

Basic Policy for Responsible Procurement of Minerals/Raw Materials

As a member of the Sumitomo Chemical Group and under the "Sumitomo Chemical Group Human Rights Policy", Tanaka Chemical Corporation defines those raw materials in the supply chain that involve a high risk of having a negative impact on human rights as high-risk raw materials ("HRRM"). Tanaka Chemical Corporation recognizes the adverse impact against human rights which may be associated with mining, extracting, refining, manufacturing, trading, handling and/or importing/exporting HRRM, and we comply with the Sumitomo Chemical Group's Policy on Responsible Procurement of Minerals/Raw Materials

Tanaka Chemical Corporation Approach to HRRM Issues

Incorporating the essence of the standards set out in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidance") with necessary adjustments, Tanaka Chemical Corporation adopts the following 6-step framework in conducting due diligence in respect of HRRM:

1. Establish Strong Company Management Systems

Tanaka Chemical Corporation shall clearly communicate and explain to suppliers and to the public the contents of this policy, and appoint a executive and staff assigned to supply chain management of HRRM. Tanaka Chemical Corporation shall conduct risk assessments of HRRM suppliers in accordance with international standards such as RMI (Responsible Minerals Initiative), and shall request HRRM suppliers to comply with this policy by abiding by the contract clause or commitment letter.

2. Identify and Assess Risks in the Supply Chain

Tanaka Chemical Corporation shall establish a system of controls and transparency over the supply chain of HRRM, and will periodically identify and assess risks of HRRM suppliers through an approach consistent with OECD Guidance Annex II. In identifying and assessing the risks, Tanaka Chemical Corporation shall (i) request HRRM suppliers to map its supply chain to origin and maintain a database of the same, and (ii) conduct additional due diligence procedures against the HRRM supplier, when red-flags of adverse impact on human-rights are discovered in its

supply chain, with due attention to the geographical characteristics of conflict-affected and high-risk areas.

3. Design and Implement a Strategy to Respond to Identified Risks

Once risks are identified and mitigation measures are undertaken, the executive assigned to HRRM, shall compile a risk management plan and shall implement either of the following measures:

- i) continuing trade throughout the course of measurable risk mitigation efforts;
- ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation efforts;
- iii) disengaging with the HRRM supplier after failed attempts at mitigation, such as where lack of cooperation, refusal to follow improvement requests etc.

Tanaka Chemical Corporation shall implement the risk management plan, monitor and trace the risks and progress of risk mitigation efforts, report them to the assigned executive of HRRM, and keep record of the same for a designated period. Tanaka Chemical Corporation shall undertake additional assessments of the identified risks once there is change of circumstance.

4. Tanaka Chemical Corporation shall request HRRM suppliers who is in a position to more directly and effectively mitigate the adverse impact on human rights in the supply chain to undergo supply chain due diligence audits conducted by Tanaka Chemical Corporation or by Tanaka Chemical Corporation's designated independent third-party auditor.

5. If required, Tanaka Chemical Corporation shall request HRRM suppliers to report its HRRM related activities periodically to Tanaka Chemical Corporation, and to promptly report to Tanaka Chemical Corporation any signs of adverse impact on human-rights discovered in their supply chain, and to follow any instructions of corrective measures by Tanaka Chemical Corporation.

6. Tanaka Chemical Corporation shall support relevant industry initiatives in respect of HRRM and respond to changing situations flexibly.

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Executive Officer Satoru Nippa