



Compliance Code of Conduct



Nissan Chemical
GROUP

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Role of the Compliance Code of Conduct

The Nissan Chemical Group believes that adherence to the law and social norms is critical to our survival and development as a company. To that end, our Course of Action establishes “sensible business activities” and “being good corporate citizens and decent members of society” as core guidelines.

In this sense, we understand compliance to be adherence to laws and broad social norms, as per our Compliance Basic Policy (page 7).

However, the word “compliance” is very abstract. Each person’s interpretation of the word likely varies based on their country, organization, or personal opinion.

This Compliance Code of Conduct [aims to articulate the specific types of compliance-based behavior that is expected of members of the Nissan Chemical Group.](#)

We need to be aware of compliance in many aspects of our daily behavior. However, it is not possible for rules and regulations to cover absolutely everything.

That is why we must [always think and act on our own initiative based on our own judgment, rooted in the Compliance Code of Conduct.](#)

If each and every member engages in activities rooted in the Compliance Code of Conduct, it will all come together to drive sensible business activities for the Nissan Chemical Group as a whole.

Whenever you are unsure what to do or whether you are putting the behaviors expected of Nissan Chemical Group members into practice, open up this Compliance Code of Conduct and take a look back at your own actions.

Learn Compliance Through a Quiz



Check your knowledge with our quiz!

You might be surprised by some common pitfalls!
Try our quiz to review the basics.

Q1

Which of the following is not directly related to corporate compliance?

(1)
Laws and company rules

(2)
Individuals' wishes and circumstances

(3)
Social norms and expected behaviors

The answer is
(2)

Compliance is not about personal preferences; it means that laws and social norms are followed. Common standards are required even across national and cultural boundaries.

Q2

Whose job is it to ensure compliance?

(1)
Supervisors and upper management

(2)
Specialized compliance department

(3)
All workers, regardless of position or department

The answer is
(3)

Although responsible departments will provide some support, it is individual officers and employees who actually take action.

Q3

For compliance, is it enough to simply follow the rules and regulations?

(1) **Yes** (2) **No**

The answer is
(2)

Sometimes, a behavior is socially inappropriate even if it does not break any rules. This point requires special care and attention because perspectives can differ due to country and culture.

Q4

If you observe something that doesn't seem right, what should be your first response?

(1)
Complain to colleagues

(2)
Immediately report to the police

(3)
Consult your supervisor or internal hotline

The answer is
(3)

Consulting with someone internally as soon as possible can help stop problems in their tracks. Your first step should be to consult with your supervisor.

Q5

Are your actions in your personal life irrelevant to corporate compliance?

(1) **Yes** (2) **No**

The answer is
(2)

Social media posts, bribes, and other activities in your private life can affect the company's reputation and lead to illegal activity.

Why Compliance?

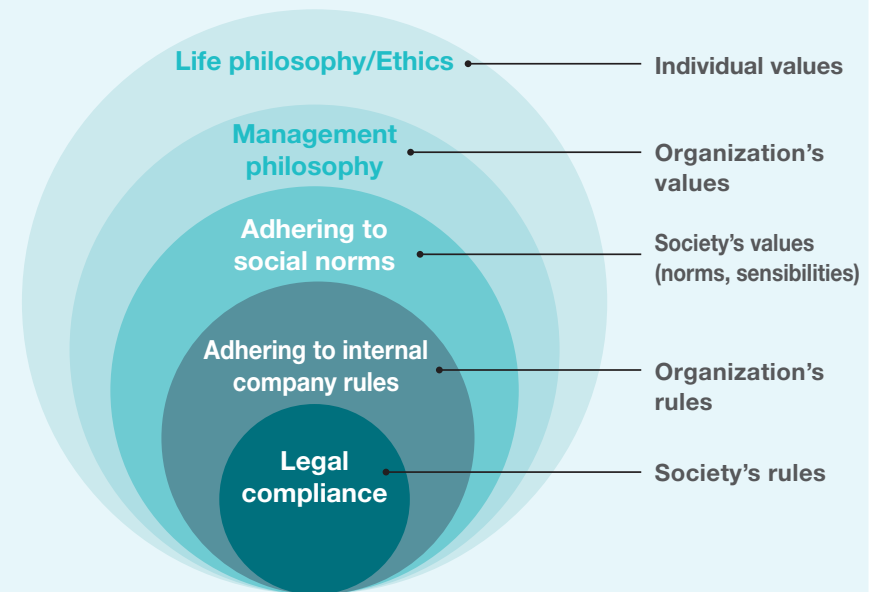
The Nissan Chemical Group defines compliance as “following all laws and company rules relevant to business activities and adhering to social norms in conducting business activities.” Compliance in the Nissan Chemical Group is a critical approach focused on protecting the company and every individual who works here through adherence to laws and social norms.

Illegal or socially inappropriate activity not only carries direct risk of penalties or punitive damages, it can also damage the company's reputation or brand image. The fallout may not only ruin our relationships with business partners and clients; it may even damage our work environment and our ability to stay in business.

Even if laws are followed, behavior that deviates from social expectations and norms can damage others' trust. For that reason, **it is crucial to be mindful of social norms, not just laws.**

Compliance-conscious conduct stops trouble before it happens and creates workplaces where everyone can work in peace. Each and every employee understanding the necessity of compliance and putting it into practice in their daily behavior and decisions, meaningfully contributes to sustainable growth for the whole company.

The Concept of Compliance



The Nissan Chemical Group operates globally. Although laws and customs may differ from country to country or region to region, as a global company, we must maintain our integrity everywhere.

- Root your behavior in laws and universal ethics, not just the customs of your country
- Be mindful of whether your behavior would be considered justifiable in the international community, not just whether it is legal or not



Message from the President

The Nissan Chemical Group's business activities rely on the trust of a host of stakeholders including customers, partners, shareholders, local communities, and society as a whole. This trust is at the core of all company activities and the most important foundation to management, and building it up was no easy task. It was the work of many years to earn a reputation for integrity as a part of our whole Group identity. Having integrity does not just mean we follow the law and internal company rules. It means taking the next step and considering society's expectations and how one's actions will affect others.

We are currently seeing increasing complexity and uncertainty caused by diversifying social values and changing social structures. The speed of change looks unlikely to relent in the future. Rather, it will continue to accelerate. In these times, it is difficult to handle all possible situations with pre-determined rules alone. Each decision that companies and individuals make will only become more meaningful, and it will be more important what we emphasize and how we behave.

We all strive in our daily work at our respective workplaces. In that work, is there anything that you find wrong or strange but gets treated as acceptable because it stems from an old practice or custom? These little things may build up over time to cause a mistaken sense of morality to bleed over from the individual to the organizational level, potentially creating unacceptable situations that cannot be amended. We may find ourselves in situations where our corporate ethics are put to the test. In these sorts of situations, it is not easy to choose the path of integrity, as we may need the courage to go against our own interests or go against the flow. However, we must never abandon our integrity in any situation. It is important to develop the custom of always thinking about whether our actions in everyday business operations are correct and in accordance with the values of the Group, not just special situations.

This Compliance Code of Conduct marks the launch of the process of developing that perspective, indicating how each of us should behave. I hope that you will be able to rely on this Code of Conduct whenever you are not sure what to do, but I also appeal to you to think for yourself and act autonomously to help the Group continue to be one that is trusted by society at large.

Yagi Shinsuke

Representative Director, President
Nissan Chemical Corporation

Basic Policy

Mission Statement (Our Values)

The company's management policy and tenets

"Contribute to society with excellent technologies and products."

"Promote prosperity and welfare through concerted efforts to constantly develop new areas."

"Respect people who exhibit a sense of responsibility, originality and motivation."

Corporate Philosophy (Corporate Purpose)

Indicates the role of the company in society and the beliefs that form the basis for its business activities

The overarching direction of all corporate activities

Contribute to the protection of the global environment and the existence/development of humanity, offering the value sought by society.

Course of Action

Standards for judging whether the company's intended deeds, aimed at achieving its Mission Statement and Corporate Philosophy, are appropriate or not

- (1) Conduct sensible business activities as a member of the international community in compliance with laws and regulations.
- (2) Enhance corporate value by providing safe and useful products and services.
- (3) Strive to achieve zero accidents and zero disasters and protect the global environment.
- (4) Disclose information appropriately with a focus on dialogue with stakeholders.
- (5) Create a cheerful and pleasant workplace by respecting the individuality and personality of employees and promoting their health.
- (6) Conduct ourselves as good corporate citizens and decent members of society.

Corporate Slogan

An easy-to-understand phrase that concisely communicates the company's approach and goals

"WHERE IT ALL BEGINS"

Compliance Basic Policy

A statement of the company's compliance approach and stance

1. We consider compliance to be an important management issue and ensure thorough compliance in every aspect of our business activities, thereby establishing corporate ethics.
2. All officers and employees of Nissan Chemical Group shall be sufficiently aware of compliance and prevent the occurrence of a compliance violation.
3. In the event that a compliance violation has occurred or is likely to occur, we take a prompt and appropriate response.



Compliance Lessons from Other Companies

Let's take a look at actual case studies of other companies to learn about the contextual risks and some valuable lessons to protect ourselves and the company.

Case Study

1 Quality falsification

Company A, a global automobile manufacturer, sold 11 million vehicles worldwide that were equipped with illicit software designed to produce values within regulatory limits only during emissions testing, in order to appear compliant with environmental regulations.

What happened?

The company incurred more than \$30 billion USD in total fines, recall costs, settlement costs, and regulatory response costs. The incident also caused significant damage to public trust in the company.

Lessons!

Although there was no evidence that management directly ordered the misconduct, the targets themselves were effectively unachievable, and excessive pressure was a contributing factor. The report noted that although engineers were aware of the issue, they were in an environment where they could not openly discuss it. Organizations must recognize that excessive pressure can create incentives for misconduct, as well as a culture in which employees find it difficult to raise concerns.

Case Study

2 Export control regulations

Company B, a U.S. equipment manufacturer, and Company C, a Korean equipment manufacturer, exported products to Company D, which was listed as a restricted party under U.S. export control regulations, without obtaining the required authorization. The products were first exported from Company B to Company C for assembly and then re-exported from Company C to Company D after assembly.

What happened?

The authorities imposed a fine of \$252 million USD, which exceeded the \$126 million USD value of the unlawful transactions.

Lessons!

Violations of export control regulations can result in extremely severe penalties. Export controls apply not only to products, but to components, raw materials, and manufacturing methods as well. They may apply not only when physical goods are exported, but also when technical information is shared by email or through cloud services, which may also constitute an export due to the broad definition and scope of the controls. Ignorance is not an acceptable defense for violations of laws and regulations, so regular monitoring is essential.

Case Study

3 Information leak

An employee of Company E, a Japanese chemical manufacturer, leaked confidential technical information (a list of manufacturing equipment for materials used in smartphone screens) to Company F, an overseas company, on two separate occasions.

What happened?

The employee was dismissed for disciplinary reasons and was later convicted and sentenced to pay a fine.

Although there was no actual impact on the business, the court found that the information pertained to specialized and proprietary technology, and that if it had been leaked, the company could have lost market share and suffered significant harm.

Lessons!

In this case, Company F used the employee's social media activity as an opportunity to make contact while posing as a business partner and then deepened the relationship under the pretext of providing technical guidance. This led to the leak. The actions of a single individual can instantly put a company's competitiveness and the efforts of colleagues at risk. The final line of defense in protecting information is the personal judgment of each and every employee.

Case Study

4 Bribery

Shanghai municipal authorities determined that Company G, a veterinary pharmaceuticals company affiliated with a foreign pharmaceutical group, had engaged in commercial bribery by giving tea leaves and other items as Chinese New Year gifts to 66 business partners. The gifts were valued at approximately 400 RMB per person, or approximately 7,200 yen at the exchange rate at the time.

What happened?

The authorities imposed a fine of 970,000 RMB (around 20 million yen) on Company G.

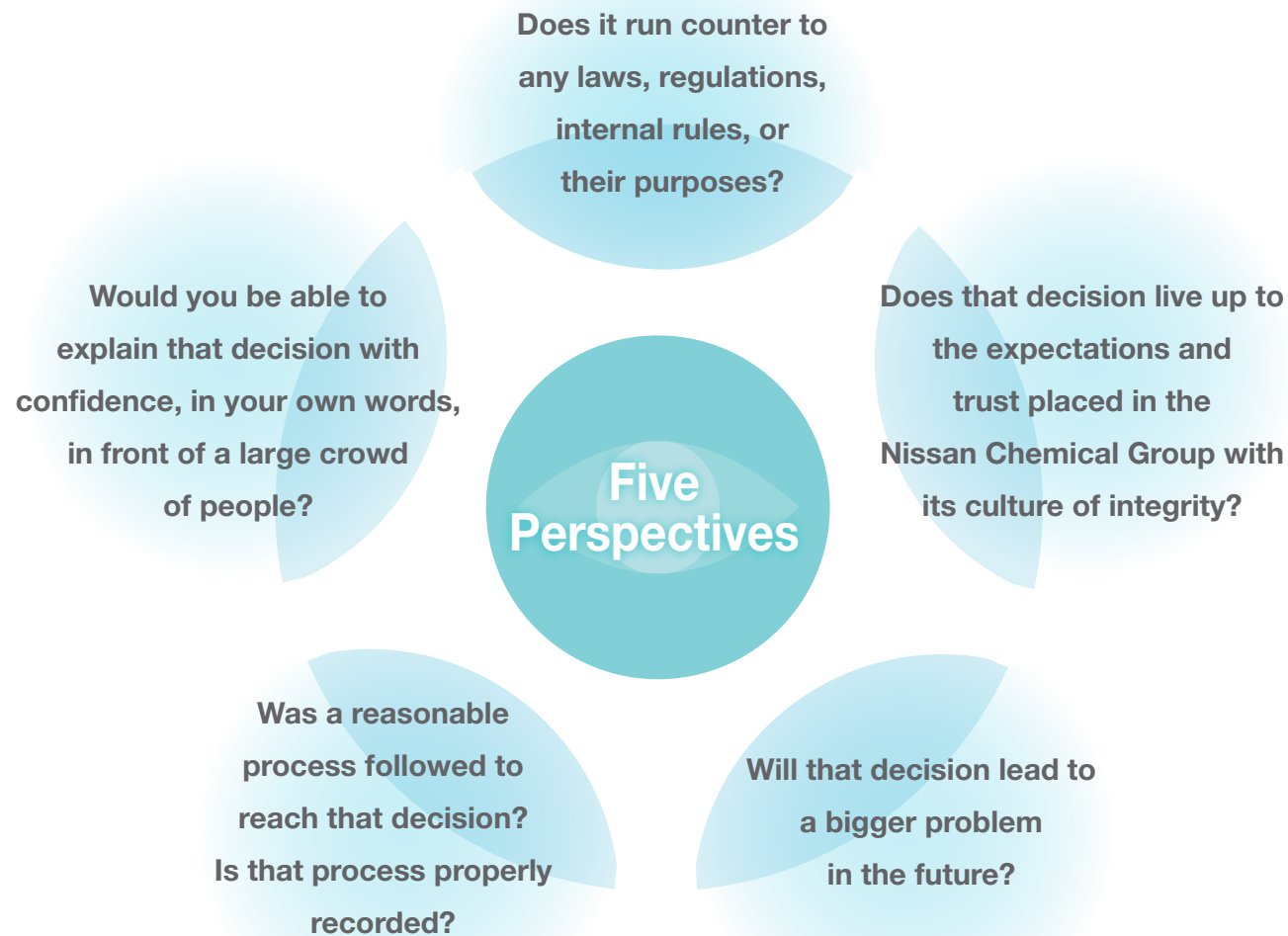
* In China, commercial bribery may arise not only from bribery involving public officials, but also from gifts exchanged between private-sector parties.

Lessons!

Even gifts worth only a few hundred RMB may be subject to administrative penalties and result in substantial fines if they are deemed to have been given for the purpose of obtaining a business advantage (such as maintaining a favorable long-term relationship with a customer). Anti-bribery regulations vary by country, so it is necessary to confirm the applicable rules in the country where you are stationed or the country you are visiting.

Five Key Perspectives for Compliance-conscious Decisions

Does your decision raise any compliance issues? If you are unsure, take a second look from the following five perspectives.



A reasonable process means:

1. An authorized person makes a decision after considering the views of relevant departments.
2. External expert opinions are incorporated where necessary.
3. Any process prescribed by laws, regulations, or internal rules is followed.



These qualities signal danger!



Unawareness

"There's no issue as long as the bare minimum of legality is maintained"

Uncaring

"It doesn't have anything to do with me, so who cares?"



Complacency & not rocking the boat

"It's always been this way so it's hard to say otherwise. I'll just leave it be."

Preconception or blind spot

"It's a trivial matter, so there's no need to consult anyone or report it."



OpenConnect

—More freedom, more breadth—

If you become aware of a compliance violation or a potential compliance violation, consult with your supervisor or a third-party within the company.

Some companies also have internal whistleblower hotlines or dedicated harassment reporting hotlines, so please make use of them where available.

Who specifically should you go to?

Possible contacts include **team leaders within your own department other than your direct supervisor, leaders in other departments, and the relevant departments at Headquarters.**

What is OpenConnect?

OpenConnect is a culture within the Group that enables and encourages employees to freely seek advice not only from their direct supervisors, but also from leaders in other groups and relevant teams. (It is not a formal consultation framework.) Employees are not prohibited or restricted from consulting with people other than their supervisors. To help maintain an open and communicative culture throughout our Group, we have formally named and endorsed this framework and culture as “OpenConnect.”

Why OpenConnect?

In general, employees should first consult their supervisor about work-related matters and ideally resolve them that way. However, compliance-related problems may involve cases where employees find it difficult to consult their supervisor or where they have a different opinion from their supervisor. In such cases, there is a risk that the issue may remain unresolved and be burdensome to the employee, or that the issue may be overlooked. It is important for the company to **examine issues from a variety of perspectives and resolve them appropriately.** To achieve this, employees need access to multiple consultation paths.

Will I get in trouble with my supervisor later or get penalized in a performance assessment?

The company encourages employees to seek out diverse perspectives and consult with internal members other than their supervisors. Employees are **prohibited from being treated disadvantageously on the grounds that they sought such consultation.**

It feels like my opinions are being ignored by my subordinates and they don't trust me.

OpenConnect is encouraged by the company as a way to seek out diverse perspectives, so **please understand that it is unrelated to whether employees trust their supervisor.**

* It is strictly prohibited to give an employee a negative performance evaluation because they consulted with a third party within the company. Such consultation should be viewed as responsible conduct aimed at resolving an issue.

What should I do if someone comes to me for consultation?

The person being consulted with does not need to resolve the problem themselves. Please follow up by helping connect the matter to someone who is likely to be able to resolve it, such as by consulting with (1) your own supervisor or (2) a relevant department. This is not an internal whistleblower hotline, **so please help resolve the issue in accordance with normal business workflow.**

The following actions, if taken on the grounds that an employee sought consultation, are strictly prohibited:

- Dismissal or non-renewal of an employment contract because the employee sought consultation
- Demotion, salary reduction, or reduction of bonuses
- Unjustly lowering the employee's performance evaluation
- Isolating or ignoring the employee without due cause
- Intentionally withholding information necessary for the employee to perform their work
- Any other adverse treatment in personnel matters or employment equivalent to the above

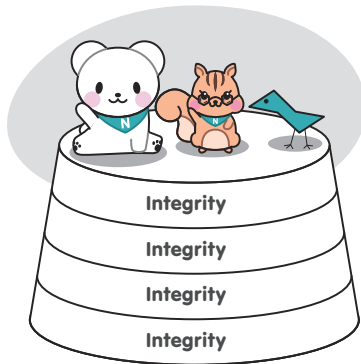
Values and Expected Behavior



Compliance-conscious conduct helps prevent problems and creates a workplace where everyone can work with confidence and peace of mind. Use the Five Values as a guide in your daily work, and especially when you are unsure what to do, strive to make decisions with integrity. The responsible actions of each and every one of us will shape our future.



Make Your Integrity the Foundation of Trust



The Nissan Chemical Group has earned the trust of society through our culture of integrity. Integrity is an irreplaceable strength and part of the identity that the Group has cultivated over many years.

We must never forget that any honor or trust we have earned can be lost in an instant. Maintaining and strengthening our integrity is the duty of each of us as good corporate citizens and decent members of society within the Nissan Chemical Group.

[Expected Conduct]

- ☐ Keep your promises and take responsibility for your own words and actions
- ☐ Record accurate information based on facts
- ☐ Do not engage in any misconduct, fabrication, or falsification
- ☐ Comply with all laws, regulations, and rules, both professionally and personally
- ☐ Respect the human rights of all people

[Expected Conduct for Management Personnel and Responsible Departments]

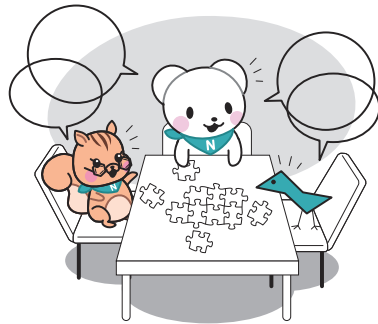
- ☐ Accurately understand and respond to matters as an organization, including inconvenient facts and risks
- ☐ Make sensible organizational decisions based on laws, regulations, rules, and social expectations
- ☐ Do not tolerate any form of misconduct, fabrication, or falsification
- ☐ Lead by example in fostering a “quality culture” that does not tolerate misconduct

* Harassment, discrimination, and unreasonable conduct or demands that take advantage of a superior position in a business relationship can seriously damage trust in the Group. Understand that both our Group’s business and your own work rely on a large number of people and treat others with respect.



Act as a Group Member

Beyond Organizational Boundaries



You are a member of the Nissan Chemical Group. Regardless of your organizational membership or position, please remember that we are colleagues who share both the good and the bad together as members of the Nissan Chemical Group.

Your work is made possible by many different systems and frameworks within the Group. It is essential to the sustainable development of our Group that you do not focus only on immediate tasks, but instead engage with those around you, work together, and actively participate in and cooperate with Group activities.

[Expected Conduct]

- ☐ As a member of the Group, take an interest in each other's work and achievements, and cooperate with one another
- ☐ Check information communicated within the Group through email, the portal site, POLARIS, and other channels
- ☐ If you notice that a colleague is having difficulty or is unsure what to do, proactively reach out to them
- ☐ Freely share anything that you think may be useful to someone else
- ☐ Respect each other's opinion and discuss things freely and openly
- ☐ Refrain not only from harassment, but also from unpleasant attitudes, words, or conduct

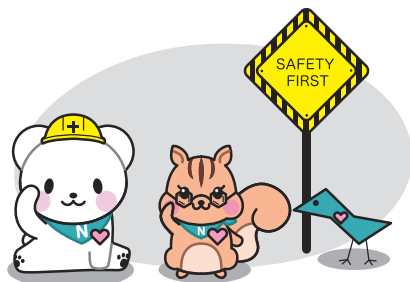
[Expected Conduct for Management Personnel and Responsible Departments]

- ☐ Be a role model for the team, taking the initiative to gather and check information within the Nissan Chemical Group and encourage the team to act accordingly
- ☐ Serve as a point of contact for consultations and resolve issues across departmental boundaries
- ☐ Coordinate among the relevant departments so that unprecedented or cross-departmental work is not left unattended and nothing is overlooked
- ☐ Share information with as much transparency as possible and eliminate information gaps
- ☐ When conducting risk assessments, actively reach out to people and organizations with different perspectives and carry out assessments from multiple angles

* Create opportunities for discussion and interaction across departments to encourage employees to act as members of the Group beyond organizational boundaries.

Values and Expected Behavior 3

Prioritize Safety Above All



The Nissan Chemical Group's corporate philosophy is to "Contribute to the protection of the global environment and the existence/development of humanity, offering the value sought by society." In pursuing this philosophy, we must never allow any life to be put at risk.

Safety is the unwavering foundation that enables us to simultaneously pursue both business activities and social contributions. It is also important to maintain psychological safety to ensure that people can engage in free and open discussion in our workplaces.

[Expected Conduct]

- ☐ Act with the understanding that protecting your own safety and the safety of your colleagues is the highest priority
- ☐ Comply with laws, regulations, rules, and procedures
- ☐ Actively participate in safety-related education and training
- ☐ Take the initiative in your daily work to help maintain a safe and well-organized workplace environment

[Expected Conduct for Management Personnel and Responsible Departments]

- ☐ Prioritize safety in all value judgments (Safety must take precedence over delivery deadlines, profitability, productivity, and quality)
- ☐ Do not praise results achieved at the expense of safety
- ☐ Actively encourage others to promote safety
- ☐ Practice hazard prediction and risk management and act with the goal of achieving zero accidents and zero disasters
- ☐ Respond flexibly to changes in circumstances and continue making improvements that reflect the views of people on the front lines in workplaces

Safety Pledge: "We Will Prevent Any Injuries"

Three Safety Principles

- We will abide by the rules. [Rules]
- We will keep our workplace clean at all times. [Cleanliness]
- We will respect and keep all colleagues and group members safe. [Teamwork]



Values and Expected Behavior 4



Act on your Own Initiative

The Nissan Chemical Group's corporate philosophy includes "offering the value sought by society."

The values of society are constantly changing. Understanding the background to these changes and responding to them is essential in both business and compliance activities. Rather than passively waiting for change, we need to gather information ourselves, understand the situation, and proactively take any necessary action.

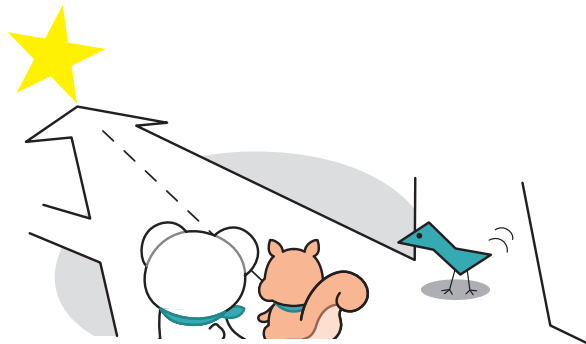
[Expected Conduct]

- ☐ Confirm and comply with the laws, regulations, and rules related to your work and also understand the backgrounds and the purposes of those laws, regulations, and rules
- ☐ Consult with your supervisor or the relevant department if there is anything you do not understand
- ☐ Proactively collect necessary information from both internal and external sources

[Expected Conduct for Management Personnel and Responsible Departments]

- ☐ Collect and confirm information from inside and outside the Group and internally encourage the team to take action
- ☐ Establish the internal rules and systems necessary to comply with laws and regulations
- ☐ Avoid establishing excessive rules and systems that impede efficient business execution, while keeping in mind why they are needed
- ☐ Clearly communicate the rules and systems you have established, together with their background and purpose, to all those who need to know them
- ☐ Monitor internal and external trends closely and revise rules and systems based on changes in the world at large and the business environment
- ☐ Proactively propose and implement necessary improvements and responses, rather than letting "there is no precedent" or "no one else is doing it" stop you from taking action

Tackle Mistakes Head-on and Go the Right Way



In the course of business activities, mistakes may sometimes occur, even when sufficient systems and controls are in place. In such situations, the conduct expected of a reasonable company is to acknowledge mistakes and correct them promptly. It is precisely in such moments that a company's true stance is revealed.

Please also remember that, in order to remain such a company, it is essential to maintain an open culture in which people can speak up and identify mistakes for what they are.

[Expected Conduct]

- ☐ Speak up if you feel that something is wrong, regardless of your position (Share what you have noticed, rather than just criticizing someone)
- ☐ Recognize that relationships in which people can point out issues to one another should be the norm
- ☐ When criticized or reprimanded, accept the feedback and be willing to review and correct your own actions
- ☐ Value trust as well as correctness and communicate with one another even about matters that are difficult to talk about
- ☐ Honestly consult with and report to your supervisor about any issues that arise

[Expected Conduct for Management Personnel (Core Personnel) and Responsible Departments]

- ☐ If there are concerns or suspicions, confirm the facts, including by consulting trusted experts where appropriate
- ☐ If something is confirmed to be incorrect, acknowledge it and correct it promptly
- ☐ Address the underlying issues rather than focusing only on the incident itself
- ☐ Recognize the sense of accountability shown by employees who speak up
- ☐ Respond flexibly to changes in circumstances and continue making improvements that reflect the views of people on the front lines in workplaces



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