

**Developing Cooperative Business Practices with
Suppliers and Business Partners
(Guidebook)**

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Mitsubishi Chemical Group Corporation

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1. Awareness and Responsibility

Create better relationships among people, society, and our planet through your business with a keen sense of corporate social responsibility, based on the fundamental understanding that the foundation of your corporate activities is society's trust and confidence in you.

2. Accountability and Transparency

Recognizing the importance of accountability in corporate activities, preserve transparency in such activities and disclose information appropriately, both internally and externally.

Examples of information to be disclosed include the contents of business activities, financial conditions, business performance, and risk information (such as damage from major disasters, the occurrence of harmful impacts on the environment or society, the discovery of grave violations of laws or regulations, etc.).

Disclosing material risk information whenever such information becomes available and sending this to customers is one example of appropriate information disclosure.

3. Legal Compliance and Fairness, Equitability, and Integrity

Comply with laws and international standards and hold yourselves to the highest ethical conduct at all times. In addition, always treat stakeholders as well as each other with fairness, equitability, and integrity.

International standards are standards to be observed both domestically and internationally to resolve international social problems. Examples of the standards include the United Nations Global Compact.

4. Valuing Stakeholders

Respect and communicate closely with all stakeholders including customers, suppliers, shareholders, business partners, government agencies, local communities, and employees.

Stakeholders refer to parties who have interest in the company including customers, business partners, shareholders, associated companies, administrative organs, local communities and employees.

5. Respecting Human Rights

Respect the dignity and rights of all people, and do not discriminate against people unfairly on the basis of race, sex, religion or other protected status.

(5-1) Respecting Individual Dignity and Rights

Respect everyone's dignity and rights

Discrimination should never be tolerated in any form whatsoever, including but not limited to discrimination based on race, color, gender, age, nationality or national origin, ethnic or social origin, caste, belonging to an indigenous people, family status, disability, health conditions such as HIV/AIDS status, marital status, pregnancy, language, sexual orientation, gender identity, property, religion, economic grounds, trade union affiliation, political or other opinion or any other grounds whatsoever.

(5-2) Understanding and Education of Human Rights and the Issues

Promote activities for raising awareness about human rights inside and outside the company, and continue efforts toward education and competence development to ensure the correct understanding of human rights and human rights issues.

(5-3) Averting Complicity

Ask all stakeholders concerned with business not to violate rights or engage in unfair discrimination, and strive not to be complicit in violations of human rights, even indirectly.

(5-4) Preparedness and Response to Address Problems

Establish a mechanism to address unexpected human rights infringement as a matter of precaution so that relevant stakeholders can discuss and raise concerns. Endeavor to resolve any such problem as soon as possible by using this mechanism in a fair, equitable and transparent manner.

6. Employment and Labor

Do not engage in any form of forced, compulsory, or child labor.

Guarantee that managers at all levels respect human diversity and create working environments where employees can exercise their abilities to the utmost in safe and healthy settings, in order to make optimal use of human resources.

Ensure that managers build sound relations with employees through close dialogue, and respect employees' rights, including freedom of association and the right to collective bargaining.

(6-1) Legal Compliance

Correctly understand and observe national and local labor laws and practices. Fulfill your own responsibility by setting and observing work rules and other regulations.

(6-2) Prohibition on Forced Labor and Child Labor

Do not engage in forced labor, and do not employ youth under the legal working age stipulated by country or locality. Ask your business partners to do the same.

Forced labor refers to all labor in which people are working against their own will. Child labor refers to the employment of persons younger than the minimum working age set by ILO (International Labor Organization) conventions and recommendations, failing to observe safeguards for young workers. In countries where there are no relevant laws, acts in violation of the ILO minimum age conventions and recommendations (the minimum age for employment is 15 years old in principle: ILO Convention No. 138) are regarded as child labor.

(6-3) Appropriate Wages

Pay employees at least the legal minimum wage, and do not reduce wages unfairly.

The minimum wage is the minimum wage specified by laws and regulations related to wages in the country of location, and it includes payment of overtime payments and other allowances and statutory benefits.

Unfair wage reductions are reductions of wages in violation of labor laws and regulations, etc.

(6-4) Working Hours

Manage employee working hours, holidays and leaves appropriately so they do not exceed legal limits.

Appropriate management indicates the following types of acts.

- Not having the annual prescribed working days exceed the legal limit
- Not having the working hours per week including overtime hours exceed the legal limit (excluding emergencies and crises)
- Granting the annual paid holiday rights specified by laws and regulations

(6-5) Freedom of Association and Recognition of the Right to Collective Bargaining

Respect employees' right to organize as a means to achieve labor-management consultations on working environments, wage levels, etc.

Respecting employees' right to organize means giving consideration to the freedom to form unions, the freedom to join labor unions in accordance with laws and regulations, the freedom to conduct acts of protest, and the freedom to join workers' councils, etc.

7. Environment and Safety

Strive to reduce environmental impact and protect the environment and ecosystems in your operations, in addition to supplying environmentally friendly products and services.

Recognizing that the health and safety of your employees and communities in which you do business form the foundation for the very existence of your company and that you have a corporate social responsibility to assure the health and safety of others, continue to ensure safe business activities

(7-1) Environmental Conservation Activities

Build and administer environmental management systems.

Environmental management systems refer to frameworks for the overall management of promoting environmental protection activities, and these include organizational structures, planned activities, the division of responsibilities, practices, procedures, processes and management resources. Environmental preservation activities means continuously conducting environmental preservation while advancing the so-called PDCA cycle of preparing environmental policies, implementing measures based on those policies, and achieving, revising and maintaining policies and measures. Representative environmental management systems include ISO14001, and systems can receive third-party certification.

(7-2) Activities for Management of Chemicals Used in Manufacturing Processes or Contained in Products

In manufacturing processes, manage chemicals designated by the laws and regulations of the country of location.

Also, manage chemicals designated by laws and regulations in all products.

The management of chemicals in manufacturing processes begins from management of chemicals that should not be contained in products, and for chemicals discharged into the outside environment, this means grasping emissions volumes, reporting to government authorities, and striving to reduce the emissions volumes of said substances.

The management of chemical for products means, in addition to not including chemicals in products whose inclusion is designated as prohibited by laws and regulations, observing the necessary labeling obligations and conducting testing evaluation as deemed necessary, etc.

(7-3) Observe Laws and Regulations on Environmental Impact and Occupational Safety and Health

Observe the laws and regulations enacted in each country of location and respond without fail to requests from government authorities for submission of information.

This means observing the laws and regulations enacted in each country regarding effluent, sludge, exhaust and occupational safety and health without fail.

Within Japan, when required to appoint responsible managers who have obtained credentials stipulated by laws or regulations (specially controlled industrial waste managers qualified person for

energy management, pollution control managers, persons responsible for handling poisons and deleterious substances, operations chief of specified chemical substances, hazardous materials officers, etc.), it is necessary to respond observing these requirements.

In addition, similarly, a certain response is also required when, because of the business contents or plant location, it is necessary to obtain government licenses and authorization for environmental impact assessment, hazardous materials handling facilities, etc.

(7-4) Effective use of Resources and Energy, and Reduction of Waste Products

Set voluntary targets for resources and energy conservation, and continuously work to use resources and energy effectively.

Set voluntary targets to achieve reductions in final waste products, and continuously work to reduce final waste products.

Resource conservation means to work to use resources effectively, and to reduce the volume of materials used in products and the volume of waste products and to promote the use of recycled materials and recycled parts, etc.

Energy conservation means working toward the rationalization of heat and electric power use, and the effective use of oil, natural gas, coal, coke and other fuel resources through energy savings. The 3Rs (Reduce, Reuse and Recycle) are achieved by setting voluntary targets regarding these objectives.

Final waste products refer to waste products that need to be buried or incinerated. Activities for continuous reduction include setting voluntary targets for reducing final waste products, drafting plans, and implementing them without fail.

(7-5) Minimizing Environmental Impact (wastewater, sludge, exhaust, greenhouse gases, etc.)

In addition to observing laws and regulations, set voluntary standards as needed and otherwise work to minimize environmental impact.

Setting voluntary standards means setting environmental load reduction targets stricter than the standards stipulated by laws and regulations to prevent the occurrence of pollution, for a start, and activities for additional improvements such as means of monitoring wastewater, sludge, exhaust and other pollutants, as well as reducing the amounts of releases of these substances through improvement of control and disposal methods.

Ongoing greenhouse gas reduction activities include setting voluntary reduction targets, drafting plans, and implementing them without fail.

(7-6) Environmental Conservation Efforts Information Disclosure

Positively disclose information on environmental conservation efforts and their results.

The results of environmental conservation activities refers to the measures implemented for environmental conservation, atmospheric, water and soil emissions, the quantity of resources used, and the quantity of wastes generated, and includes the load on the environment from the operation of places of business.

To periodically summarize the results, appoint organizations and managers responsible for conducting environmental conservation activities, and continuously record environmental conservation activities management indices, goal achievement levels, and other important items related to the environment. Disclosure methods include making environmental reports available to the public and reporting to stakeholders when necessary.

(7-7) Securing Workplace Safety

Evaluate risks to workplace safety, and secure safety using appropriate designs, technologies and management methods.

At the same time, devise appropriate safety countermeasures for the machinery and devices used at your own company.

Risks to workplace safety refer to accidents which occur during work involving electricity or other energy, fire, vehicles, floors which make it easy to slip or stumble, and falling objects as well as potential health risks. Appropriate designs, technologies and management methods include, for example, using sensors to monitor dangerous locations, lockouts which cut off power sourcesupplied to machinery and devices, tagouts which label the power sources of machinery whose operation is prohibited when the power sources are cut off, and the provision of safety goggles, safety helmets, gloves and other protective equipment.

Appropriate safety countermeasures for machinery and devices refer to management to prevent accidents and health damage from occurring during work. These include the use of fail safes, fool proofs, interlocks and other safety mechanisms, the installation of safety equipment and protective walls, and the implementation of regular inspections and maintenance on machinery and devices.

(7-8) Securing Workplace Occupational Safety and Health

Grasp the conditions whereby employees come into contact with chemical substances, organisms, noise, offensive smells and other items that might have a harmful effect on the human body, and devise appropriate countermeasures.

Chemicals and substances that might have a harmful effect on the human body include soot and smoke, steam, mist and fine particles as well as poisonous materials, radiation, and substances that cause chronic diseases (lead, asbestos, etc.). Noise and offensive smells are also included as items with a harmful effect on the human body, in extreme cases.

Appropriate countermeasures include, for example, identifying and assessing opportunities for direct contact with those substances, setting and administering management standards, and providing employees with appropriate education and personal protection devices.

(7-9) Employee Health Management and Due Attention to Works

Conduct appropriate health management of all employees.

Identify works that are physically demanding and conduct appropriate management to prevent accidents and disease.

Appropriate health management means implementing health diagnoses at the level stipulated by laws and regulations, and working for employee disease prevention and early disease detection. Together

with this, it is also necessary to prevent health impairment from overwork and to give due consideration to mental health care, etc.

Along with the heavy labor of the manual movement of heavy items, works that are physically demanding include assembly, data entry and other repetitive and continuous works over long periods of time. Appropriate management includes the provision of work assistance tools, regular short breaks, and division of tasks and collaboration among multiple workers.

(7-10) Securing Facility Health and Safety

Appropriately secure the health and safety of facilities provided for employee life (dormitories, cafeterias, bathrooms, etc.).

Facilities provided for employee life include facilities inside workplaces (bathrooms, water fountains, locker rooms, cafeterias, etc.) as well as facilities provided outside workplaces (dorms, etc.).

Examples of securing health and safety include measures for maintaining cleanliness and hygiene, safe drinking water, fire countermeasures, ventilation, temperature management, emergency exits, and safe storage of personal items.

(7-11) Industrial Accidents and Industrial Diseases

Grasp the conditions of industrial accidents and industrial diseases, and devise appropriate countermeasures.

Appropriate countermeasures refers to systems and policies that facilitate promoting reporting by employees, classifying and recording accidents and diseases, providing medical treatment when necessary, investigating accidents and diseases, implementing corrective measures toward eliminating their causes, and accelerating employees' return to work. These also include taking out workmen's compensation insurance and conducting necessary procedures under government administration as stipulated by laws and regulations.

(7-12) Response during Emergencies

To protect life and health, assume all the disasters and accidents that could occur, prepare emergency countermeasures, and make every effort to have these known inside the workplace.

Response during emergencies refers, for example, to emergency reporting, notification to employees, clarification of evacuation methods, installation of evacuation facilities, storage of emergency medical supplies, installation of fire detection systems, installation of fire control systems, securing external means of communication, and the preparation of restoration plans.

Means to make these known inside the workplace include implementing employee emergency response education (including evacuation drills), as well as storage and display of emergency response manuals at easily accessible locations inside the workplace.

8. Fair Business Practices

Conduct business fairly and sincerely, adhering to ethical principles and refraining from unfair trade practices and any form of bribery or corruption, to contribute to sound social and economic development through fair competition in the market.

Refuse to work with any group, organization or individual engaged in unlawful activities, and under no circumstances have any relations with anti-social influences.

(8-1) Prohibition of Corruption, Bribery, Etc.

Maintain sound and normal relations with politics and government administration, and do not give any bribes, illegal political donations, etc.

Bribery refers to providing a public servant or equivalent person (hereafter, “public servant”), directly or through a third party, with money, entertainment, gifts or other profits or benefits in expectation of receiving or maintaining a license or business transactions, or obtaining undisclosed information or some other business favors in return, or securing or maintaining unfair profits.

Even in cases when not seeking any business favor in return, bribery includes providing public servants with entertainment or gifts that exceed social etiquette.

Illegal political donations refers, for example to political donations in expectation of receiving or maintaining a license or business transactions, or obtaining undisclosed information or some other business favors in return as well as political donations that do not follow the proper procedures.

(8-2) Prohibition on Abuse of a Dominant Bargaining Position

Do not inflict losses on business partners through abuse of a dominant bargaining position

Abuse of a dominant bargaining position means conducting any of the following acts unfairly, in light of normal commercial practices, using the fact that your bargaining position is dominant over the counterparty.

- Forcing a counterparty with which you conduct ongoing trading to purchase any products or services aside from the products or services concerning that trading
- Forcing a counterparty with which you conduct ongoing trading to provide money, services or other economic benefits for your own benefit
- Refusing to accept delivery of products from a trading counterparty, returning products already delivered to a counterparty, delaying or reducing the payment of consideration, or otherwise setting or changing trading terms so they are disadvantageous to a counterparty.

(8-3) Prohibition on Provision and Receipt of Inappropriate Profits

Do not provide or receive any inappropriate profits in relations with stakeholders.

Inappropriate provision or receipt of profits refers to the following types of acts.

- Giving or receiving from customers premiums, prizes, prize money or other items that exceed the range stipulated by laws and regulations, providing or receiving money, goods and entertainment that exceed the range of social etiquette, or other acts with the character of bribery
- Acts giving inappropriate profits to anti-social forces (criminal organizations, terrorist

organizations, etc.) which have a harmful influence on social order and sound activities

- Purchase or sale of the shares of the companies of customers or other parties based on undisclosed material information regarding the business of said companies of customers or other parties, and other insider trading

(8-4) Prohibition on Acts that Hinder Competition

Do not engage in acts that hinder fair, transparent, free competition.

Acts that hinder competition include cartels with other companies in the same industry to agree on the prices, volumes, sales channels, sales areas and other items regarding products and services, and bid rigging coordinating bid winners and bid prices with other bidders in public works and other bidding. The Unfair Competition Prevention Act also forbids obtaining and using other company's business secrets obtained using illegal methods, false displays regarding other company's products and labeling which causes customer misunderstanding.

(8-5) Appropriate Export and Import Management

Arrange a clear management structure for technologies and goods whose export and import are regulated by laws and regulations, and implement export and import procedures appropriately.

Technologies and goods whose export and import are regulated by laws and regulations are components, products, technologies, devices, software and other items regulated by laws and regulations based on international agreements (e.g., the Wassenaar Arrangement), etc.

Exports sometimes require license acquisition and other procedures from the competent authorities, and these procedures must be implemented completely, with no omissions.

(8-6) Prevention and Early Detection of Illegal Acts

Prevent illegal acts, and arrange systems for their early detection and response.

To prevent illegal acts, it is important to carry out employee education and awareness-raising programs while appropriately grasping and managing work processes.

For early detection and response to illegal acts, it is also necessary to construct an effective monitoring system starting with audits, establish offices inside and outside the company for reporting of illegal acts, and implement other measures.

9. Customer Satisfaction

Constantly strive to satisfy your customers by keeping the promises made in contracts with them, doing your utmost to ensure the safety and quality of the products and services you supply, and engaging in dialogue and R&D.

(9-1) Product Quality Management System

Construct and administer a product quality management system.

A quality management system is a framework for overall management to promote quality assurance activities and includes organizational structure, systematic activities, division of responsibilities, practices, procedures, processes and management resources. Here, quality management means preparing quality policies, implementing measures in accordance with those policies, achieving, revising and maintaining measures, and making continuous improvements to quality assurances while repeatedly implementing the so-called PDCA cycle. Representative quality management systems include the ISO9000 family, ISO/TS16949, and ISO13485.

(9-2) Securing Product Safety

When conducting product design at your own company's responsibility, make the product fulfill the safety standards stipulated by the laws and regulations of each country

When conducting product design, it is necessary to make designs that can secure sufficient product safety and conduct sales giving sufficient consideration to responsibility as the manufacturer. Regarding product safety, observe laws and regulations (inside Japan, those include the Electrical Appliances and Material Safety Act, the Consumer Products Safety Act, and the Household Goods Quality Labeling Act) and give sufficient consideration to all safety that should normally be secured. Securing product safety includes traceability (history of materials, components and processes, etc.) and other management as well as rapid response toward resolving problems.

10. Information Management

In the course of your corporate activities, maintain appropriate records and make reports as required by laws and regulations. Manage information carefully to prevent leakage of confidential data relating to customers, business partners, or your own business.

(10-1) Provision of Accurate Information Regarding Products and Services

Provide accurate information regarding products and services to consumers and customers.

Information regarding products and services is not limited to information about products and services themselves such as specifications and handling methods, but also includes information indirectly related to products and services such as labeling concerning the components and materials used in the product.

In displays, advertisements and promotion materials such as catalogs regarding products and services, you cannot use expressions that differ from facts or that cause consumers or customers to misunderstand the contents. Also, these must not contain contents that slander or violate the rights of other companies or individuals.

(10-2) Defense against Computer Network Threats

Devise defense measures against computer network threats, and manage computer networks so they will not damage your own company or others.

Computer network threats include, for example, computer viruses, computer worms, and spyware.

When a personal computer connected to the Internet is contaminated with a virus, there are concerns that the customer information and confidential information stored on that computer might be leaked, and that the virus could invite grave losses such as business suspension and loss of credibility by attacking the computers of others.

(10-3) Protection of Personal Information

Appropriately manage and protect individual's privacy.

Personal information is information about living persons for which the particular individual can be identified, such as address, credit card information, and bank account number.

When handling personal information, you must observe the related laws and regulations, and take appropriate actions to prevent information losses and leaks.

(10-4) Preventing Leaks of Customer and Third-Party Confidential Information

Appropriately manage and protect confidential information received from customers and third parties

Confidential information generally refers to information disclosed by documents agreed to be confidential (including data information electromagnetically or optically recorded) and information disclosed verbally with a notice that it is confidential.

Appropriate management includes constructing and administering a framework for overall management regarding confidential information, preparing codes and policies to be observed by employees, and drafting plans, implementing measures, auditing and revising policies based thereon. Appropriate protection means not illegally or improperly obtaining, using, disclosing or leaking confidential information.

11. Science and Technology

Recognize the importance of your own and others' intellectual property rights and respect such rights.

Intellectual property rights refer to inventions, design works and other items generated by human creativity activity, (including discoveries and elucidated natural laws and phenomena that have the potential for industrial use), trademarks, trade names, and other product or services displays used in business activities as well as trade secrets and other technological or trade information useful for business activities.

Intellectual property rights are rights related to intellectual property stipulated by laws or regulations or rights concerning interests that are protected by law. Examples include patent rights, copyrights and trademark rights.

Obtaining and using trade secrets of third parties obtained by illegal means is also a violation of

intellectual property rights.

12. Community Involvement

Contribute broadly to society through your businesses. In your business activities, respond to the desires and expectations of local communities by enhancing your understanding of their cultures and customs as a good corporate citizen.

(12-1) Contributions to Society and Communities

Contributions through business activities include, for example, stably providing safe and high-quality products in business activities and creating employment with business activities.

(12-2) Contributions to Society through Corporate Citizen Activities

Corporate citizen activities refer to “various activities whereby companies, as members of society, voluntarily invest resources and expertise and contribute toward resolving social issues without seeking any direct compensation.” Examples include disaster support, cleanup activities, monetary donations, opening facilities to the public, etc.

13. Sharing Standards

Recognize that the suppliers and other firms with which you do business are your important partners, and willingly disclose and share business philosophies and codes of conduct with each other to deepen mutual understanding.

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