Compliance Manual for Bribery Prevention

1 APRIL 2020

Sumitomo Chemical Asia Pte Ltd

Message from the President, Sumitomo Chemical Company, Limited

As corporations expand activities across national boundaries, the sheer importance of ensuring fair competition is ever growing in the supply of goods and services in the international marketplace. From this perspective, there is a surging awareness globally of the need to prevent corrupt practices, such as bribery, whereby illicit pay-offs or undue rewards are offered in return for illegitimate conduct.

Bribery, which entails repercussions to impair fair competition, is an unethical and thus unacceptable conduct from which only a few individuals benefit improperly. From a regulatory standpoint, bribery of government officials, whether domestic or foreign, is illegal in most countries. Recent years have seen a rapidly increasing number of reported cases where multinational corporations were accused of their anti-bribery and corruption law violations by the law enforcement authorities of developed countries on the ground of bribing a government official in a foreign country, especially those in an “emerging country”. No doubt, corrupt transactions between private organizations or individuals in commercial dealings are also ethically improper. In China, such practices have been illegal from the long past, while the United Kingdom has brought the Bribery Act 2010 into effect last year, making it illegal to offer or receive bribes in commercial transactions. Legislative movements are gathering momentum worldwide towards stricter legal restrictions on commercial bribery, with civil or criminal charges imposed against perpetrators. Engaging in corrupt practices exposes both the company and the individuals involved to a substantially heightened risk of legally and economically material consequences.

Gaining and keeping trust from society is of paramount importance for our company to carry on business long into the future as a responsible global corporate citizen. We never tolerate any act of bribery and corruption to take place as it not just damages our company's operation legally and economically, but also impairs society's trust in our company we have earned over a period of time. No matter where we do business in the world, I am sure that we can sustain the trust and confidence of our stakeholders and society at large only if each and every director, officer and employee alike join efforts to strive for living up to the core values of our company and work together with the highest ethical standards.

We are firmly determined to keep promoting proactive initiatives to prevent bribery and corruption from occurring or detect it at an early stage. I would like to ask all directors, officers, and employees of Sumitomo Chemical to renew their strong determination to always engage in fair and ethically sound business in full compliance with this Manual, and relevant laws and regulations in Japan or elsewhere in the world, free from conducting any act that might cause you to be suspected of involvement in bribery or corruption, to say nothing of participation in bribery or corruptive practices in any event. If you have any anti-bribery-related questions in connection with your day-to-day work, please be sure to consult with the Legal Department, the General Affairs Department or the Compliance Committee.

Keiichi Iwata,
President
February 2019

Message from the President of Sumitomo Chemical Asia Pte Ltd

Sumitomo Chemical Asia Pte Ltd and subsidiaries and representative office (collectively referred to as “the Company”) have always advocated that their employees have to adhere to all applicable laws and regulations in any location in which the Company transacts business. The Company’s corporate DNA guides us onto the right path in conducting business with the highest ethical standards, and you should be proud that Sumitomo emphasizes ensuring ethical business administration as an integral element of its corporate and social responsibility. Take a moment to imagine whether your family members would be proud of you, if you were to tell them how you are conducting business. If you are doubtful, you should evaluate carefully whether you are abiding with the Company’s code of ethics.

Many of the world’s businesses are in politically difficult and corrupt countries. Working responsibly in such environment isn’t easy; we encounter corruption, poor economic policies, human rights abuses, low accounting and reporting standards, legal and regulatory system that leaves a lot to be desired. Corruption is a vital threat to the continued existence of our company and the well-being of our employees as well as being against our corporate culture which we cherish. Non-compliance with applicable laws against corruption will result in serious negative impact to the financial condition, reputation and continued viability of Sumitomo. Therefore, whatever the circumstances are: **JUST SAY NO TO CORRUPTION**!

Thus, we have embarked on putting together this Manual that gives you a clear guidance as well as important rules to observe in your endeavor to prevent corrupt actions. This Manual represents a centrepiece of the Company’s firm commitment to comply with anti-corruption laws around the world including the Singapore Prevention of Corruption Act, US Foreign Corrupt Practices Act and the UK Bribery Act 2010. This Manual embodies our essential principles and demonstrates Sumitomo’s strong determination to take the initiative in staging a global fight against corruption. Sumitomo does not tolerate corrupt practices and any corrupt action will result in disciplinary action including termination.

Please read this Manual carefully. This Manual should not be considered as a substitute for specific legal advice. If you suspect any violation or attempted violation of anti-corruption laws or if you are unsure whether your action will violate those laws, you must consult either the Ethics Compliance Officer or the Regional Legal & Compliance Office immediately or use the Speak Up Process implemented in your organization. As members of the Sumitomo Chemical family, lets combat corruption as one!

SAKAI MOTOYUKI,
President
April 2020

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I. General Principles

Application

This Manual contains policies and procedures that will apply to all directors, officers, and employees (including those temporarily employed) of Sumitomo Chemical Asia Pte Ltd, its subsidiaries and representative office(s) ("the Company"). It is essential that, if you fall into these categories, you embrace the rules, policies and procedures herein in the course of your employment. This Manual shall be supplemented by the Manual for Due Diligence Process for Engagement of Customers and Business Partners and the Entertainment & Gift Policy.

Failure to comply with this Manual could result in violations of the Singapore Prevention of Corruption Act ("PCA"), Cap 241, the Singapore Penal Code, Cap 224, the Japanese Unfair Competition Prevention Act, the United States Foreign Corrupt Practices Act (the "FCPA"), the United Kingdom Bribery Act 2010 and other applicable anti-bribery laws (collectively, the "Anti-bribery Laws"). Many of these Anti-bribery Laws will apply even outside the countries where the laws were enacted such that even if the violations took place in another country, there may nevertheless be breaches of the Anti-bribery Laws.

Failure to comply with this Manual would also violate the Company's Employee's Handbook and the Company's Code of Ethics, which outline the Company's commitment to conducting business in an ethical and legal manner.

1. Prohibition on Giving Bribes

The Company, inheriting the guiding business principles of Sumitomo that attach paramount importance to trust from society, competes for and earns business loyalty through the quality of its personnel, products and services, and by no means possesses a frame of mind to gain business with lavish gifts or entertainment, let alone a pecuniary payment.

The Company strictly prohibits providing directly or indirectly, or offering or promising to provide payment of Anything of Value (as defined below) or authorizing or permitting others to do so, to a government official or to any other person or entity with whom the Company has a current or potential business relationship if it might appear to such persons given, offered or promised payment or Anything of Value that you are seeking to induce them to make any act or decision or to influence the decision-making process, for the purpose of acquiring or retaining business or any other commercial advantage ("Bribery").

- ⚠ "Anything of Value" includes cash, gift certificates, favours, promises to do or not to do something, services, theatre tickets, tickets to sporting events, free or discounted travel (i.e. a free holiday), or even taking business associates to entertainment venues including golf.

⚠ For details of who is a government official and on the prohibition of bribes to government officials, please refer to Section II below.

⚠ The above prohibition applies not only to the Company's direct conduct of bribery, but also extends to bribery conducted through a third party, such as agents, consultants or distributors. For details, please refer to Section III "Rules For and During Engagement of Business Partner" below.

2. Prohibition on Accepting Bribes

Each director, officer or employee of the Company is expected to make sound business judgment when engaging in business undertakings.

Accepting bribes from others is strictly prohibited. You must not request from customers, suppliers, vendors, business partners or others, gifts or entertainment, let alone cash.

3. Providing and Receiving Gifts and Entertainment

You must not provide or receive gifts or entertainment that are excessive (too expensive or too frequent), even if they do not conflict with the foregoing principles 1 and 2. All forms of gifts or entertainment that may harm the Company's reputation are always impermissible.

Providing gifts or entertainment is only permissible when they are given in strict compliance with this Manual and all relevant laws and regulations, including Japan's Unfair Competition Prevention Act, Singapore's PCA and the Company's policies, which prohibit providing bribes to domestic or foreign government officials or bribes between private organizations or individuals.

Please refer to the Entertainment & Gift Policy which supplements this Manual.

⚠ For further details on the prohibitions relating to offering or providing gifts and entertainment to a <u>government official</u> specifically, please also refer to Section II "Prohibition on Bribery of Government Officials" below.

4. Sponsoring Site Visits

Occasionally, you might be asked to sponsor a site visit for a quality check or audit at the Company's expense in connection with the sale of the Company's products.

As expenditure for site visits, such as airfares and hotel accommodation, is significantly high, in addition to existing policies (such as the Factory Visit Procedures, if applicable), you must comply with the following rules and procedures in sponsoring such site visits:

i) Offer to bear only such expense that is considered appropriate and reasonable in light of the purpose of the visit.

ii) Never sponsor any visit if in actual fact the main purpose is for providing entertainment or doing sightseeing. Ensure that: (a) the visit meets a clear and specific business necessity; (b) invitees are appropriate for the purpose of the visit; and (c) entertainment or sightseeing, if provided in connection with the visit, is minimal.

iii) To ensure that the planned site visit is appropriate and reasonable, send an invitation letter to invitees' employer to the attention of the invitees' superior or head of department. If the invitees are government officials, send the invitation letter to the relevant governmental body. In the case of the Singapore Government this would be a letter to the relevant Permanent Secretary (or at least the government official's superior or head of department) of the governmental body before the visit.

iv) The invitation letter must specify the purpose of the visit, required expertise of the invitees (if you know the names of invitees possessing the required expertise, specify the invitees), an itinerary for the visit and the scope of expenses that the Company agrees to bear.

   (a) Ensure that expenses the Company bears for airfares and hotel accommodation are appropriate and reasonable. Do not reimburse such expenses by paying to the invitees directly.

   (b) Expenses for airfares and hotel accommodation to be borne by the Company must be appropriate and reasonable. In principle, they must be paid directly to the invitees' employer or the governmental body, travel agencies or hotels, never to an invitee personally.

v) Do not pay cash or cash equivalent to an invitee.

vi) You must also first obtain the necessary internal approval for (a) the visit and (b) the budget for expenses that the Company agrees to bear, in accordance with the relevant policies of the Company.

⚠ For details of who is a government official and governmental body, please refer to Section II below.

II. Prohibition on Bribery of Government Officials

You should be especially careful when dealing with any Government Official.

You may not directly or indirectly be involved in Bribery of any Government Official or provide, or offer or promise to provide payment or Anything of Value (as defined above) to any Government Official, or authorize or permit another to do so, if it might appear to such Government Official or a third party that you are seeking to induce such Government Official to make any act or decision or to influence the decision-making process of any Governmental Body, for the purpose of acquiring or retaining business or for any commercial advantage.

Bribing Government Officials is a serious crime as it could lead to corrupting the impartiality of the Governmental Body, and eroding society's trust in the Governmental Body. Our policy does not tolerate such an act that is not only unethical, but constitutes a possible violation of Anti-bribery Laws resulting in severe fines or punishments imposed on the violator individually and the Company, even if the violations took place outside Singapore.

- Providing gifts or entertainment to Government Official or sponsoring their site visits are permissible only if and to the extent that conditions specified in this Manual are met.

1. Who is a "Government Official"?

- In this Manual, **"Government Official"** means:

  (i) any employee or officer or agent of any Governmental Body;
  (ii) any person who exercises a public function under national or local laws or for or on behalf of a Governmental Body;
  (iii) any political party or its official or any candidate for political office, or any person acting for or on behalf of such party or candidate ("Political Party Official"); or
  (iv) any family member of the above (i) through (iii).

- **"Governmental Body"** includes the following:

  (i) all levels and subdivisions of government organizations, whether in Singapore or in foreign countries, i.e., national, local and regional bodies, and administrative, executive, legislative or judicial branches;
  (ii) any agency, board, council, commissioners or department affiliated with any of the above;

(iii) any public enterprise in Singapore or in foreign countries (such as a state-owned or state-controlled company, or any other enterprise that is owned or controlled by a public organization referred to in (i) and (ii) above);

(iv) any corporation or other body which has power to:

(a) act under and for the purposes of any written law relating to public health, undertakings or public utility; or

(b) administer money levied or raised by rates or charges pursuant to any written law; or

(c) act under and for the purposes of any written law relating to public services for a state, district or local government.

(v) any public international organization (e.g., the United Nations, UNICEF, World Health Organization and World Bank) or any department or agency thereof or any companies in which the public international organization owns an interest.

2. Gifts and Entertainment to Government Officials

The following are additional rules and procedures that you must follow when providing gifts or entertainment to a Government Official. Please also refer to Section I paragraph 3 above on "Providing and Receiving Gifts and Entertainment".

Below enumerated are examples of when providing gifts or entertainment is prohibited.

Gifts and entertainment are prohibited when they are provided with a corrupt intent to induce a Government Official to make any act or decision or to influence the decision-making process of any Governmental Body, for the purpose of acquiring or retaining business or for any other commercial advantage.

Even if you have no corrupt intent, providing gifts or entertainment to any Government Officials is prohibited in any of the following circumstances:

- immediately prior to, during or immediately after a procurement or sales transaction process with a Governmental Body;
- immediately prior to or immediately after filing an application with a Governmental Body or during their review of the filed application, for any approval, permission, licenses or registration with respect to business undertakings, products, intellectual property rights or otherwise; or
- any other circumstances where providing such gifts or entertainment to a Government Official might be perceived by the Government Official or a third party that they have been provided

with a corrupt intent.

- ⚠ As stated above, even if you have no corrupt intent, the gifts or entertainment that you may provide must not be excessive (too expensive or too frequent) and must be socially acceptable. For example, even if each gift or entertainment is considered reasonable, it can be improper if provided to the same person frequently.

- ⚠ No gifts or entertainment may be provided to others without prior approval of the General Manager of your department, which holds true also when you are on a business trip abroad.

3. Understanding and Complying with National and Local Laws of Foreign Countries

Some countries impose stricter limitations, restrictions, or disclosure requirements than those contained in this Manual with regards to providing gifts, entertainment or Anything of Value (defined above). When doing business overseas, you must check beforehand whether any national or local laws in a foreign country where you conduct business impose any such limitations, restrictions or disclosure requirements and comply with them as well as this Manual.

III. Rules For and During Engagement of Business Partners and Customers

You and the Company can be held criminally or civilly liable for Bribery not only when you directly engage in Bribery, but also when Bribery is undertaken indirectly by or through the Company's business partners, such as agents, distributors, consultants or any other parties, including customers. You are required to fully comply with the Manual for Due Diligence Process for the Engagement of Customers and Business Partners, before you can proceed with the proposed engagement and/or transaction with the Customer or Business Partner.

"Customer" and "Business Partner" are as defined, respectively, in the Manual for Due Diligence Process for the Engagement of Customers and Business Partners.

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If you suspect or have reason to suspect that a Business Partner or Customer is engaged in Bribery, whether using corporate funds or personal funds, you must promptly report to the Company's management through the internal or external Speak Up processes.

IV. Proper Keeping of Books and Records

Anti-bribery Laws of major countries in the world mandate adequately preparing and maintaining accurate books and records of business transactions. You must adequately prepare and maintain accurate books and records relating to any and all gifts, entertainment and payments to any Governmental Body or Government Official, and payment to any Customer or Business Partner, and the like, in accordance with the Company's accounting policy.

V. Monitoring Legal Compliance

1. Ensuring Legal Compliance at Each Workplace

Each department in the Company must ensure that this Manual and all applicable Anti-bribery Laws of relevant countries are complied with by both the department members and the Business Partners with whom the department conducts business.

2. Compliance Committee and Internal Audit

The Compliance Committee of the Company and the Internal Control & Audit Department of the Company's parent company Sumitomo Chemical Company Ltd ("SCC") periodically conducts audit, by itself or through an independent auditing firm, to review whether this Manual and all applicable Anti-bribery Laws of relevant countries are observed by each department of the Company. The audit is conducted in accordance with the Internal Audit Regulation of SCC.

3. Initiatives by SCC's Anti-Trust, Compliance and Anti-Bribery Committee

SCC's Anti-trust, Compliance and Anti-bribery Committee which has been established to promote Bribery prevention and competition laws observance, carries out a variety of initiatives in accordance with SCC's Fair Trade Regulations to sustain and strengthen the organizational structures for legal compliance in SCC and all Sumitomo Chemical Group companies, including the Company. As part of such initiatives, SCC's Legal Department provides educational programs as well as legal advice to directors, officers and employees and, where necessary, investigates into or supervises the status of legal compliance by each Group company, including Bribery prevention policies. The Committee will make recommendations for improvements as needed. Locally in Singapore, the Company's Compliance Committee performs these functions with guidance from SCC's Compliance Committee and SCC's Anti-trust, Compliance and Anti-bribery Committee.

4. Reporting Obligation

If you come to realize any act of non-compliance by others with rules or instructions contained in this Manual or you suspect any non-compliance, you are obligated to report the same to your immediate superior without delay, in accordance with the Company's Code of Ethics. If you are not satisfied with your immediate superior's response, you can escalate your concern to the Ethics Compliance Officer who will raise your concern to the Compliance Committee. Alternatively, you can utilize the External Speak-Up helplines to lodge a report either to the Compliance Committee or directly to SCC. Leaving such questionable acts unchecked constitutes your violation of this Manual and the Company's Code of Ethics.

VI. Violation

Any of the directors, officers or employees who violate this Manual or who are complicit with any breach by any director, officer or employee, will be subject to disciplinary action, without prejudice to any other rights or remedies the Company may have against them.

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