

# Resonac Group Sustainable Procurement Guidelines

~Sustainable Social Contribution~

November 20, 2023 (2<sup>nd</sup> Editon)

Procurement & SCM Department, Resonac Corporation.

## To our business partners

We are now facing various social challenges, such as environmental problems including resource depletion and energy issues, as well as problems related to human rights, corporate ethics, and compliance. For its significance of existence (Purpose), which is to “change society through the power of chemistry,” the Resonac Group aims to contribute to the sustainable development of global society by creating functions required of the times as an advanced material partner. As important values supporting these initiatives, we also uphold four Values.

### [Resonac Group’s Purpose and Values]

#### <Purpose>

“Change society through the power of chemistry”

Contribute to the sustainable development of global society by creating functions required of the times as an advanced material partner

#### <Values>

- Passionate & Results-Driven
- Open Minds & Open Connections
- Agile & Flexible
- Solid Vision & Solid Integrity

In recent years, the “Guiding Principles on Business and Human Rights” (also known as the "Ruggie Principles"; adopted in June 2011), the “Sustainable Development Goals\*” (adopted in September 2015) and other initiatives have been adopted within the framework of the United Nations in order to deal with challenges that countries around the world are facing. In this situation, companies around the world are strongly expected to play active roles in complying with the initiatives and solving the challenges. This trend is predicted to continue to grow in the future.

To make it possible for the Resonac Group to contribute to a sustainable society, we must not only fulfill our roles by ourselves, but also gain understanding and cooperation from all relevant stakeholders.

These “Resonac Group Sustainable Procurement Guidelines” (hereinafter referred to as these “Guidelines”) stipulate standards for conduct and activities that our business partners and the Resonac Group should cooperatively observe in order to contribute to a sustainable society and realize mutual growth.

We will check, support, and follow efforts to be made in accordance with these Guidelines by our business partners and thereby communicate with our business partners.

We cordially request our business partners to read, endorse and implement this document, agreeing with the above purpose of these Guidelines.

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November 20, 2023  
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\* Sustainable Development Goals (SDGs)

In September 2015, the UN General Assembly adopted 17 goals, including ending poverty and hunger, ensuring equitable quality education, promoting sustainable economic growth and decent work, and protecting the global environment, which are set to be achieved by 2030 by all countries around the world. The SDGs put an emphasis on "leaving no one behind."

\* In these Guidelines, "procurement" and "purchase" are defined as follows and used separately in some sections.

Procurement: The general activities of obtaining materials, equipment and other items necessary for the business activities of the Resonac Group

Purchase: Among the procurement activities, the purchasing of such necessary materials, equipment and other items from outside suppliers

Guidelines, Codes of Conduct and Other Rules for References

- Responsible Business Alliance (RBA) Code of Conduct
- Keidanren Charter of Corporate Behavior
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- UN/UNICEF/Save the Children Children's Rights and Business Principles
- UN International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights (Ruggie Principles)
- UN Sustainable Development Goals (SDGs)
- Ten Principles of the UN Global Compact
- UN Framework Convention on Climate Change adopted at COP21 (Paris Agreement)

History of Establishment and Revisions

- Established on January 4, 2023
- Revised on November 20, 2023 (2<sup>nd</sup> Edition)

## **1. Resonac Group Basic Procurement Policy**

In order to contribute to the realization of a sustainable society through its procurement operations, the Resonac Group conducts procurement activities in consideration of not only the quality and safety of products, but also the environment, resources, human rights, and compliance, looking at the entire supply chain. For implementation and development of the above activities, we will promote various initiatives in cooperation with our business partners, based on the following basic principles.

### **[Promotion of corporate social responsibility (CSR)]**

In order to build and maintain appropriate relations with all stakeholders through its business, the Resonac Group formulates its management philosophy, policy and other rules, and takes initiatives to realize them throughout the entire Group. We also establish and promote systems to clarify the mechanism of decision-making in management and to check whether corporate activities are being conducted appropriately.

### **[Responsible Care (RC) activities]**

Throughout the life cycle of products, namely, from development through manufacturing, distribution, use, and final consumption to disposal and recycling, the Resonac Group conducts Responsible Care (RC) activities, announces the results of its RC activities, and has dialogues and communicates with society.

### **[Optimal transactions]**

The Resonac Group selects the most suitable suppliers after comprehensively examining such factors as product quality, price, delivery, reliability of the management, safety, services, technological capability, and efforts for the environment and social responsibility.

### **[Partnership]**

In selecting its suppliers, the Resonac Group adopts an open-door policy and provides a fair and equitable opportunity for participation, irrespective of nationality, past records of transactions, or affiliation to corporate groups. We also promote communication and value mutual understanding and trust with our suppliers in order to build close and fair cooperative relationships.

## **2. Resonac Group Action Guidelines in Purchase Transactions**

In procuring raw materials, products, services, and information necessary for the business promotion of the Group from outside suppliers, the Resonac Group established the following action guidelines, which should be observed by all of its officers and employees, in order to maintain and improve mutual understanding and trust, and build good partnerships with its business partners from a long-term perspective.

### 1. Basic purchasing policies

- (i) A purchasing section shall purchase and contract out items necessary for production fairly in accordance with the demands of requesting sections and based on economic rationality.
- (ii) A purchase transaction shall use simple procedures that are easy to understand and open widely to suppliers in and outside of Japan.
- (iii) A person in charge of purchasing shall act in compliance with all relevant laws and regulations, respecting their spirit. If he/she learns a fact that is against any law or regulation, a person in charge of purchasing shall report it immediately and take proper measures.

### 2. Principles of purchase transactions

- (i) For an offer from a company wishing to start transactions with us newly, we shall respond to it in a faithful manner and provide a fair and equitable opportunity for participation, and shall not treat any certain business partner advantageously or disadvantageously.
- (ii) A purchasing section shall clearly present our principles and conditions for transactions, procedures up to decision-making and other necessary transaction details to a company wishing to conduct transactions with us.
- (iii) For continuous and repeating transactions, we shall review the qualifications of the business partner on a regular basis, and when intending to make a change to the transactions, we shall be willing to examine development of new business partners.
- (iv) For a contract to purchase or contract out an item, we shall select a business partner after fully evaluating such factors as product quality, reliability, delivery, and price, as well as stability of the management and technological capability of the business operator, and through prescribed procedures.
- (v) We shall conduct a purchase transaction based on a written contract (written order, written agreement, etc.).
- (vi) We shall strictly manage, and keep confidential, information of business partners that we learned in the course of purchase transactions.
- (vii) If we clearly have no intention of purchasing anything, we shall not make a request for a quotation.
- (viii) When requesting several companies to participate in competitive bidding, we shall, upon request, disclose the result of the bidding without delay to a company failing to obtain a contract.
- (ix) We shall not provide or receive any private benefits to or from business partners.

### 3. Independence and responsibility of purchase operations

- (i) In principle, a purchasing section shall make a decision on a purchase transaction independently from other sections.

(ii) We shall establish an organization and systems in which the contact for a purchase transaction (including who is responsible for the purchase transaction) is clear from the standpoint of outside related persons.

### **3. Activities that we request our business partners to endorse and implement**

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- (2) Young workers
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- (1) Establishment of management systems
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- (10) Improvement based on requests from employees
- (11) Auditing and evaluation
- (12) Implementation of corrective actions
- (13) Recording and storing of documents
- (14) Verification of suppliers' responsibility

## I. Social responsibility

### (1) System for promotion of social responsibility

Social trust forms the basis of sustainable corporate activities that fulfill the social responsibility of a company. In order to build and maintain appropriate relations with all stakeholders through its business, each company must formulate its management philosophy and policy. In addition, in order to realize the management philosophy and policy, each company must establish systems to clarify the mechanism of management decision-making and to check whether corporate activities are being conducted appropriately.

## II. Human rights and labor

### (1) Free choice of employment

Each company must employ a person on the person's free will, and must not force an employee to work. Each company must not force an employee to work against the employee's will through, for example, intimidation, compulsion, abduction, bondage (including debt bondage), indentured servitude, prison labor, slave labor, and human trafficking. As part of its employment process, each company must provide, to each employee, an employment contract including the terms of employment that is written in the language of the employee's home country. Moreover, each company must not impose any unreasonable restrictions on the use by employees of facilities it provides or the free move of employees within the facilities.

### (2) Young workers

Each company must not employ a child under the minimum age of employment or make a child engage in a job which may hinder the growth of a child. Child means a person who has not reached the age of 15, the age of completion of compulsory schooling specified by the relevant country, or the minimum age of employment specified by the relevant country, whichever is the highest among these, as defined in the ILO Convention. Moreover, each company must not make an employee who is under the age of 18 (young worker) engage in night work, overtime work or any other job which has a risk of hindering the employee's health or safety. In order to ensure the protection of rights of student workers, each company must manage work by student workers appropriately in accordance with the relevant laws and regulations.

### (3) Humane treatment

Each company must not commit violation of human rights against its employees, including violence, gender-based violence, sexual harassment, power harassment, sexual abuse, physical punishment, mental/physical oppression, bullying, insult/setting as an example/exposure to ridicule in public, and verbal abuse/slander. Moreover, each company must clearly define its policy and procedures for disciplinary action against such violation, and must inform employees thereof.

### (4) Elimination of discrimination and harassment

Each company must make efforts to create a workplace that is free of harassment and illegal discrimination. Each company must not discriminate people in recruitment, employment, wages, promotion, education and training and other treatment on the basis of nationality, race, ethnic group, origin, sex, sexual orientation, sexual identity, age, pregnancy, marital status, protected genetic

information, disability, infectious disease including HIV and viral hepatitis, religion, political belief, etc. In addition, each company must not make employees or potential employees receive a medical/physical examination that can be used discriminatorily.

(5) Promotion of diversity and inclusion

Each company must maintain a working environment in which employees can bring their abilities into full display and provide equal opportunities in a fair and equitable manner, respecting diversity in human resources and self-realization.

(6) Working hours

Each company must keep employees' working hours (including hours of overtime work) from exceeding legal limitations of its home country, and must make efforts to reduce excessive working hours.

(7) Wages and welfare programs

For compensation to be paid to employees, each company must comply with all applicable laws and regulations concerning wages, including laws and regulations concerning minimum wage, overtime work, and legally required welfare programs. Minimum wage is the minimum amount of wage to be paid to a worker stipulated by home country's laws and regulations concerning wages. Moreover, deduction from wages on the basis of disciplinary action or any other illegal reduction of wages is not allowed. Each company must endeavor to set wages in a way that enables employees to feel their growth and improves their job satisfaction. Furthermore, each company must provide employees with salary statements that are easy to understand, on a timely basis, so that employees can check they receive the accurate amount of compensation for the work they performed in each payment period.

(8) Freedom of association

The relationship between a company and its employees should be based on frank and constructive dialogues, and organization and activities of a labor union are an effective means to develop such relationship. Each company must comply with its home country's laws and regulations concerning employees' rights to organize and bargain collectively, and must respect not only these rights but also employees' rights to refrain from exercising these rights. Each company must endeavor to enable its employees or the representative of its employees to communicate with the company about conditions of employment and management practices, and share opinions with the company, without being afraid of discrimination, retaliation, intimidation, harassment and other unfavorable treatment.

(9) Procurement of responsible minerals

Each company must procure responsible materials and components by improving transparency in the supply chain for the procurement of conflict-free minerals.

### III. Safety and hygiene

(1) Ensuring occupational safety and hygiene

In order to ensure safety and hygiene of employees, each company must design facilities, manage operation and work, and manage the work environment in compliance with laws and regulations concerning industrial safety and hygiene. Moreover, each company must have and continuously

improve a mechanism for self-auditing to check whether the above rule is observed.

(2) Introduction of a safety and hygiene management system

In order to provide a safe and hygienic workplace environment, it is effective for each company to establish a safety and hygiene management system including organizational structure, planned activities, sharing of responsibility, procedures, processes, and management resources, etc. A typical example of safety and hygiene management system is ISO 45001.

(3) Continuous improvement through risk management

In order to ensure the work safety of employees, each company is required to continuously conduct risk assessment to identify hazardous factors, assess the level of hazard, formulate improvement plans, and implement the plans. Each company must establish and manage a mechanism to comprehend the results of such risk assessment and to improve or eliminate high-risk factors as a matter of high priority.

(4) Ensuring safety in work

In order to ensure safety in work, each company must have safety designs and safety systems in facilities, stipulate safety rules typified by lockout/tagout, prepare work procedure manuals, and educate its employees continuously so that risks in machines, facilities and equipment will be reduced. Moreover, each company is required to make efforts to reduce workload in consideration of age, sex, individual difference, etc.

For routine work, each company is required to prepare work procedure manuals and educate its employees thereon. Moreover, each company is required to prepare emergency manuals and conduct education and drills for emergency situations.

(5) Ensuring hygiene in work

In order to realize a hygienic workplace environment, each company is required to establish the necessary infrastructure (such as rest places, toilets, cafeteria, and bathing facility) and manage the work environment, as well as to minimize exposure to hazardous chemical substances through risk assessment of chemical substances to be used. Moreover, to this end, each company must endeavor to improve its facilities and provide its employees with protective equipment and education.

(6) Injury and disease in the course of employment

For an injury or disease suffered by an employee in the course of employment, each company must provide the necessary medical treatment and keep the necessary record. The employee will need the support of the company when returning to work. Moreover, each company must endeavor to prevent the recurrence of a similar incident by, for example, investigating and analyzing the cause and implementing corrective actions.

(7) Communication on safety and hygiene

Each company must provide information on safety and hygiene to its employees not only in a unilateral way, but also through a mechanism established to accept the opinions of its employees and through regular and non-regular communication with its employees. Safety activities, such as sharing information on industrial injuries including those at other plants, conducting risk prediction drills, and providing information on near-miss incidents occurring in the workplace, are effective means for fostering a safety culture. In order to respond to employees of different nationalities, each company is required to provide information in languages that can be understood by its current employees.

#### IV. Environmental protection

##### (1) Laws and regulations, and permissions and authorizations concerning environmental protection

Each company must comply with laws, regulations and other rules of its home country concerning the atmosphere, water quality, emissions of chemical substances and other matters related to environmental protection, and must endeavor to take further measures with voluntary standards, as necessary. Moreover, each company must acquire all necessary environment-related permissions and authorizations and keep their registrations up to date. Their contents and reports are required to satisfy minimum requirements.

##### (2) Environmental management system

An environmental management system is a comprehensive management mechanism to promote environmental protection activities and includes organizational structure, planned activities, sharing of responsibility, procedures, processes, and management resources. Each company must formulate its environmental policy, execute measures based on the policy, conduct the PDCA (plan-do-check-act) cycle for environmental protection, and continuously improve environmental protection measures. A typical example of an environmental management system is ISO 14001.

##### (3) Emissions into the atmosphere

In order to curb the impacts of emissions of volatile organic compounds, ozone-depleting substances and other hazardous substances on the atmosphere as much as possible, each company must make efforts to monitor the emissions, reducing the use of such substances, and controlling the amount of such emissions.

##### (4) Use of water

The importance of water resources is recognized as a social issue in the world. Each company is required to reduce the amount of water used, by promoting proper and efficient use of water resources. In addition, each company must endeavor to pay close attention to the maintenance of water circulation in which the quality and functions of water are maintained sufficiently enough to support healthy human life and environmental protection.

##### (5) Substances affecting the environment

Each company must identify chemical substances and other substances that may affect human health or the environment and handle such substances appropriately in order to mitigate environmental risks. In addition, if a problem related to any of such substances should occur, each company must respond to it properly and faithfully.

##### (6) Restriction on substances used

Each company must comply with all applicable laws and regulations and satisfy the demands of its customers, in terms of prohibition and restriction of substances used in processes of designing, material procurement, and manufacturing (including recycling and segregation for disposal) of its products.

##### (7) Management and reduction of industrial waste

Each company must manage and dispose of industrial waste properly in accordance with laws, regulations and other rules in its home country. Moreover, each company is required to promote the

3Rs (reduce, reuse, and recycle) of resources in all aspects of its business activities, and set targets for continuous reduction of the final landfill disposition volume through recycling and other means for reducing waste.

(8) Use of energy

Each company must have a mechanism to trace energy consumption by facility or within the group globally. Moreover, each company must pursue ways to mitigate energy consumption, that is, to increase energy efficiency by improving the efficiency of energy use.

(9) CO<sub>2</sub>/GHG emissions

Climate change is an urgent global issue. In order to realize carbon neutrality, each company must endeavor to reduce greenhouse gas (GHG) emissions throughout the life cycle of its products and services.

(10) Preservation of biodiversity

Each company must recognize the importance of biodiversity and ecological systems that form both the bases of the survival of humanity and the existence of business, and must endeavor to curb the impacts of its business activities on biodiversity.

## V. Fair business practices

(1) Maintaining integrity for business continuity

The highest level of integrity is required for business continuity. Each company must have clear policies concerning the elimination of corruption and other injustice and antisocial acts, including breach of trust, abuse of authority, transactions forced by unjust exercise of influence, bribery, embezzlement, concealment, obstruction of justice, and money laundering. In all business transactions, each company must ensure their transparency, comply with laws and regulations concerning the prevention of corruption, and execute relevant monitoring and procedures.

(2) Prohibition of offering or receiving inappropriate profits

Offering or receiving inappropriate profits means an act to offer a gift, commodity, or reward to business partners or receive them from business partners over the limit specified in laws and regulations or beyond the level considered appropriate in the light of social common sense. Each company must not only prohibit employees from offering inappropriate benefit to specific business partners or receiving them from specific business partners, but also instruct employees to avoid any suspicious conduct of this kind.

(3) Prohibition of providing entertainment to government officials, etc.

Each company must not offer, to government officials or other public officials, any entertainment, gift or any other profit or benefit pertaining to their duties. For example, in Japan, acts of national public employees and local public employees are strictly restricted by the “National Public Service Ethics Act” and local government ordinances, and acts of business entities are also strictly restricted by the Penal Code and other relevant laws and regulations, which each company must recognize. In addition, each company must be careful that no employee violates laws and regulations concerning relations between public officials and business entities stipulated in countries where the company conducts

business activities.

(4) Prohibition of acts having restrictive effects on competition

Each company must not make an agreement with other companies in the same business on product prices, volumes, sales areas or other matters related to competition. In bidding, each company must not make an agreement with other bidders on successful bidders or bid winning prices. Moreover, each company must not take action that may violate relevant laws and regulations, such as conducting a transaction with an opaque price without caring whether it is profitable or not, and putting restraints on resale prices set by its business partners.

(5) Prevention of abuse of superior bargaining position

Abuse of superior bargaining position means an act of a business entity that has a superior bargaining position to force its business partner to suffer an unfair disadvantage. Each company is required to conduct purchase transactions faithfully and in a fair and equitable manner, based on appropriate contracts or by other similar means, in order to prevent abuse of superior bargaining position. For example, in Japan, each company must not commit any act that may violate the “Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.”

(6) Accurate labeling on provision of products/services, etc.

Each company must indicate accurate information on labels, in pamphlets, catalogs, user’s manuals and other information documents related to its products or services and avoid expressions differing from the actual facts or being liable to cause misunderstanding by business partners or consumers. In addition, each company must be careful that any media published or operated by the company do not include harmful contents, such as malicious slanders on other companies or individuals, or expression violating other companies’ or individuals’ rights.

(7) Respect for intellectual property rights

Intellectual property rights, including patent rights, utility-model rights, design rights, trademark rights, and copyrights, have something to do with not only the people engaged in research and development but also with all people. Each company must respect the intellectual property rights of other parties. When a company develops, produces, sells, or offers products or services, the company must really understand the state of other parties’ intellectual property rights and must not violate those rights either intentionally or unintentionally.

(8) Information disclosure

Irrespective of whether or not it is obliged to disclose certain information by laws, regulations or other rules, each company must provide or disclose information on the contents of its business activities, its financial condition, its performance, risks that it faces and other important information, to its stakeholders proactively.

(9) Prohibition of insider trading

Insider trading means an act to buy or sell a company’s own stocks, stocks of business partners, or stocks of third parties on the basis of information not opened to the public except insiders (important fact) while the prices of those stocks are under the influence of such information. An insider is prohibited from conducting insider trading not only in the name of the insider but also in the name of his/her relatives or acquaintances. Each company must stipulate internal rules necessary for preventing insider trading, make the rules known to all employees, and educate them.

#### (10) Preparation of whistle-blowing system and protection of whistle-blowers

In order to ensure early detection and prevention of unlawful conduct and other misconduct, each company is required to prepare a whistle-blowing system which has contact point(s) inside or outside the company for receiving, investigating, and handling information concerning misconduct provided by whistleblowers. In order to make the whistle-blowing system effective, each company must have clear rules to preserve the confidentiality and anonymity of whistleblowers and protect them from unfair treatment. Each company must respond to misconduct quickly and report the results of such response to whistleblowers appropriately.

#### (11) Exclusion of antisocial forces

Each company must have nothing to do with any antisocial group or person who threatens the soundness, peace, and safety of society. In addition, each company must take a resolute attitude to unreasonable demands.

### VI. Safety and quality of products

#### (1) Ensuring product safety

Each company must design its products in a way that can ensure full product safety and sell such products responsibly as their manufacturer. For product safety, each company must not only comply with laws and regulations but also pay close attention to the level of safety that a good product should normally have. Moreover, each company must ensure product safety through a mechanism that includes management of traceability (in processes of procurement or manufacturing of components and materials, etc.) and quick response to and solving of problems.

In addition, each company must identify risks from various aspects related to products or services, such as how customers use products and how products are disposed of, and mitigate such risks. Each company must respond to inquiries from consumers and customers faithfully and endeavor to reflect the opinions into improvement and development of products or services.

#### (2) Quality assurance system

To ensure supply of products and services with good quality and safety that satisfies customers, each company must establish and maintain a quality assurance system. In addition, each company must continue improving the quality of its products and services and product safety by making effective use of such system.

#### (3) Quality management system

Each company must establish a quality management system that includes organizational structure, planned activities, sharing of responsibility, procedures, processes, and management resources to promote quality assurance activities, and must continue improving the quality of products and services by utilizing the PDCA (plan-do-check-act) cycle. A typical example of a quality management system is the ISO 9000 series.

### VII. Information security

(1) Prevention of leakage of confidential information of business partners and third parties

Each company must properly manage and protect confidential information received from a business partner or a third party. Confidential information means information disclosed in a written document (including data information recorded in other media in any form) that is generally considered confidential, or information orally disclosed to recipients with declaration of confidentiality. Each company must avoid illegally or illicitly obtaining, using, disclosing, or leaking confidential information, and must establish and apply a comprehensive system of confidential information management.

(2) Protection of privacy

Each company must make efforts to reasonably protect the personal information and privacy of its suppliers, customers, consumers, employees and all other persons relating to its business. Each company must collect, store, process, transfer, share or otherwise handle personal information in accordance with laws and regulations concerning privacy and information security.

(3) Security of computers and networks

Each company must take measures to defend its computer network against threats including cyber-attacks and keep itself and other companies from suffering any damage.

If a PC or server is infected with a computer virus or any other malicious program, there is a risk that customer information or confidential information stored on the PC or server could be leaked, or the PC or server might attack other computers, thereby causing significant loss to a company, including delay in daily work and loss of credibility. Moreover, if a network is attacked by a targeted threat or any other cyber-attack, a company may also suffer the same loss due to leakage or breakage of various information. Each company must pay close attention to the prevention of the above accidents.

## VIII. Communication with local communities

(1) Respect for local communities and mutual trust

Each company must endeavor to build mutual trust with stakeholders through respect for the culture, religion, and tradition in local communities and by conducting business activities based on an understanding of their characteristics. Moreover, in light of its management philosophy, each company must identify social issues that it should deal with as a matter of high priority and management resources that it can invest into the solution of such issues.

(2) Participation in communities

Each company is required to support the sound growth of local communities by actively participating in communities through, for example, holding of conferences with local governments and residents, participation in volunteer activities, donations, and communication of information.

## IX. Management systems

(1) Establishment of management systems

Each company must establish its management systems in accordance with these Guidelines.

(2) Formulation of initiative policies

Each company must formulate policies concerning initiatives for social responsibility and environmental protection, and must make the policies known to all employees after translating them into several languages as necessary so that all employees can understand them.

(3) Appointment and responsibility of an administrative officer

Each company must appoint an administrative officer responsible for establishing management systems and ensuring effective functioning of relevant mechanisms, and the administrative officer must review the systems and mechanisms regularly to check whether they are functioning effectively.

(4) Response to legal regulations and customer demands

Each company must establish processes to understand matters specified in these Guidelines, laws and regulations, and customer demands.

(5) Formulation of a business continuity plan (BCP)

In order to fulfill its responsibility to continue supplying products and services even when an unexpected disaster or accident occurs, each company must formulate a business continuity plan (BCP) specifying the organizational structure, procedures for restoration and other response measures at the time of risk occurrence.

Each company is required, in a BCP, to identify risks and important management resources (human resources, facilities, parts/materials, and information), and include such measures as setting of a goal period for restoration, establishment of an emergency contact tree, distribution of production bases or securing of substitute production bases, and securing of several supply sources for parts/materials, and to hold drills regularly.

(6) Identification and management of risks

Each company must identify risks in its operations associated with compliance, the environment, safety and hygiene, working practices, and work ethics. In order to comply with laws and regulations, each company must determine an order of relative priority for the risks, and must implement appropriate procedures including visiting of working sites bearing the risks. In risk assessment, each company must take into consideration not only the level of impact on its business or operation but also the level of impact on persons relating to its products and services (including its employees and employees of its suppliers, its customers, and community residents).

(7) Goal setting for improvement

Each company must set goals for improvement of initiatives for fulfilling its responsibilities for social responsibility and environmental protection and develop an implementation plan, in writing. The implementation plan must be able to verify the progress of individual activities toward the goals.

(8) Formulation of a training program

All employees, not only those in management positions, are required to understand the business policy and have methods to act based on the policy, and possess the ability to execute activities toward improvement goals and the ability to respond to requirements of laws and regulations related to operations. In order to enable its employees to acquire the above abilities, each company must formulate a training program and have its employees attend the training.

(9) Communication of information to internal and external stakeholders

Each company must communicate clear and accurate information on its business policy, as well as acts, expectations, and performance to be made based on the policy, to its employees, suppliers, and customers.

(10) Improvement based on requests from employees

Each company must establish processes that lead to continuous enhancement of its initiatives through verifying whether its employees understand the requirements of these Guidelines and also obtaining opinions on the requirements from its employees. A mechanism for obtaining feedback from employees may include establishing a hotline or any other contact means for receiving questions and reports of matters of concern from employees, conducting employee surveys, and discussions with the representative of employees or labor association. In addition, each company must not unfavorably treat employees using the above mechanism.

(11) Auditing and evaluation

Each company must regularly conduct self-auditing and evaluation on whether its efforts conform to the requirements of these Guidelines, the requirements of legal regulations, and contractual demands of customers related to social responsibility and environmental protection.

(12) Implementation of corrective actions

If any non-conformity is identified through evaluation, inspection, investigation, or auditing conducted by it or an external third-party body, each company must establish processes for implementing corrective actions appropriately.

(13) Recording and storing of documents

Each company must record whether measures for preserving confidential information conform to legal regulations, keep the records, and continuously verify the records.

(14) Verification of suppliers' responsibility

In order to realize a sustainable society jointly with its suppliers, each company must develop and apply ways to communicate the requirements of these Guidelines to its suppliers, and check whether its suppliers observe the requirements.

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

### [Introduction]

The Resonac Group aims to contribute to the sustainable development of a global society based on its significance of existence (purpose) of "changing society with the potential of chemistry."

The Resonac Group has human rights as the basis of its business activities in all countries and regions where it operates in order to realize a society in which the dignity of all people is ensured and everyone is equally respected without being left behind.

We have clarified these ideas and attitudes, and have formulated a human rights policy (hereinafter referred to as this policy) here as a promise to our stakeholders.

### [Scope of human rights policy]

This policy applies to all officers and employees (including contract employees) working in the Resonac Group. We also expect all business partners, including our suppliers, to understand and support the content of this policy, and will continue to work to ensure that this policy is respected by them.

### [Commitment to respect for human rights]

We are aware that the businesses of the Resonac Group and all business partners including suppliers, directly or indirectly affect human rights in each process of the value chain from product development to procurement, manufacturing, distribution, use, final consumption, and disposal.

The Resonac Group is committed to prohibiting all discrimination and harassment, providing a safe working environment and reducing excessive working hours, ensuring minimum wages, and respecting freedom of association and the right to collective bargaining. We also do not allow child labor, forced labor or human trafficking for the purpose of labor exploitation, especially in the field of supply chain management.

#### ● Support for international human rights principles

The Resonac Group supports internationally recognized human rights principles ("International Bill of Human Rights", the International Labour Organization's (ILO's) "Declaration on Fundamental Principles and Rights at work", "the Children's Rights and Business Principles", etc.) and make them our own standards.

In addition, as a UN Global Compact signatory company, we will respect human rights in all aspects of our business activities and strive to prevent and mitigate adverse impacts by operating our business in accordance with the "the Ten Principles of the UN Global Compact" and "the UN Guiding Principles on Business and Human Rights."

#### ● Remediation

In the unlikely event that the operations, products and services of the Resonac Group and its business partners including suppliers, have an adverse impact on the human rights of our customers, local communities and other stakeholders, we will endeavor to provide for remediation through appropriate procedures.

#### ● Compliance with applicable laws and regulations

In making business decisions, the Resonac Group will comply with all applicable laws and regulations in each country and region in which it operates. In the unlikely event that the laws and

regulations of the country or region differ or conflict with the internationally recognized human rights principles, or when faced with conflicting requirements, we will pursue ways to respect the internationally recognized human rights principles.

In the context of stakeholders and circumstances where the Resonac Group cannot control decision-making, we will strive to exert influence so that this policy will be respected, and will continue to work to avoid complicity in human rights violations.

[Governance]

In order to fulfill our responsibility to respect human rights, the Resonac Group will maintain an internal system to steadily implement human rights due diligence initiatives based on this policy. In addition, we will reflect this policy in relevant policies, procedures and operations so that it can be properly incorporated into our business activities.

[Human rights due diligence]

In accordance with the UN Guiding Principles on Business and Human Rights, the Resonac Group will establish a process to properly assess the impact of business decision-making and execution on human rights, identify, prevent and mitigate risks that cause or contribute to serious human rights violations, and strive to provide for remediation.

In addition, in order to verify whether the adverse impact on human rights is being dealt with, we will continuously track and evaluate the effectiveness of the response.

[Grievance mechanism]

The Resonac Group will establish grievance mechanisms both internally and externally with the aim of early detection of concerns, including adverse impacts on human rights, and the resolution of problems. The grievance mechanisms are available to all stakeholders such as employees, business partners including suppliers, and local communities. We will ensure the anonymity of the person making the report and the confidentiality of the content of the report. In addition, we will prohibit unfavorable treatment and retaliation against the whistleblowers, and will thoroughly protect them.

[Stakeholder engagement]

The Resonac Group recognizes that it is important to understand the adverse impacts on human rights from the perspective of those affected. Therefore, we will endeavor to utilize it in our efforts to respect human rights by continuously conducting dialogues and discussions with our stakeholders.

[Information disclosure]

The Resonac Group regularly discloses information on initiatives on respecting human rights and human rights due diligence taken based on this policy through its website and other means.

[Dissemination / education]

The Resonac Group will not only continue to provide appropriate education and training to all officers and employees (including contract employees) but also work on capability building necessary to put this policy into practice so that this policy will permeate the company.

In addition, we will strive to respect human rights throughout the value chain by thoroughly communicating the contents of this policy to our business partners, including suppliers.

[Human rights policy formulation process and review]

This policy is informed by the advice of external experts who have expertise and practical experience in human rights and has been formulated based on internationally recognized human rights principles, "the Ten Principles of the UN Global Compact", and "the UN Guiding Principles on Business and Human Rights" with the approval of the Board of Directors.

We will review this policy on a regular basis in light of changes in the social environment and dialogues and discussions with stakeholders, and strive to enhance efforts to respect human rights.

(Established January 4, 2023)

## **5. Resonac Group Responsible Mineral Procurement Policy**

In order to avoid procurement of tin, tantalum, tungsten, gold, and cobalt from conflict-affected and high-risk areas, which bear risks of child labor and other human rights violations, cruel working conditions, environmental destruction, and corruption, or are likely to become financial resources for groups engaged in misconduct, the Resonac Group promotes responsible mineral procurement throughout the entire supply chain.

Along with the above initiative, we also respect the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and conduct further investigation based on the guidance. With respect to suppliers, we will continue conducting investigations on countries of origin and supply chains of minerals by utilizing the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI), and also request procurement from RMAP Conformant Smelters who are listed as conformant with the Responsible Minerals Assurance Process (RMAP) by the RMI.

(Established on January 4, 2023)

## **6. Resonac Group Supply Chain BCP Policy**

### **[Introduction]**

At Resonac Group, we aim to build a resilient supply chain in order to achieve a stable supply of products and services even in the event of various unforeseen circumstances surrounding the supply chain, such as disasters or accidents.

In order to strengthen the supply chain, it is essential for our business partners to understand and cooperate with our activities, and we have established 「Resonac Group Supply Chain BCP Policy」, which asks our business partners to work together on these initiatives.

#### **① BCP establishment**

In order to fulfill the responsibility of supplying products and services even in the event of an unexpected situation such as a disaster or accident, a business continuity plan (BCP) must be developed that specifies the organizational structure and recovery response procedures in the event of a risk.

#### **② Establishment and reporting of emergency contact network**

We must establish and maintain an emergency communication network that includes our suppliers, and if there is a disruption to production or supply, we must notify you as soon as possible, minimize damage, and take prompt recovery and countermeasures.

#### **③ Multiple production bases or securing alternative production bases**

In the event that a production site is damaged by a disaster, we must consider creating multiple production sites, securing alternative production sites, and considering alternative countermeasures.

#### **④ Safety stock setting for products and parts**

Assuming that a production site is affected by a disaster, we must strive to minimize supply risks by establishing and implementing safety stock for each component, depending on its importance, for products and raw materials involved in production.

#### **⑤ Promoting BCP in the supply chain**

##### **■ Identification of risks**

It is necessary to make a list of raw materials, sub-materials, packaging materials, repair parts, etc. necessary for producing a product, and review it periodically to identify high-risk parts such as products purchased from a single company and produced at a single location.

##### **■ Risk measures**

For high-risk components such as items purchased by a single company and manufactured at a single location, countermeasures must be taken such as multiple purchasing, multiple locations, and risk-prevention stock.

##### **■ Promoting BCP in the supply chain**

In order to build a risk management system throughout the supply chain, we must also request BCP from our suppliers and promote risk countermeasures.

#### **⑥ Continuous review and improvement**

We must regularly train ourselves and review our BCP in order to continuously improve it. Additionally, if new risks arise, we must take measures to counter them.

(Established on November 20, 2023)

## **7. About Resonac Group's Corporate Ethics Hotline**

The Resonac Group established our Corporate Ethics Hotline in order to prevent or quickly correct violations of corporate ethics, laws, regulations or company rules.

If there is any case of violation, or suspicion of violation, of laws, regulations, or compliance by any persons or organizations of our group, our business partners and other external stakeholders can report the case to our Corporate Ethics Hotline.

Please refrain from reporting cases that have nothing to do with violation of compliance or those including malicious slanders for illicit purposes.

For details, please check the following web page:

[https://www.resonac.com/corporate/procurment/ethics\\_hotline.html](https://www.resonac.com/corporate/procurment/ethics_hotline.html)