

SEKISUI CHEMICAL Group  
Guidelines for Sustainable Procurement (Code of Conduct for Suppliers)

In the wake of a growing globalized market economy in recent years, environmental issues such as the depletion of limited natural resources, water shortages and global warming have come to the fore, and the sense of crisis concerning the earth's sustainability is increasing. Furthermore, industrial accidents and human rights issues have been occurring in the supply chains of global companies, and these social issues are becoming serious. Amid these conditions, we are being asked to contribute to the realization of a sustainable society not only by complying with laws and regulations of various countries but also by respecting internationally recognized standards and principles as well as the spirit of these in all of our corporate activities.

In 2020, the SEKISUI CHEMICAL Group formulated "Vision 2030," our long-term vision, and adopted "Innovation for the Earth," our commitment to support life infrastructure and create "peace of mind that continues into the future" toward the realization of a sustainable society. To achieve sustainable growth and innovation in our businesses, we recognize that we must engage seriously in CSR activities that are grounded in ESG management and continue to be accountable, transparent, and respectful of the interests of our stakeholders as we change and evolve.

As part of our activities to promote more socially and environmentally friendly procurement activities, the SEKISUI CHEMICAL Group established the "Guidelines for Sustainable Procurement (Code of Conduct for Suppliers)" (hereinafter "Code of Conduct"), which prescribe for our Company and all suppliers engaged in the production of our products (hereinafter "Suppliers") standards for compliance. We request Suppliers to understand and comply with the objectives and content of the Code of Conduct, and to cooperate with us in efforts to realize a sustainable society. This Code of Conduct\*1 applies to the entire SEKISUI CHEMICAL Group.

#### I Operation

- 1. We hereby ask you, as a supplier of the SEKISUI CHEMICAL Group, to support and comply with the Code of Conduct by following the procedures stated below.
- 2. Please establish internal regulations and management systems that will enable compliance with the Code of Conduct and realization of ongoing improvement. Furthermore, please share internal regulations with all management and employees.
- 3. Please confirm the status of compliance with the Code of Conduct at your subcontractors (subcontractors, raw material suppliers, etc.). If the SEKISUI CHEMICAL Group deems it necessary, please cooperate in a manner that will enable confirmation of the status of compliance of your subcontractors. In addition, please ensure that subcontractors of your subcontractors understand and practice the Code of Conduct.
- 4. While complying with the standards set by the Code of Conduct is mandatory, if you recognize any contradiction between the Code of Conduct and internationally recognized standards and principles or laws and regulations of any applicable country, please adopt an approach that upholds those standards which demand the more stringent requirements.
- 5. The SEKISUI CHEMICAL Group uses the status of compliance with the Code of Conduct as one of its criteria for continuing business with a supplier.

#### II Confirming status of compliance\*2

- 1. Please complete the questionnaire to enable the SEKISUI CHEMICAL Group to confirm your status of compliance with the Code of Conduct. Furthermore, please note that if any deviation from the Code of Conduct is suspected you will be asked to undergo an audit\*3 by the SEKISUI CHEMICAL Group or a third party. At that time, if necessary, we will ask you to allow us to access all facilities including production, residence, dining room and disposal facilities, to view relevant documents and records, and to have contact with full-time and non full-time workers working at the facilities. The above series of confirmation procedures also applies to on-site audits of subcontractors\*4.

#### III Reporting and implementing ongoing improvement

- 1. Please immediately report to the SEKISUI CHEMICAL Group any unintentional events you become aware of in the standards set by the Code of Conduct.
- 2. Please create and implement an improvement plan to resolve any unintentional events identified through the questionnaire or an on-site audit within a reasonable time, and report on the progress and results to the SEKISUI CHEMICAL Group. Questionnaires and on-site audits are intended for improvement, so please report on the current status honestly and accurately.
- 3. A supplier's contract with the SEKISUI CHEMICAL Group may be canceled if the supplier fails to report any serious deviation, or intentionally makes no effort to implement an improvement plan.

The text of the Code of Conduct is as follows.

[CSR Procurement: Self-assessment Questionnaire GC version (with additions and changes)]

### 1. Corporate Governance for Realizing a Sustainable Society

#### (1) Construction of a system for achieving a sustainable society (applicable to GCSAQ I-1)

To realize a sustainable society, build a risk management system for the environment, society and governance, and establish a system for conducting PDCA cycles.

#### (2) Construction of a system for complying with laws, regulations and social norms (applicable to GCSAQ I-2, 4)

Establish and maintain a system for recognizing, supervising, raising awareness of, and preventing risks related to violations of laws, regulations and social norms. Furthermore, establish an internal reporting system that allows direct reporting and consultation with a dedicated department or external contact point regarding violations of laws, regulations and social norms.

#### (3) Establishment of a business continuity system (applicable to GCSAQ I-3)

Evaluate and examine unforeseen circumstances including not only occupational accidents and equipment accidents but also natural disasters, and secure a system that enables business continuity.

#### (4) Clear disclosure of information (applicable to GCSAQ I-5)

Disclose corporate information concerning management details and business activities through appropriate methods.

### 2. Respect for Human Rights

#### (5) Basic stance on human rights (applicable to GCSAQ II-1, 3, [III-1]))

Support and respect human rights and norms declared in the International Bill of Human Rights, ILO Core Labor Standards and other covenants, fulfill corporate responsibility to respect human rights set forth in the United Nations Guiding Principles on Business and Human Rights, and give due consideration to ensure that your activities are not complicit in or do not contribute to human rights violations of consumers, business partners or people in the local community.

#### (6) Dealing with the impact on human rights by conducting due diligence (related to 2-5, Sekisui-specific item\*5)

After establishing a system of human rights due diligence, identify and assess impacts on human rights and correct them appropriately.

#### (7) Prohibition of discrimination and provision of equal opportunities (applicable to GCSAQ II-2, III-2)

Do not discriminate in matters such as compensation, promotion or employment for reasons other than rational factors such as the ability and aptitude of the person (including discrimination on the basis of race, nationality, gender, gender identity or gender orientation, age, ancestry, religion, ethnicity or migration, as well as discrimination against children, the elderly, persons with disabilities, indigenous people, the poor, or people infected with HIV/AIDS, etc.). Provide equal opportunities for promotion and training after hiring.

#### (8) Grievance mechanism and remedy concerning human rights and labor practices (Sekisui-specific item)

Establish a grievance system that allows employees whose human rights and labor rights within the company and in the supply chain have been infringed to directly report to and consult with a dedicated department or external contact. Ensure that confidentiality is strictly maintained at the time of reporting and consultation, and that there is no disadvantageous treatment of the reporting/consulting employee. In addition, make efforts at remedy through dialogue and appropriate procedures based on international standards.

#### (9) Respect for the rights of people and the local community (applicable to GCSAQ II-4)

In addition to respecting the unique culture and history of people of the local community (including indigenous people) who are affected, protect land rights and engage in responsible business management.

### 3. Labor Practices

#### (10) Human resource development and training in the workplace (applicable to GCSAQ III-3)

Provide opportunities and support in employee education and training as well as career management.

#### (11) Prohibition of inhumane treatment (applicable to GCSAQ III-4)

Respect the human rights of employees and prohibit inhumane treatment such as abuse, corporal punishment and harassment.

#### (12) Working conditions and social protection including migrant workers (related to 3-11 and 3-13, Sekisui-specific item)

Treat migrant workers (foreign workers) fairly and provide transparent employment conditions as well as favorable working conditions and living conditions.

#### (13) Establish working conditions and provide a working environment from the viewpoint of decent work (applicable to GCSAQ III-5, 6)

In addition to complying with the statutory minimum wage and statutory or pre-agreed working hours and vacation conditions of the country or region in which you operate, establish working conditions and a working environment from the perspective of decent work.

#### (14) Prohibition of forced labor (applicable to GCSAQIII-7)

Do not make employees work against their will or engage in work that restricts their freedom to leave their jobs. In addition, do not resort to forced labor using unreasonable means of restraint.

(15) Prohibition of child labor (applicable to GCSAQIII-8)

Do not hire children under the minimum working age prescribed by laws and regulations of each country or region. Furthermore, do not have children engage in work that may impair their health, safety, morals and educational opportunities.

(16) Respect for history, culture, customs and lifestyles of each country and region (applicable to GCSAQIII-9)

Understand and respect the history, culture, customs and lifestyles of the countries and regions in which you operate.

(17) Respect for freedom of association and collective bargaining rights (applicable to GCSAQIII-10)

Understand and respect the exercise of collective bargaining rights and the formation of labor unions by employees as a means of improving the working environment and treatment.

(18) Workplace health and safety (applicable to GCSAQIII-11)

Perform risk assessments (including risk assessment of chemical substances harmful to the human body) to ensure the work environment, machinery and equipment, and work methods are safe and hygienic. If the risk assessment indicates the presence of dangerous or harmful factors, promptly remove or mitigate them. In addition, provide adequate education and communication for employees and strive to ensure health and safety in the workplace with both labor and management.

(19) Essential safety of equipment (related to 3-18 and 3-20, Sekisui-specific item)

Put the safety of employees who handle machinery and equipment first by implementing adequate safety measures to prevent occupational accidents and equipment accidents even if workers engage in unexpected unsafe actions.

(20) Ensuring a work environment that takes into consideration employee health management (applicable to GCSAQIII-11)

Continuously evaluate, improve and provide an environment that takes into consideration the physical and mental health of employees so that they can engage in work with confidence.

#### 4. Consideration of the Environment

(21) Solving environmental issues (related to 4-22, Sekisui-specific item)

In all corporate activities, in addition to considering environmental issues in the world and each area, such as climate change, resource depletion, water risk and ecosystem degradation, engage in initiatives for solutions. Also make efforts to have business partners understand and cooperate, and to contribute to the improvement of the global environment throughout the supply chain.

(22) Compliance with environment-related laws and regulations (applicable to GCSAQ IV-1)

In each country and region, comply with laws and regulations that have been established to solve various environmental issues. In addition, establish and operate an environmental management system to maintain legal compliance and resolve environmental issues systematically.

(23) Management of chemical substances (applicable to GCSAQ IV-2)

Identify and manage substances that have an adverse effect on the human body and environment, handle them safely and appropriately, and strive to minimize their release into the air and wastewater (including the establishment of a chemical substance management system).

(24) Prevention of foul odors and noise (applicable to GCSAQ IV-3)

Endeavor to take measures to address local pollution such as foul odors and noise by taking measures to manage and control offensive odors and reduce noise levels.

(25) Contribution to solving climate change issues (applicable to GCSAQ IV-5)

Contribute to the realization of a decarbonized society by setting targets for reducing greenhouse gas emissions, converting energy used to renewable energy, and engaging in activities to achieve your targets. Also strive to reduce greenhouse gas emissions during the product life cycle. Engage in initiatives not only in climate change mitigation but also in adaptation.

(26) Contribution to resource recycling (solving resource depletion issues) (applicable to GCSAQ IV-3, 4, 6)

Strive to minimize the energy and resources you use. Contribute to the realization of a recycling-oriented society by reducing the amount of waste discharged, reusing discharged waste and utilizing recycled materials. In addition, undertake waste management through activities such as identifying the impact on the environment, measuring and recording pollution, and implementing pollution prevention measures when storing and disposing waste.

(27) Efforts to mitigate water risk (related to 4-26, Sekisui-specific item)

Recognize water risks in each area, implement measures based on the risks, and strive to mitigate these.

(28) Conservation of biodiversity (related to GCSAQ IV-7, Sekisui-specific item)

Make efforts to conserve biodiversity through land use and corporate activities in consideration of ecosystem degradation, and protection of High Conservation Value (HCV) areas and High Carbon Stock (HCS) areas. Then for remaining impacts on the ecosystem, strive to mitigate impacts on the ecosystem in accordance with the mitigation hierarchy (avoid, minimize, remediate, reduce, offset). In addition, endeavor to take measures to prevent degradation of natural capital that contributes to solving various environmental issues, and provide products and services capable of providing returns on natural capital.

(29) Use of sustainable wood (Sekisui-specific item)

Make efforts to procure timber and wood products that contribute to the eradication of deforestation and the sustainable use of wood resources.

## 5. Fair Corporate Activities

### (30) Conduct based on legal compliance and high ethical standards (applicable to GCSAQ V-1)

As a member of society, conduct corporate activities fairly and honestly by complying with laws and regulations and maintaining high ethical standards.

### (31) Prevention of corruption (applicable to GCSAQ V-2, 3)

Do not engage in any and all corrupt acts including making illegal political contributions or bribery. Cooperate with government, relevant agencies and local governments, and respond to the requests thereof in good faith and fairness when required. In addition, prevent the inappropriate exchange of profits with customers, etc., and maintain sound relationships.

### (32) Promotion of open transactions (related to 5-33 and 5-34, Sekisui-specific item)

Respect fair and free competition and strive to conduct open transactions.

### (33) Fair corporate activities (applicable to GCSAQ V-4)

Do not engage in any activity that interferes with the principles of competition, such as collusion or cartels, or behavior that arouses suspicion.

### (34) Prohibition of use of dominant bargaining position with business partners (applicable to GCSAQ V-4)

Do not force unfair transactions by using your status as the orderer. In addition, do not use such a position to engage in acts such as demanding special treatment including money or goods.

### (35) Blocking relationships with antisocial forces/organizations (applicable to GCSAQ V-5)

Cut off relationships with antisocial forces/organizations and adopt a resolute attitude in dealing with them.

### (36) Respect for intellectual property (applicable to GCSAQ V-6)

Recognize the importance and respect the rights of intellectual property by refraining from any conduct that infringes these.

### (37) Create a mechanism to detect and prevent misconduct (applicable to GCSAQ V-7)

Always provide education for employees to ensure that they do not violate laws and regulations or act unethically. In addition, establish a system whereby employees who discover misconduct can engage in consultation and have their status and position protected.

### (38) Prohibition of insider trading (applicable to GCSAQ V-8)

Do not use undisclosed information obtained in trading to engage or assist in insider trading.

### (39) Prohibition of conflicts of interest (applicable to GCSAQ V-9)

In situations where the interests of an individual and the company are in conflict, refrain from acts that would damage the interests of the Company or result in the enjoyment of personal benefits.

### (40) Prohibition of other misconduct (Sekisui-specific item)

Do not engage in or attempt to engage in other misconduct including but not limited to money laundering.

## 6. Ensuring Excellent Quality and Safety

### (41) Disclosure of procurement information and sincere response (applicable to GCSAQ VI-1)

For the safety and security of people involved in production activities, the global environment, and the local community, always keep track of the history and quality information of raw materials (including intermediate materials and purchased materials) to be procured, in regard to their acquisition, manufacturing and procurement, and make efforts to disclose information as necessary. In addition, respond promptly and sincerely to requests and demands.

### (42) Genuine, factual information (related to 6-45, Sekisui-specific item)

Acquire, store, and confirm data related to quality and safety in a prescribed manner, and create a mechanism to prevent misconduct such as data falsification and tampering.

### (43) Securing outstanding technology and quality (related to 6-44, Sekisui-specific item)

Ensure raw materials (including intermediate materials and purchased materials) to be procured comply with laws and standards of Japan and the countries where they are sourced. In addition, fulfill your responsibilities to maintain and improve quality through means such as conducting acceptance inspections and supplier audits in each department as necessary, and strive to sustainably provide safe, high-quality products and services with outstanding technology and quality.

### (44) Management of chemical substances contained in products (applicable to GCSAQ VI-2)

Appropriately manage chemical substances contained in products.

### (45) Appropriate response in the event of a product/service mishap or defective product distribution (applicable to GCSAQ VI-3)

Comply with quality and safety laws and regulations, such as product liability laws, and in the event of a product or service mishap or defective product distribution, disclose information, contact the competent authority, recall products, and ensure safety to supply destinations by establishing a system for countermeasures.

### (46) Frontier development (Sekisui-specific item)

To improve not only quality but also the lives of people around the world and the global environment, constantly search for new procurement sources and supply sources with excellent quality and cost balance, and strive to continue to develop new frontiers.

## 7. Information Security

### (47) Construction of an information security management system (applicable to GCSAQ VII-1, 2)

Take measures to prevent information leakage regardless of whether it is electronic or non-electronic information. In addition, take protective measures against threats on computer networks and manage them so that neither your own nor other companies suffer damages.

### (48) Management of confidential and personal information (applicable to GCSAQ VII-3, 4)

Pay close attention to the management and privacy protection of all confidential information and personal information, and do not use such information for any unauthorized use or purpose.

## 8. Supply Chain

### (49) Promotion of social responsibility in the supply chain (applicable to GCSAQ VIII-1)

Make efforts to establish a policy for practicing sustainable procurement not only at your company but also throughout the entire supply chain, and ensure the policy is known and understood within and outside the company.

### (50) Non-use of conflict minerals (related to GCSAQ VIII-2, Sekisui-specific item)

Avoid using conflict minerals (gold, tin, tantalum, tungsten, cobalt, mica, etc.) where there is human rights risk in mining and risk of funding by armed insurgents. In addition, request business partners to refrain from use of these.

## 9. Coexistence with the Local Community

### (51) Efforts to reduce negative impacts on the local community (applicable to GCSAQ IX-1)

Make efforts to eliminate damages to the local community and residents in areas such as health, safety and sanitation, etc., associated with all corporate activities.

### (52) Contribution to the local community (applicable to GCSAQ IX-2)

Strive for the sustainable development of the local community through both direct and indirect corporate activities.

The content of the Code of Conduct will be revised in response to changes in the times and demands of society.

The SEKISUI CHEMICAL Group will continue to cooperate with Suppliers and work together to realize a sustainable society.

\*1 : The Code of Conduct is composed of the "Ten Principles of the United Nations Global Compact in Four Fields" (reference link) and refers to the Guiding Principles on Business and Human Rights: United Nations Framework for Protection, Respect and Remedy Implementation (reference link). It is formulated based on the SEKISUI CHEMICAL Human Rights Policy (reference link).

Reference links:

● [The Ten Principles | UN Global Compact](#)

● [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

● [SEKISUI CHEMICAL Group's Basic Policies | Sustainability Report | SEKISUI CHEMICAL CO.,LTD](#)

\*2 : Confirmation of compliance does not impose any legal obligation. If a problem is identified, we will request your cooperation in correcting it.

\*3 : The audit is limited to social events (or ethical events) where there is a deviation from or suspicion of deviation from the Code of Conduct. It is not intended to be a review of confidential information.

\*4 : In cases where there are deviations or significant suspicions of deviations from the Code of Conduct at subcontractors (suppliers' subcontractors), suppliers are requested to cooperate in conducting audits at subcontractors.

\*5 : Each item refers to the Guiding Principles on Business and Human Rights: Implementing the United Nations Framework for Protection, Respect and Remedy (reference link ). Formulated in accordance with the SEKISUI CHEMICAL Group's Human Rights Policy (reference link)

Reference links:

- [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- [SEKISUI CHEMICAL Group's Basic Policies | Sustainability Report | SEKISUI CHEMICAL CO.,LTD](#)