

# Kao Chemicals Europe, S.L.U.

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On behalf of : Kao Corporation, S.A.U. | Kao Chemicals GmbH | QuimiKao, S.A. de C.V. |  
Kao Chimigraf, S.L.U. | Kao Brasil, Ltda.

## SUSTAINABLE PURCHASING POLICY

### 1. Target

Kao Chemicals Europe, S.L.U (hereinafter KCE) is part of Kao Corporation, a Japanese multinational headquartered in Tokyo. At KCE we produce and trade chemicals, committed to our ESG strategy, with a mission to create a KIREI future for all people and the planet.

Our goal is to become an indispensable company to achieve sustainable growth for society and the industry, through the corporate motto "Sustainability as the Only Path".

Our suppliers are essential partners to walk along that path.

This policy establishes the set of principles KCE will follow in all purchasing activities, from goods to services, and in line with a sustainable growth.

### 2. Scope

The scope of this policy applies to all KCE affiliates. Suppliers are requested to review and comply with it and extend the same request to their own supply chains.

### 3. What We Believe in

KCE is committed to Sustainable Sourcing by the following principles and values, which have been developed according to Kao Corporation policies and guidelines for Procurement, following the Ten Principles of the United Nations Global Compact and ISO20400.

- Fairness: we conduct business with suppliers based on an objective assessment of quality, price, delivery time, corporate management stability, manufacturing and supply capability and Sustainability.
- Compliance and Ethics:
  - all our purchasing activities are in full compliance with laws and regulations
  - we keep confidentiality along the way with all our suppliers and within all our purchasing activities
  - we conduct businesses with our suppliers according to our Anti-bribery Guidelines.
- Sustainability: we conduct business with our suppliers in line with our social corporate responsibilities, which strive to avoid and mitigate the potential adverse impacts on society, environment, and economy, preserving resources that will enable a long sustainable cooperation with them.

### 4. Our actions

The initiatives and actions that are and will be taken by KCE will help to achieve What We Believe in:

- All our suppliers are requested to comply with the set of principles covered in our Supplier Code of Conduct.
- We perform an assessment of our suppliers before starting business and evaluate them along our cooperation and in accordance with our set of principles and values.
- We identify risks related to human rights, safety and environment in our supply chains and implement activities to improve them while working together with our suppliers, through the participation in and response to Sedex or other alternative platforms, such as EcoVadis and/or KCE Supplier Assessment Questionnaires.
- We will engage with suppliers that do not achieve an acceptable score based on the above set of principles and help them improve on their path to Sustainability.

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- We will identify high risk supply chains in our purchasing activities and will periodically review them, taking into consideration the following three perspectives:
  - Business perspective
  - Geographical perspective
  - Sustainability perspective

We will set specific action plans that will enable to mitigate the risk, conduct activity programs with suppliers, and track and record on the progress. And we will extend this requirement to whole supply chain.

With regards to our raw materials:

- We increase traceability for raw materials procurement and confirm the supply chain back to the raw materials while working together with our suppliers.
- We promote the procurement of raw materials using third-party certification systems (RSPO, FSC, etc.) while working together with our suppliers.
- We purchase natural products from sustainable sources. In particular, we position palm oil, which is one of our main raw materials, as our most important natural resource. We adhere to our [Corporate conduct guidelines for the procurement of palm oil, paper and palm](#).

We will communicate this policy to our employees, our customers and our vendors, gathering feedback to continuously improve our Sustainable Purchasing principles and values.



May 15<sup>th</sup>, 2023  
Daisuke Hamada  
KCE President