issues.

5. Awareness-raising activities

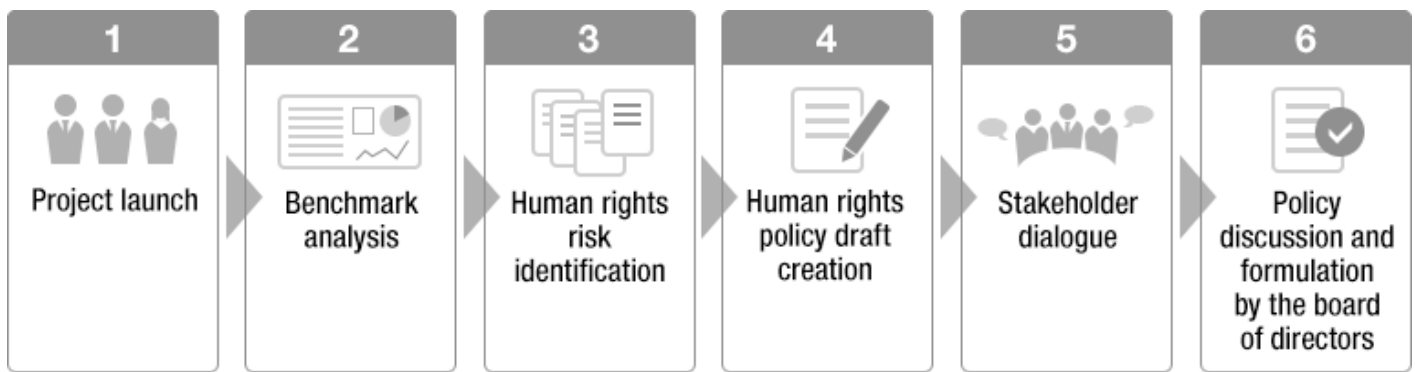
The Glico Group engages in activities to have all of its directors, officers and employees raise their awareness regarding each aspect of human rights. The Glico Group expects its business partners to conduct the same or similar awareness-raising activities as well.

6. Monitoring and reporting

The Glico Group will continuously monitor the compliance status of this Policy and strives and make improvements as necessary. The Glico Group will periodically disclose necessary information such as issues identified by monitoring and related responsive measures, through websites, CSR reports, and other communication channels.

7. Oversight and responsibility for human rights

President and CEO of Ezaki Glico Co., Ltd. is responsible within the Glico Group for overseeing the realization of commitments under this Policy and all initiatives related thereto.



(1) Project launch

In August 2019, we launched a project to formulate the Glico Group Human Rights Policy with a global group-wide project team.



(2) Benchmark analysis

With advice from specialists, we investigated human rights initiatives by leading companies in Japan and the rest of the world to increase our understanding of what sort of initiatives we should work on.



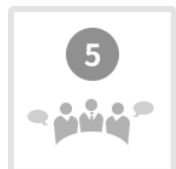
(3) Human rights risk identification

With advice from specialists, we identified human rights-related risks expected in the manufacturing industry and in areas where we operate our business and procure raw materials.



(4) Human rights policy draft creation

In accordance with the Guiding Principles on Business and Human Rights and other policies, we created a draft human rights policy that incorporates such things as human rights issues to address as part of our business and our commitment to implementing long-term initiatives.



(5) Stakeholder dialogue

Our project team members held dialogues with experts in human rights issues. They received advice and incorporated that in the policy. We have detailed their feedback on the following page. We intend to develop our relationships with these experts through ongoing dialogue.

Stakeholders consulted



Hideki Wakabayashi
Board Member, Global Compact Network Japan
Executive Director, Japan NGO Center for International Cooperation (JANIC)

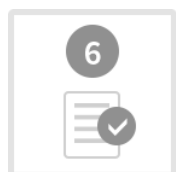


Tomoko Shiroki
Co-founder and Managing Director, Action against Child Exploitation (ACE)

Section	Main feedback
0. Introduction	<ul style="list-style-type: none"> • Rather than just going over the past, it would be better to also include a future focus and new challenges to address. • Instead of limiting the introduction to business activities, we recommend including statements about your intention to help build a sustainable society without human rights infringements.
3. Human rights due diligence	Human rights due diligence is the whole series of ongoing efforts from formulation of a human rights policy to monitoring, remedies, stakeholder engagement, and disclosure. Additional thought should be given to the way this is expressed.
4. Hotlines and remedial measures	This is an important section that should extend beyond building mechanisms for internal and external stakeholders to report human rights infringements, to also include information disclosure.
5. Awareness-raising activities	It is important for awareness-raising activities to generate an understanding of the risks of human rights issues, and encourage independent action, by each director, officer and employee.



Dialogue between project members and experts about human rights issues in April 2020 (teleconference)



(6) Policy discussion and formulation by the board of directors

In accordance with the Guiding Principles on Business and Human Rights, our board of directors discussed and formulated the Glico Group Human Rights Policy.

Efforts to Protect the Human Rights of Employees

The Glico Group has established the Glico Compliance Hotline as a means of preventing or quickly detecting any violation of laws, regulations and internal regulations by individual directors, officers and employees of the group. Any person who discovers actual or suspected violations is able to report them to the company without fear of retaliation. When a report is made, an investigative body independent from management investigates and makes a judgment. All directors, officers and employees of the Glico Group, including part-time and casual employees, are able to report violations under their real name, anonymously, or using a pseudonym.

Internal Awareness of Human Rights

With Hideki Wakabayashi, Executive Director of Japan NGO Center for International Cooperation, as a guest lecturer, we held an online seminar for department managers and above at our group companies in Japan. About 80 participated and learned the latest trends in human rights issues in Japan and overseas, and of the importance of implementing human rights initiatives.

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.

Procurement Activities of the Glico Group

In line with our corporate philosophy of "A Wholesome Life in the Best of Taste," we have established the Glico Group Code of Conduct to enable ongoing contributions to society through business. The Glico Group also became a signatory to the UN Global Compact in November 2019 to promote initiatives toward further improvement of corporate value and resolution of social issues. Accordingly, we revised our Basic Purchasing Policy, which was established in March 2016, to further address social and environmental issues. We also defined a new Glico Group Procurement Policy in compliance with the Global Initiative.

We comply with this policy in all procurement activities of the Glico Group and ask for understanding and support from everyone across the value chain, including our suppliers and other business partners.

Glico Group Procurement Policy

The Glico Group establishes this policy with the objective of engaging in procurement activities that take into consideration the Ten Principles in the four areas designated in the United Nations Global Compact (human rights, labor, environment, and anti-corruption) with suppliers in compliance with laws and regulations with fairness, transparency, and high ethical standards so that we can provide safe and reassuring products and services to customers in accordance with our Corporate Philosophy and the Glico Group Code of Conduct.

1. We will comply with the Glico Group Fair Trade Basic Policy and conduct fair, equitable, and transparent procurement activities in accordance with the laws and regulations of each relevant country. We will maintain appropriate relationships with suppliers and prevent all forms of corruption including reciprocal dealing.
2. We will comply with the Glico Group Human Rights Policy, support and observe international norms relating to human rights, and conduct procurement activities that eliminate all forced labor, child labor, and violations of human rights including all forms of discrimination.
3. We will comply with the Glico Group Environmental Policy and conduct procurement activities that take into consideration the environment and are intended to create a sustainable society.
4. We will comply with the Glico Group Quality Policy and conduct procurement activities with the highest priority on quality including rigorous quality management of raw materials.
5. We will select suppliers by appropriately assessing the value of procured goods including their quality and making comprehensive determinations that take into consideration delivery times, stable supplies, and other factors. We will provide suppliers fair and equitable opportunities for participation and respect diversity throughout the supply chain.
6. We will maintain the confidentiality of information obtained from suppliers through procurement transactions and not infringe on rights including the intellectual property rights of third parties.

SCM Office Chief
Ezaki Glico Co., Ltd.
Established in December 2020

Request to suppliers

The Glico Group complies with the Glico Group Procurement Policy in all our procurement activities. In line with this, we request that our suppliers also observe each of the following procurement guidelines.

Procurement Guidelines for Suppliers

The Glico Group seeks to increase corporate value and contribute to society in collaboration with suppliers by supporting and practicing the Ten Principles in the four areas designated in the United Nations Global Compact (human rights, labor, environment, and anti-corruption) in our procurement activities. All suppliers are requested to take measures to inform their employees about these guidelines and ensure that they are observed.

1. Corporate governance system is established by establishing internal controls and a dedicated CSR implementation system and so on.
2. The main international frameworks and norms on human rights*1 are complied with and all discrimination and human rights violations are prohibited.
3. The main international frameworks and norms on labor*2 are complied with and safe and sound work environments are provided to workers by offering appropriate wages and working hours and not permitting inhumane treatment, forced labor, child labor, unlawful labor, and so on. Furthermore, appropriate determination and management of employee physical and mental wellbeing are performed.
4. The main international frameworks and norms on the environment*3 are complied with and efforts are made to reduce greenhouse gases, efficiently use resources and energy, reduce waste, effectively use water, curtail deforestation, protect biodiversity, protect animal welfare, and so on for the creation of a sustainable society. Furthermore, an environmental management system has been created and is operated.
5. The main international frameworks and norms on fair corporate activities*4 are complied with and measures are taken to exclude relationships with anti-social forces, prevent corruption in all forms, prevent unfair dealing, and so on. Furthermore, fair and equitable opportunities for participation are provided to suppliers and diversity is respected throughout the supply chain.
6. The main international frameworks and norms on quality and safety*5 are complied with and the quality and safety of raw materials and transportation are ensured. Furthermore, research and development and marketing are conducted with responsibility, a business continuity plan (BCP) has been established, and measures are in place to ensure stable supplies of products.
7. Information obtained through business activities is properly managed and protected and measures are taken to protect information from computer network threats. Furthermore, confidential information and personal information are properly managed.
8. CSR procurement is practiced and social responsibilities are fulfilled not just within the company, but throughout the entire supply chain.
9. Efforts are made for the development of a sustainable society through initiatives with local communities.

*1 The Ten Principles of the United Nations Global Compact, Universal Declaration of Human Rights, etc.

*2 The Ten Principles of the United Nations Global Compact, core labor standards of the ILO, etc.

*3 The Ten Principles of the United Nations Global Compact, Paris Agreement, etc.

*4 The Ten Principles of the United Nations Global Compact, United Nations Convention against Corruption, etc.

*5 ISO 9001, HACCP, etc.

Established in December 2020

Commitment to Fair and Equitable Trade

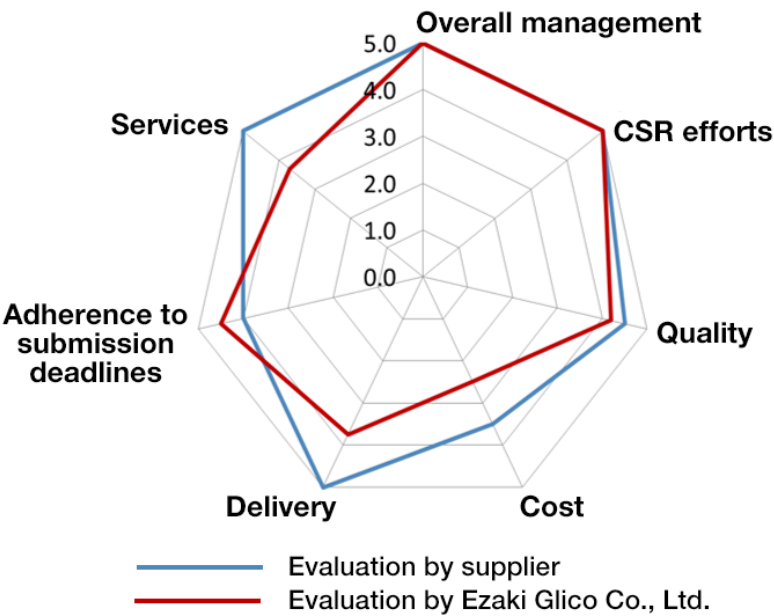
We conclude a Basic Transaction Agreement with all suppliers who collaborate as partners of the Glico Group, to ensure alignment with Glico’s objectives for its continuous global business activities with high added value based on high ethical standards. Business with each partner is based on this agreement.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

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.

We select optimal new suppliers by evaluating candidates in terms of their management, CSR efforts, quality, cost, delivery period, service, and other factors. 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 2019, we conducted our investigations in line with the Ten Principles of labor, human rights, the environment, and anti-corruption of the Global Compact Network Japan. 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 FY2019



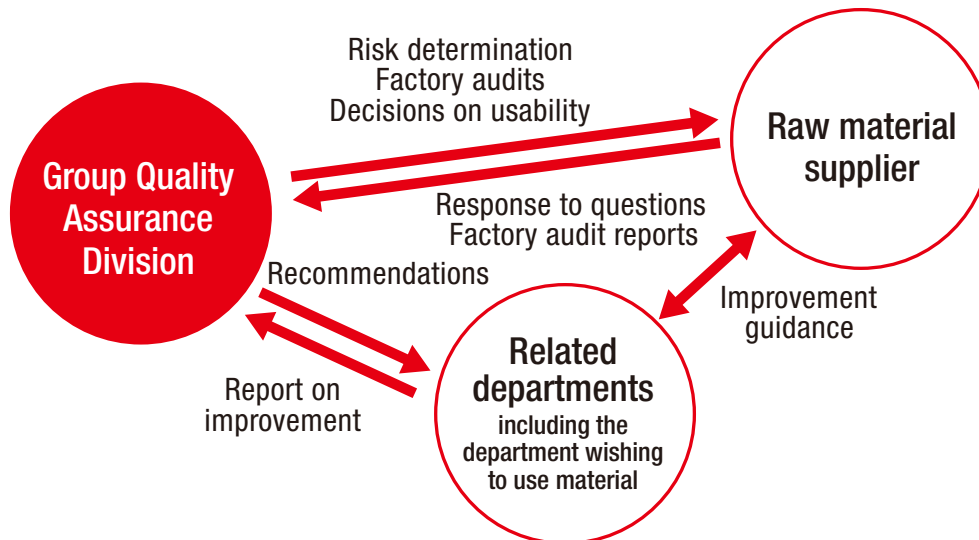
Efforts to prevent corruption

In order to eliminate improper transactions and collusion involving exchange of money or other valuables with public officials, government officials, 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 including Japan and other regions.

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 or ingredient 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 and Glico Nutrition's suppliers (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.

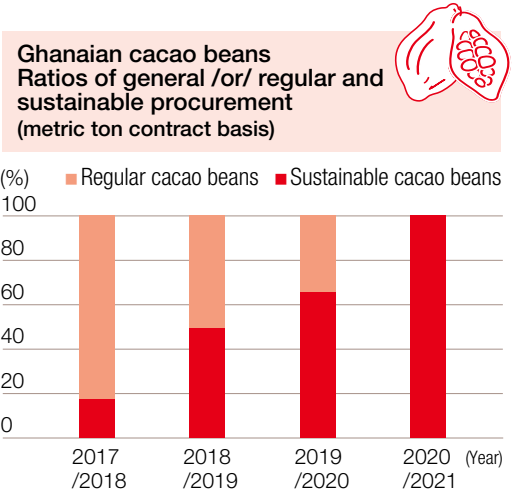
CSR-Based Procurement

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 also implement a new digital transformation by 2022 in order to strengthen this traceability.

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. In 2021, we switched all Ezaki Glico purchases of Ghanaian cacao beans to sustainable cacao beans. By 2022, the Glico Group plans to switch all of the Africa-grown cacao beans it procures to traceable cacao beans. Also by 2022, we intend to switch palm oil used in our core brand products to palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO).

* Sustainable cacao beans are beans purchased from regions that support farmers throughout the procurement route.



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 ensure the dissemination and consistent implementation of the Procurement Guidelines for Suppliers, and communicate through briefings and other channels using online tools, to strengthen our partnerships with suppliers.



Supplier briefing at Ezaki Glico Co., Ltd.

Community Development

Basic Approach

Through its business activities, the Glico Group strives to contribute to individual health promotion, as well as drive development of the economy, social welfare, and culture. Moreover, we hope to participate and assist in resolving 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.

Community Participation

Sponsorship Activities

Basic Policy

We conduct cultural and sports sponsorship activities based on a desire to contribute toward the mental and physical health of people and the healthy growth of children, our next-generation leaders.

“Innovation and creativity of Saga-born Glico: Eating confectionery and thinking creatively”

In December 2019, the Saga Balloon Museum hosted a special class titled “Kodokan 2, Let’s go to school,” which was a Saga Prefecture project that aimed to reproduce the Kodokan school, from the end of the Edo era, for a modern audience. Celebrating exactly 100 years since founder Ri-ichi Ezaki’s encounter with glycogen, a nutritional ingredient in Glico nutritious caramel, Glico was invited to speak at the event. About 30 elementary school students participated in the event, including discussions about the history of Glico and the spirit of innovation and creativity that Ri-ichi Ezaki applied throughout his life. The event also included workshops where participants were asked to think about new toys for inclusion with Glico nutritious caramel following this same spirit of innovation and creativity.



(Left) Introducing the history of Glico; (Right) Event workshop

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-affected 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-affected areas. In January of fiscal 2019, the wagon visited Mihara City in Hiroshima Prefecture, an area affected by the July 2018 torrential rains, and then in March, it visited Atsuma Town in Hokkaido, an area affected by the Hokkaido Eastern Iburi Earthquake. In September, the wagon also participated in the Kazetorock Imoni Festival 2019 in Shirakawa City, Fukushima Prefecture, one of the cities struck by the Great East Japan Earthquake. We brought a smile to those living in disaster-affected areas through fun photographs with the Glico Wagon and offerings of Glico assortments. In October of that year, the wagon visited the after-school care program of Inahama Elementary School in Chiba Prefecture, where the school gymnasium still bore the scars from a typhoon. Glico employees also held a programming lesson for the children using GLICODE® programming materials. Going forward, we will continue using the Glico Wagon to promote the healthy growth and development of smiling, happy children.



(Left) Glico Wagon at Inahama Elementary School, Chiba Prefecture; (Right) Glico Wagon at the Kazetorock Imoni Festival 2019

“Plogging,” a cleanup activity around company offices

In the Glico Group, we have participated in many local cleanup activities around local communities over the years. To drive more independent activities with a uniquely “Glico feeling,” we held a total of 50 “plogging” events around our offices in Japan and China during October and November, 2019. (Plogging involves cleaning the environment up as you jog, which brings to mind the Glico Goal-in Logo Mark.)



(Left) Plogging in China; (Right) Plogging in Hiroshima Prefecture, Japan

Volunteer activities in disaster-affected areas

We have a support system in place for employees to actively participate in recovery efforts near their offices when natural disasters occur. Using this system, employees working near disaster-affected areas were able to participate in volunteer activities during 2019; in Takeo City, Saga Prefecture, in September; in Osato Town, Kurokawa District, Miyagi Prefecture, in October; and in Nagano City, Nagano Prefecture, in November.



Group photo of volunteers working in Takeo City, Saga 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 head office is located in Osaka City'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 2019, around 30 local residents took part in an evacuation drill where they were guided to the gymnasium on the head office site.



Local residents evacuating to the gymnasium within the Glico Group head office site

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.

GLICODE® event in the Philippines

As part of our overseas educational support, we started providing regular introductions to GLICODE® from August 2019 at events for mothers and their children provided by leading private hospitals in the Philippines. In fiscal 2019, we participated in these events at the Cardinal Santos Medical Center, The Medical City and Makati Medical Center, which all supported our efforts. In addition to participants of the classes for mothers and their children, a range of healthcare professionals also learned about GLICODE®.



GLICODE® event in the Philippines

Job Creation and Donation of Splash Prevention Panels

The Glico Group asked employees to propose innovative ideas that would make a contribution to society in the middle of this pandemic. As one of those initiatives, our factory started making and donating Splash Prevention Panels to people in their local area (offices, childcare centers, and schools, etc.) to implement measures to prevent the spread of COVID-19 in areas surrounding Glico Group offices and to create jobs for people who had lost work due to the pandemic. Recruiting new employees among interested people near the Kobe Factory, we launched this initiative in November 2020. We plan to make 1,200 panels and donate them to relevant groups near offices of the Glico Group.



Making Splash Prevention Panels for donation to local offices, childcare centers, and schools, etc.

Collecting used stamps

Some Glico branch offices collect used stamps that they give to collection organizations for use in various welfare efforts in Japan and overseas, including social welfare and foreign aid.

Collecting PET bottle caps

Employees collect the caps from their used PET bottles and give them to organizations that provide polio vaccines to children around the world.

Examples of Educational Support

The Glico Group's educational support

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



(Left) Glicopia Kobe; (Right) 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 Division. The seminar was held for the seven time in fiscal 2019. 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.



(Left) *Pocky* being manufactured; (Right) 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 launched 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 more than 20 schools nationwide. Glico employees have also been holding GLICODE® workshops. To further expand the initiative, we provided instructor training in fiscal 2019 to our employees who have given 41 lessons to mainly children in after-school care programs and child welfare facilities across Japan.



Glico employees giving GLICODE® workshops

Introducing environmental initiatives

We are engaged in educational activities for elementary school and junior high school students across Japan, providing information on food loss and environmental activities of the Glico Group (reducing the environmental impact of containers and packaging, reducing energy and resource usage in offices). We conducted about 40 activities around Japan in fiscal 2019.



Environmental lessons provided at an indoor children's activity center in Sendai City

Online Outreach Classes on the Importance of Teeth

Ezaki Glico considers oral health-related issues to be important social issues. As such, we plan and implement online outreach lessons as part of dietary education using an in-house developed education kit that we call "Dr. Dente's Secret Laboratory." The number of people putting off dental checkups has increased due to the pandemic. Due to concerns about increased tooth cavities, we conducted this program in October 2020 for children attending an after-school kids' club in Naha, Okinawa. About 30 children in the lower grades of the elementary school participated in the online lesson where they learned and increased their understanding of, oral health and the importance of chewing from Ezaki Glico employees conducting the lesson.



Online outreach classes

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.

San-in Future Kids Project

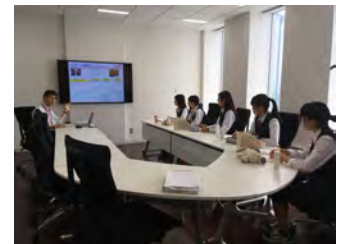
The Tottori Factory took part in a project led by Broadcasting System of San-in (BSS) that sought to communicate to young children who will lead the future the enjoyment of working and the allure of companies in San-in. As a result, on July 25, 2019, five students (fifth and sixth graders) took part in a work experience program at the factory. After watching how Friend Bakery cookies are manufactured, the children were able to experience the manufacturing process through to completed products, from inspecting equipment operation to conducting quality inspections. 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.



San-in Future Kids Project

Accepting high school students for workplace experience programs

Glico offices in Japan accept junior high school and high school students for workplace experience programs. We conducted about 40 programs around Japan in fiscal 2019. Running from a half-day to three days, the programs provide an introduction to the Glico corporate philosophy and the company's business, as well as work performed at each office, including discussions about what motivated employees to join the company and their satisfaction working here. We also provide them with some simple training and let them experience both the joy and the difficulty of work.



Aichi Prefecture high school students in workplace experience program at Chubu Area Branch Office

Online Technical College Internships (Kobe Factory)

From August 24–28, 2020, our Kobe Factory provided a five-day internship program for technical college students. In normal years, we would have offered a factory tour and practical training at our manufacturing site, but practical training itself has become difficult as we try to prevent the spread of COVID-19 by making the factory off-limits to people outside the company. However, in the hope of encouraging interest among job hunters by allowing them to see inside the factory even during the pandemic, we used an online tool to provide this internship program so that participants could observe the manufacturing facility from their own homes.



Using HoloLens device to relay video from the manufacturing facility to the conference room for the lesson

Contributing to Health

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

We are providing various kids' sports classes, led by sporting athletes, as part of our efforts to promote the healthy growth and development of children through sport while supporting healthy minds and bodies. One of those initiatives in fiscal 2019 was a series of kids' tennis classes, mainly for elementary school children, taught by professional tennis player Makoto Ochi. With appropriate guidance provided to each participant, from beginners to those wishing to improve their skills, the classes were able to convey the enjoyment of tennis to children. Furthermore, in support of 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, an initiative that facilitates exchange between children from across the country through kart racing. In fiscal 2019, elimination rounds were held in 24 locations across Japan, with about 1,400 children participating in the time trials. The fastest 100 participants from those trials were then selected for the final competition at Suzuka Circuit, where they competed in earnest in a time trial with advice from Mr. Sato. The top 10 participants were invited to attend the Takuma Kids Kart Academy later. This time, Mr. Sato provided direct support to each of the participants to help them further improve their driving skills. Going forward, we will continue working with various athletes to promote the healthy growth and development of children through sport while supporting healthy minds and bodies.



(Left) Professional tennis player Makoto Ochi with participants of kids' tennis classes; (Right) Racing driver Takuma Sato with participants of the Takuma Kids Kart Challenge 2019

Health education seminar

We hold our *Kamu-Kamu Kyoshitsu* class, which is designed to teach children the importance of chewing food, at diet and health education events hosted by elementary schools and local governments around Japan. After using various materials to lecture participants on the importance of chewing, the children practice chewing with gum. We then hold a quiz on food and snacks to increase their understanding of diet. In fiscal 2019, we held about 10 classes around Japan.



Kamu-Kamu Kyoshitsu

Online Seminars Make Learning About Health More Fun

Available on the Glico membership community portal "with Glico," we provide online Wellness Campus seminars. This enables our members to learn correct health information on exercise, nutrition and rest, and to develop themselves in a healthy way, to always remain active and healthy alongside their customers. Since its launch in June 2020, we have held seminars on the topics of low carbohydrates, the intestinal environment, antioxidants, and walking habits. With a total of about 400 members participating to date, this activity is contributing to the health of consumers. In response to a post-seminar survey, 90% of participants said they would like to immediately incorporate what they had learned into their lives. According to feedback received, the lessons were very informative, and participants were more focused on improving their daily lives as a result of the seminars.



Foundation for Business Activity

We will work to strengthen our management foundation for sustainable growth.



Corporate Governance

Basic Views on Corporate Governance

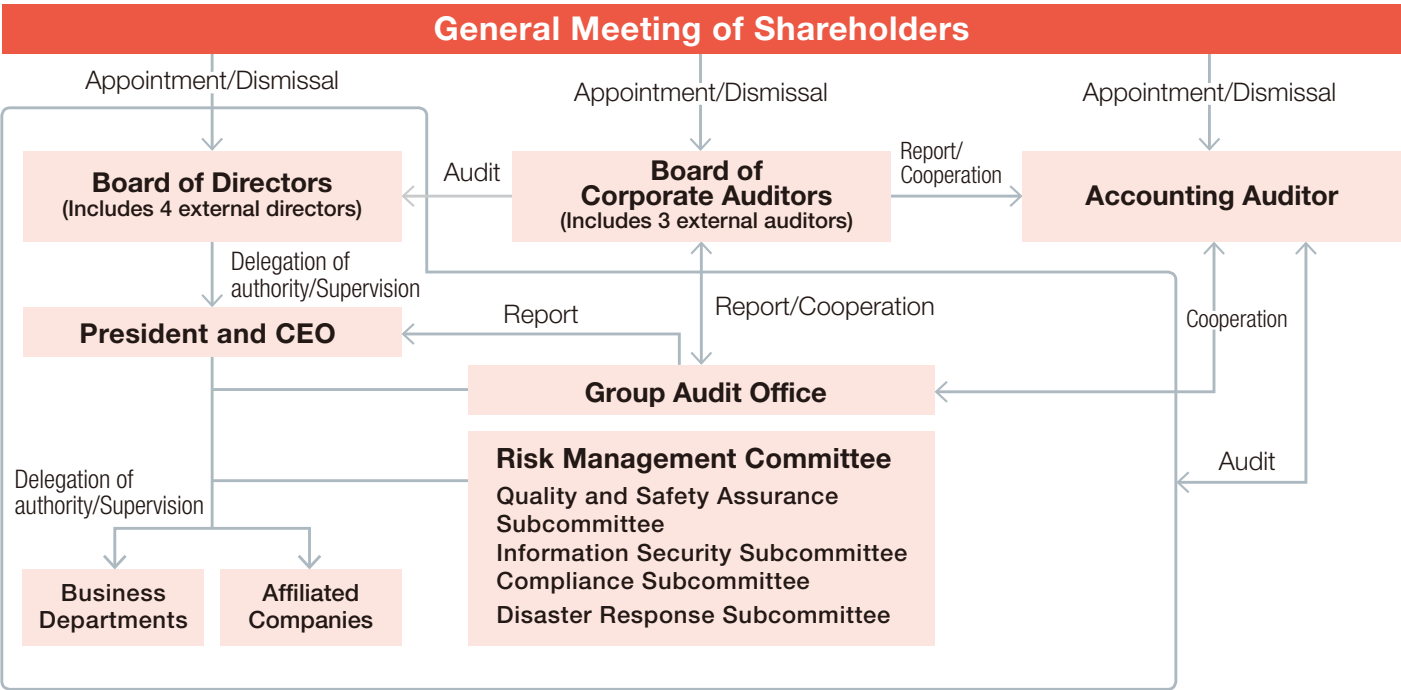
Based on our corporate philosophy and the Glico Spirit, the Glico Group strives for sustainable growth, medium- to long-term enhancement of corporate value, and increased transparency and efficiency in management. As such, we are working on the continuous enhancement of our corporate governance system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

Basic Policy

1. We shall respect the rights of shareholders and strive to ensure equality among shareholders.
2. We shall strive to appropriately work in harmony with shareholders and other stakeholders of the Company (including customers, business partners, creditors, local communities, and employees) and build a favorable and harmonious relationship with them.
3. We shall appropriately disclose corporate information and secure management transparency.
4. We shall strive to appropriately execute the Board of Directors' roles and responsibilities for transparent, fair, expeditious, and resolute decision-making.
5. We shall strive to engage in constructive dialogue with shareholders.

Corporate Governance System

The Glico Group’s corporate governance system is headed by the general meeting of shareholders, which is the highest decision-making body in the organization. The system also comprises the board of directors, which has decision-making responsibility for important business execution matters while also monitoring the business execution of each department (including affiliated companies), and the board of corporate auditors, which oversees and monitors execution of duties by the board of directors. This system enables us to enhance the management decision-making functions, and the business execution management and monitoring functions, of the board of directors, while also improving management efficiency and enabling accurate and strategic management decisions.



Corporate governance system

Board of Directors

The board of directors, which consists of eight members (including four external directors as of March 24, 2020), meets once a month as a rule in order to deliberate and make decisions on matters as stipulated by laws, regulations and the Articles of Incorporation, as well as important issues regarding execution of business.

The Glico Group also operates an executive officer system with the aim of clarifying the separation of business monitoring functions and business execution functions, and enhancing the speed of decision making and execution of business.

Board of Corporate Auditors

The board of corporate auditors consists of five members (including three external corporate auditors as of March 24, 2020). 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.

Internal Control

We formulated the Basic Policy on the Internal Control System to improve management transparency and efficiency in order to achieve sustainable growth. We then built our internal control system in line with this policy, and we are ensuring propriety in operations.

Basic Policy on the Internal Control System

1. System to ensure compliance by directors of the Company and its Group companies with laws and the Articles of Incorporation in the execution of their duties

(1) To ensure the proper and sound business operations by the Company and its Group companies, the Board of Directors shall endeavor to build an effective “internal control system” and to establish a compliance system pertaining to laws and regulations and the Articles of Incorporation.

(2) The Glico Group Code of Conduct shall be formulated as specific standards of behavior to establish legal compliance and corporate ethics, with the directors of the Company and its Group companies abiding to them.

2. System for storing and managing information related to the execution of duties by directors

The Company shall record minutes of meetings of the Board of Directors, materials concerning requests for decisions and approvals, and other important information concerning the execution of directors' duties in documents and electromagnetic media, and appropriately store and manage them in accordance with laws and regulations.

3. Regulations and systems regarding management of risk of loss for the Company and its Group companies

(1) To prevent various risks associated with the execution of operations by the Company and its Group companies and to respond promptly and precisely when various risks occur, the Company shall formulate regulations on risk response and establish a “Risk Management Committee” chaired by the officer in charge of risk management. In the event that an unforeseen situation occurs, the committee shall immediately discuss countermeasures and work to bring the situation under control and resolve it.

(2) The “Group Audit Office” (prescribed in “5. (4)”) shall regularly audit business departments on their management of risk of losses and report the results to the President, in addition to reporting the results to officers of respective departments in charge and auditors as necessary.

4. System to ensure the effective execution of duties by directors of the Company and its Group companies

(1) The Company and its Group companies shall establish internal regulations concerning administrative authority and decision-making, and establish systems for ensuring that duties are executed properly and efficiently.

(2) In addition to holding a Board of Directors Meeting once a month, the Company adopts an executive officer system and aims to enhance prompt decision-making and business execution.

5. System to ensure compliance by employees of the Company and its Group companies with laws and the Articles of Incorporation in the execution of their duties

(1) The Company shall make the “Glico Group Code of Conduct,” which is formulated as specific standards of behavior to establish legal compliance and corporate ethics, and apply it to all directors and employees of the Company and its Group companies.

(2) Under the “Risk Management Committee,” the “Glico Compliance Hotline” shall be established as a whistleblowing system available for employees of the Company and its Group companies and establish systems for preventing and quickly uncovering violations of laws, regulations and internal regulations.

(3) The Company shall establish a “Compliance Subcommittee” within the “Risk Management Committee” and establish a system that prevents the occurrence of major legal violations in the execution of duties.

(4) The Company shall establish a “Group Audit Office” over which the President has direct control as an internal auditing department that ensures the effectiveness and validity of internal control of the Company and its Group companies.

6. Structure to ensure propriety in the operations of the Company and its Group companies

(1) To ensure propriety in Group companies' operations, the Company shall require Group companies to regularly report management circumstances and other important information to the Company.

(2) The Company shall establish standards concerning administrative authority and decision-making in the Group companies, and establish systems for ensuring that duties are executed properly and efficiently by Group companies.

(3) To promote compliance within Group companies, the Company shall establish systems for taking necessary measures that are led primarily by the “Compliance Subcommittee,” such as ascertaining compliance with laws and internal regulations and providing compliance training.

(4) To prevent and quickly uncover violations of laws, regulations and internal regulations, the use of the “Glico Compliance Hotline,” the whistleblowing system, shall also be promoted within Group companies.

7. Matters relating to employees concerned in cases where corporate auditors request to appoint employees who are to assist corporate auditors in their duties, and matters relating to the independence of employees concerned from directors and effectiveness of directions to employees

- (1) The Company shall establish a “Corporate Auditors Office” comprised of a small number of people when the Board of Corporate Auditors makes a request for the appointment of employees who are to assist in its duties.
- (2) To ensure the independence of employees affiliated with the “Corporate Auditors Office” mentioned in the previous item from directors, the Company shall obtain consent regarding items pertaining to authority over personnel issues concerning said employees, such as appointments and transfers, from the Board of Corporate Auditors in advance.
- (3) Employees affiliated with the “Corporate Auditors Office” shall not concurrently handle duties related to the execution of business and must follow the instructions and orders of the corporate auditor exclusively.

8. System for reporting to Company auditors by directors and employees of the Company and its Group companies as well as by parties who receive a report from said persons

- (1) Directors and employees of the Company and its Group companies or parties who receive a report from said persons shall promptly make an appropriate report when asked by a corporate auditor to make a report on their execution of duties.
- (2) The Company shall establish a system for prompt reporting to corporate auditors in the event that a director or an employee of the Company and its Group companies learns of a serious violation of law or the Articles of Incorporation or misconduct or of a fact that could cause significant damage to the Company or its Group companies concerning their execution of duties.
- (3) The “Group Audit Office,” “Risk Management Committee,” and other relevant bodies shall periodically report the circumstances of internal audits and whistleblowing in the Company and its Group companies to corporate auditors.
- (4) The Company shall prohibit the disadvantageous treatment of the Company’s and its Group companies’ directors and employees who reported to corporate auditors for the reason of the said report.

9. Other systems for ensuring the effectiveness of audits performed by corporate auditors

- (1) The Company shall respond to the auditors’ requests, provide information necessary and ensure their attendance in various meetings.
- (2) Procedures for prepayment or reimbursement of expenditures generated in corporate auditors’ execution of duties and other expenses or obligations generated in the execution of duties shall be dealt with promptly with respect to said expenses or obligations unless it is deemed not necessary for the performance of duties.

10. Basic views on eliminating anti-social forces and establishment of systems toward this end

The Company shall block all relationships with anti-social forces that pose a threat to order and safety in civil society, and respond resolutely to such anti-social forces by acting in close cooperation with attorneys, the police, and other external specialist bodies.

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 president 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, regulations and the Articles of Incorporation, 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 24, 2020, the Glico Group works with four external directors and three 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 management 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.

Risk Management

We established the Risk Management Committee under the direct control of the president for the purposes outlined below. The committee determines policies related to risk management for the group, responds to crises, and develops and executes measures based on its understanding and consideration of all related matters.

- (1) Strive to understand risks for the group, and familiarize the group with compliance of laws, regulations and rules, in order to prevent crises occurring as a result of risk materialization and take measures to minimize the impact of any crisis that does occur.
- (2) Strive to minimize the impact of any crisis that occurs, including damage arising from such, and quickly escape and recover from critical situations resulting from the crisis.

We also established four subcommittees (Compliance Subcommittee, Quality and Safety Assurance Subcommittee, Information Security Subcommittee, Disaster Response Subcommittee) under the Risk Management Committee to ensure effective implementation of risk management for the group. Each subcommittee carries out the following activities.

- (1) The Compliance Subcommittee familiarizes the group with, and enforces, compliance of laws, regulations and rules (policies, protection of personal information, management of confidential documents, etc.), with particular focus on the Glico Group Code of Conduct.
- (2) The Quality and Safety Assurance Subcommittee strengthens quality assurance activities in order to prioritize customer safety and security in the provision of products and services.
- (3) The Information Security Subcommittee promotes information security within the group and prevents information leaks and other incidents.
- (4) The Disaster Response Subcommittee formulates the group's business continuity plan (BCP) and develops a system for its execution (BCP awareness, education and training, etc.).

We have also made preparations for an emergency response headquarters, separate to the Risk Management Committee, to deal with any serious emergencies.

Basic Approach to Compliance

The Glico Group believes that compliance with laws, regulations, company rules and social norms (ethics and morals) is essential not only for maintenance and enhancement of competitiveness as a business but also for supporting society through improved sustainability as a company. We are therefore committed to ensuring compliance.

Activities to Promote Compliance

The Compliance Subcommittee, which is one of the subcommittees of the Risk Management Committee under the direct control of the president, plays a central role in developing the internal regulations required by each company of the Glico Group, familiarizing the group with, and enforcing, compliance with laws, regulations and internal regulations, providing the necessary education and training, and promoting compliance across the group as a whole.

Activities to prevent corruption

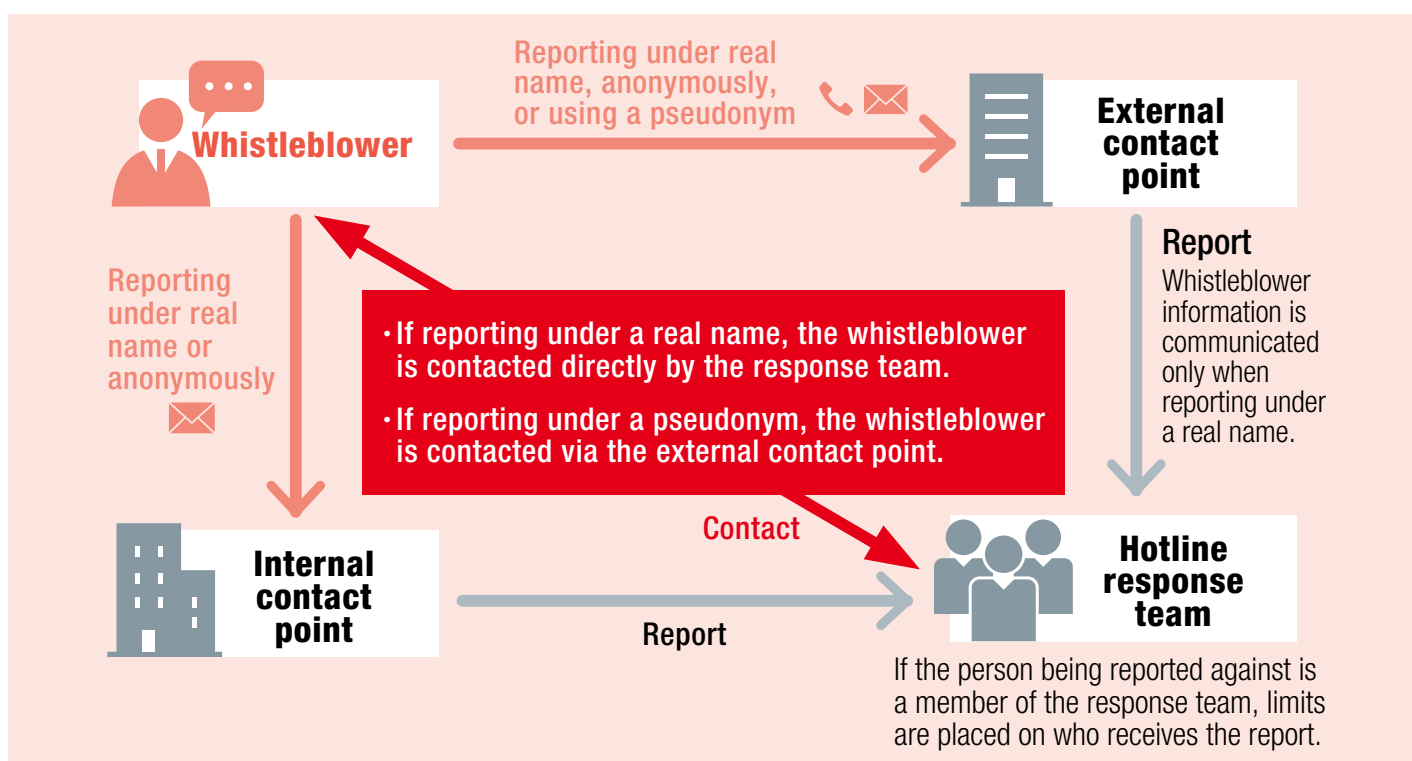
The Glico Group proactively discusses the prevention of corruption with our country managers in countries where we have a presence and there is potentially higher risk of corruption (ASEAN countries and China). We then formulate appropriate regulations to prevent corruption and provide education to employees.

Activities Related to Protection of Personal Information

In order to respond to the recent tightening of personal information protection laws and regulations in various countries and regions, the Glico Group companies in Japan and overseas have started to redevelop their privacy policies in FY2019, and the process is scheduled to be completed by the end of FY2021.

Glico Compliance Hotline

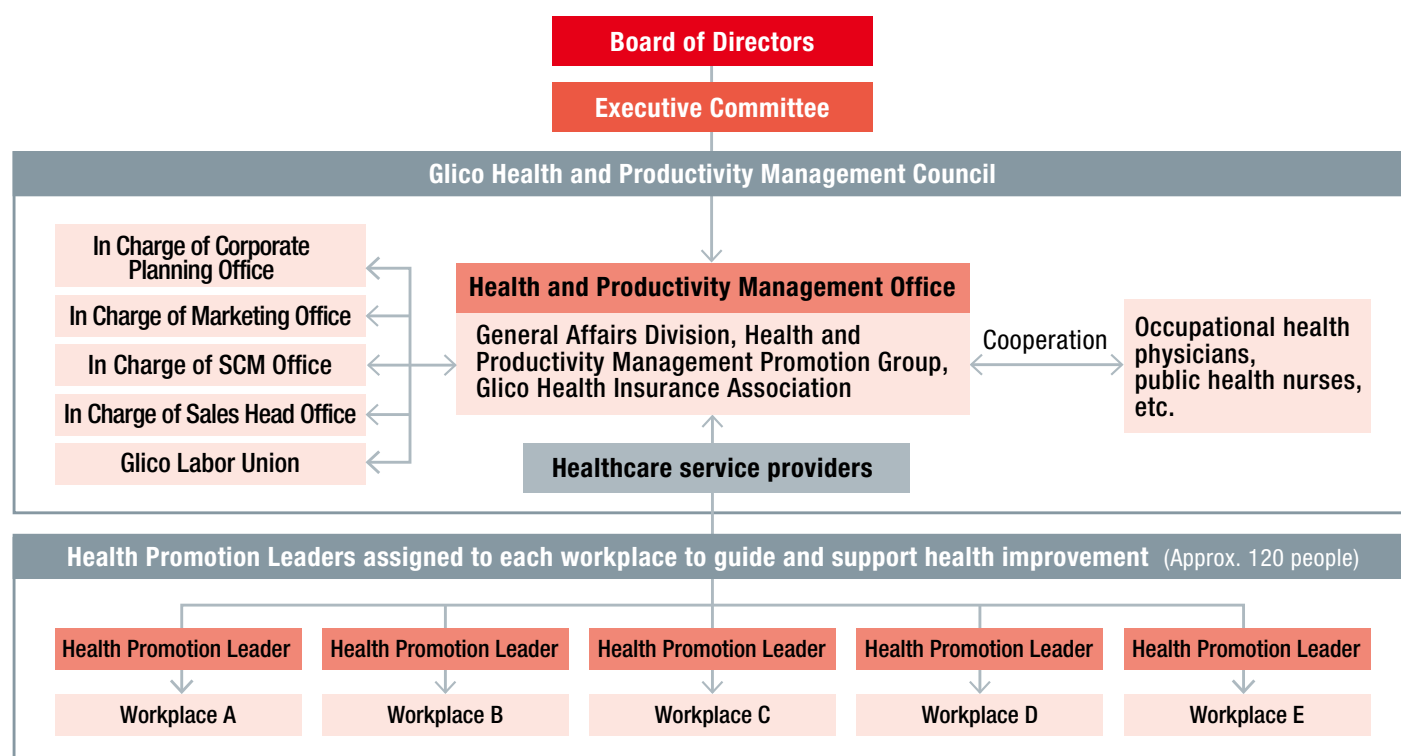
The Glico Group has established the Glico Compliance Hotline as a means of preventing or quickly detecting any violation of laws, regulations and internal regulations by individual directors, officers and employees of the group. Any person who discovers actual or suspected violations is able to report them to the company without fear of retaliation. When a report is made, an investigative body independent from management investigates and makes a judgment. When a report is made, an internal neutral investigative body investigates and addresses the issue. All directors, officers and employees of the Glico Group, including part-time and casual employees, are able to report violations under their real name, anonymously, or using a pseudonym.



Health and Productivity Management

To ensure sustainable growth and development of the Glico Group, and continue to contribute to society through business, we believe our employees must be healthy in mind and body, with the motivation and passion to continue working. This is why the maintenance and improvement of employee health is an important management issue for the group, and also why we actively support proactive health improvement efforts of our employees. We are also combining this support with other organizational challenges, such as work style reform and work efficiency, productivity and engagement improvement and enhancement, and diversity and inclusion, to carry out systematic health and productivity management from a medium- to long-term perspective.

Through our unique health and productivity management initiatives, we aim to fulfill our corporate philosophy of “A Wholesome Life in the Best of Taste” through business while our mentally and physically healthy employees bring out the individuality of each other. In this way, we will generate innovative ideas and challenges that will help address health issues, not only within the company but within society as well.



Current initiatives

As part of efforts to promote health and productivity management across the group, we created the Glico Health and Productivity Management Declaration and we are sharing it internally. We also developed a policy of encouraging employees to repeatedly cycle through the process of understanding their physical condition in terms of the three basic elements of health (exercise, nutrition and rest), acquiring necessary knowledge, practicing healthy living and making it a habit.

Following this policy, we also introduced a healthcare app that enables employees to record the number of steps they take each day, the food they eat, the hours they sleep, and the quality of that sleep. Our employees are using this app to implement the PDCA cycle for their own exercise, nutrition and rest. To help them acquire the necessary knowledge, we are conducting a series of seminars on such subjects as how to walk, how to increase the quality of sleep, and how to use low carbohydrate foods to optimize sugar intake, as well as mindfulness training to improve resilience.

To enable our employees to practice and make a habit of healthy living, we are holding regular team-based walking events and online yoga classes. We have also assigned Health Promotion Leaders to spread the news of these initiatives in each workplace and to communicate the knowledge and know-how required for health improvement. We are helping these leaders acquire Healthcare Master qualifications to further improve their health literacy.

As of March 2021, the number of people who have passed the Japan Healthcare Master Certification Test is 149 for the basic level and 91 for the expert level.



(Left) Seminar on how to walk; (Right) Seminar on how to sleep

Health improvement focused on exercise, nutrition and rest is important for preventing lifestyle diseases. Early detection and treatment of illnesses is also essential for our employees to achieve fulfillment in their public and private lives. Early treatment of illnesses can lessen the mental and physical burden on our employees while also lessening their economic burden. It also helps reduce absenteeism and presenteeism for the organization, so we are strengthening our health screening systems to ensure health checks and follow-up treatments are properly conducted. To ensure our employees understand the importance of these health checks, we are also inviting specialists to conduct seminars on various diseases.

Note: In line with our data health plan, we are prioritizing the issues of lifestyle diseases and malignant tumors.

Smoking is understood to increase the risk of a range of diseases, including cardiovascular disease, respiratory disease, cancer, and periodontal disease. Because of concerns about additional risks of second-hand smoke (passive smoking) and third-hand smoke to non-smokers, including employees' families, other workers and business partners, we banned smoking during working hours from January 2019. At the same time, we are holding quit smoking seminars about the risks of smoking and the benefits of not smoking, and we have started subsidizing the costs of quit smoking clinics for employees who successfully quit smoking.

We conduct stress checks together with surveys twice a year to understand the state of health and presenteeism within the organization, and to enable implementation of the PDCA cycle, to improve issues that are not visible in medical expenses and other quantitative data. We also conduct a monthly survey with several simple questions so that we can quickly find any changes in our employees' physical condition, their work satisfaction, and personal relationships. With timely care and follow-up by superiors, we hope to increase mutual trust, and enhance and improve motivation and engagement of our workers.

In addition to the above, the health risks associated with sitting for long hours doing desk work are also attracting attention, so we are implementing our Every 1 Program to encourage all employees to stand and stretch for one minute every hour at work.



Breast cancer seminar

Element		Initiative		KPI	FY2020 achievements	Next fiscal year actions to achieve target
Exercise	Improve walking habits	How to walk seminars	Acquisition of knowledge about correct walking posture and appropriate walking time and speed	Average number of steps per day: 8,000	Average number of steps per day: 5,403	Hold regular walking events where participants can enjoy competing between groups to promote and establish walking habits. Also, regularly implement programs that provide incentives when participants achieve defined goals to promote the practice of walking as a regular habit. (Four programs are planned for 2021.)
	Create walking habits	Walking events	Walking competitions within groups using a healthcare app to count steps within a set period of time			
	Improve amount of physical exercise	Yoga classes	Yoga lessons provided by teachers in meeting and recreation rooms * Online lessons only since spring 2020 to prevent the spread of COVID-19	Percentage of participants exercising regularly: 30%	Percentage of participants exercising regularly: 39%	Establish Glico Exercise Club Recognition Program as a new system for supporting the activities of clubs established for regular exercise.
Nutrition	Improve dietary habits	Low carbohydrate food seminars	Acquisition of knowledge about proper carbohydrate intake	Percentage of participants with good dietary habits: 64%	Percentage of participants with good dietary habits: 48%	Hold seminars to enable participants to check and reconsider their own dietary habits. Change office cafeteria menus to healthier options and provide foods with the proper nutritional balance.
		Dietary habit improvement seminars	Lectures on how to improve dietary habits to prevent lifestyle-related diseases			
Rest	Improve sleep habits	Sleep improvement seminars	Sleep habit improvement seminars on how to improve the quality of sleep	Percentage of participants with good sleep habits: 68%	Percentage of participants with good sleep habits: 58%	Hold seminars to enable participants to check and reconsider their own sleep habits. To enable participants to put acquired knowledge into practice as a regular habit, held eight-week programs (four times during 2021) and achieved defined goals.
	Take appropriate rest as needed	Distribution of video on stretching	Archive distribution of original videos on stretching exercises Live distribution of fitness videos from 3:00 p.m. on weekdays	Presenteeism score: 85	Presenteeism score: 76	With workplace managers and health promotion leaders taking the lead, advocate for maintained and improved productivity by taking appropriate rest as needed.
	Improve mental engagement	Mindfulness seminars	Workshops to develop self-management skills	Engagement score deviation value: 52 or higher Mental health score deviation value: 52 or higher	Engagement score deviation value: 50 Mental health score deviation value: 49	Hold workshops for managers to learn about stress, resilience, and self-management. Also hold beginner workshops for general workers.
Other	PDCA cycle for personal health improvement	Healthcare app	Companywide adoption of a healthcare app to record exercise, nutrition, and rest activity logs, and use the PDCA cycle, on a daily basis	Physical score deviation value: 52 or higher	Physical score deviation value: 50	Adopt a system of recognition for employees who have taken the initiative to improve their personal health throughout the year.
	Promote behavioral change	FINC lifestyle improvement mission	Provision of incentives to people who complete defined missions using the FINC healthcare app			
	Encourage people to quit smoking	Quit smoking seminars	Lectures on the risks of smoking and passive smoking Discussion on quit smoking clinics and quit smoking support systems	Percentage of smokers: 17% (2020)	Percentage of smokers: 21% (2020)	Continue ban on smoking during working hours (re-publicize). Conduct quit smoking support campaigns in workplaces with a high percentage of smokers.
	Improve oral care habits	Oral care seminars	Lectures on the relationship between periodontal disease and lifestyle diseases, and the causes of tooth decay, and on daily oral care and the necessity of regular cleaning by professionals	Percentage of participants with good oral care habits: 50%	Percentage of participants with good oral care habits: 40%	Provide incentives to people who attend dental examinations.
	Detect and treat illnesses at an early stage.	Breast cancer seminars Uterine cancer seminars	Lectures on the importance of early detection Lectures on self-examination for early detection	Cancer screening rate Re-screening rate	Increase in number of people attending gynecological screenings: 99	Hold seminars on colon cancer, which affects many people.
Overall		Productivity loss visualization	Understanding presenteeism and its main factors	Wellness score deviation value: 52 or higher	Wellness score deviation value: 50	Understand presenteeism and its main factors based on available data and implement appropriate improvement measures.

COVID-19 pandemic initiatives

Staff members of Ezaki Glico have had access to a telework program with time limits for a while, but under the situation of COVID-19 influences, a work-from-home (WFH) system that limits hours spent at offices to the minimum necessary was introduced across the entire group to prevent the spread of the pandemic and protect the health and safety of employees. This is why our seminars and yoga classes are currently being offered online through a teleconferencing tool. To address the lack of exercise that accompanies ongoing use of WFH arrangements, we have also provided employees with access to videos explaining simple stretches and other exercises that can be performed at home. Finally, because of the increasing stress of long-term WFH, we are providing temporary financial support for online gatherings to encourage more communication between employees.

Recognized as a White 500 Enterprise (Large Enterprise Category) in the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program

Ezaki Glico has been recognized in the large enterprise category as a White 500 enterprise in the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program operated jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. Launched in 2017, the Certified Health & Productivity Management Outstanding Organizations Recognition Program is a system of awards for enterprises with particularly outstanding health and productivity management practices based on initiatives that address local health issues and health promotion initiatives implemented by Nippon Kenko Kaigi. White 500 enterprises are the top 500 enterprises recognized in the Large Enterprise Category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program.



Future initiatives

As of May 31, 2021, only about 40% of our employees have reviewed their lifestyles and put healthy living into practice as a regular habit. Rather than being the goal itself, “health” is only the means to achieve the goal. This is why we plan to provide opportunities for our employees to properly think about and design their own careers and life plans. We will also provide workshop-based training as an opportunity for participants to change behavior and deepen their understanding of health as an essential platform on which to design life plans themselves and realize their goals.

Participation in Related Groups

United Nations Global Compact

The United Nations Global Compact is an initiative through which participating businesses and organizations demonstrate responsible leadership and act as good members of society for the realization of sustainable growth for the world. It sets forth Ten Principles, in the four areas of human rights, labor, environment, and anti-corruption, that it calls on participants to support and observe. Ezaki Glico became a signatory to the Global Compact on October 16, 2019. It implements a number of initiatives that incorporate the Ten Principles with the aim of realizing a sustainable circular economy.



Ten Principles and four areas of the United Nations Global Compact

[Human Rights]	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
[Labour]	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
[Environment]	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
[Anti-Corruption]	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Ezaki Glico Co., Ltd.

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