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# Human Rights/CSR Procurement

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## Upholding Positive Working Environments by Protecting Human Rights and Prohibiting Discrimination

In August 2019, we established the Zeon Group Human Rights Policy, which sets forth respect for human rights and prohibits discrimination, and are striving to create a mutually accepting company that does not tolerate discrimination based on gender, age, nationality, or other attribute and understands diverse values.

### Zeon Group Human Rights Policy (Established on August 1, 2019)

We, the Zeon Group, are committed to fulfilling our corporate social responsibilities in respect of human rights and contributing to realizing a sustainable society, based on international codes of conduct on human rights, such as the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights in Labor, and the UN Global Compact.

#### Respect for Human Rights

We will not tolerate acts of discrimination or harassment based on age, gender, place of origin, ancestry, nationality, disability, religion, creed, marital status, employment status, union participation, political views and other differences. We also will not tolerate child labor, forced labor or/nor unjustly low wage labor.

#### Collaboration with Stakeholders

We will encourage our customers and business partners to support this policy with us to pursue business activities sharing respect for human rights.

#### Prevention and Mitigation of Human Rights Violations

We will strive to perceive, avoid and reduce any negative impact on human rights that might result from our business activities.

#### Response to Human Rights Violations

We will work on the relief through appropriate procedures when it is found that we have caused or furthered a negative impact on human rights.

#### Efforts on Human Rights Issues

We will provide appropriate education and training to our executives and employees, so that this policy is understood and implemented.

#### Disclosure of Information

We will publicly disclose information on our human rights initiatives under this policy through communication channels such as our website and corporate reports.

The Zeon Group considers respect for human rights as one of the important foundations of sustainability management and, from FY 2021, has commenced fully-fledged initiatives to ensure the human rights of all persons who are affected by its business activities are respected. Relevant departments at Zeon began by formulating a human rights risk map from an overall picture of business operations, to identify the human rights risks arising in the course of our business.

From FY 2022, we have held human rights seminars for management and relevant departments to instill the importance of respecting human rights within the company. We have also commenced due diligence on human rights while availing of advisory services provided by outside

experts. Specifically, we have created the three categories of Zeon Corporation, Zeon Group companies, and Supply Chain, with each of these used to identify the discrete set of agendas within these categories for the prevention and mitigation of negative impacts on human rights and are undertaking initiatives to address these. We will meanwhile take active steps to publicly disclose and make available the details of these initiatives via various reports.

In addition, we aim to establish a comprehensive mechanism for complaint processing, which will address specific negative impacts, and are undertaking initiatives to extend the scope of this mechanism to encompass our supply chain by the end of FY 2022.

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## FY 2023 Initiatives

### Zeon Corporation

“Human rights issues in advertising” and “nameless human rights” have been added to the 25 risk categories for human rights listed in the document “Company obligations to respond to ‘Business and Human Rights,’” published by the Ministry of Justice’s Human Rights Bureau. We have singled out 21 of these risks as high priority from the total of 27 risk categories, designating the departments which will be tasked with formulating the topics to be addressed, and working to reduce the human rights risks for respective categories of risk.

### Zeon Group Companies

Due to the differences in both size and business category of Zeon Group companies, each will be responsible for formulating topics and engaging with the particular human rights risks by company. In FY 2022, we are planning to select the topics of human rights risks at respective Zeon Group companies in Japan; while in FY 2023, we plan to select topics for companies outside Japan.

### Supply Chain

For our supply chain, Zeon conducts CSR surveys of suppliers utilizing the Global Compact Network Japan’s Common SAQ (CSR Procurement Self-Assessment Questionnaire). While this survey has been fully operational since FY 2019, in FY 2021 Zeon expanded its scope to cover not only the raw materials, logistics, and

materials of FY 2019, but also raw materials purchased independently by departments. We conducted a survey of a total of 262 of our suppliers after identifying those with operations which can be assumed to involve high risks for human rights, etc. in addition to those in the top 80% or higher by trading amounts in each division.

We responded to those suppliers who answered the survey in the form of a feedback sheet, with 16 suppliers singled out based on their percentage marks having been especially high or low, or as suppliers which handle high-risk materials in the upstream of the supply chain, and those selected subsequently visited or interviewed online for feedback.

As part of these feedback interviews, Zeon confirms the strategies, policies, and approaches in the CSR activities of our suppliers, in addition to checking on the status of CSR initiatives in the domains of environment, safety, human rights, labor, and contributions to local communities. We then request that suppliers undertake initiatives to facilitate further ongoing improvements in these areas. Furthermore, we ask that those suppliers which have implemented CSR procurement assessments submit written agreements regarding our approaches to CSR procurement such as our Human Rights Policy, and “Requests to Suppliers” in our CSR Procurement Guidelines, thereby expanding our approaches to encompass upstream suppliers.

In FY 2022, we plan to continue efforts to further enhance CSR in the Zeon Group supply chain, while conducting deliberations on the implementation of common SAQ for the supply chains of Group companies.

## Becoming a Signatory to the United Nations Global Compact and Participating in Subcommittee Activities

In June 2019, we became a signatory to the United Nations Global Compact, and in FY 2022 a total of 21 Zeon employees participated in 13 of Global Compact Network Japan’s subcommittees, and in related activities. Participating in the activities of the United Nations Global Compact and following its Ten Principles serves as the foundation of the Zeon Group’s 2030 Vision of being “a company that lives up to societal expectations and the aspirations of employees,” and it clearly enunciates to our stakeholders our basic stance on human rights, labor practices, the environment, and preventing corruption in our company activities. We also believe this will advance our CSR management based on world standards.



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## CSR Procurement

In order to provide safe and reliable products, we procure raw materials based on the Zeon CSR Policy and the CSR Code of Conduct.

### Procurement Policies

Policies related to procurement are as follows.

We have been developing initiatives for CSR-based procurement since FY 2012. We have established the CSR Procurement Guidelines and Requests to Suppliers, which integrate CSR perspectives into our existing QCD\*.

\*QCD  
System of production management that controls and improves quality, cost, and delivery.

### Approach to Conflict Minerals and Initiatives

Regarding conflict minerals as well, we will conduct initiatives to meet society's expectations based on the aforementioned procurement policies.

When we surveyed our suppliers from whom we procure raw materials with their cooperation, we confirmed that they do not use substances applicable to conflict minerals.

#### CSR Procurement Guidelines

**1. CSR procurement**

We will promote procurement activities that are based on our CSR Policy.

**2. Procurement of optimal raw materials, products, and services**

We will work to procure optimal raw materials, products, and services that meet our standards for quality, cost, delivery time, supply stability, and technological development capabilities in order to provide better products.

**3. Consideration of the global environment**

We will work to procure raw materials and products that have less impact on the global environment.

**4. Open approach to purchasing and partnerships**

We will use a global perspective to search for suppliers from across the world, build partnerships through dialogue, and work to create fair and equitable business opportunities.

#### Requests to Suppliers

We kindly ask that our suppliers:

1. Follow corporate ethics and thoroughly implement compliance.
2. Respect human rights and give consideration to workplace environments.
3. Give consideration to the environment, and provide safe raw materials, products, and services.
4. Provide raw materials, products, and services with competitive quality and pricing, and abide by agreed delivery dates.
5. Actively provide information during the creation of partnerships. Also, implement strict management of information disclosed by Zeon during our transactions. We will implement the same strict management.