Our Code of Conduct and Its Practical Guide

1) Understanding and complying with laws and regulations, and internal rules
   We understand and comply with laws and regulations, agreements, internal rules and proper procedures that pertain to our work. We also monitor any changes in these laws and regulations, agreements, internal rules, and procedures.

2) Providing guidance to subordinates regarding laws and regulations and internal rules
   Managers must guide their subordinates on a daily basis, encouraging them to comply with relevant laws and regulations, agreements, and internal rules.

3) Corporate and individual ethics
   We base our activities on corporate and individual ethics.

4) Reporting on violations
   Employees who notice any violation of laws and regulations, internal rules, or corporate ethics within the Group must immediately report the case to their supervisors or through the channels established by the company.

5) Internal control over financial reporting
   We establish and operate appropriate internal control systems for maintaining reliability of our financial reporting.

6) Financial and accounting records
   We keep financial and accounting records and report them in an accurate and timely manner.

7) Managing corporate assets
   We manage our corporate assets in an appropriate manner.

8) Contracts
   We document contracts and check their contents together with the other party.

9) Recording transactions
   We manage transaction records in an accurate and orderly manner. We do not improperly change their contents or make false records.

10) Managing confidential information

   We will act with integrity as a responsible citizen of the international society.
   (1) We will act in strict compliance with laws and regulations and according to high ethical standards.
We carefully manage confidential documents (electronic or printed) to prevent leakage of confidential information.

11) Managing other parties’ confidential information
   We appropriately manage confidential information we receive from other parties to prevent leakage of confidential information.

12) Managing customer information and personal information
   We strictly manage personal information and customer information, and will use it only for appropriate business purposes.

13) Information disclosure
   We disclose information concerning the Group in an appropriate and timely manner so that stakeholders can correctly evaluate its impact.

14) Prohibition of insider trading
   We do not buy or sell shares based on non-disclosed information (material fact) that is only known to insiders.

15) Maintaining transparency
   We ensure that all activities of the Group that may affect society and the environment are transparent so that our stakeholders can understand what we are doing.

16) Not associating with antisocial organizations
   We refuse to have any association with antisocial organizations or persons who may pose a threat to sound social order and safety. We reject all unreasonable demands in a firm and uncompromising manner.

17) Inappropriate favors
   We do not give or receive inappropriate favors in our relations with particular customers/suppliers.

18) Gratuitous offers
   When it is necessary to give a donation or a farewell gift, or make other payments for which no compensation is asked, we first obtain the approval of the department manager, etc. and observe relevant laws and regulations.

19) Association, entertainment, and giving/receiving gifts
   We associate with, entertain, and give gifts to customers only after fully analyzing its need.

20) Appropriate tax payment
   We understand the details of the tax system, and pay taxes in an appropriate manner.

21) Security export control
   We observe laws and regulations and internal rules regarding security export control, and follow proper procedures.

22) Appropriate customs procedures
   We follow import/export procedures and pay taxes in an appropriate manner.
23) Respect for other parties' intellectual property rights
We respect other parties' intellectual property rights and strictly avoid any infringement.

24) Strategic acquisition and utilization of intellectual property rights
We strategically acquire intellectual property rights for the Group and effectively use them.

25) Outsourced workforce
We observe laws and regulations concerning outsourced workforce, including workers of contractors and dispatched workers, and ensure proper working conditions.

26) Traffic safety
We observe traffic rules and ensure safe driving.

1) Promoting Responsible Care
As an expert in chemistry, we make the most of useful properties of chemical substances and work to reduce their risks.

2) Compliance relating to product safety
We understand and comply with laws and regulations at home and abroad and internal rules concerning product safety, offering safe products, technologies, and services.

3) Labeling concerning product safety
We provide accurate labeling for our products to ensure safety.

4) Quality assurance and quality control
We ensure systematic and stringent quality assurance and quality control throughout the Group.

1) Compliance with competition laws at home
We observe competition laws of the country in which we operate and ensure fair trade.

2) Compliance with competition laws of foreign countries
We observe the competition laws of foreign countries and ensure fair trade.

3) Strict prohibition of cartels
We do not take part in a cartel. We avoid any act that may cause suspicion.
4) Accurate presentations
We make presentations of our products and services clearly and exactly in catalogs, pamphlets, and other literature.

5) Accurate explanation
We communicate facts accurately when recommending or explaining our products to customers.

6) Selecting suppliers
In selecting suppliers, we adopt an open-door policy. We make a decision after comparing all candidates in a fair manner.

7) Fair trade
We conduct transactions with companies in developing countries continuously and at proper prices to help establish economic independence of those countries.

1) Raising awareness of human rights
We raise our awareness of human rights and act with respect for human rights both inside and outside the company.

2) Prohibition of discrimination
We prohibit any discrimination based on nationality, race, ancestry, gender, age, disability, HIV status, viral hepatitis and other infections, religious or political belief, or for other reasons.

3) Prohibition of sexual harassment and bullying
We prohibit sexual harassment, bullying, and any other forms of human right infringement that adversely affect our working environment.

4) Prohibition of discrimination in recruitment and treatment
We prohibit all kinds of discrimination in the recruitment, promotion, or treatment of employees, and make a judgment based solely on the ability and performance of each employee.

5) Child labor and forced labor
We refuse human right infringement in the form of unfair labor, including child labor and forced labor.

6) Human rights in supply chains
In selecting suppliers, we seriously consider how human rights are respected at each supplier and its own suppliers, and call for improvement if any problem is found.

7) Human rights due diligence
We ensure that our corporate activities do not have an adverse impact on human rights.
1) Preventing corruption
We prohibit any act leading to corruption, such as giving, accepting, or demanding bribes.

2) Entertainment for public servants
We do not, in principle, give entertainment or gifts to government officials, or other public servants in a similar position. When necessary, such entertainment or gifts may be offered in compliance with laws and regulations and internal rules.

1) R&D for creating new value
We develop new technologies and propose new value, based on understanding and anticipation of social needs and through appropriate marketing activities.

2) “Individualized” products and technologies
We develop and offer “individualized” products and technologies, and work to establish original business models.

3) Development of innovative technologies
We develop innovative technologies that challenge the status quo, realizing innovations in manufacturing methods and equipment through drastic improvements or changes in raw materials, catalysts, and processes.

4) Production technologies
We value basic technologies we have accumulated.

2) We will provide our customers with satisfaction and safety.
(2) We will ensure stable supply of products that meet customers’ expectations, in cooperation with our business partners.
1) Cost improvements
We strive to lower costs by various means to offer our products, technologies, and services at reasonable prices.

2) Information on nonconformance
We quickly notify relevant organizations within the company, customers, and consumers in the event of nonconformance in our products or services.

3) Preventing the recurrence of accidents and problems
If an accident or a problem involving a product or service occurs, we investigate its cause and accumulate data to prevent its recurrence.

4) Stable supply
We ensure safe and stable operation of plants in cooperation with our business partners to guarantee a stable supply of products.

5) CSR procurement
We promote CSR procurement and contribute to sustainable growth of society in cooperation with our business partners.

3) We will develop corporate culture that helps every member of the Group to fully display his/her ability.
   (1) We will create new values based on mutual respect for personality, free thinking, and constructive discussions.

1) Respect for individuality
We create and maintain a comfortable working environment for employees with different personalities.

2) Respect for different cultures
We respect the thoughts, creed, customs, and religion of each employee.

3) Promoting the employment of people with disabilities
We promote the employment of people with disabilities, and create and maintain a working environment where they can fully exhibit their abilities.

4) Free and flexible thinking
We embrace free and flexible thinking beyond the scope of traditions and customs.

5) Improving operational efficiency through the PDCA cycle
We run the Plan-Do-Check-Act (PDCA) cycle to improve the level of operations.

6) Communication at workplace
We create and maintain a working environment where employees in each workplace can develop a
trustful, cooperative, and stimulating relationship through positive communication.

7) Voluntary improvement activities
We actively take part in voluntary improvement activities to have our own opinions reflected in the continuous improvement of workplace.

8) Labor-management relations
We respect freedom of association and basic labor rights, and promote constructive exchanges of opinions between labor and management.

9) Work-life balance
We promote mutual understanding and cooperation so that employees can maintain the balance between work and such personal needs as child rearing and nursing care.

10) Business etiquette
We develop a favorable relationship with others by respecting business etiquette.

3 We will develop corporate culture that helps every member of the Group to fully display his/her ability.
(2) We will give the highest priority to safety, and strive to maintain and improve the working environment.

1) Compliance with safety rules
We understand and comply with laws and regulations, rules, and procedures concerning safety.

2) Safe handling of chemical substances
We handle chemical substances in a proper and safe manner in full knowledge of relevant laws and regulations and safety information.

3) Safety activities
We actively promote safety activities to achieve goals under Responsible Care action plans and “proactive safety” initiatives.

4) Raising awareness of safety
We raise our awareness of safety by taking steps based on prediction of risks, accumulating and sharing information on close calls, and issuing mutual warning against unsafe actions.

5) Safety training
We ensure that employees receive sufficient safety education, training, and guidance and acquire necessary knowledge and skills on safety.

6) Risk assessment and improvement
We identify unsafe facilities and operations and improve them in order of priority.
7) Prior review of construction and modification of production facilities
   We carefully check, in advance, plans for construction and modification of production facilities.

8) Maintenance of production facilities
   We ensure that production facilities are properly maintained.

9) Emergency response procedures
   We check emergency response procedures at the time of an accident, disaster, or environmental
   abnormality, and conduct training.

10) Comfortable working environment
    We create and maintain a clean and orderly working environment.

11) Health care
    We pay attention to our daily health care so that we can fully exhibit our abilities.

4 We will meet the expectations of local communities.
(1) We will disclose accurate information on our activities in a timely
manner to the countries and local communities in which we operate, so as
to maintain good communication and promote mutual understanding.

1) Communication with local communities
   As a member of the local community, we actively promote open communication with the residents.

2) Understanding local communities
   We understand and respect the culture, religion, history, customs, and other characteristics of each
local community.

3) Providing information to local communities
   We strive to provide accurate information to local communities to enhance their understanding of
the Group.

4) Notification of accident to local communities
   In the event of a danger to the safety or the environment of surrounding areas, we will immediately
notify relevant local communities through an appropriate route.

5) Participating in local activities
   We actively participate in volunteer activities, cultural events, recreation, and other local activities
as a member of the local community.

4 We will meet the expectations of local communities.
(2) We will grow with the countries and local communities in which we
operate, and contribute to their social and economic growth.
1) Contributing to the development of local communities
We contribute to the sustainable growth of local communities.

2) Creating employment
We strive to create jobs for local communities by expanding our operations.

3) Contributing in the area of education
We support education in local communities by making the most of the Group’s strengths.

5) We will make vigorous efforts to maintain and improve the global environment.
   (1) We will reduce environmental impact of our business activities, and
       contribute toward the mitigation of climate change and the conservation of
       biological diversity.

1) Environmental protection efforts
   We make strenuous efforts to protect the environment, aiming to achieve goals under Responsible
   Care action plans and “proactive safety” initiatives.

2) Environmental compliance
   We understand and comply with laws and regulations, ordinances, and rules pertaining to the
   environment and chemical substances.

3) Reducing the amount of chemical substances discharged
   We strive to reduce the amount of chemical substances discharged.

4) Reducing waste, achieving zero emissions
   We promote “three Rs (reduce, reuse, and recycle)” in our business activities with the aim of
   achieving zero emissions.

5) Combating climate change
   We promote energy conservation and the reduction of greenhouse gas emissions as a way to help
   combat climate change.

6) Promoting conservation of biodiversity
   We monitor the impact of our business activities on biodiversity, and strive to reduce the impact.

7) Environmental protection efforts in supply chains
   In selecting suppliers, we seriously consider how environmental protection efforts are made at each
   supplier and its own suppliers, and call for improvement if any problem is found.

5) We will make vigorous efforts to maintain and improve the global environment.
   (2) We will develop and provide environment-friendly products and technologies.
1) Developing environment-friendly products and services
   We promote the development of products that will contribute to solving environmental problems.

2) Developing and providing environment-friendly technologies
   We develop technologies that contribute toward protecting the global environment. In addition to using those technologies within the Group, we offer them to the outside.

3) R&D and environmental considerations
   When planning and implementing R&D for a particular product, we fully consider its impact on the global environment.

Note: “Our Code of Conduct and Its Practical Guide” represents the Showa Denko Group’s basic concept of social responsibility. In taking action, please make sure that you fully comply with laws and regulations of the country in which your company operates as well as your company’s policy and internal rules.