

Corporate Social Responsibility Policy of SE Tylose GmbH & Co. KG

We consider responsible action a key element for this company's success.

We regard ourselves as a reliable partner acting with integrity vis-à-vis our customers, employees¹ and business partners, and we are aware of our responsibility towards society, the environment and subsequent generations. Social responsibility and sustainable action enable us to discover new opportunities and gain a better understanding of risks. Accordingly, sustainable and responsible corporate governance is an essential element of our corporate culture and day-to-day business activities. This is in line with our business principles and defines the moral and ethical framework underlying our decisions and actions. Building on that, we are maintaining an integrated and documented management system which defines provisions applicable to topics like social responsibility, quality and safety, environmental protection and industrial safety, compliance, and energy efficiency at every level of the organization.

In this guideline, we make a commitment to observing principles and rules of conduct both within this company, and vis-à-vis our external partners and the public. These rules are intended to assist every employee in taking the right decisions during his or her day-to-day work.

SE Tylose is a member of the Japanese Shin Etsu Group which is a leading international chemical corporation. To learn more about the actions in terms of Sustainable Development Goals (SDG) taken by our Shin Etsu Chemical parent company, please go to www.shinetsu.co.jp/en/csr.

¹ This wording is intended to cover persons of every gender. Its purpose is to keep this text easily readable.

Social responsibility as part of our corporate principles:

Our business ethics:

SE Tylose is assuming responsibility, and reconciles social interests and environmental concerns with its entrepreneurial activities. Accordingly, the corporate strategy and all in-house management objectives and programs derived from this strategy are geared towards conducting all business in an ethically and legally unobjectionable manner, while creating a motivating and supportive work environment for our employees and business partners alike.

SE Tylose is observing the national and international laws and regulations which are applicable to our business sector. With regard to potential conflicts of interests including, e.g., bribery, corruption, and money-laundering, we are observing the applicable regulations, codes and guidelines issued by national and international business and trade associations. Our compliance organization and the compliance manager appointed by the management are evaluating and monitoring this company's' in-house codes of conduct.

Social responsibility in the work process:

Our efforts for safeguarding the environment:

Every year, SE Tylose is producing approximately 65,000 metric tons of cellulose ether which make us one of the leading providers on the world market. It is very important to us to make a contribution to the improvement of the global environment, and to carry out our business processes while taking maximum care for the environment and for energy efficiency. Responsible environmental management, the efficient use of resources and energy, and the development of environmentally-friendly procedures and advanced products help us to reduce or avoid potential negative impacts from our activity on the environment. The cellulose ether soluble in water produced by us is made from cellulose (cellulose pulp) which is a renewable raw material. This cellulose is either obtained from wood or is a by-product of cotton processing.

Sustainable production is an important element to us, and a criterion when selecting our providers. This enables SE Tylose to procure a major part of its cellular pulp from sustainably managed sources, i.e., from suppliers certified, e.g., according to PEFC, SFI or FSC.

Our company policy and the objectives and programs derived from this policy are also supporting the international initiatives taken for "Responsible Care" and "Sustainable Development". Our employees are aware of and are encouraged to think about the contribution

they can make from each of their workstations or with their jobs. We are also a member and support the objectives of "Umweltallianz Hessen" (Hessian Environmental Alliance) that is based on a voluntary agreement between business in the German State of Hessen and the Hessian state government.

We have been holding certificates according to DIN EN ISO 14001 since 1997, and as per DIN EN ISO 50001 since 2012. Environmental and energy management are subject to regular audits conducted either in-house or by third parties. These reviews have confirmed compliance with the pertinent standards. Potentials for saving energy are identified on a systematic basis as part of energy management, and implemented consistently through energy efficiency programs introduced for plants and buildings. In addition, waste heat is obtained from various plant sections, and used within the processes, while combustion installations necessary for the processes are used to complement the steam generation integrated in the processes. All energy consumption values are subjected to permanent monitoring. Deviations are identified and actions are taken in a timely fashion as necessary. The management defines the targets for saving energy within the scope of annual and long-term goals, and implements these targets through projects. The energy management system and the energetic optimization of processes are developed further on a continuous basis while involving all employees. Optimising and reducing energy input values on a consistent basis is a key element of success for the further development of SE Tylose GmbH & Co. KG.

We are continuously active to develop new products and procedures for saving resources and improving the global environment.

SE Tylose is cooperating with EcoVadis. The EcoVadis methodology is used to evaluate the quality of the company's CSR management system with reference to its guidelines, actions and results. This evaluation focuses on 21 criteria from the subject areas of the environment, social and human rights, ethics and sustainable procurement.

Our approach to work standards:

An important point for us is to be fair and respectful in dealing with all employees and business partners of SE Tylose. To ensure this, we have established a human rights declaration. The "Policy of SE Tylose GmbH & Co. KG on Human Rights" defines the philosophy guiding us in our mutual relations.

Our philosophy is based on the following principles:

1. We respect the individuals' rights
2. We do not accept any child labour
3. We respect privacy
4. We continuously review and improve occupational health
5. We promote a healthy working environment and employee health
6. We offer above average social security benefits

Our dealings with customers, business partners and government officials:

A conduct, which is both compliant to the rules and socially responsible, is one of the basic foundations of this company's integrity and reputation, and of our credibility to customers, suppliers and other business partners. We believe that the ethically unobjectionable conduct of every employee is an essential requirement for allowing professional and responsible work in this company's business environment.

To stop the negative impact corruption and bribery has on society, we provide adequate compliance management which makes certain that statutory provisions are being observed. Regarding any potential conflict of interests, we follow the applicable laws and regulations, codes and guidelines issued by national and international business and trade associations. We make sure that every employee having any business contact outside of this company receives training on compliance subjects at regular intervals.

We consider that an unobjectionable personal conduct is the driving force for meeting our obligations. Accordingly, we endeavour to promptly solve any problems which may occur in this regard.

Social responsibility outside of the company:

Our commitment to providing more equal opportunities:

To assist them in choosing their future trades and professions and promote enthusiasm for scientific and, in particular, for chemical trades and professions, SE Tylose has invited boys and girls to participate already in the 13th Girls' & Boys' Day. This day provides an opportunity for girls and boys to have a look behind the scenes of our business processes. A lot of information is provided and many hands-on activities are offered to allow the children to learn

more for instance about the products made by SE Tylose, the trades and professions working in this company, and how its production facilities look from the inside.

Our support provided to our social environment:

We are also aware of the responsibility we have towards the social institutions active around our site in the city of Wiesbaden.

- We are supporting a school focusing on the promotion of mental development located at Mainz-Amöneburg: Until now, SE Tylose has provided assistance to this school by assuming paintwork as part of the support actions of "Wiesbaden Engagiert!" (Wiesbaden's social commitment) and by making donations to the school's support group.
- We are also making donations to a centre providing assistance to less privileged people in Wiesbaden-Biebrich: Once per week, this centre collects food which would otherwise be destroyed for not having an economic use any longer. It is donated by companies and then distributed to needy people and low-income earners living in Biebrich. SE Tylose is supporting this organisation by making financial donations.
- Many of our long-standing employees are supporting a non-profit foundation in Wiesbaden by donating the money they would otherwise receive on the occasion of celebrating their service anniversaries as staff members. This non-profit foundation is providing support to institutions dedicated to families with children suffering from incurable diseases and an ensuing reduced life expectancy.
- Many employees from this company are very enthusiastic about joining in the annual J.P. Morgan Chase Corporate Challenge which is the biggest company race in the world and donates its proceeds for good causes.

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