

## Purchasing Guidelines

### November 2022

#### Introduction

The Shin-Etsu Group, which Shin-Etsu PVC B.V. is a part of, always sets safety and the environment as its utmost priority. We are dedicated to contributing towards the conservation of the global environment via our key materials, products and technologies. In addition, Shin-Etsu Group supports and participates in the United Nations Global Compact and we proactively engage ourselves in Corporate Social Responsibility (CSR) activities.

This hand-out summarises the key points from our Purchasing Guidelines in order to provide understanding as well as promote and stimulate activities with our partners in our supply chain that help to build a sustainable society. These Guidelines aim to promote CSR activities together with our business partners by further promoting these activities to their upstream suppliers, in addition to letting our business partners see and understand Shin-Etsu Group's CSR activities.

Moreover, Shin-Etsu PVC B.V. supports VinylPlus ([www.vinylplus.eu](http://www.vinylplus.eu)). VinylPlus is the voluntary commitment to sustainable development of the European PVC industry, working to improve the sustainability performance of PVC.

As aforementioned, this handout only represents a summary. Please contact us if you would like to receive the full version of our Purchasing Guidelines.

Shin-Etsu PVC B.V.  
Purchasing Department

#### 1. Our Business Principles

Legal compliance and fair business practices form the basis of all our activities. Therefore, Shin-Etsu PVC B.V. wholly supports the Business Principles of the Shin-Etsu Group:

*"The Group strictly complies with all laws and regulations, conducts fair business practices and contributes to people's daily lives as well as to the advancement of industry and society by creating value through the provision of key materials and technologies."*

Our purchasing policies are based on these principles. In this hand-out we describe Shin-Etsu's current activities as part of this process and outline what we expect from our business partners.

#### 2. Compliance with Laws and Regulations

All Shin-Etsu staff members are aware of the company's corporate social responsibilities and, as such, carry out their business activities in strict conformity with the law, business ethics and the various rules and regulations of the company.

In our purchase and procurement activities, we act in good faith and in a fair manner, while neither practicing favouritism nor making improper demands.

In addition, based on mutual trust – not only between Shin-Etsu PVC B.V. and the business partners we directly procure from, but also with vendors in the linked supply chain – all involved parties carry out their business activities in strict accordance with the principal labour standards of the International Labour Organization (ILO), any laws and regulations related to protection of the environment as well as rules and regulations pertaining to business transactions, including those involving small- and medium-sized enterprises (SMEs).

#### 3. Selection of vendors

Shin-Etsu PVC B.V. follows a procurement process and selects suppliers based on the principles of openness, fairness, impartiality and equal-opportunity. Both within the company itself and with outside suppliers, the company comprehensively takes into consideration the following factors:

- *Competitiveness in terms of product quality, price, delivery times and stability of the supply;*
- *Objective standards such as suppliers' management stability, reliability and technological capabilities;*
- *Matters raised in the promotion of corporate social responsibility.*

#### 4. Meeting the needs of suppliers and conducting performance reviews

Shin-Etsu PVC B.V. provides suppliers with the essential information needed for transactions, cooperates with suppliers' Value Analysis and Value Engineering (VA/VE) improvement activities as well as their activities related to the maintenance and improvement of the product quality.

We also routinely, or when deemed necessary, carry out evaluations and reviews of suppliers' performance in areas that reflect upon the company's basic procurement policy and "Green" procurement standards. These assessments may comprise specific on-site audits or assessments by a Third Party.

#### 5. Requirement for our business partners

At Shin-Etsu, we treat each other with respect and dignity and we hold our business partners to the same standard. Therefore, we request that our business partners comply with the following:

##### - **Respect for human rights**

###### *Non-discrimination*

Discrimination in the recruitment and hiring process is to be eradicated, while efforts must be made to promote equal opportunities and fairness. Discrimination consists of differentiating between individuals in the context of employment, promotions, remuneration and opportunities to receive training.

This includes either harassment or discrimination on the basis of age, gender, race, credo, religion, social status, nationality, ethnic group, pregnancy, marital status, political affiliation, sexual orientation, gender identity and expression, mental disability, union membership, covered veteran status, HIV/hepatitis infection, or genetic information.

###### *Freely chosen employment*

All kinds of labour that are not based on free will shall not be used. We include policies and procedures in our contracts to prevent labour agencies and contractors from using forced labour in any of its forms.

###### *Humane treatment*

Workers' human rights are to be respected. Harsh and inhumane treatment, which includes various types of harassment that impinge upon individuals' dignity, abuse and discrimination based on gender are strictly prohibited.

###### *Workers' rights*

Workers' freedom of association is respected based on the laws and regulations of the countries and regions. This refers to the right to form and administer an organisation to realize labour-management consultations such as the working environment, working conditions and wage levels. Also workers' right to collective bargaining are respected based on the laws and regulations of the countries and regions.

###### *Prevention of child labour and protection of young workers*

No children under the age of 15 shall be put to work. Young workers aged between 15 to 18 shall be protected in accordance with the laws and regulations in each country/region. They shall not be employed in work harmful to the health, safety or morals and special protective regulations shall be observed

###### *Working hours*

The number of working days in a year should not exceed the limit mandated by laws and regulations in the relevant country/region. The total hours worked in a working week, including overtime, should not exceed the legal limit (except in the event of emergencies or unusual circumstances). Workers must receive at least one day off every seven days. Workers are allowed paid annual leave as mandated by the laws and regulations in the relevant country/region.

###### *Worker health and safety*

Employees have the right to work in a safe, hygienic environment as well as active health protection. We expect that our business partners take the necessary measures to avoid accidents, provide appropriate controls and personal protection equipment to protect workers from exposure to biological/chemical agents, high noise levels and odours harmful to humans.

###### *Wages and benefits*

The compensation paid to workers should meet all legal requirements related to wages and benefits, including those related to the minimum wage.

## - Compliance with laws & regulations

### *Prohibition of abusive use of superior positions*

Based on the contracts, business partners shall engage in fair and just business practices with integrity. They are requested not to impose any unreasonable demands and duties on their suppliers, using the position as buyers and clients, by, for example, creating one-sided business conditions with them. Laws and regulations applied in each country/region regarding the prohibition of abusive use of superior positions shall be abided by.

### *Prohibition of Insider Trading*

Business partners are requested not to engage in any insider trading in which, based on undisclosed important information about clients' business, business partners can buy/sell shares of those clients.

### *Ensuring Anti-corruption*

Business partners are requested neither to receive nor provide any arrangements, gifts and money with public servants, clients and suppliers, in an effort to receive and/or maintain undue interests and favoured treatment. They should comply with laws and regulations related to anti-corruption in the countries/regions where the business activities are being conducted through continuous monitoring and internal audits.

### *Gifts and Entertainment*

When offering gifts and entertainment to Shin-Etsu employees, business partners are expected to follow our policies. Business partners must not offer anything that might compromise – or even appear to compromise – an objective assessment of the business partner offering. Cash gifts of any amount are prohibited. This includes cash equivalents such as prepaid gift cards. These rules do not change during a holiday season or outside working hours.

### *Conflict of Interest*

Business partners must notify us if they become aware that a Shin-Etsu employee or person/contractor working for and on behalf of Shin-Etsu has a personal activity, interest or relationship that may interfere with their objectivity when making decisions for Shin-Etsu.

### *Compliance with Competition Law*

Business partners are requested to comply with the laws and regulations applied within each country/region pertaining to business competition, and take measures to prevent cartels from, among other things, engaging in consultations/limitations on

price among competitors, market division, limited production, and prearranged bidding.

### *Prevention of Unfair Competition*

Business partners are requested to compete fairly and ethically and to operate in compliance with all antitrust and competition laws. They should not use illegally obtained confidential information from other companies. Confidentiality clauses shall be abided by. The same applies to respecting the intellectual property rights of Shin-Etsu or third parties, such as technical know-how, patents, trademarks and copyrights.

### *Compliance with Import/Export Laws and Regulations*

With regard to exporting technologies and goods subject to legal restrictions, business partners are requested to create a clear control program to carry out exporting procedures in an appropriate manner.

## - Promotion of Social Responsibility

### *Fair Business*

In order to attain social responsibility CSR and continue business, business partners are requested to manage their business in a healthy and fair manner and to disclose appropriate information in a timely manner. Information regarding labour, health and safety, environmental practices, business activities, financial situation and performance are to be disclosed in accordance with applicable laws and regulations and prevailing industry practices. Errors in reporting, falsification of records or misrepresentation are also unacceptable.

### *Workplace Safety*

Business partners are requested to provide their employees with a safe working environment and active health protection. All necessary measures shall be taken to avoid accidents and dangers to employees' health arising from, in connection with, or during the course of their work. We expect our partners to provide training and implement safety programs.

### *Environmental Protection*

Business partners are requested to comply with all applicable environmental laws, regulations and directives regarding waste, air emissions, reduction of greenhouse gasses, hazardous materials, wastewater discharge, the use and disposal of restricted chemical substances including the manufacture, transportation, storage, disposal, and release of such materials into the environment. Furthermore, business partners shall promote reduction of usage, recovery/recycling and the use of renewable resources.

### *Safety and reliability of Delivered Goods*

Business partners must ensure that the products supplied to Shin-Etsu are manufactured and distributed in accordance with applicable laws. Products also must comply with all applicable quality and safety standards. The same applies to the prohibition and/or restriction of chemical substances contained in products. Business partners are requested to disclose precise information about the substances used in their products.

### *Information security, confidentiality and privacy*

Business partners are requested to appropriately manage and protect confidential and/or personal information from all those concerned with the business, including suppliers, customers, consumers and workers. Personal information shall neither illegally nor unduly be obtained, used, disclosed and leaked. Protective measures should be taken against computer-based threats, such as illegal access and viruses.

### *Intellectual Property*

Business partners shall respect all intellectual property rights (patent *rights*, *utility model rights*, *design rights*, *trademark rights*, *copyrights*, *trade secrets* etc.) and shall not commit fraudulent procurement, unauthorised use or infringement of intellectual property rights of third parties as well as protecting intellectual property rights when transferring technologies/know-how.

### *Protection of whistleblowers*

Business partners shall have a communicated process for their own personnel as well as for their suppliers to raise any concerns without fear of retaliation.

### *Conflict minerals*

Business partners shall have a policy to reasonably assure that they will not procure minerals that are clearly involved in conflicts and human rights abuses

in conflict areas and high-risk areas (CAHRA). Due diligence over the source and chain of custody of these minerals should be made available upon request. Related Regulation: Dodd-Frank Wall Street Reform and Consumer Protection Act.

### *Respect the environment*

Collaborate for the purposes of eliminating waste and costs within the supply chain, such as establishing programs to reduce emissions and waste, promoting the efficient use of energy and natural resources, and encouraging responsible management over their products and processes, both with respect to the entire life cycle and their intended end use. Suppliers are strongly encouraged to improve disclosure and embed management systems for:

- Reduced energy consumption;
- Responsible use of water;
- Safe handling and disposal of chemicals;
- Improved management of waste, reduced air emissions and waste-water discharges;
- Containment of spillages and other potential accidental discharges.

### *Community Involvement*

Business partners are expected to engage themselves with activities that contribute towards the development of international/regional communities.

### **Management systems**

#### *Assessment & Improvement of Business Activities*

Business partners shall establish management systems to promote business activities in the field of human rights, labour, occupational safety, environmental preservation, and business ethics, which includes the specification of business risks and measures to address them, in addition to the checking and improvement systems of business activities.

We expect our business partners to make available the contents of these guidelines both internally and externally, in order to ensure that these guidelines are properly implemented and adhered to.

Consequently, Shin-Etsu expects open and honest forms of communication, while business partners can demonstrate both their implementation of and adherence to these principles by the extent to which their own codes of conduct or company policies incorporate these standards.