



**GLORY**

**Supplier Code of Conduct Guidebook**

**The 5th Edition  
October 1, 2024  
Production Headquarters  
GLORY LTD.**

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## Introduction

This guidebook aims to promote responsible procurement activities throughout the supply chain, including business partners, and to implement a sustainable society, not limited to activities within the GLORY Group.

We would like our business partners to understand the initiatives of the GLORY Group (hereinafter "GLORY") and the matters we request their cooperation on (requests for our business partners). Also, we would like them to confirm the specific progress using the "Responsible Procurement self-inspection checklist" and promote responsible procurement activities by making improvements.

Additionally, in promoting activities throughout the entire supply chain, we hope that our business partners will also raise awareness among their upstream supplier companies. Therefore, we kindly ask for your understanding and agreement on this "Supplier Code of Conduct Guidebook" (hereinafter "the Code"), and we request your continued cooperation in promoting these activities."

### I. About GLORY Group Sustainability

Under our corporate philosophy of "Building a more secure world through global collaboration and commitment to excellence", we aim to resolve social issues using the core technologies we have developed and advanced technologies designed to create new value, in our efforts to realize a sustainable society and increase our corporate value.

#### 1. Corporate Philosophy

##### **Building a more secure world through global collaboration and commitment to excellence.**

Our corporate philosophy represents GLORY's purpose and raison d'etre.

It is based on the idea that "we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible".

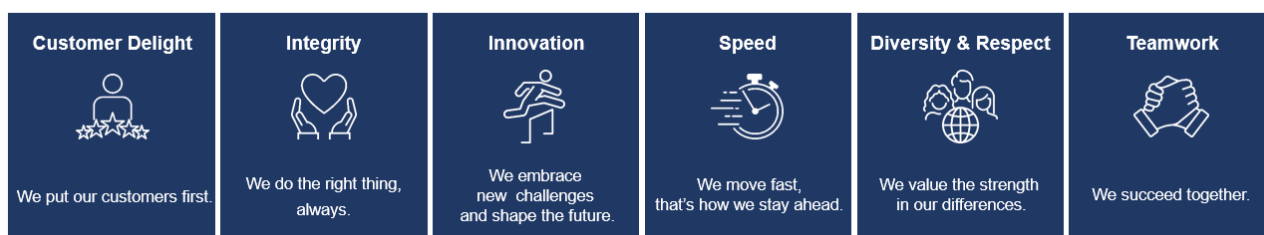
It also represents GLORY's origin, which will never change through the ages, that the great things can only be achieved when the power of everyone who shares the same striving spirit comes together.

Keeping the origin in mind, GLORY will build a more secure world through global collaboration and commitment to excellence.

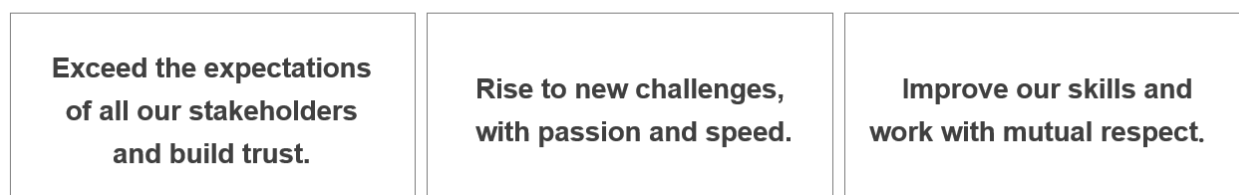
## 2. Our Values

### Our Values

Values shared by the GLORY Group



### Expected Behaviors based on Our Values



## 3. Corporate Action Guidelines

### **Business continuity / Securing profit / Profit redistribution**

We will maintain profit stability by developing businesses based on the corporate philosophy and contribute towards building a sustainable society.

### **Quality / Safety / Customer satisfaction**

We will provide products services which build customer confidence and satisfaction in a timely manner.

### **Information management**

We will protect information such as personal data and company information.

### **Respect for individuals / Talent development / Workplace safety**

We will respect each other's personality and individuality and strive to create an enriching and pleasant work environment.

### **Example by leadership/ Dissemination**

Under the strong leadership of the management, we will disseminate the Corporate Action Guidelines within the company and business partners, and strive to achieve them.

### **Legal compliance / Fair competition / Opposition to antisocial forces**

We will comply with laws and regulations and respect social ethical standards,

engage in transparent and fair business activities, and will not have relationships with parties that act anti-socially.

### **Information disclosure / Communication and cooperation with stakeholders**

We will communicate with stakeholders and strive for appropriate information disclosure.

### **Contribution to society**

We will harmonize and advance the interests of the company and society, and actively participate in social action programs as a “good corporate citizen”.

### **Environmental protection**

We will act in earth-friendly ways and supply environment-friendly products and services and contribute to realize sustainable society.

### **International cooperation**

We will engage in business activities in an internationally harmonized manner from a global perspective.

### **Risk management**

We will strive to prevent and avoid business risk and to reduce disaster loss. We will ensure security of stakeholders.

## **4. Glory Group Human Rights Policy**

### **(1) Purpose**

The purpose of this Human Rights Policy (this “Policy”) is to enshrine the Glory Group’s (“GLORY” or “our”) global stance on ensuring responsible business practices in upholding human rights within all our operations based on our corporate philosophy, and to fulfill such responsibilities. GLORY respects human rights as a cornerstone of our business activities and maintains a zero-tolerance approach to human rights violations.

### **(2) Scope of this Policy**

This Policy applies to all those working in, and with, GLORY. We also expect and continuously encourage all of our business partners, including suppliers and distributors, to understand and support the contents of this Policy, and continue to work to ensure that it is respected.

### **(3) Respect for International Principles and Standards**

GLORY is committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights and supports the UN International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Further, as a signatory to the UN Global Compact, GLORY supports the “Ten Principles of the UN Global Compact” and complies with the laws and regulations of each country and region in which we operate. In cases where the domestic laws and regulations differ from the international norms, GLORY pursues ways to respect internationally recognized human rights principles and standards.

### **(4) GLORY’s Ongoing Commitments**

The GLORY Legal Code of Conduct and related policies, which all GLORY officers, employees and business partners are required to follow, stipulate the protection of human rights, including prohibition of discrimination and harassment. Also, we provide avenues through which to raise any related concerns on human rights and protect whistleblowers against any disadvantageous treatment.

### **(5) GLORY’s Priorities**

#### **i . Prohibition of discrimination**

GLORY takes a zero-tolerance approach to any discrimination or acts that harm personal dignity based on one’s national origin, race, ancestry, religion, beliefs, place of birth, age, sex, sexual orientation, gender identification, disabilities, marital status, social status, etc.

#### **ii . Prohibition of forced or child labor**

GLORY takes a zero-tolerance approach to any forced or child labor, including but not limited to slavery and human trafficking.

#### **iii . Prohibition of harassment**

GLORY does not tolerate any actions that cause physical or mental distress, including harassment in all its forms.

#### **iv . Promotion of occupational safety and health**

GLORY is committed to creating and maintaining a safe and healthy work environment and supporting our employees’ physical and mental health.

#### **v . Appropriate management of work hours and payment of wages**

GLORY is committed to appropriately managing work hours and providing a minimum wage, in accordance with the laws and regulations of each country and region in which we operate.

#### **vi. Respect for basic labor rights**

GLORY respects basic labor rights in each country in which we operate, including the freedom of association and the right to organize and bargain collectively.

#### **vii. Respect for privacy and protection of personal information**

GLORY respects basic labor rights in each country in which we operate, including the freedom of association and the right to organize and bargain collectively.

### **(6) Human Rights Due Diligence**

GLORY will carry out due diligence on a continual basis in accordance with this Policy. We will assess the impact that our business activities have on human rights and will commit to preventing or mitigating any identified adverse impact.

### **(7) Remediation**

If GLORY identifies that it has caused or contributed to adverse human rights impacts through our business activities or relationships including our supply chain, we will promptly investigate any alleged human rights violations and provide effective remediation through appropriate methods. Where GLORY has not caused or contributed to adverse human rights impacts, but our operations, products or services are directly linked to adverse human rights impacts through our value chain, we will use our leverage to ensure that business enterprises that have caused or contributed to such adverse impacts make efforts to remedy the situation.

### **(8) Stakeholder Engagement**

GLORY is committed to continuous improvement of our efforts and initiatives based on this Policy through consultation and communication with related stakeholders.

### **(9) Information Disclosure**

GLORY makes an effort to ensure transparency and appropriately discloses our progress on respecting human rights and achievements based on this Policy through our website and reports such as an integrated report.

### **(10) Education**

GLORY continuously provides education and training to its officers and employees as necessary to implement this Policy.

## **(11) Governance**

GLORY establishes the framework to implement this Policy and the Board of Directors of GLORY LTD. oversees and monitors compliance with this Policy and the status of its implementation.

## **(12) Policy Review**

GLORY regularly reviews and revises our policies to take actions to respect human rights more appropriately and respond to changing laws, regulations, and ethical and societal demands globally.

This Policy has been approved by the Board of Directors of GLORY LTD.

(Established on April 1st, 2024)

## **5. Purchasing Policy**

- **Basic philosophy**

We, as a GLORY Group, procure parts from our suppliers in a fair and transparent manner in all aspects of our transactions, while strictly observing related laws and regulations, and establishing the relationship built on the trust with them as their partner. We will also promote responsible procurement activities and develop initiatives for the development of a sustainable society.

### **(1) Strict compliance with legal and social norms**

In addition to strict compliance with applicable laws, we respect the ethical norms of society and promote transparency, fairness, and equitability in our purchasing activities.

### **(2) Environmental preservation**

Based on GLORY's Environmental Policy, "We will act in earth-friendly ways and supply environment-friendly products and services and contribute to realize sustainable society." We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.



### **(3) Fairness and impartiality in transactions**

GLORY provides opportunities on an impartial basis to all suppliers who comply with our selection guidelines, regardless whether they are based in Japan or not, and without regard to prior transaction history. We endeavor to find the best suppliers for our company by maintaining free competition and ensuring fair evaluation and selection.

### **(4) Ensuring quality and pursuing appropriate pricing with competitiveness**

Our Quality Policy is "We will provide products services in a timely manner to win the confidence and satisfaction of customers." We focus on quality, price, delivery schedules, and technology development, and we make active use of proposals from our suppliers regarding new materials and ways to lower costs.

### **(5) Mutual advancement based on relationships of trust**

Through fair transactions, we aim to establish relationships of trust with suppliers and contribute to our mutual advancement.

### **(6) Management and protection of information**

Confidential business and technical information acquired by GLORY through purchasing transactions is managed strictly and never divulged to outside parties without the consent of the supplier concerned.

### **(7) Promotion of responsible procurement activities**

We promote responsible corporate behavior in the supply chain with our business partners.

## II. Requests to Business Partners

### (1) Compliance with laws and respect for international norms

Partners are requested to comply with the laws and regulations applicable in each country or region where they operate, and also requested to respect international norms.

- Complying with the laws related to manufacturing/sales of materials, environment and product safety
- Prohibiting bribery to all kinds of stakeholders (illegal donation/profit sharing by cash or equivalents)

### (2) Respecting human rights

We kindly request that our business partners comply with the human rights-related laws and regulations of the countries and regions where they operate. We also request our business partners for their business activities with respect for human rights by understanding and supporting relevant international norms and the "Glory Group Human Rights Policy".

- Prohibition of discrimination
- Prohibition of forced labor and child labor
  - \* Including the prohibition of "slavery, servitude, and forced or compulsory labor," as well as "human trafficking," as prohibited by the UK Modern Slavery Act.
- Prohibition of inhumane treatment, including harassment
- Promotion of occupational safety and health
- Appropriate management of work hours and payment of wages
- Respect for basic labor rights
- Respect for privacy and protection of personal information

Furthermore, our group considers addressing human rights concerns within the supply chain as a corporate social responsibility. We will work with our business partners to ensure transparency in the supply chain and practice responsible procurement. We request our business partners to cooperate with various investigations, including human rights due diligence (\*1) and conflict minerals (\*2) investigations.

\*1 Human rights due diligence: To ensure that our group's business activities and transactions within the supply chain do not negatively impact or contribute to human rights violations, we conduct annual investigations. Specifically, we request responses to the

“Responsible Procurement Self-Inspection Checklist,” which includes human rights-related items, and may conduct individual interviews as necessary.

\*2 Conflict Minerals: Mineral resources illegally mined in the Democratic Republic of the Congo and surrounding countries. The U.S. Financial Regulation Reform Act (Dodd-Frank Act) defines “tantalum, tin, tungsten, and gold (3TG)” as conflict minerals.

### (3) Consideration for safety and health

In addition to complying with related laws and regulations in the business activities of our business partners, please pay attention to the safety and health guidelines of the ILO, minimize injuries and physical and mental illnesses associated with the work of employees and create a safe and hygienic work environment.

### (4) Environmental preservation

Based on GLORY's Environmental Policy, "We will act in earth-friendly ways and supply environment-friendly products and services and contribute to realize sustainable society." We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.

### (5) Continuance of sound business management

It is requested that Partners shall conduct sound business management for continuous business based on mutual trust and disclose information on the management policy and business conditions including financial status.

### (6) Ensuring superior quality and stable supply at reasonable price

In order to maintain and improve the quality of products we provide to our customers, Partners are requested to supply the materials that meet the quality demanded by GLORY, comply with the local and regional safety standards and keep a stable supply of materials at competitive prices.

### (7) Maintenance and improvement of information security

It is requested that GLORY's business partners shall maintain and improve the information security in order to properly control and protect confidential information received from clients, third parties and their employees.

(8) Cooperation to keep continuous supply

Should unexpected disasters occur, members within the entire supply chain of GLORY and Partners are requested to share the information and cooperate to continue supplying materials to GLORY. It is also requested that the same members shall ordinarily collaborate in the participation of risk management activities.

- Responsible procurement self-inspection checklist

We have created "Responsible Procurement Self-Inspection Checklist" with reference to the requirements of JEITA (Japan Electronics and Information Technology Industries Association) Responsible Corporate Behavior Guidelines and Responsible Business Alliance (RBA, formerly EICC). We are asking for the cooperation to all business partners to fill in the survey requested to check the status of activities.

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※ It is created in accordance with the "Responsible Corporate Behavior Guidelines" established by JEITA (Japan Electronics and Information Technology Industries Association) in March 2020.

### III. Code of Conduct for Responsible Procurement Activities

#### 1. Compliance with Laws and Respect for International Norms

Companies must comply not only with applicable laws and regulations of their own country and the country/region in which they do business, but also respect the International Codes of Conduct.

In recent years, various laws and regulations and policies related to the environment, human rights, and bribery have been enacted and introduced in each country. Companies need to understand and comply with these. Some laws and regulations may apply not only in your own country but also outside the region. In addition, with the globalization of the supply chain and market, it is required to comply with laws and regulations not only within the company but also through the supply chain and to respect the international codes of conduct.

#### 2. Human Rights and Labor

Companies must comply not only with relevant laws and regulations of the countries and regions where they operate, but also respect international norms such as the United Nations International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Furthermore, companies should implement the following human rights initiatives based on the United Nations Guiding Principles on Business and Human Rights, and the “Glory Group Human Rights Policy.”

##### (2-1) Prohibition of discrimination

**Companies must not tolerate any discrimination or acts that harm dignity of individuals based on one's national origin, race, ancestry, religion, beliefs, place of birth, age, sex, sexual orientation, gender identification, disabilities, marital status, or social status.**

[Code Interpretation]

In matters of wages, promotions, compensation, education, hiring, and employment practices, there must be no acts that could lead to discrimination based on race, skin color, age, sex, sexual orientation, gender identity and sexual expression, ethnicity or nationality, disability, pregnancy, religion, political party, political views, membership, military service experience, protected genetic information, or marital status.

It is a discriminatory act if a health examination or pregnancy test impairs equal opportunity or fairness in treatment.

## **(2-2) Prohibition of forced or child labor**

Companies must not tolerate any forced or child labor, including but not limited to slavery and human trafficking.

[Interpretation of Forced Labor]

The transportation, concealment, recruitment, transfer of rights or acceptance of people by intimidation, coercion, abduction or fraud is prohibited. Additionally, requiring workers to bear employment fees is considered forced labor. It is also prohibited to use the fee as a debt for forced labor. Particularly, there have been many reports of forced labor by migrant workers, including foreign workers. When hiring a foreign worker, it is necessary to provide an employment contract in the worker's native language or a language that the worker can understand before they leave their home country.

Furthermore, actions that prevent workers from using their government-issued identification, passports, visas, work permits, or immigration documents (unless legally required to be held by someone other than the worker) by hiding or confiscating them or imposing unreasonable restrictions on workers' access to or movement within facilities, are also acts that lead to forced labor.

[Interpretation of Child Labor]

Child labor refers to activities or work that make it impossible for children to attend school, force them to drop out, or compel them to balance work and study due to their nature or the conditions under which they are carried out, thereby depriving them of educational opportunities and healthy development. It is prohibited by the ILO and national laws.

Regarding the minimum age for employment, ILO Convention No. 138 stipulates that the minimum age for employment or work should not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. However, as a transitional measure, developing countries with insufficiently developed economies and educational facilities may set the minimum age for employment at 14 years.

[Interpretation of Young Workers]

Companies must not engage young workers under the age of 18 in dangerous work that may compromise their health or safety, such as night shifts or overtime. The working conditions that should be guaranteed for "young workers" are stipulated in ILO Recommendation No. 146 (minimum age).

## **(2-3) Prohibition of inhumane treatment, including harassment**

**Companies must not tolerate any inhuman treatment or actions that cause physical or mental distress, including power harassment and sexual harassment.**

[Code Interpretation]



In addition to conducting awareness and educational activities through internal and external training to prevent inhumane treatment such as harassment, it is necessary to establish and operate an internal reporting and consultation system (grievance mechanism) to identify instances of inhumane treatment, and these systems need to be informed to employees. It is also important to predefine response procedures for investigations and other actions in case of actual reports or consultations as well as disciplinary policies.

## **(2-4) Promotion of occupational safety and health**

**Companies need to work on creating a safe, secure and hygienic work environment, as well as maintaining and promoting the physical and mental health of their employees.**

[Code Interpretation]

For more details, please refer to Section 3. Safety and Health.

## **(2-5) Appropriate management of work hours and payment of wages**

**Companies must comply with the laws and regulations related to work hours and wages applicable in the countries and regions where they operate. They need to ensure proper management of working hours and the guarantee of minimum wages.**

[Code Interpretation]

Numerous studies of business practices have shown that employee's overwork is clearly linked to reduced productivity, increased turnover, increased injury and illness.

To prevent such situations, it is necessary to implement proper management of work hours and grant appropriate holidays and breaks based on the Labor Standards Act and the Industrial Safety and Health Act in Japan, or the labor-related laws and regulations of the countries and regions where business activities are conducted. Additionally, international standards such as the ILO conventions need to be considered. For example, ILO conventions (not yet ratified by Japan) stipulate that weekly working hours, including overtime, should not exceed 48 hours except in emergencies or exceptional circumstances, and that at least one day (24 hours or more) of rest should be provided every seven days.

The minimum wage refers to the lowest wage stipulated by wage-related laws and regulations in the country of residence, including Japan's Minimum Wage Law, and the companies should pay above the minimum wage to the employees. In addition to the statutory minimum wage, it is desirable to consider a "living wage," which is calculated as the wage necessary to maintain a minimum standard of living, as a voluntary initiative by companies.

Unjust wage deductions may be considered as unpaid wages. For example, under the international standard SA8000 concerning labor and human rights, wage reductions for disciplinary purposes are not permitted. However, as exceptions, wage reductions for disciplinary purposes are allowed if (i) they are permitted by domestic law and (ii) agreed upon in a freely negotiated collective agreement. Furthermore, compensation for overtime work must be paid to employees at a higher rate than the regular hourly wage, in accordance with the laws of the relevant region. When paying

compensation, it is also necessary to provide a pay slip that includes information confirming the appropriateness of the payment.

## **(2-6) Respect for basic labor rights**

**Companies must respect the basic labor rights including freedom of association, the right to organize, and the right to collective bargaining, in each country where they operate.**

[Code Interpretation]

Companies must respect the rights of all employees to form and join a union of their choice, as well as the rights of workers who do not participate in or withhold such activities. In addition, employees or their representatives shall be able to conduct collective bargain publicly with management on opinions and concerns regarding working conditions and practices without fear of discrimination, retaliation, intimidation, or harassment.

## **(2-7) Respect for privacy and protection of personal information**

**Companies must respect individual privacy and comply with the GDPR (EU General Data Protection Regulation) as well as the laws and regulations of each country where they operate, to ensure the proper management of personal information.**

[Code Interpretation]

For more details, please refer to Section 7: Information Security.

## **3. Occupational Safety and Health**

**In addition to complying with relevant laws and regulations, companies need to consider the international norms such as ILO safety and health guidelines to take measures to minimize work-related injuries and physical and mental illnesses among employees, and to create a safe and hygienic working environment. Companies also need to promote the maintenance and improvement of employees' physical and mental health.**

[Code Interpretation]

In addition to minimizing work injuries and illnesses, a safe and hygienic working environment contributes to the quality of products and services, consistency in manufacturing, and improves employee retention and motivation. It is also essential for companies to listen to employees' opinions and educate them to identify and resolve occupational safety and health issues.

Widely recognized management systems such as the ILO Guidelines on occupational safety and health management system (ILO-OSH2001), OHSAS18001, and ISO 45001 have been referenced in the formulation of this code, and they may provide useful additional information.

### **(3-1) Occupational safety**

**Companies need to identify and assess risks to occupational safety and ensure safety through appropriate design, technology and management measures. Reasonable consideration is needed, especially for pregnant women and mothers during lactation.**

[Code Interpretation]

It is necessary to identify dangers in the workplace, including the possibility of occurrence, and implement safety countermeasures for employees. Examples of workplace hazards include human contact with chemicals, electricity and other energy sources, fires, vehicle accidents, and falling. For example, the following are applicable to safety countermeasures necessary to be promoted.

- Identification and evaluation of danger including the possibility of occurrence
- Appropriate work site design considering risk elimination and prevention
- Safety awareness activities (including handling of personal protective equipment)

In addition, it is necessary to protect pregnant women and lactating mothers from dangerous conditions and to provide reasonable convenience.

### **(3-2) Preparing for emergencies**

**In preparation for emergencies such as disasters and accidents that impair human life and physical safety, companies need to identify the possibility of occurrence and create action procedures for emergency countermeasures that minimize damage to employees and assets. It is also necessary to install appropriate facility/equipment and provide education and training so that they can act accordingly in the event of a disaster.**

[Code Interpretation]

The examples of emergency countermeasures include emergency reporting, notification to employees, evacuation method clarification, evacuation facility installation, obstacle-free exits which is easy-to-understand, appropriate exit equipment, stocking of emergency medical supplies, the installation of fire detection systems, fire extinguishers, fire doors and sprinklers, the securing of external communication method, and the development of restoration plans. It is also necessary to thoroughly inform the workplace. Example includes conducting emergency response education (including evacuation drills) for employees and storing and posting emergency response procedure manuals in easily accessible places within the workplace.

### **(3-3) Occupational accidents and illnesses**

**Companies need to identify, assess, record, and report the status of occupational accidents and illnesses, and take appropriate countermeasures and corrective actions.**

[Code Interpretation]

Occupational accidents and diseases affecting employees must be recorded, necessary treatment provided, and corrective actions implemented, including accident investigation, identification and elimination of causes, implementation of preventive measures, management, and reporting. Additionally, it is necessary to establish and report on policies and their implementation to promote employees' return to the workplace.

### **(3-4) Industrial hygiene**

**Companies need to identify and assess the risk of employees being exposed to harmful biological, chemical, and physical effects in the workplace and manage them appropriately.**

[Code Interpretation]

Potential hazards need to be eliminated or controlled by proper design, engineering, and operational management. If such means do not allow proper management of the hazard, the appropriate personal protective equipment that is properly maintained and managed need to be provided to employees, and used correctly.

### **(3-5) Consideration for work that requires physical load**

**It is necessary for companies to identify and evaluate work that is physically burdensome, and manage them appropriately to prevent occupational accidents and diseases.**

### **(3-6) Safety countermeasures for mechanical equipment**

**Companies need to assess the safety risks of machinery and equipment used by employees in their work, and implement appropriate safety measures.**

### **(3-7) Facility safety and hygiene**

**Companies need to properly ensure the safety and hygiene of facilities provided for employees' living, such as dormitories, cafeterias, and restrooms. Additionally, dormitories must have appropriate emergency exits in case of emergencies.**

[Code Interpretation]

To ensure safety and hygiene, it is necessary to maintain the cleanliness and hygiene of the facility and pay attention to the following points.

- Drinking water: Water quality inspection in compliance with laws and regulations, safe drinking water (water server, etc.)

- Providing hygienic meals: Cook's clothing / health checkup, pest control, proper temperature control of food, certificate of cafeteria business, etc.
- Restroom: Sufficient number of clean restroom facilities for the number of people, providing of toilet paper, etc.
- Dormitory: Fire protection, emergency evacuation route (exit), safe storage facility for personal belongings (locker with key provided), sufficient room size (standard is 3.3 m<sup>2</sup> or more per person), ventilation, temperature control, appropriate lighting etc.

### **(3-8) Safety and health communication**

**Companies need to provide appropriate education and training to employees for the safety and health related information including various occupational dangers that they may face in a language and method that employees can understand. Also the mechanism to get a safety-related feedback from employees need to be implemented.**

[Code Interpretation]

It is necessary to provide appropriate workplace safety and health information, education, and training regarding all identified workplace hazards to which employees may be exposed (including but not limited to mechanical, electrical, chemical, fire, and physical hazards). Safety and health-related information in a language that employees can understand should be clearly posted within the facility or placed in a location that is specific and accessible to employees. Education and training should be provided to all employees on a regular basis prior to the start of work. Employees are also encouraged to raise safety concerns. Education and training items include proper use of personal protective equipment, emergency response, safe operation of machinery, preparation before entering a harmful environment, etc. Furthermore, the ILO Multinational Corporation Declaration Section 43 includes descriptions regarding the promotion of a preventive culture based on social dialogue.

### **(3-9) Health management for employees**

**Companies need to provide proper health care to all employees. Additionally, it is desirable to promote initiatives aimed at maintaining and enhancing the physical and mental health of employees.**

[Code Interpretation]

Appropriate health management refers to conducting health examinations and other measures, at least at the level stipulated by law to prevent and detect diseases among employees early. Additionally, it is necessary to fully consider the prevention of health problems caused by overwork and care for mental health.

We, GLORY, believe that maintaining employee well-being is a key management concern for corporate activities and therefore established the “Health and Productivity Management Declaration” and “Basic Health and Productivity Management Policy” to promote initiatives for maintaining employees’ health. Furthermore, these efforts have been recognized, and we have been continuously certified as a “Health and Productivity Management Organization” in the large

enterprise category by the Ministry of Economy, Trade and Industry of Japan and the Nippon Japan Health Council since 2020.

## 4. Environment

**Companies need to actively address global environmental issues such as resource depletion, climate change, and environmental pollution, while also considering local environmental issues that ensure the health and safety of the people in the related communities.**

[Code Interpretation]

Responsibility for environmental consideration refers to ensuring the safety and health of not only employees but also the people in the surrounding communities, and to promote measures to minimize adverse effects on the local community, environment and natural resources. Broadly recognized management systems such as ISO14001 is referenced in the development of this code, which may provide useful additional information.

### (4-1) Environmental permit and report

**Companies are required to obtain the necessary permits and approvals for their business and to register and report in accordance with the laws and regulations of the location of their business.**

[Code Interpretation]

For example in the case of Japan, companies have an obligation to appoint a manager who has acquired a certain qualification stipulated by the Waste Management Law (specially controlled industrial waste management manager), Energy Saving Law (Energy above a certain level, Energy managers at factories that use them), Air Pollution Control Act (pollution control managers at factories that emit chemical substances, dust, and soot) and so on. In addition, depending on the chemical substances used in the business, it is obligatory to appoint a person in charge of poison/deleterious substance management, specific chemical substance management, dangerous substance management, etc.

Depending on the business content and factory location, administrative approval may be required for environmental impact assessment and hazardous materials handling facilities.

### (4-2) Reduction of energy consumption and greenhouse gas emissions

**Companies need to strive to improve energy efficiency, set reduction targets for greenhouse gas emissions such as CO<sub>2</sub>, and continuously engage in reduction activities to achieve these targets.**

[Code Interpretation]

Improving energy efficiency involves minimizing greenhouse gas (GHG) emissions directly from business activities (Scope 1) and indirectly from energy use (Scope 2). It is important to set annual and medium to long-term reduction targets and to promote reduction activities at the facility or

business unit level to achieve these targets. Furthermore, it is expected that there will be increasing demands to understand and reduce greenhouse gas emissions not only from business activities (Scope 1 and 2) but also from the entire value chain, including procurement activities and the use of the company's products (Scope 3).

### **(4-3) Emission to the atmosphere**

**Companies must comply with relevant legislation and take appropriate countermeasures to reduce the emission of harmful substances into the atmosphere.**

[Code Interpretation]

Harmful substances released into the atmosphere include volatile organic compounds, aerosols, corrosive substances, fine particles, ozone-depleting substances, and combustion by-products. Prior to emission, efforts are made to analyze and monitor the content of these substances, and necessary management and treatment are applied based on the results before discharging. Measures also include regular monitoring of the handling of discharged substances and the performance of treatment systems.

### **(4-4) Water management**

**Companies need to comply with laws and regulations, monitor the sources, usage, and discharge of the water they use, and conserve water. All wastewater must be characterized, monitored, controlled and treated as needed before being discharged or disposed of. In addition, it is necessary to identify the potential sources of pollution and manage them appropriately.**

[Code Interpretation]

Water management includes monitoring water sources, usage, emissions, water conservation, and pollution routes. Management of pollution pathways includes ensuring that on-site waterways are free from contamination and protected from pollutants (e.g., no stagnant water or accumulation of oils and fats near storm drains), and having emergency response equipment in place (e.g., shut-off valves and stopcocks to prevent leaks or spills of potable and wastewater during industrial accidents or natural disasters, noting that rainwater and wastewater catch basins or reservoirs alone are insufficient).

### **(4-5) Effective use of resources and waste management**

**Companies must comply with laws and regulations, and implement appropriate management to promote reduction, reuse, and recycling, thereby ensuring effective resources utilization and minimizing waste generation.**

[Code Interpretation]

Even for the disposal of substances for which no hazard has been identified, it is necessary to implement a systematic approach to identify and manage the waste and to carry out responsible disposal or recycling and strive to reduce it. Material disposal should be done in compliance with the

laws and regulations of the location of the business and minimized to avoid wasting natural resources. Measures to execute them include changing production equipment at the source, substituting materials, reusing resources, recycling, etc. To comply with laws and regulations, companies also need to set targets and act accordingly. Natural resources include water, fossil fuels, minerals, primeval forests, and products of primeval forests. Prevention of environmental pollution leads to the saving of natural resources and is closely related to the sustainability of the earth.

#### **(4-6) Chemical substance management**

**Companies must comply with laws and regulations, and ensure that chemicals and other substances that pose a danger to the human body and the environment should be identified, labeled, and managed to ensure their safe handling, transportation, storage, use, recycling or reuse, and disposal.**

[Code Interpretation]

For example, in Japan, it is necessary to manage in accordance with the Chemical Substances Control Law, the Poisonous and Deleterious Substances Control Law, the Industrial Safety and Health Law, the Fire Service Law, and the PRTR. It is also necessary to consider chemical substance management in the manufacturing process.

#### **(4-7) Management of chemical substances contained in products**

**Companies must comply with all applicable laws and customer requirements regarding the prohibition or restriction of specific substances contained in products.**

[Code Interpretation]

It is also necessary to consider the customer's request regarding the substances contained in the product.

- Comply with the laws and regulations of the country to which the product is destined.
- In the final product, you must also be responsible for the parts that are incorporated into the product. Therefore, suppliers need to provide necessary information to procuring companies. For example, when exporting to the EU, relevant laws and regulations include the RoHS Directive and the REACH Regulation. Additionally, it is necessary to consider substances that are added, mixed, or adhered to during the manufacturing process.



## 5.Fair Trading and Ethics

**Companies must conduct their business activities not only in compliance with laws and regulations but also in accordance with a high level of ethics.**

[Code Interpretation]

Companies must comply with the laws and regulations of not only Japan but also the countries where they operate. In addition, management must set an example, and all employees must carry out their business with high ethical standards to earn the trust of all stakeholders.

### **(5-1) Anti-corruption**

**Companies must not engage in any kind of bribery, corruption, extortion, or embezzlement.**

[Code Interpretation]

Companies must establish and continuously adhere the policy that strictly prohibits bribery, excessive gifts and entertainment, corruption, extortion, and embezzlement.

For continuous compliance, it is necessary not only to formulate a policy, but also to provide appropriate education and training to employees to ensure the policy is consistently enforced.

### **(5-2) Prohibition of improper provision and receipt of benefits**

**Companies must not offer or accept promises, offers, or authorizations as a means to obtain bribes or other improper or inappropriate benefits.**

[Code Interpretation]

It is prohibited from giving or receiving anything of value (such as money, goods, or services) directly or indirectly, or to make promises or offers to do so, in order to obtain business or gain improper benefits. To comply with anti-corruption laws and regulations, it is necessary to clarify policies and procedures and implement monitoring.

### **(5-3) Fair Information Disclosure**

**Companies must disclose information regarding labor, safety and health, environmental activities, business activities, organizational structure, financial status, and performance in accordance with applicable laws and industry practices.. No falsification of records or false disclosure of information is tolerated.**

[Code Interpretation]

Companies must proactively provide and disclose information to stakeholders. Providing information and disclosure to stakeholders includes business activity content, financial status, business

performance, ESG (Environment, Society, Governance) information, risk and incident information (such as damage caused by large-scale disasters, occurrence of adverse effects on the environment and society, discovery of significant legal violations), and supply chain information. Additionally, significant risk information should be disclosed as it occurs and communicated to customers as an example of proactive information provision. It is important to note that falsification of records and disclosure of false information regarding such matters are not tolerated.

#### **(5-4) Respect for intellectual property**

**Companies must respect intellectual property rights and ensure that the transfer of technology and know-how is conducted in a manner that protects intellectual property. Also, the intellectual property of third parties such as customers and suppliers must be protected.**

[Code Interpretation]

Intellectual property protection extends to not only own company but also to third parties such as customers and suppliers.

#### **(5-5) Fair business execution**

**Companies must conduct fair business, competition, and advertising.**

[Code Interpretation]

Companies must comply with laws and regulations related to fair transactions, including the Unfair Competition Prevention Act and the Subcontract Act, and must not engage in illegal acts such as cartel agreements, unfair trade practices, or false advertising. Additionally, companies must eliminate forces that threaten the order and safety of civil society and comply with all laws, ordinances, and other social norms. Furthermore, companies must not use expressions that are not true or mislead consumers or customers in catalogs and advertisements related to products/services and must ensure that they do not include content that defames or infringes on the rights of other companies or individuals.

#### **(5-6) Protection of whistleblower**

**The company must protect the confidentiality of the information related to the reports and the anonymity of the whistleblowers and eliminate any retaliation against whistleblowers.**

[Code Interpretation]

In the structure of the complaint handling mechanism available to stakeholders, including employees of the company and its suppliers, the confidentiality of the information reported and the anonymity of the whistleblowers must be ensured. Additionally, whistleblowers must be protected from any retaliatory actions or adverse treatment by the company or individuals as a result of their reporting.

## **(5-7) Responsible mineral procurement**

**Companies must conduct due diligence to ensure that minerals such as tantalum, tin, tungsten, and gold in the products being manufactured do not cause or contribute to serious human rights violations, environmental destruction, corruption, or conflicts in conflict-affected and high-risk areas.**

[Code Interpretation]

Due diligence for responsible mineral procurement involves formulating a policies, communicating the company's expectations to suppliers (include it in the contract if possible) and identifying and assessing risks in the supply chain, and developing and implementing strategies to address the identified risks. Regarding due diligence for responsible mineral procurement, the internationally recognized "Due Diligence Guidance for Responsible Supply Chain of Minerals from OECD Conflict and High-Risk Areas" provides the following five steps:

Step1: Establish strong management system.

Step2: Identify and assess risks in the supply chain.

Step3: Design and implement a strategy to respond to identified risks.

Step4: Carry out independent third-party audits of smelters' and refiners' due diligence practices.

Step5: Report annually on supply chain due diligence.

Related laws and regulations include US Dodd Frank Wall Street Reform and Consumer Protection Act Article 1502, and the European Commission Conflict Minerals Regulations.

## **6. Product Quality and Safety**

**Companies must ensure the safety and quality of the products and services they provide and offer accurate information.**

[Code Interpretation]

The safety, quality, and accurate information of products and services can have a tremendous impact not only on customers but also on various stakeholders throughout the supply chain. Recognized management systems such as ISO9001 are referenced in the development of this code, which may provide useful additional information.

### **(6-1) Ensuring product safety**

**Companies must ensure that their products meet the safety standards stipulated by the laws and regulations of each country and they must design, manufacture, and sell products that ensure sufficient product safety, fulfilling their responsibilities as suppliers.**

#### [Code Interpretation]

When designing a product, it is necessary to ensure sufficient product safety and to consider the responsibility of the manufacturer when selling them. In addition, regarding product safety, it is necessary to consider not only legal compliance, but also safety that should normally be taken into consideration.

Laws and regulations related to product safety include the Electrical Appliance and Material Safety Act, Consumer Product Safety Act, and Household Goods Quality Labeling Act in the case of Japan. Safety standards are defined by detailed regulations and JIS, etc. In addition, there are UL, BSI, CSA, etc. as overseas safety standards. To ensure product safety, it is useful to manage traceability (history of materials, parts, processes, etc.) and take prompt action to solve problems.

### **(6-2) Quality control**

**Companies must comply not only with all applicable laws and regulations regarding the quality of products and services, but also comply with their own quality standards and customer requirements.**

#### [Code Interpretation]

Companies must comply with all applicable laws and regulations regarding the quality of products and services. In addition, they must establish appropriate mechanisms and management systems to comply with their own quality standards and customer requirements.

### **(6-3) Providing accurate product and service information**

**Companies must provide accurate and non-misleading information about their products and services.**

#### [Code Interpretation]

Companies must provide accurate, non-misunderstanding information about their products and services to customers and consumers. They must not provide false or manipulated information.

## **7. Information Security**

**Companies must prevent the leakage of confidential and personal information and strengthen information security.**

#### [Code Interpretation]

With the advancement of the highly information-oriented society in recent years, information management is becoming increasingly important. Inadequate information management such as leakage of confidential information and personal information can have a significant impact not only on the company and its customers but also on various stakeholders including the supply chain.

Widely recognized management systems, such as ISO27001, are referenced in the development of this code and may provide useful additional information.

### **(7-1) Defense against cyber-attacks**

**Companies must implement defensive measures against threats such as cyber-attacks to manage and prevent damage to themselves and others.**

[Code Interpretation]

Companies need to prevent troubles such as information leakage, falsification and information system outages caused by cyber-attacks. The attackers may expand their targets using the obtained customer and partner information, meaning the damage will not be limited to the attacked company itself.

The devices that have become the target of cyber-attacks are not only traditional PCs and servers, but also industrial systems and devices known as the IoT (Internet of Things). Therefore, it is essential to implement measures for these types of devices as well. For these devices, systems, and internal networks, it is necessary to apply multi-factor authentication using passwords, thoroughly implement antivirus and security software (such as EDR), keep applications and operating systems up to date to address vulnerabilities, and operate critical information within closed networks. It is also important to formulate a plan for quick recovery in the event of a cyber-attack. Example for countermeasures include, backing up important data and duplicating servers and data centers.

### **(7-2) Protection of personal information**

**Companies must comply with relevant laws and regulations and properly manage and protect all personal information such as suppliers, customers, consumers, and employees.**

[Code Interpretation]

Personal information of suppliers, customers, consumers, employees, etc. must be handled with caution in compliance with relevant laws and regulations of each country. The collection, storage, modification, transfer, sharing, and other processing of personal information should be conducted within the scope necessary to achieve the specified purposes of use.

### **(7-3) Prevention for leakage of confidential information**

**Companies must appropriately manage and protect confidential information received not only from their own operation but also from customers and third parties.**

[Code Interpretation]

Companies must establish appropriate mechanisms and management systems to manage confidential information received from both their own operation and third parties. This includes setting information management levels and education/training for employees.

## 8. Business Continuity Planning

**Companies need to be prepared to resume production activities as soon as possible to fulfill their supply responsibilities in the event that they or their business partners are damaged by a large-scale natural disaster.**

[Code Interpretation]

The occurrence of large-scale natural disasters such as earthquakes and typhoons as well as terrorism, riots, infectious diseases, and accidents, can significantly impact business continuity. Companies must make appropriate preparations to resume production activities as soon as possible and minimize the impact on the supply chain in such situations.

Widely recognized management systems, such as ISO22301 have been referenced in the formulation of this code, and additional useful information may be obtained from them.

### **(8-1) Formulation and preparation of business continuity plan**

**Companies are required to identify and evaluate risks that impede business continuity, carefully examine the impact on the business, then formulate a business continuity plan (BCP) that contain necessary proactive measures in the medium to long term and the status of their initiatives.**

[Code Interpretation]

Risks that impede business continuity include large-scale natural disasters (e.g., earthquakes, tsunamis (tidal wave), floods, heavy rains, heavy snowfalls, tornadoes) and associated power outages, water outages, traffic obstacles, accidents (e.g., fires, explosions), widespread infectious diseases, terrorism, and riots etc.

Necessary proactive countermeasures require a local recovery strategy of how to protect, mitigate, and restore production sites against anticipated damage. It is also important to secure alternative means, assuming that recovery from damage may take a long time

It is also necessary to develop a manual and provide continuous education/training to employees so that they can respond to actual disasters by quick restore operations according to the BCP.

## IV. Management system to promote responsible procurement activities

### A. Establishing a management system

**Companies need to establish a management system to ensure compliance with the Code of Conduct for Responsible Procurement Activities.**

[Code Interpretation]

The following are the key points to consider when establishing a management system to achieve each item of the Code of Conduct for Responsible Procurement Activities.

- Are the relevant laws/regulations and customer requirements related to business/products being complied with?
- Is the content consistent with what is described in this code?
- Are risks related to the content described in this code being identified and mitigated?
- Is continuous improvement expected as a result of these measures?

### B. Supplier management

**Companies need to communicate the requirements of their code of conduct for responsible procurement activities to their suppliers and establish the process to monitor suppliers' compliance with the code.**

[Code Interpretation]

Companies are required to take responsibility not only for their own sustainability efforts but also for those of their supply chains in line with their own standards. Therefore, it is necessary to communicate the requirements of the code of conduct for responsible procurement activities to suppliers, monitor compliance, and encourage improvements.

For managing the supply chain, Chapter 2 of the "ILO/Tokyo2020 International Labor Standards and Sustainable Procurement Handbook" will be helpful. This handbook specifically addresses labor and human rights aspects, providing detailed methods for implementing sustainable supply chain management in line with international labor standards, including key points and recommended practices for each process.

- Supply chain management system (such as the preparedness of the person in charge)
- Implementation process of human rights, labor due diligence for new suppliers, etc.  
Preliminary investigation → On-site verification process → Agreement on action plan  
→ Contract conclusion and monitoring
- Evaluation of human rights and labor risks  
Examples of risk indicators / factors and questions to suppliers
- Dialogue and communication with suppliers  
Contents of discussion and method in the dialogue process, interviewees, and techniques
- On-site verification of occupational safety and health

- Approach to third parties regarding labor issues  
Points of dialogue with labor unions, employers' organizations, NGOs, etc., sources of information, etc.

### **C. Appropriate import and export control**

**Companies need to establish a clear control system and carry out appropriate import /export procedures for technologies and goods regulated by laws and regulations.**

[Code Interpretation ]

Regarding imports and exports, there are various laws and regulations in each country, and it is necessary to understand and comply with them. Technologies and goods regulated by laws and regulations refer to parts, products, technologies, equipment, and software etc., that are subject to import / export regulations based on international agreements (Wassenaar Arrangement, etc.). In addition, for imports and exports, it may be necessary to complete procedures with supervisory authorities to obtain a permit .

### **D. Establishing a Grievance Mechanism**

Companies need to establish a grievance mechanism that is accessible to stakeholders, including employees and suppliers, to prevent misconduct within their own operations and supply chain.

[Code Interpretation ]

In addition to due diligence to comply with the Code of Conduct for Responsible Procurement Activities, it is important to establish a grievance mechanism that accepts reports from stakeholders, including employees and suppliers, and addresses and remedies issues for victims. This mechanism should be a continuous process to address issues. If it is difficult to establish such a mechanism internally, participating in a collective grievance mechanism is also an option.

### **E. Disclosure of the status of initiative**

**Companies need to disclose their effort regarding this code of conduct and information in accordance with relevant laws and regulations.**

[Code Interpretation]

Companies need to disclose not only the information required by laws and regulations, but also their effort regarding this code of conduct to stakeholders, including customers. Mediums for disclosure include integrated reports and sustainability reports through company's website or printed materials. Reference guidelines include the GRI Standard and the Ministry of the Environment's Environmental Reporting Guidelines.