



# COMPLIANCE GUIDE FOR SumiRiko Italy S.p.A.

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## SUMITOMO RIKO

### MESSAGE FROM THE MANAGEMENT

Since its founding in 1929, the Sumitomo Riko Group has steadily expanded its areas of business and released high value-added products based on its polymer materials technology. Although the times have changed dramatically during this period, the Sumitomo Spirit, which places trust as the highest priority, has continuously formed the basis of Sumitomo Group's management.

With times and society changing rapidly, the Sumitomo Riko Group promptly and appropriately responds to social changes while continuously developing and discontinuing businesses without being complacent in existing business. The Sumitomo Riko Group also promotes further global development and enhances its Group management system in order to achieve steady growth. To grow with global society, among the most important issues for the Sumitomo Riko Group are not only respecting diversity but also sharing within the Group the Sumitomo Spirit, the foundation of the Sumitomo Riko Group management, and the Sumitomo Riko Group Management Philosophy, which highlights S (Safety), E (Environment), C (Compliance), and Q (Quality) as our spirit of craftsmanship and the basis of our business operation.

Furthermore, the Sumitomo Riko Group established the Sumitomo Riko Group Human Rights Policy on July 1, 2022, in line with the UN Guiding Principles on Business and Human Rights. Making fair business activities a permanent basic policy as an ethical enterprise, the Sumitomo Riko Group recognizes that in order to grow with global society, its own business must be based on respect for human rights and declares that it will promote a company-wide initiative for respect of human rights in line with global standards.

In addition, the Sumitomo Riko Group is a signatory of Tokyo Principles for Strengthening Anti-corruption Practices, which have made the contents of the UN Global Compact Principle 10 (prevention of corruption) more specific, and we are promoting anti-corruption activities based on the principles.

In its long-term vision ("2029 Sumitomo Riko Group Vision" (2029V)), the Sumitomo Riko Group confirmed its company-wide policy, which states that it will solve social challenges represented by Sustainable Development Goals (SDGs) through its technological innovation based on the Sumitomo Spirit. We aim to create social value by enhancing corporate value and public value simultaneously and to achieve sustainable growth along with society. In promoting our business activities, it is crucial for us to fully recognize that the social value of the Sumitomo Riko Group will be enhanced by meeting the expectations of all our stakeholders and fulfilling our social responsibility.

Aiming to become a  
“Global Excellent  
Manufacturing Company”  
required worldwide



In view of the above global activities and developments performed by the Sumitomo Riko Group, Sumitomo Riko established the Sumitomo Riko Group Global Compliance Conduct Guidelines as the compliance guidelines for employees and executives of the Sumitomo Riko Group based on the Sumitomo Spirit, the Sumitomo Riko Group Management Philosophy, and the Sumitomo Riko Group Corporate Action Charter. With our solid management base that respects trust and reliability as found in the Sumitomo Spirit handed down for over 400 years and which strictly prohibits the pursuit of instant easy profits, the conduct of each individual that forms the foundation of our company is very important for the Sumitomo Riko Group to achieve step-by-step steady growth as a real global company.

"Changing what needs changing; keeping what should be kept"

We aim for all employees of the Group to join together in the spirit of fluidity and immutability and grow into a Global Excellent Manufacturing Company.

September 2024

## THE SUMITOMO SPIRIT

Sumitomo's business originates with "Monjuin shiigaki," the business principles established by the first head of the Sumitomo family, Masatomo Sumitomo, about 400 years ago and deepened and developed over generations into the "Essence of the Businesses," which has sustained Sumitomo as its spiritual foundation.

**Banji-nissei** : First of all, as a human being, one should be a person who does everything with sincerity and integrity in everything they do.

**Shinyo-kakujitsu** : Above all, we value trust. In other words, to always live up to the trust of others.

**Fusu-furi**: Always seek alignment with the public interest, and pursue the highest interest. Do not act rashly or carelessly.

## THE SUMITOMO RIKO GROUP MANAGEMENT PHILOSOPHY

In light of the Sumitomo Spirit, all of us at the Sumitomo Riko Group will:

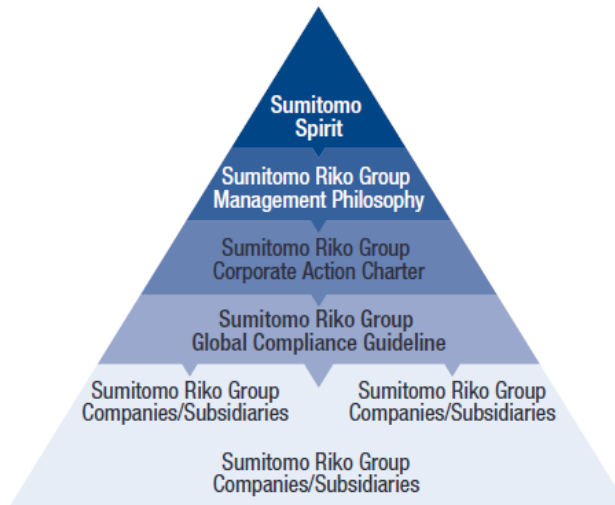
1. Provide superior products and services to meet customer needs based on technological innovation.
2. Place top priority on safety and work to ensure the safety of people and society.
3. Strive to protect the global environment and to contribute to creating better communities.
4. Maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.
5. Foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.

## SUMITOMO RIKO GROUP ACTION CHARTER

Based on the Sumitomo Spirit emphasizing “Banji-nissei,” “Shinyo-kakujitsu,” and “Fusu-furi” and the Sumitomo Riko Group Management Philosophy, the Sumitomo Riko Group aims to become a Global Excellent Manufacturing Company that pursues the creation of social value by enhancing corporate value and public value through a strong sense of ethics and autonomous and responsible behavior.

1. Commitment to Customers and Realizing a Sustainable Society
2. Fair Business Practices
3. Dialogue with Stakeholders, Information Disclosure, and Information Management
4. Respect for Human Rights
5. Decent Workplace
6. Global Environment
7. Social Contribution
8. Respect for International Norms of Behaviour and Good Relations with the Community
9. Risk Management and Crisis Management
10. Initiative of Top Management and Implementation of this Charter

## SUMITOMO RIKO GROUP GLOBAL COMPLIANCE CONDUCT GUIDELINES



## 1. AS A MEMBER OF THE SUMITOMO RIKO GROUP

As a member of the Sumitomo Riko Group, we engage in all business with pride. We, therefore, strive to achieve the following:

- The foundation of our business activities and conduct is to always return to the Sumitomo Spirit as the starting point when in doubt and to never forget the tradition and history of Sumitomo. The basis of the Sumitomo Spirit is Banji-nissei, which means first of all, as a human being, one should be a person who does everything with sincerity and integrity they do, and Shinyo-kakujitsu, which means above all, we value trust. In other words, the Sumitomo Spirit means that we never betray the high expectations and trust of the Sumitomo Riko Group and we always live up to the trust of our business partners.
- In order to respond to these expectations and the trust placed upon us, we continue to be revolutionary and we are never satisfied with the status-quo. However, we believe in Fusu furi, and never seek short term or temporary profit. In other words, we understand the importance of constantly striving for mutual benefits for society in the work we conduct and never seek temporary or easy profit.
- Teigo Iba (1847 to 1926), who was the second Director-General of Sumitomo in the mid-Meiji era, made the following aphorism his personal motto: "A man of noble character esteems wealth and is scrupulous in seeking the ethical way to acquire it." This means that it is not shameful for a company to work for profit, but it is important to not engage in unethical businesses, and that profit must not be earned in an unethical way. No matter how much profit is made through violation of a law, regulation, compliance, or rule, we deeply understand that such profit is made by insincere methods or means and that the profit thus made is totally worthless to the company and its employees.

- Furthermore, Fusu-furi or not seeking an easy, temporary or short-term gain advocates the importance of how profits should be made. We take it to heart that we are always strictly scrutinized as to whether the profits gained through our businesses are fairly accountable. We understand that there will be no permanent prosperity of Sumitomo Riko Group without trust or confidence of the customers and society.
- Always live up to the expectations and trust of the Sumitomo Riko Group stakeholders (customers, business partners and local communities, etc.)
- As a member of the Sumitomo Riko Group, we realize the importance of fulfilling our corporate social responsibility in a highly ethical manner based on the Sumitomo Spirit and Management Philosophy.
- We understand that Compliance in the Sumitomo Riko Group is meant not only to comply with the laws and regulations but also to live up to social expectations. This means that we never betray the high expectations and trust placed on the Sumitomo Riko Group and we always live up to the trust placed in us by our stakeholders.

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## 2. CONDUCTING BUSINESS WITH RESPONSIBILITY AND COMMON SENSE

As a member of the Sumitomo Riko Group, we comply with laws and regulations, Articles of Incorporation, internal rules, Group rules and the company administrative authority, and **conduct work with a high ethical standard**. We, therefore, strive to achieve the following:

- Understand and comply with the laws and regulations, rules, and the company administrative authority that apply to our work and organization.
- Maintain good communication and trust both inside and outside of the Group and foster the corporate culture of respecting compliance.
- As compliance leaders (CLs), general managers, managers, and supervisors at each work place act as role models for other employees, endeavour to improve the workplace environment and prevent compliance risks, and notify the appropriate parties of problems as soon as they occur.
- In conducting our job responsibilities, we understand that cheerful greeting with a smile and reporting, communication, and consultation to or with our supervisors are important fundamental conducts. We also thoroughly implement Bad News First & Thanks! In other words, Bad News should be reported immediately and the management and the executive should welcome such a quick initial report.
- Return to the Sumitomo Spirit as a starting point and raise our voices with courage when sensing something wrong or when unsure in the course of business. On the other hand, all

managers and supervisors must listen attentively with sincerity to such voices and opinions from the field. In addition, we will never tolerate unfavourable treatment of or retaliation against a person, who sincerely reported, communicated or consulted on account of such action.

- Listen intently to constructive opinions and criticisms from both inside and outside the Sumitomo Riko Group. We understand that it is our role to live up to the trust and expectations placed on the Sumitomo Riko Group and contribute to the development of the company.
- Keep in mind to not only develop the company but also constantly develop co-existence and mutual prosperity in the community and with other stakeholders throughout the world.
- Ensure the development, implementation and maintenance of appropriate methods and processes for our products to minimize the risk of counterfeit parts and materials being delivered. We also have effective processes in place to detect and quarantine counterfeit parts and materials and notify the original equipment manufacturer (OEM) and/or law enforcement authorities. Any sales to non-OEM customers are in accordance with local laws and the products sold will be used legally.

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### 3. FAIR AND JUST TRADE AND COMPETITION

As a member of the Sumitomo Riko Group and also the global community, **we comply with the applicable laws, regulations and rules of each country**, and aim for fair and just competition.

Therefore, we strive to achieve the following:

- Understand and comply with laws and regulations (competition, anti-monopoly, anti-trust laws, etc.) relating to competition and transactions applicable to our work. We will never conduct illegal acts such as forming cartels or acts suspected to be illegal.
- Respect all customers, suppliers, and service providers as business partners and create a relationship of trust.
- Reject unreasonable stances such as unfair or unjust demands and solicitations for unfair transactions.
- Understand and comply with the laws and regulations and the procedures relating to security export control and to exporting and importing.
- Understand and comply with the applicable laws, regulations, and rules of each country, conduct appropriate financial reporting at appropriate timing, and never conduct processing or reporting that is false or misleading. We will not be involved in or will not permit any financial crime such as money laundering, either.

- Assume a firm attitude against antisocial forces and confront them with determination, and never conduct any business with an antisocial force or an entity having relations with an antisocial force.

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#### 4. RELATIONSHIP WITH GOVERNMENT AGENCIES, ETC.

As a member of the Sumitomo Riko Group, we maintain a healthy and **transparent relationship** with government agencies. Therefore, we strive to achieve the following:

- Comply with the laws, regulations and rules concerning the relationship with government agencies and conduct appropriate ceremonies and interactions. We do not conduct illegal activities such as the offering of inappropriate gifts, receptions, and other economic benefits.
- Conduct any receptions or provide gifts to business partners in the private sector within a legally and socially acceptable scope.
- Never receive any socially unacceptable gifts, receptions, or other economic benefits.
- Give donations to various organizations, if we do, in the appropriate and transparent manner and in accordance with all applicable laws and regulations only after clarifying its purpose and significance for creating social value.

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#### 5. RESPECTING HUMAN RIGHTS AND DIVERSITY

As a member of the Sumitomo Riko Group, **we respect human rights and diversity.**

Therefore, we strive to achieve the following:

- Mutually respect the diversity, personality and individuality of each other and foster a lively corporate culture.
- Never conduct discriminatory acts, harassment or other infringements on human rights on the basis of nationality, race, ethnic group, sex, religion, creed, social status, sexual orientation, sexual identity, and disability. We also understand that the Sumitomo Riko Group does not tolerate any such discriminatory acts or harassments.
- Respect human rights and diversity throughout the development of global business by the Sumitomo Riko Group. We aim to foster an even better corporate culture by mutually acknowledging and respecting each other's existence and differences and through inclusion of all employees so that they can show their abilities to the fullest and find their jobs rewarding.

- People Create Companies – Respecting and caring for people is another well regarded tradition of Sumitomo and the Sumitomo Riko Group. At all times in the Sumitomo history, search and development of talents HAVE been considered as the most important factor for successful business management.

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## 6. DRAW A CLEAR LINE BETWEEN PUBLIC AND PRIVATE MATTERS

As a member of the Sumitomo Riko Group, we draw a **clear line between public and private matters**. Therefore, we strive to achieve the following:

- Ensure correct use of the information and assets of the company and that suspicion of mixing private and public matters are not raised. We use the information and assets of the Company only for the Company's business purposes.
- Never conduct acts of conflicts of interest or acts of business competition causing conflict with the company's interests such as a deal with the company to cater to the personal interest of employees themselves, their relatives, friends, or those which prioritize of the profit of a competing company ahead of the company's interest.
- Never trade stocks or other securities of a company in the Sumitomo Riko Group or of business partner (including a listed company in the Sumitomo Riko Group) knowing important undisclosed information relating to it. We understand that the laws, regulations and rules pertaining to insider trading apply not only to the employees themselves but also to third parties including their family members.
- As a member of Sumitomo Riko Group, which places trust as the highest priority, never conduct unfair acts or acts that give rise to suspicions of unfair acts.

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## 7. PURSUIT OF QUALITY AND SAFETY

As a member of the Sumitomo Riko Group, **we pursue quality and safety**. Therefore, we strive to achieve the following:

- Understand that quality and safety take priority over profit and efficiency.
- On Jan. 25, 2012, charges were filed against Sumitomo Riko and its employees on the violation of the Industrial Safety and Health Act due to failures in submission at our Matsusaka Plant. What were considered problematic was that priority was given to production over compliance with the laws and regulations, and that the action was too slow because reporting on violation of laws and regulations recognized at the site was delayed.

In 2016, misstatement was found in the inspection reports for a hose product, manufactured and processed by the two subsidiaries, and accordingly, the Ministry of Defence placed them under the three-month order suspension. We keep in mind, take seriously, and will never forget the reflections and lessons from this. In order to remind us of the reflections and lessons, we decided to hold a Compliance Review Day on January 25 each year so that we will hand over the reflections and lessons forever through an integrated effort by all executives and employees.

- Immediately report or consult with a superior or the appropriate parties in the event of the occurrence of concerns about or accidents related to quality, quality compliance, or safety in the workplace.
- Quality and safety are the foundation of trust. As a member of the Sumitomo Riko Group, we understand that we are required to provide an extra level of trust through the persistent pursuit of quality and safety.
- On top of the S.E.C.-Q. (Safety, Environment, Compliance, and Quality), which forms the basis of our business management and the Bad News First & Thanks; we will try to ensure thorough reliability in records and reports. We will not conduct or tolerate any misconduct such as falsification or fabrication of product or quality data.
- We are devoted to the pursuit of quality and safety, and we overcome even the most difficult problems with the combined strength of the Sumitomo Riko Group. “Do your sincere best, not only in business, but also in every aspect of your life.” (Banji-Nissei) is a part of the traditions of Sumitomo.

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## 8. HANDLING INFORMATION

As members of the Sumitomo Riko Group, we **handle information** in an appropriate manner. Therefore, we strive to achieve the following:

- Strictly and thoroughly control the confidential information of the company and use it only for the purpose of the company’s business. We will never use it for other purposes.
- Strictly control personal information and comply with the applicable laws and regulations. We also respect the confidential information and the intellectual property rights of others.
- Acquire and utilize necessary information in a timely manner and correctly transmit information based on facts.
- Pay particular attention to expressions used in writing and made orally.

- When posting through social media, we strictly distinguish personal posts from corporate posts. Furthermore, when posting as a corporate representative, we do so after obtaining appropriate approval from within the company.
- We will handle insider information with extreme care and never disclose it before it becomes public.
- Leaks of information and inappropriate use of information greatly damage the important trust placed on us. We understand that it is necessary to handle information with certainty. We have now again realized that Shinyo-Kakujitsu, or ensuring trust, is our important action principle also in this regard.

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## 9. RELATIONSHIP WITH THE COMMUNITY

As a member of the Sumitomo Riko Group, we make efforts to maintain a **good relationship** with the community, region and country. Therefore, we strive to achieve the following:

- Maintenance of good relationships with the community and region is essential to the Sumitomo Riko Group. We do not forget the pride we have as members of the Group – both, at and away from work.
- Comply with the environmental laws and regulations. Taking good care of the global environment, we will contribute to building a better social environment.
- In order to become a company trusted and loved by local communities in all countries of the world, the Sumitomo Riko Group will continue to contribute to solving challenges in the local communities toward realization of a sustainable society. We will also continue community-based business activities so as to coexist with the local communities while respecting the culture and customs of the relevant countries and regions. We will always seek not only for our development but also for mutual prosperity with stakeholders and local communities.

## SUMITOMO RIKO GLOBAL HOTLINE

The primary purpose of SRK Global Hotline is to establish an opportunity for the SRK group employees to report such problems as

- (1) They have an impact on all SRK group companies or

(2) They are committed by your company's top management. All other problems have to be reported via the local consultation windows.

For SRK Global Hotline, please see the "Example of Reportable Conduct" below:

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#### EXAMPLE OF REPORTABLE CONDUCT

Corruption, bribery, or kickbacks; price fixing, customer or market allocation with competitors, and other anticompetitive conduct and practices; fraudulent or otherwise deceptive financial reporting (including accounting manipulation); misappropriation or embezzlement of company assets; unauthorized disclosure of confidential information; breach or violation of law, regulations, or ordinances or Sumitomo Riko's internal policies, rules, or procedures including Sumitomo Riko Group Rules; and deliberate concealment of any of the above matters.

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#### GLOBAL HOTLINE DETAILS

srk-hotline@mwe.com (accessible 24 hours a day/7 days a week)

Examples of information to be included in your hotline report

- (1) Your name
- (2) Your company/department,
- (3) Your e-mail address (to allow us to contact you), and
- (4) The description of the matter to report (be specific)

## SUMIRIKO ITALY S.P.A.

### COMPLIANCE IN SUMIRIKO ITALY

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#### WHO HAS TO FOLLOW THE COMPLIANCE GUIDE?

We expect all of our employees to know and follow the Compliance Guide. Failure to do so can result in disciplinary action, including termination of employment. Moreover, while the Compliance Guide is specifically written for our employees, we expect contractors, consultants and others who may be temporarily assigned to perform work or services for us to follow the Compliance Guide in connection with their work for us.

Failure of a contractor or consultant or other covered service provider to follow the Compliance Guide can result in termination of their relationship with us.

COMPLIANCE GOALS AT SUMIRIKO ITALY:

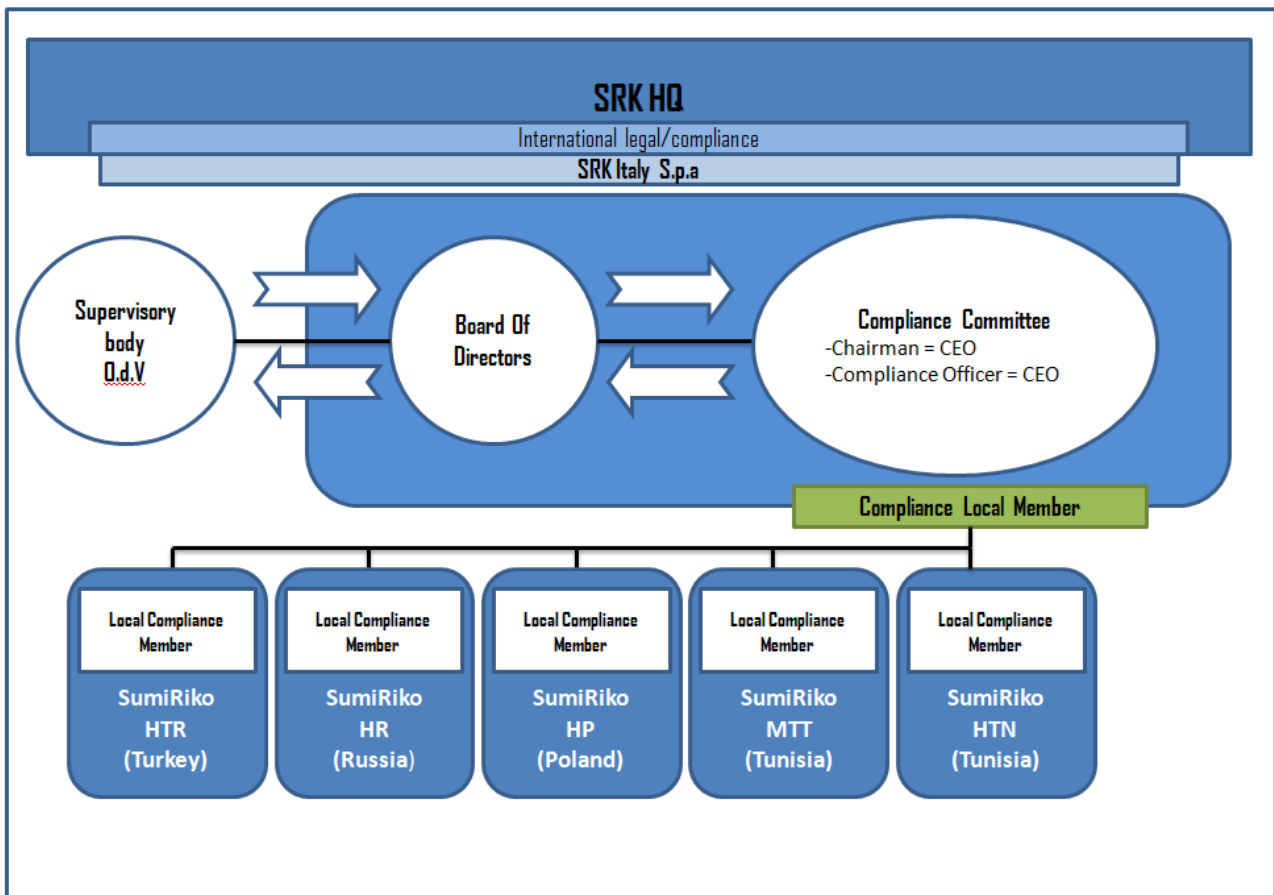
- ✓ Continuously improve the compliance management system at SumiRiko Italy
- ✓ Ensure reported compliance-relevant misconduct is taken seriously and action is taken on the basis of an investigation.
- ✓ Constantly update internal and external compliance regulations.
- ✓ Treat reports from anonymous whistle-blowers with strict confidence.
- ✓ Provide all employees annual compliance education and training.
- ✓ Conduct random compliance audits throughout SumiRiko Italy.

COMPLIANCE ORGANIZATION

a) Compliance members at each plant

In each plant, local compliance members (elected internally) are responsible persons for monitoring compliance matters in SumiRiko and to assure the respect of it

b) Compliance Committee: oversees company-wide compliance at SumiRiko Italy.



MONITORING OF COMPLIANCE

Current compliance situation is reported monthly to the Compliance Committee in Sumiriko. Urgent compliance issues are reported immediately to the international Legal department of HQ.

Quarterly compliance surveys are reported to the international Legal department of HQ.

The local compliance members provide Sumiriko with monthly compliance reports. Cases are investigated with support of the local compliance members by the compliance department in Sumiriko.

At least once a year we conduct compliance training with focus which depends on the risk evaluation and current compliance environment in each plant and Sumiriko.

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## CODE OF CONDUCT AT SUMIRIKO

Mindful of their social responsibility toward their companies, toward their business partners, toward the environment and toward society, SumiRiko and its staff all over the world comply with the general principles and human rights as well as with all applicable laws, regulations and statutes, in all business dealings. This commitment also extends to the controlled companies, consultants, suppliers, customers and all other parties who have relations with the company.

All the company operations and transactions have to be lawful, consistent, appropriate, duly authorised, verifiable and recorded, to ensure that checks can be carried out on the decision-making and authorisation processes and the related procedures, and that the operations are carried out correctly and for justified motives.

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## HUMAN RIGHTS, EMPLOYMENT AND WORKPLACE

SUMIRIKO attributes the greatest importance to its employees, because it is precisely through its human resources that it is able to supply, develop, improve and guarantee the most effective running of its services. It is also in the company's interest to encourage the development and professional growth of all its employees, as this, among other factors maximises the skills of each employee and collaborator.

- » We oppose forced labour and child labour. The term “child” refers to any person under the age minimum age pursuant to local legislation.
- » We oppose discrimination, in particular unfair treatment on the basis of gender, race, disability, ethnic or cultural origin, religion, world view, age or sexual orientation.
- » We stand for freedom of association and the right to collective bargaining.
- » We stand for fair working conditions: that is, provision of regular employment, living wages, no excessive working hours (which should stay in the range of 48 hours per week and up to 60 in case of emergency conditions), no workplace harassment, or harsh or inhumane treatment.
- » We strive to respect and promote human rights in accordance with the United Nations Guiding Principles on Business and Human Rights. Our goal is to contribute to the increased well-being of human rights in the communities in which we operate.

- » We are committed to the rights of women, that is, the principle that they are entitled to political, economic and social equality. We strive to encourage the development and advancement of women, with a view to ensuring the exercise and enjoyment of human rights and fundamental freedoms on an equal basis with men.
- » We stand against any kind of forced eviction and deprivation of lands, forests and waters in the acquisition, development or other use of lands, forests and waters.
- » We strive to choose trained private or public security forces in the aim to protect the business, to avoid any kind of Human rights violations due to a lack of training or control on the part of our company.

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## HEALTH AND ENVIRONMENT

- » We stand for the protection of health: that is, safe and hygienic working conditions to prevent health and safety risks in the workplace.
- » We stand for environmental protection: that is, support for taking a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility and encouraging the development and distribution of environmentally friendly technologies.

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## SUMIRIKO ITALY'S PROPERTY, CONFIDENTIALITY AND TRADE SECRETS

- » We respect our companies' property, including records, technical information and communication.
- » Confidential and internal information may only be disclosed to third parties with the authorisation of the relevant department, in accordance with company procedures.
- » We protect trade and company secrets: That is, disclosure of confidential information or documents or providing access to them without proper authorization is forbidden.
- » We comply with the laws that govern data privacy protection concerning the personal data of employees, suppliers, customers and business partners.
- » We make a reasonable effort to destroy confidential information that is no longer useful to our business and prevent unauthorized access to confidential information.
- » We report problems concerning data security to the designated ICT Manager.

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## BRIBERY OR CORRUPTION

» Bribery or corruption is not tolerated: The offering, paying, soliciting or accepting of bribes or kickbacks, including facilitation payments, is strictly prohibited. A bribe may involve giving or offering ANY form of gift, consideration, reward or advantage to someone in business or government to obtain or retain a commercial advantage or to induce or reward the recipient for acting improperly or where it would be improper for the recipient to accept the benefit.

» Facilitation payments are small payments or fees requested by government officials to speed up or facilitate the performance of routine government action (such as the provision of a visa or customs clearance).

» This does not generally apply to gifts and invitations that fall within the bounds of normal lawful business practice with regard to hospitality, convention and courtesy.

» Some examples of bribes include the following, which is not an exhaustive list:

- Gifts exceeding those indicated in the third point above or travel expenses
- The uncompensated use of company services, facilities or property
- Cash payments
- Loans, loan guarantees or other credit
- Provision of a benefit, such as an educational scholarship or healthcare, to a member of the family of a potential customer or public or government official
- Provision of a subcontract to a person connected to someone involved in awarding the main contract
- Engagement of a local company owned by a member of the family of a potential customer or public or government official

» Suppliers and representatives as well as their employees must comply with all applicable anti-bribery and corruption laws.

» Suppliers and representatives must have anti-corruption and bribery procedures in place to prevent employees or individuals associated with their businesses from committing bribery or corruption offenses. Suppliers and representatives will properly implement these procedures in their businesses and regularly review them to ensure they are effective.

» All gifts in each plant must be processed in accordance with the “Policy on gift and entertainment.”

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## ANTITRUST LAW

We respect fair competition, which, in particular, means the prohibition of:

» collusion and activities that aim to influence prices and conditions;

» dividing sales territories or customers or using prohibited methods to inhibit fair and open competition;

» agreements between customers and suppliers that limit customers' freedom to determine their own pricing and other conditions when reselling.

Meeting or communicating with a competitor (including any director, officer or employee of the competitor, hereinafter "competitor") is not permitted unless (i) it is unrelated to business or work; (ii) it is unlikely that sensitive information will be transmitted or received; or (iii) the Sumitomo HQ Legal department has given its approval. Sensitive information is defined as any information related to present or future business competition, including prices, sales volumes, sales territories, production volumes, customers, delivery points, raw materials, profit margins, manufacturing equipment, R&D and other similar matters.

In the event a competitor expresses an interest in transmitting or receiving sensitive information to a SumiRiko employee, he or she must expressly and clearly refuse to do so, leave the meeting and immediately report the event by email to his or her supervisor and the Legal department.

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#### PERSONAL SECURITIES TRADING

It is not permitted to use non-public material information for the purpose of making profits on trading in the securities (insider trading) of Sumitomo Riko Company Limited (SRK). "Material information" means information that would reasonably be considered likely to cause a significant change in the price of a security if it was publicly known.

It is not permitted to make any trade in an SRK security in the period beginning one week prior to the end of a quarter and ending with the public disclosure of SRK financial statements for that particular quarter.

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#### CONSULTATION PROCESS IN COMPLIANCE ISSUES

1. The aforementioned compliance rules refer to all SUMIRIKO operations that are compliant when they are carried out in accordance with the laws, statutes and other regulations as well as in accordance with business ethics.
2. The effectiveness of the compliance function also depends on the vigilance and cooperation of each employee who should communicate activities and behaviours considered illegal as they violate the aforementioned rules.
3. SUMIRIKO promotes an adequate system for internal controls and risk management that includes an internal system for the reporting of any irregularities or breaches of applicable law and internal procedures by employees (**whistleblowing system**) in line with the national and international best practices for guaranteeing a specific and confidential information channel and the anonymity of the whistle blower.
4. Addressees who discover or otherwise become aware of possible unlawful conduct or

irregularities committed by parties who have relations with one or more Group companies in the course of their working activities or that have an impact on said working activities, must activate the whistleblowing procedure by immediately reporting the actions, events and circumstances that they believe, in good faith and on the basis of reasonable grounds, have caused said violations and/or actions contrary to the Group's principles.

5. SRK Italy encourages addressees to promptly report possible unlawful conduct or irregularities, and in doing so SRK Italy guarantees the confidentiality of the Report and the information it contains, as well as the anonymity of the whistle blower or sender, even if the Report is subsequently proven incorrect or unfounded.

The Report must be sent via the following means, in English or the local language:

- By post to: Compliance Committee, Via Pavia 120/A 10098 Rivoli (TO) to the Attention of the President
- Email: [compliance@it.sumiriko.com](mailto:compliance@it.sumiriko.com)

All complaints except the involvement of the committee itself will be forwarded to the Compliance Committee. Complaints against the CEO or CFO will be directly forwarded to the shareholder Sumitomo Riko. This helpline can be used by SumiRiko employees throughout the Group as well as by business partners (suppliers and customers) and regional residents of SumiRiko plants.

## SUPERVISORY BODY

The Company introduced the Italian Legislative decree no. 231 of 8 June 2001 n. 231, which "governs the administrative liability of legal entities, companies and associations" ("**Decree 231**"), implemented the legislative delegation contained in article 11 of law no. 300 of 29 September 2000, in which Parliament laid down principles and guidelines for the governing of the administrative liabilities of legal entities and bodies for offences committed by persons operating within these legal entities, in their interests or to their advantage.

The SUMIRIKO organization and Management Model with accordance to the "Decree 231" (also referred to in brief below as the "Model") takes into account the interaction between the Internal Control System and the existing company procedures in respect of Decree 231.

The aim of the SUMIRIKO model is to:

- ensure that all those operating in the name and on behalf of SUMIRIKO are aware that committing or attempting to commit a criminal offence - whether to the benefit or in the interests of the company or otherwise - is a violation of the Model and the principles and provisions set out therein, and may render not only the perpetrator of the offence but also SUMIRIKO itself subject to criminal and administrative penalties;
- identify the conduct which will not be tolerated by SUMIRIKO, as it is in breach of the law, as well as of the company code of conduct;

- Monitor the areas at risk and the sensitive activities, in relation to which the offences considered in Decree 231 could be committed, and lay down the prompt action to be taken to prevent such offences from being committed.

To be in accordance with the law in place, the Board of Directors meeting held on November 29, 2013 adopted and approved the implementation of the law 231/2001 by:

- ✓ Appointment of the Supervisory Body (“OdV”), which is responsible for monitoring the effective and correct operation of the Model and conferring autonomous powers for that purpose, in line with the means at its disposal;

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#### COMPOSITION OF THE SUPERVISORY BODY AND ELECTION OF MEMBERS

As laid down in law, the Board of Directors is responsible for determining the number of members, the duration of the period in office, the authority and powers, responsibilities and duties of the OdV (*Supervisory body*) in accordance with the principles described below and the eligibility requirements for membership.

The OdV nominated by the Board of Directors remains in office for 3 financial years or any shorter period specified at the time of its nomination, which may not in any case be less than 1 financial year.

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#### RULES FOR THE SUPERVISORY BODY

All information relating to possible violations of the Model has to be passed on to the OdV as promptly as possible by all company personnel and third parties obliged to observe the provisions of the Model.

Company personnel and all other parties operating in the name and on behalf of the company who come into possession of information on offences committed within SumiRiko or practices not in line with the rules of conduct and principles of the Code of Ethics have to report the situation to the Supervisory Body as promptly as possible.

These reports, whose confidentiality will be guaranteed, may be forwarded to the Supervisory Body by email. All employees will be informed of the email address to be used for this purpose.

During its investigations into reports received, the Supervisory Body has to ensure that the reporting parties are not subject to reprisals, discrimination or any other form of penalization, and will guarantee their anonymity at all times, unless otherwise specified under the legislative provisions which apply.

The aim of the information passed on to the Supervisory Body is to improve the scheduling of its control and inspection operations, rather than to have it carry out checks into all the phenomena brought to its attention. Those cases in which the Supervisory Body decides that it is necessary to take action will therefore be left up to its discretion.

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## PURPOSE OF ESTABLISHING THE COMPLIANCE COMMITTEE

The objective of the Compliance Committee (the "Committee") is to initiate study and recommend policies and actions with a view to operating a business, which acts in accordance with laws, regulations and business ethics.

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## ORGANIZATION AND ITS MEMBERS

(i) The Managing Director shall decide the members (number of members not less than five (5) of the Committee, the Chairman of the Committee and the Secretary. In the absence of the Managing Director, the members may decide a Chairman and/or Secretary as necessary.

(ii) The Chairman shall preside over meetings of the Committee.

(iii) The Secretary shall draft and distribute agenda, materials and minutes.

(iv) Observers may attend and participate with the permission of the Chairman.

(v) A meeting of the Committee requires a quorum of a majority of the members.

(vi) A decision of the Committee requires the approval of a majority of the members present.

(vii) The Committee may delegate tasks to one or more of its members.

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## MEETINGS AND REPORTS

The Committee shall meet as frequently as it determines to be appropriate, but not less than four (4) times per year. Meetings of the Committee may be held telephonically/via web conference.

The Committee may elect to meet from time to time in executive session at its discretion.

All decisions of the Compliance Committee shall be taken by a "absolute majority (50%+1) of the votes

The members of the Compliance Committee and all other individuals who have taken part in meetings of the Compliance Committee may not disclose the information contained in the reports they receive, the contents of discussions or confidential information regarding the company - in particular, business and trade secrets - which have become known to them through their activities in connection with the Compliance Committee. This confidentiality obligation continues to apply after their activity ends and beyond the term of the Compliance Committee. The members of the Compliance Committee shall ensure that any employees appointed to support them likewise comply with this confidentiality obligation.

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## DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The functions of the Committee are as follows:

(i) To initiate, study and recommend policies and actions with a view to operating a business which acts in accordance with laws, regulations and business ethics.

(ii) To handle requests for compliance-related consultations from employees and other stakeholders.

- (iii) To strive to ensure that the Company has internal rules, compliance training programs and a compliance monitoring framework which are sufficient for promotion of compliance.
- (iv) To generally support the Managing Director in promoting compliance.

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## ACCEPTANCE AND PROCESSING OF CONSULTATIONS

1. If a member of the Committee receives confidential information, either from internal or from the Group, of some infringement of laws and regulations or other important matters related to Compliance, he MUST immediately share this information with the other members of the Committee. The Chairman will decide if discuss the matter in the next Committee Meeting or ask for an extraordinary Committee
2. The Committee will supervise on Subsidiaries' behaviour on all Compliance matters. The Chairman could decide to ask each Subsidiary (i.e. on a rolling way) to attend a Committee to refer on the Compliance situation of company.
3. The Committee shall strive to ensure that employees, customers, suppliers, local residents and other stakeholders have access to appropriate channels to make reports or request consultations concerning actual or potential compliance violations.
4. To the extent necessary to fulfil its functions and objectives, the Committee may make reports to the Managing Director, the Board of Directors and/or to the Sumitomo Riko Group.