

BUSINESS CODE OF CONDUCT

WE ARE A COMPANY THAT REALIZES DREAMS THROUGH SCIENCE ~



KANEKA

The Dreamology Company

— Make your dreams come true —



Introduction

This **Code of Conduct (“CoC”)** is established to provide information towards achieving high standards of business conduct, working conditions and environmental management with our business partners/stakeholders.

Business partners/stakeholders that have an interest or dealings with KANEKA companies in Malaysia (which includes Kaneka [Malaysia] Sdn. Bhd. Kaneka Eperan Sdn. Bhd., Kaneka Paste Polymers Sdn Bhd. Kaneka Innovative Fibers Sdn Bhd. Kaneka Apical Malaysia Sdn Bhd. and Kaneka MS Malaysia Sdn Bhd) are expected to comply with this CoC. For the purposes of this CoC Kaneka companies in Malaysia may collectively be referred to as “KANEKA” or “we”, “us” or “our”.

The CoC is periodically updated and approved by us from time to time. These principles spell out the minimum standards that we expect to see achieved over time. We monitor compliance through a systematic, risk-based approach which may include both announced and unannounced site visits from time to time in order to ensure our business partners achieve high standards of business conduct.

The CoC also represents our shared values as a business organization which we adopt and follow.

OUR SHARED VALUES



SAFETY	<u>SAFE</u> and stable operations in our line of work.
ENVIRONMENT	Committed to avoid any detrimental impact to the <u>ENVIRONMENT</u> .
NURTURE	Value human resources by continuously <u>NURTURING</u> our talent.
SUSTAINABILITY	<u>SUSTAINABLE</u> solutions provider to our customers.
ETHICS	Compliance through <u>ETHICAL</u> business practices.

Index

Section A - ETHICAL BUSINESS PRACTICES

Section B - SAFETY, HEALTH, ENVIRONMENT AND QUALITY

Section C - LABOUR AND HUMAN RIGHTS

Section D – CERTIFICATE *(for supplier only)*

SECTION A: ETHICAL BUSINESS PRACTICES

1. We encourage **transparency** in conducting business transactions. To achieve this, KANEKA requires all business discussion leading to an award of business to KANEKA from customers as well as an award of business to a supplier/service provider be done according to KANEKA stipulated principles and procedures listed herein. With this in mind, KANEKA's employees, suppliers/customers/business partners/visitors are requested to understand KANEKA's **ETHICAL PROCEDURES, PRINCIPLES AND STANDARDS** as stated in the following sub-paragraphs.

2. **CONDUCT OF BUSINESS**

Procurement activities

In most cases, the purchase authorisation is not delegated to requester or to those who support the purchase or to Supply Chain Dept. ("**SCM**"). Our employees may have some influence in making purchasing recommendations. Inevitably our suppliers ("**supplier**" *shall mean an entity providing goods and/or services to KANEKA*) may tend to treat these members i.e. our employees and those directly involved in purchasing decision with more courtesy than necessary. As such, all employees involved in procuring goods or services are required to conduct the transaction in accordance with the laws and regulations as well as accepted ethical business practices provided in this CoC.

Sales & Marketing activities

At KANEKA, we are committed to ethical sales & marketing practices that meet the internal codes/policies as well as standards set by external laws/regulations & codes of practices, in particular all laws/ regulations dealing with marketing practices, all applicable global, regional and local industry codes relevant to our business and privacy of our customers as well as having a robust data protection system in place.

3. **ANTI BRIBERY, ANTI-CORRUPTION AND FRAUD POLICIES**

KANEKA is committed to conducting business dealings with integrity. This means **ZERO-TOLERANCE** practices of bribery and corruption of all forms in our daily operations. Suppliers and customers shall comply with all laws relevant to countering bribery and corruption. We remain bound by Malaysian Law, including the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) and also bound by international laws, including the US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act, in respect of our conduct both at home and abroad.

Suppliers/employees of KANEKA shall not offer, give, ask for, accept or receive any form of bribe, facilitation payment or undue or improper advantage, favour or incentive to/from any public official, international organisation or any other third party (either in private or public sector), whether directly or through an intermediary.

Employees or Directors of KANEKA shall **NOT** offer our customers/stakeholders/public official any form of bribe, facilitation payment or undue or improper advantage, favour or incentive in order to maintain or secure or increase sales figures and targets/advantage to KANEKA.

4. CONFLICT OF INTEREST

KANEKA requires that all its suppliers’ employees and management alike to avoid any conflict between their own interest and that of the company whilst conducting business transaction with KANEKA. To achieve this, KANEKA discourages suppliers to offer its employees from accepting gifts or business courtesies except as provided in this policy. KANEKA strictly prohibits the receipt or offer of gifts in the form of cash of any value.

KANEKA employees shall immediately announce and distance himself/ herself from recommending or deciding a business decision which involve his /her immediate family member or company in which he/she deemed to have vested interested in. Supplier and customers to also declare any relationship.

5. GIFTS, TOKEN AND BUSINESS ENTERTAINMENT *(includes sponsorship/donation/contribution)*

Gifts, token and business entertainment are not required to initiate and/or to maintain business relationship in daily operations and therefore such actions are discouraged. Employees of KANEKA are also prohibited from offering customers lavish gifts and entertainment to initiate and maintain business relationship with customers of KANEKA. On rare and infrequent basis, accepting/offering very modest gifts, entertainment, or other business courtesies if it is a customary and an act of appreciation or gratitude may be permissible. For example, it’s acceptable for a supplier/employee of KANEKA to pay for meals/drinks for KANEKA employees/our customers at a restaurant/bars or hotel fine dining **IF** it is not lavish or extravagant and such entertainment activities do not occur too frequently. Tokens of appreciation, promotional items, and commemoration of certain event, greeting exchange or similar nature for example moon cakes, oranges, calendars, note pads, mugs, pens, pencils, pocket calculators, lighters, golf balls, flowers, chocolates, sweets during festivities consumables hampers etc. are permissible.

SUPPLIERS as well as **EMPLOYEES OF KANEKA** are **NOT PERMITTED** TO OFFER THE FOLLOWING TYPES OF ENTERTAINMENT OR GIFTS:

- Lavish or extravagant business entertainment (e.g. travel to exotic locations; side trips from business meetings).
- Meals/drinks, hotel, air, and entertainment expenses for family members.
- Cash, generous gift cards, vouchers, or traveller’s cheques.

Gifts, token and business entertainment frequently received from/offered to *[as the case may be]* shall not exceed appropriate nominal value **according to the region. Please refer to the Table 1 below.** In the event the nominal value is exceeded, such gifts, token and business entertainment shall be declared (via a standard “Gift Declaration Form”) by email to the Managing Director or his assign and copied to the Legal and Compliance Department Head. Receipt of gifts, token or business entertainment during the process of competitive bidding or tender exercise is strictly prohibited.

Table 1

Region	USD
Asia	70
Oceania (Australia and New Zealand)	100
Europe/USA	150

Sponsorship/Donation/Contribution

Sponsorship/Donation/Contribution may give rise to higher risks of corruption, bribery, fraud or money laundering activities. As such, KANEKA and its employees, agents, lobbyists or other intermediates **SHALL NOT** make direct or indirect contributions to political parties and/or any **'for profit'** or business organizations.

Sponsorship/Donation/Contribution to **non-profit** or charitable organizations are permissible subject to the direct written approval of the Managing Director or his/her deputy. In considering whether to approve such Sponsorship/Donation/Contribution, the Managing Director or his/her deputy (senior management) shall consider the following:

- Financial support of certain non-profit organizations may be appropriate when the contribution serves to positively enhance and further the missions of education, research, health care, religious activities, and community services.
- Sympathy cash contribution is permissible to certain causes which help victims of natural disasters, fire accidents, flood, health emergencies etc.

6. **MONEY LAUNDERING**

Business associates of KANEKA shall not participate in any forms of funds obtained illicitly i.e. laundering funds and shall only conduct business with partners involved in legitimate business activities with funds derived from legitimate sources. Suppliers and customers shall take reasonable steps to prevent and detect any illegal form of payments and prevent its financial transactions from being used by others to launder money.

7. **COMPETITION/FAIR TRADE**

KANEKA has in place its Fair-Trading Rule and employees are required to adhere to such rule regarding fair trade and competition. Suppliers and KANEKA shall always deal with competitors in an honest and professional manner. KANEKA shall not cause or be part of any breach of applicable competition laws and regulations, such as illegal cooperation on pricing, engaging in anti-competitive behaviour with other suppliers and illegal market sharing. KANEKA and its suppliers will conduct their business in line with fair competition and in accordance with all applicable anti-trust laws.

8. **PRIVACY, FREEDOM EXPRESSION AND DATA PROTECTION**

KANEKA recognizes and respects privacy and freedom of expression within its operations. The Supplier and customer shall use due skill, care and diligence and implement adequate and documented security controls and take necessary precautions to protect any data against unauthorized or unlawful processing and against accidental loss, destruction, damage, alteration, or disclosure. If the Supplier or customer processes personal data, then it shall ensure the care and awareness which is required according to local laws and regulations in order to safeguard the interests of the data subjects.

9. **KANEKA CORPORATION BASIC INTELLECTUAL PROPERTY POLICY**

KANEKA Intellectual Property Department, operating under our parent company's purview, secures intellectual property rights such as patents for our R&D results, inventions, designs, and formulas. We respect the intellectual property rights of other companies/customers and, to avoid disputes, we conduct careful patent searches, securing patent clearance at each

phase of development including theme proposal, commercialization, and specification changes.

10. COMMUNICATION WINDOWS

- a. **Technical / Specification inquiry** - Directly to Plant or requesting departments.
- b. **Quotation / Commercial matters** - Directly to Supply Chain Dept. and copy (if necessary) to Plant or requesting departments.
- c. **Whistleblowing policy and procedure** – KANEKA provides its stakeholders and the general public with a channel to report any acts or omissions adopted by any party within our company, in its relations with KANEKA or on its behalf, that constitute or may constitute a violation or inducement to violate laws and/or regulations, the principles set out in this CoC, our policies, rules and procedures or that can either directly or indirectly give rise to economic, financial or reputational damage to KANEKA. Reports can be made about directors, management and employees of KANEKA and, in general, everyone who works for or on behalf of KANEKA or has business relationships with us, including independent auditing companies, partners, customers, suppliers, consultants, contractors, institutions and public entities. Reports can also be made anonymously, all reports will be investigated and taken seriously. We however recommend that you provide as much information as possible, contact information, in order to support an adequate investigation.
 - HOW TO MAKE A REPORT - Reporting online is available via our websites through our “WHISTLE-BLOWERS HOTLINE”. Reports are anonymous.
 - PRIVACY PROTECTION AND NON-RETALIATION - The Hotline is designed to protect the anonymity of whistle-blowers. KANEKA reserves the right to adopt all appropriate actions against whosoever engages in retaliatory acts in respect of whistle-blowers within the scope of this CoC. Disciplinary action and legal action may be brought in the event of abuse of this procedure (for e.g. poison-pen letters/reports made in bad faith and/or intentionally filed false reports).

{Rest of the Page is Intentionally Left Blank}

SECTION B: SAFETY, HEALTH, ENVIRONMENT AND QUALITY (“SHEQ”)

1. Health and Safety

We believe that everyone is entitled to a safe work environment and all work activities shall be conducted in a manner that will not adversely affect our stakeholders. Suppliers will protect their employees from any chemical, biological and physical hazards and physically demanding tasks in the workplace as well as from risks associated with any infrastructures used by their employees. Suppliers will provide controls, safe work procedures, preventative maintenance and necessary technical protective measures to reduce health and safety risks in the workplace. A safe and healthy working environment also includes drinking water, adequate lighting, temperature, ventilation and sanitation.

2. SHEQ Requirement

KANEKA requires all visitors entering KANEKA premises/site for the purpose of work to attend SHEQ Safety and Environmental Briefing. The briefing session is provided on daily basis in 2 sessions: 9:30am and 3:30pm. A Safety and Environmental Briefing Card, with 6-months validity, will be issued to visitors that had attended the briefing.

Suppliers entering KANEKA premises or project site must ensure all their staff/driver are issued with the relevant Personal Protective Equipment (PPE) required for the specific task they may be performing as dictated by the risk assessment. Where applicable, supplier is responsible to contact the SHEQ Dept. for the respective area in which the work will be done to confirm on the general requirement. Supplier is solely responsible in ensuring all their staff/driver is trained in the use and limitations of PPE. Supplier is responsible to update Safety Data Sheet and share with KANEKA from time to time.

3. Compliance to KANEKA and Regulatory Requirement whilst on KANEKA Premise

Whilst on KANEKA premise, supplier/contractors/visitors are required to comply with KANEKA SHEQ requirements. Suppliers/contractor/visitors are also expected to adhere to related regulatory requirements where related. In addition, Suppliers shall, at its own costs and expense obtain and keep in force adequate insurance coverage in accordance with the work requirements against any risks. For job or services done at KANEKA, suppliers/contractors are responsible to ensure all debris, oil, residue, by product or the like that arises from the service or job undertaken are properly collected and cleared. All such materials must be disposed of from KANEKA’s premise at suppliers/contractors cost as according to the regulatory requirement, where required.

4. KANEKA Environmental Management Systems (EMS) Policy

We are committed to comply with customers’ requirements, applicable environmental legislation and regulations including prevention of pollution, to improve continually and maintain our activities to avoid any detrimental impact to the environment.

Periodical assessment and review to the system will be conducted to achieve sustainable environmental protection as an integral part of the company activity, and to ensure appropriate resources or awareness are provided effectively.

We expect our suppliers to adhere to this policy and continuously engage relevant stakeholders to achieve sustainable environmental preservation methods which include reducing waste, recycling where practical to do so, shifting to renewable energy sources amongst others.

Supplier is responsible to notify KANEKA should there be any changes in its product/material's characteristics which may pose hazards to life and environment and provide necessary and adequate information in the material safety data sheet / chemical safety data sheet.

5. KANEKA Quality Management System (QMS) Policy

It is our policy to consistently deliver products and services that meet or exceed customer's expectations. Therefore, we will take initiatives to continually improve all aspect of requirements for product quality, delivery, packaging and services of our suppliers. Suppliers have contractually agreed to quality requirements in order to provide goods and services that consistently meet our needs, perform as warranted and are safe for their intended use.

6. Supplier is responsible to extend a copy of all renewed ISO certifications for KANEKA's reference.
7. Suppliers that are not material/product manufacturer are not allowed to change their supply source from one to another for whatever reasons without prior written consent from KANEKA.
8. Supplier is responsible to notify KANEKA on any change of manufacturing location or manufacturing processes.
9. KANEKA's warranty/guarantee will be stated in the relevant Technical Data Sheet and customers are strongly advised to adhere to the recommendations in the applicable Safety Data Sheets on handling our products.

{Rest of the Page is Intentionally Left Blank}

SECTION C: LABOUR AND HUMAN RIGHTS

1. KANEKA is committed to the highest standards of social and ethical conduct concerning labour and human rights matters of employees. Suppliers are expected to protect the human rights of their employees and to treat them with dignity and respect. KANEKA believes that all employees deserve a fair and ethical work environment. Employees must be treated with the utmost dignity and respect, and suppliers shall uphold the highest standards of human rights.
2. **Child Labour**
We do not accept any forms of child labour. Suppliers should avoid any sort of child labour in their business operations consistent with the international labour standards and principles.
3. **Involuntary Labour and Human Trafficking**
Supplier to ensure that all work is voluntary. Supplier is expected not to traffic persons or use any form of slave, forced, bonded, indentured, or prison labour.
4. **Diversity**
Equal treatment of all employees is a fundamental principle of our corporate policy. We do not discriminate based on race, national origin, gender, age, physical characteristics, social origin, disability, union membership, religion, family status, pregnancy, sexual orientation, gender identity, gender expression or any unlawful criterion under applicable law. Suppliers will ensure that their employees are not harassed in any way. KANEKA encourages to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees as well as in their decisions to select subcontractors.
5. **Wages, Benefits and Working Hours.**
Working hours for employees will not exceed the maximum set by the applicable national law. Suppliers are expected to provide their employees with fair and competitive remuneration packages, compensation and benefits. Suppliers' employees will be paid in a timely manner in accordance with the relevant legislation. It is recommended that suppliers offer their employees ample training and educational opportunities.
6. **Freedom of Association.**
To the extent permitted by the law, KANEKA respects the right of employees to freedom of association and collective bargaining. This includes the right to form and join trade unions and other worker organizations of their own choosing without harassment, interference or retaliation. Suppliers will be committed to an open and constructive dialogue with their employees and workers' representatives. In accordance with local laws, suppliers will respect the rights of their employees to associate freely, join labour unions, seek representation, join works councils, and engage in collective bargaining. Suppliers will not disadvantage employees who act as workers' representatives.
7. **Conditions of workplace and harassment.**
We are fully committed to a safe, healthy & bullying-free work environment for all employees and we believe that every employee should be treated with respect and dignity. Any conduct which makes a person feel offended, humiliated and/or intimidated is taken seriously by the

management if such conduct is reported. All forms of harassment are not tolerated at KANEKA. Suppliers should provide their employees with a workplace free of harsh and inhumane treatment, without any sexual harassment, sexual abuse, corporal punishment or torture, mental or physical coercion or verbal abuse of employees, or the threat of any such treatment.

8. We do not tolerate any form of retaliation against an employee who in good faith makes a complaint, raises a concern, provides information or otherwise assists in an investigation or proceeding regarding any conduct that he or she reasonably believes to be in violation of any code of conduct or policies, or applicable laws, rules or regulations.
9. KANEKA strongly believes in nurturing talent or investing in talent development, developing capabilities and enabling individuals to excel in his/her career while also investing in various community causes which help the locality.
10. For more information relating to this subject, please refer to the human resource department or HR policy manual.

{Rest of the Page is Intentionally Left Blank}

SECTION D **CERTIFICATE**

(acknowledged by supplier only)

Non-Canvassing

We hereby certify that we will not and have not canvass/ed nor solicit/ed any Employees, Servant or Agent of KANEKA (including other KANEKA Companies in Malaysia) and in connection with the supply of goods/services. No person employed by us or acting on our behalf has done any such act.

Non-Collusion (Anti-Competition)

In recognition of the principle that KANEKA shall receive bona fide competitive offers/quotations from us:

We certify that:

- (1) our offers/quotations are bona fide offer/quotation, intended to be competitive.
- (2) we have not fixed or adjusted the amount of the offer or the rates/price and prices quoted in it by or under or in accordance with any agreement or arrangement with any other person.
- (3) we have not paid or given or offered or agree to pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other offer for the services any act or omission.

No conflict

To the best of our knowledge, we confirm that there are no known conflicts of interest whilst conducting business transactions with KANEKA. If there are such interests, we confirm that we will disclose the interested parties to KANEKA prior to engagement of services or purchase of product.

In addition to the above, we, the undersigned and the representative of Suppliers below hereby confirm that we have **READ AND UNDERSTOOD** this CoC.

Signed,

In presence of witness,

.....
Name:
Date:
Designation:

.....
Name:
Date:
Designation:

****Note to suppliers/service providers**

If you are interested to know more about operating procedures in our supply chain management system, please go to our website <https://www.kaneka.com.my/> and select “Contact Us” and filling up your company introduction / details / profile etc. including submitting request for a complete “KANEKA SUPPLIER GUIDE”. The release of the KANEKA SUPPLIER GUIDE shall be at our discretion.

(The rest of this page is intentionally left blank)

~END~

**** The terms of a specific contract between a supplier and KANEKA may contain additional provisions addressing some of these same subjects. Nothing in this CoC is meant to supersede specific provisions in a particular contract, and to the extent there is any inconsistency between this CoC and any provision of a particular contract, the contract provisions shall prevail. This CoC is not meant to supersede any law. Suppliers/customers shall comply with all applicable laws and regulations in every jurisdiction where they operate.**