

# SUPPLIER CODE OF CONDUCT

# LETTER TO DYSTAR'S SUPPLIER



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Dear Supplier,

You may either expressly acknowledge the principles outlined herein or demonstrate adherence thereto through compliance with your own code of conduct or internal policies, provided such policies are consistent with the standards set forth in this Supplier Code of Conduct. We reserve the right, at our absolute sole discretion, to conduct audits or assessments to verify the Supplier's compliance with these standards.

In the event that we identify any actual or suspected non-compliance, DyStar reserves the right to take appropriate measures, including but not limited to suspension or termination of the business

relationship. This applies particularly in cases involving a breach of internationally recognized principles, failure to implement corrective actions, or repeated patterns of non-compliance.

For the avoidance of doubt, the obligations and terms of any existing contractual agreement between DyStar and the Supplier shall remain in full force and effect and shall take precedence over the provisions of this Supplier Code of Conduct. This includes, without limitation, contractual provisions requiring compliance with specific environmental, social, and governance (ESG) standards and/or obligations arising under applicable supply chain legislation.

Should you become aware of any conduct that may constitute a violation of applicable law or unethical behavior, such matters shall be reported without undue delay via the DyStar Compliance contact: [compliance@dystar.com](mailto:compliance@dystar.com)

We appreciate your role as an integral part of our supply chain and look forward to your continued commitment to upholding the standards set forth in this Code.



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# BUILDING A SUSTAINABLE FUTURE TOGETHER:

## DyStar's Ethical Commitment To Suppliers

At our core, we strive to create a sustainable future through innovative chemistry, driven by a profound sense of ambition and responsibility. Our mission extends beyond just our products and technologies; it encompasses a deep commitment to ethical business practices, legal compliance, and respect for human rights. We recognize that our actions, as well as those of our suppliers, have a profound impact on the world we share.

Our commitment to sustainability is rooted in a robust Code of Conduct and a comprehensive Policy Statement on Human Rights, which guide our operations and interactions with all stakeholders, including our suppliers. We are steadfast in our dedication to upholding internationally recognized human rights standards and fostering a culture of respect and accountability throughout our value chain.

To ensure the principles of sustainable development are embedded in our supply chain, we actively engage with our suppliers to promote and enhance their sustainability performance. We expect our suppliers to adhere to the highest ethical, legal and moral standards, including compliance with all applicable laws and international conventions related to human rights, environmental protection, social responsibility, and corporate governance (ESG Standards).

Furthermore, we ask our suppliers to implement these standards not only within their own operations but also with their own suppliers and subcontractors. Our expectations are grounded in the ten principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

To underscore our commitment to ethical, legal, and moral standards, we have developed a binding Supplier Code of Conduct, which outlines our expectations for all suppliers. We believe that the actions and business practices of our suppliers, when conducting business with or on behalf of our company, can significantly influence our reputation and impact the communities we serve.

Therefore, we expect all suppliers, their employees, and subcontractors to adhere to the ethical standards outlined in our Supplier Code of Conduct. It is imperative that our suppliers understand, embrace, and enforce these standards, ensuring that their own suppliers are bound to a similar level of compliance.

Together, we can build a sustainable future where our innovations contribute to a better quality of life for all, while upholding the highest ethical, legal and moral standards. By fostering a culture of respect, accountability, and transparency within our supply chain, we are committed to making a positive impact in the world we live in.



# ENVIRONMENT

As a global leader in the textile chemical industry, we are deeply committed to environmental sustainability within our ESG governance framework. We pledge to minimize our carbon footprint through continuous innovation in energy efficiency and green chemistry, strive for zero waste operations, and ensure that all our production processes adhere to the strictest environmental standards, preserving natural resources and ecosystems for future generations.

## Chemical Safety and Environmental Assessment

**Specific Addition:** Suppliers are required to provide detailed Material Safety Data Sheets (MSDS) and be evaluated on whether the chemicals used in their production processes are harmful to the environment and human health. Any change in product composition needs to be communicated to DyStar in advance. The procurement of chemicals with low toxicity and low Volatile Organic Compound (VOC) emissions is encouraged.

**Measurability:** Quantitatively assess through indicators such as VOC emissions and chemical toxicity indices.

## Waste and By-product Management

**Specific Addition:** Suppliers are expected to responsibly manage their waste and by-products generated during production, including recycling rates, safe disposal technologies, etc. Encourage the adoption of circular economy models to reduce waste generation.

**Measurability:** Quantitatively assess through indicators such as waste recycling rates and safe disposal rates.

## Energy Efficiency and Clean Energy

**Specific Addition:** Suppliers are required to provide energy efficiency data for their production facilities and encouraged to adopt clean energy sources (e.g., solar, wind) as alternatives to traditional fossil fuels.

**Measurability:** Quantitatively assess through indicators such as energy consumption per unit of product and the proportion of clean energy usage.



## Accountability Mechanism

For environmental issues, actions are based on severity. For relatively minor concerns such as potential inaccuracies in providing Material Safety Data Sheets (MSDS) or minor deviations from environmental performance expectations, suppliers will be requested to address these issues within a reasonable time frame and keep us informed of their progress. Major issues may lead to partnership review, restricted business, and information sharing in the industry. Detailed implementation requirements shall adhere to DyStar's internal management protocols and DyStar reserves final interpretation rights.

# SOCIAL

You commit to safeguarding internationally recognized in all your operations and for your workforce, abstaining from any direct or indirect involvement in forced labor practices (which encompass, but are not confined to, modern slavery and human trafficking), as well as refraining from utilizing child labor of any form or utilizing inputs sourced from such unethical labor practices.

## Supply Chain Labor Rights Protection

**Specific Addition:** In light of potential specific risks in the fine chemicals industry (e.g., chemical exposure, high-risk work environments), suppliers are required to strengthen safety training and protective measures for workers, ensuring their health and safety.

**Measurability:** Quantitatively assess through indicators such as worker safety training coverage and occupational workplace.



## Community Health and Environmental Protection

**Specific Addition:** Suppliers are expected to monitor and evaluate the impact of their production activities on surrounding communities, including air quality, water safety, and take corresponding measures to mitigate negative effects.

**Measurability:** Quantitatively assess through community environmental monitoring data (e.g., air quality indices, water quality reports).

## Fair Trade and Supply Chain Transparency

**Specific Addition:** In the speciality chemicals industry, particular attention is given to the transparency and traceability of raw material supply chains, ensuring legal and sustainable sourcing and avoiding conflict minerals.

**Measurability:** Verify and assess through documents such as supply chain transparency reports and raw material sourcing certifications.



## Accountability Mechanism

When suppliers do not meet social standards, responses vary by seriousness. In cases of less - severe non - compliance, like areas for improvement in safety training programs, suppliers will be expected to submit a plan for enhancement within an appropriate time period. Serious violations may result in a full review of relationships and information sharing with authorities and the industry. Detailed implementation requirements shall adhere to DyStar's internal management protocols and DyStar reserves final interpretation rights.

# GOVERNANCE

In our ESG governance, we uphold the highest standards of transparency, accountability, and ethical conduct. We commit to fostering a diverse and inclusive workplace culture, governed by robust corporate governance practices that ensure fair treatment of all stakeholders. Our board and senior management are dedicated to promoting responsible decision-making, continuously enhancing our governance framework to drive sustainable growth and long-term value creation.

## Compliance and Risk Management

**Specific Addition:** Given the uniqueness of the speciality chemicals industry, suppliers are required to strictly adhere to laws and regulations regarding chemical management, workplace health and safety, environmental protection, and establish comprehensive risk management mechanisms.

**Measurability:** Quantitatively assess through compliance audit reports, legal register and risk assessment reports.

## Supply Chain Sustainability Management

**Specific Addition:** Suppliers are encouraged to establish sustainability management systems that integrate ESG principles throughout the supply chain, including supplier selection, evaluation, auditing and policies, and continuous improvement.

**Measurability:** Quantitatively assess through indicators such as sustainability management policies, goal setting, and achievement status.

## Anti-Corruption and Business Ethics

**Specific Addition:** High - value deals and complex supply chains in the fine chemicals industry make anti - corruption and business ethics crucial. Suppliers must create and enforce strict anti - corruption policies to ensure fair and transparent business operations.

**Measurability:** Evaluate quantitatively using metrics like anti - corruption training reach and the efficiency of whistleblower systems.



## Accountability Mechanism

For corporate-governance matters, DyStar will adhere to the following approach:

- **Minor compliance deficiencies** (e.g., delays in submitting required documentation or identified gaps in anti-corruption training) will trigger a formal request for the supplier to implement corrective actions within an agreed timeframe.
- **Material governance failures** (e.g., repeated non-compliance, evidence of systemic lapses or breaches of law) may prompt DyStar to re-evaluate the business relationship, up to and including suspension or termination of the partnership.

In cases of serious misconduct, DyStar reserves the right to notify and share pertinent information with relevant industry bodies or regulatory authorities.

# CYBERSECURITY

Suppliers are expected to maintain robust cybersecurity practices to protect DyStar's information, systems, and supply chain integrity.

The following requirements must be adhered to:

## Risk Assessment and Management

- Conduct regular risk assessments to identify and mitigate potential vulnerabilities in systems, processes, and supply chain dependencies.
- Use frameworks such as ISO/IEC 27001 or NIST Cybersecurity Framework to guide risk management practices.

## Access Controls

- Implement strict access controls, including multi-factor authentication (MFA), to ensure that only authorized personnel can access sensitive data and systems.
- Regularly review and update access permissions to reflect changes in roles or responsibilities.

## Incident Response

- Develop and maintain an incident response plan that outlines procedures for detecting, responding to, and recovering from cybersecurity incidents.
- Test the incident response plan at least annually and update it as needed to address emerging threats.
- Notify DyStar immediately of any cybersecurity incidents that may impact its operations or data.

## Monitoring and Auditing

- Continuously monitor systems for suspicious activities and anomalies.
- Conduct regular security audits and vulnerability assessments to ensure compliance with cybersecurity standards.
- Provide DyStar with the right to audit or review security controls upon request.

## Supplier Security

- Ensure that all third-party suppliers and service providers adhere to similar cybersecurity standards and practices.
- Include cybersecurity clauses in contracts with suppliers, such as requirements for incident reporting, breach notification, and compliance with security standards.

## Encryption

Use encryptions for all sensitive data, both at rest and in transit, to protect against unauthorized access.

## Patch Management

- Regularly update and patch software, firmware, and systems to address known vulnerabilities.
- Maintain a patch management policy that ensures critical vulnerabilities are addressed within a defined timeframe (e.g., 30 days).

## Supply Chain Cybersecurity

- Identify and document all suppliers and service providers, including their roles and the criticality of their services.
- Assess the cybersecurity posture of suppliers through due diligence, security certifications (e.g., ISO/IEC 27001), or third-party security ratings.
- Monitor changes in supplier risk profiles and conduct periodic reviews of their security practices.



# DATA PROTECTION AND PRIVACY

Suppliers must handle all data, especially personal and sensitive information, with the utmost care and in compliance with all applicable data protection laws and regulations, including but not limited to the General Data Protection Regulation (GDPR), the Personal Data Protection Act (PDPA), California Consumer Privacy Act (CCPA), and other regional or industry-specific standards.

## Compliance with Regulations

- Adhere to all applicable data protection laws and regulations, including GDPR, PDPA, CCPA, and any other relevant frameworks (e.g., HIPAA, PCI DSS).
- Ensure that data processing activities are lawful, fair, and transparent.

## Data Minimization

- Collect and process only the data necessary for the fulfillment of the contract or service agreement with DyStar.
- Avoid retaining data longer than necessary and implement secure data retention and deletion policies.

## Data Security

- Implement appropriate technical and organizational measures to ensure a level of security appropriate to the risk, including protection against unauthorized or unlawful processing and against accidental loss, destruction, or damage.
- Use encryption, secure storage, and secure transmission protocols for all sensitive data.

## Privacy by Design

- Incorporate data protection into the design and operation of systems and processes from the outset (privacy by design).
- Ensure that data protection is a core consideration in all stages of product or service development.

## Data Breach Notification

- In the event of a data breach, notify DyStar immediately and take all necessary steps to mitigate the impact.
- Comply with legal requirements for reporting breaches to regulatory authorities and affected individuals.

## Employee Training

- Ensure that all personnel involved in data processing are adequately trained on data protection requirements and best practices.
- Conduct regular training sessions to keep employees informed of evolving threats and compliance obligations.

## Data Sharing Agreements

- Establish clear and comprehensive data sharing agreements with DyStar and any third parties involved in data processing.
- These agreements must outline data protection obligations, confidentiality requirements, and procedures for breach management and reporting.

## Continuous Monitoring and Updating

- Continuously monitor systems and networks for potential data privacy threats.
- Promptly apply updates and patches to systems and software to address known vulnerabilities that could impact data privacy.

## Confidentiality

Suppliers shall protect any confidential information obtained through our partnership, including but not limited to technical specifications, pricing terms, customer lists, product development data, and business strategies etc.





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