

Kao Chemicals Europe, S.L.

Puig dels Tudons, 10 | 08210 BARBERÀ DEL VALLÈS (Barcelona) SPAIN
Tel.: (+34) 93 739 93 00 | E-mail: kao@kao.es | <http://www.kaochemicals-eu.com>

On behalf of : Kao Corporation S.A.U. | Kao Chemicals GmbH | Quimikao S.A. de C.V. |
Kao Brazil Ltda. | Kao Chimigraf S.L.U.



SUPPLIERS CODE OF CONDUCT

July 2023

Introduction

At Kao Chemicals Europe, S.L.U. (KCE) and its subsidiaries, being part of Kao Group (“KAO”), we are committed to perform activities to go beyond mere compliance with laws to earn the true respect of all stakeholders. For this purpose, we are committed to develop our business activities in full compliance with our Kao Business Conduct Guidelines which provide specific guidance on how to put the Kao Way into practice that is applicable to all Kao Group companies worldwide, including all executive and employees thereof. In order to promote compliance activities widely, the Kao Group is actively encouraging its business partners to comply with the spirit of the fundamental rule relating to fair and honest transactions and other relevant provisions of the Kao Business Conduct Guidelines.

Among the different players in our supply chain, our suppliers are essential partners, for this reason we have established the present Code of Conduct for our Raw Materials Suppliers, which is based on our Kao Group Requirements for Suppliers, aligned with Kao Group Policies for Procurement.

We are determined to work with Suppliers who are engaged with the same principles of sustainability, respect of human rights and ethical behaviors, and therefore, we request our Suppliers to review and comply with these requirements, and extend the same request within their own supply chains, in accordance with Environmental, Social and Governance (ESG) regulations.

We expressly reserve the right to conduct audits and inspections to ensure compliance with the present Code and shall take adequate measures in respect of the current relationship as Supplier.

KCE expressly reserves the right to suspend or terminate a business relationship due to default of any of international principles, not taking correcting measures or breach of any of the principles defined by the present Code.

The Code will remain valid until a new one is approved, updated or be repealed.

The Code will be reviewed periodically and will be updated in the KCE’s corporate website: <https://www.kaochemicals-eu.com/>.

Suppliers may submit, through KCE’s reporting channel website, complaints or reports related to bad practices or possible violations of the Code or any other applicable law or regulation ([EthicsPoint - Kao Group](#)).

Suppliers may also send doubts or suggestions regarding compliance with and interpretation of the present rules to the email address: KCE-Compliance@kao.es.

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Our Suppliers are required to comply with the following areas: Ethics and Social Responsibility

- **General comply with laws**

Suppliers shall maintain awareness of and comply with all applicable laws and regulations of the countries where they operate, including -where applicable- anti corruption laws, customs regulations, export and trade control laws, competition, antitrust and fair dealing laws, and privacy laws.

- **Business Integrity – Anti-Corruption**

Suppliers shall not pay bribes, make facilitation payments or provide kickbacks or give anything of value to improperly secure business or any business advantage. In addition, supplier shall avoid inappropriate gifts, meals and entertainment.

Suppliers shall act responsibly in procurement and supply chain activities to prevent unfair or dishonest transactions.

- **Conflict of interests**

Suppliers shall avoid any activity that impairs or would reasonably appear to impair their ability to objectively perform their responsibilities for their companies.

- **Competition and fair dealing: Anti-trust policies**

Suppliers shall carry out transactions and business activities that comply with the laws in each country/region, including those that relate to competition, anti-trust law and the importation and exportation of products.

Suppliers acknowledge and recognize that contravene any anti-trust law or regulation may subject to sever penalties imposed by governmental authorities, or give rise to criminal responsibility for their directors and managers. Consequently, Suppliers undertake to act responsibly to identify and avoid any practice considered contrary to anti-trust law or regulations.

- **Preventing fraud.**

Suppliers shall have internal controls designed to detect, prevent and respond to fraud, money laundering and terrorism.

Suppliers shall undertake to not engage in any conduct that is regarded as collusive when maintaining relationships with public administrations.

- **Comply with books and records accurate policy.**

Suppliers shall keep accurate accounting records in compliance with the relevant accounting standards and related laws and regulations.

- **Data privacy.**

Suppliers shall observe and comply with any law and regulations applicable to personal Data protection arising out from business activities with KAO.

- **Confidentiality protection and Intellectual property.**

Suppliers shall take appropriate steps to protect KAO's proprietary or confidential information received in the ordinary course of commercial relationships with KAO, which include employee information, customer data, intellectual property and trade secrets.

Suppliers commit to protect its own intellectual property, as well as intellectual property of KAO arising from commercial relationship with KAO. In addition, Suppliers shall comply with any applicable law and adhere to any internal procedures in order to prevent any infringement of third party's intellectual property rights.

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Respect for human rights

- **Respect for people: discrimination and harassment.**

Suppliers shall seek to provide a work place free of discrimination and harassment, and treat employees and job applicants fairly, preventing, through adequate internal policy, to insult, violate human rights or dehumanize others by words or action.

- **Respect and protect human rights.**

Suppliers shall support and respect international norms of behavior on human rights, including among others, Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Respect for Labor and Employment Rights

- **Child Labor.**

Suppliers ensure that the products, materials and services supplied or rendered to KAO are not created or provided with child labor.

- **Involuntary Labor and Human Trafficking.**

Suppliers must not engage in or support forced or compulsory labor, including prison, bonded, indentured, slavery or through the victims of human trafficking.

- **Compliance with labor legislation.**

Suppliers shall provide labor conditions in compliance with the applicable labor legislation, including minimum wages and living wages, specified in laws and regulations that are applicable to its activities.

- **Freedom of Association.**

Suppliers shall guarantee to employees the right to form and/ or join unions and bargain collectively. Suppliers shall not retaliate or discriminate against any employees choosing to exercise their right to do the same.

Health and Safety Protection

- **Safety work conditions.**

Suppliers shall maintain employees' health and safety and improve operational safety, eradicate occupational accident, eliminate the potential risks, and maintain safe operations.

- **Cooperate on Conflict of Minerals**

Suppliers commit to ensure that all raw materials are acquired in a responsible manner and do not contribute to conflicts or other related illegal activities.

In order to do that, Suppliers hold solid systems of company management which aim to identify and assess risks in the supply chain related to raw materials procurement coming from fragile regions or affected by conflicts. Likewise, Suppliers hold adequate strategic to face such identified risks.

Suppliers ensure raw materials sold to KAO are free from conflict of minerals that might be obtained by violating human rights or help to finance conflicts.

Suppliers shall take care of any information request of KAO in connection with compliance policy of conflict of minerals. Furthermore, KAO shall be entitled to carry out by itself or through a service provider, audits to confirm Suppliers complies with control systems of due diligence of conflict of minerals.

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Environment Protection

- **Comply with environmental rules.**

Suppliers shall perform their business in a manner compliant with all relevant laws, rules and regulations that aim to protect environment while performing their activities, and shall support KAO's efforts to operate sustainably.

- **Proper management of chemical substances.**

Supplier commits to establish a system to assess and control compliance with laws and environmental aspects of products.

- **Sustainability**

Suppliers shall strive to reduce the environmental impacts of their operations throughout the product life cycle. In this respect, Supplier shall take adequate steps to protect global environment, develop technologies at the product design stage in order to achieve a sustainable use of resources, by the reduction of waste and byproducts, and the implementation of reuse and recycle practices, and an effective use of water.

Global Trade

- **Trade controls**

The supplier shall adhere to all relevant sanctions and person related restrictions applicable. The Supplier shall scrutinize these regulations to safeguard strict compliance with all applicable regulations.

Control reporting systems.

- Suppliers shall establish effective systems for the prevention, early discovery and rectification of misconduct (including thorough confidentially or reporting except cases where disclosure is necessary for proper investigation, and prohibition or retaliation against whistleblowers, etc.)

Providing of information

- The Supplier shall cooperate and support KCE by providing the information that KCE requires to fulfill its legal obligations in a timely manner. The Supplier agrees to provide additional data related to its ESG-performance or the performance of its sub-suppliers as requested and reasonable.