



Why is KRONOS asking you to sign onto the KRONOS Supplier Code?

KRONOS is committed to maintaining the highest levels of ethics, integrity, and corporate responsibility, and we require our suppliers to be committed to the same principles. New supply chain laws have recently been adopted and others proposed that impose new requirements on suppliers up and down the supply chain concerning environmental, human rights, and economic responsibilities and compliance. We call these important principles “ESG”, which is short for Environmental, Social and Governance. These shared commitments are the foundation of our supplier risk assessment process and overall regulatory compliance program. Your signature shows you are aligned with us and support compliance with these legal requirements.

What are the new and proposed supply chain laws?

Two countries where we do business, Norway and Germany, have adopted laws specific to ESG in the supply chain. Specifically, the Norwegian Transparency Act came into effect in Norway on **July 1, 2022**.¹ In Germany, the Act on Corporate Due Diligence in Supply Chains comes into effect on **January 1, 2023**.² The European Commission has proposed a similar law, the Corporate Sustainability Due Diligence Directive, which we believe will be adopted and apply to all EU countries.³

What do these supply chain laws require?

Generally, these new and proposed supply chain laws require KRONOS and others in the supply chain to establish a risk management system, perform a risk assessment of suppliers in the areas of ESG, establish preventive measures based on risks identified, and develop corrective actions with suppliers when necessary.

Why is it important for KRONOS business partners to sign KRONOS Supplier Code?

We believe the KRONOS Supplier Code is the first necessary step in our compliance program. First, it communicates KRONOS’ commitments in these ESG areas. Second, it communicates what we expect from our suppliers. Your signature gives us written assurance that you align with us and support compliance with these requirements. Sourcing decisions will take into consideration whether the supplier has signed our Code.

Why do we ask you to pass down these ESG principles to your own suppliers?

The supply chain laws appear to require all suppliers to understand risks throughout their own supply chains and ensure that we have consistency in compliance with ESG principles. Therefore, we ask you to implement these standards with your own suppliers, subcontractors, and service providers.

Why does the Code request third party ESG assessment documentation?

ESG risk assessment of suppliers is a requirement under the supply chain laws. If your ESG performance has already been assessed by a third-party ESG assessment/ratings

provider, we ask that you submit information about your rating, which could avoid the need for further assessment.

Will KRONOS require me to provide further information?

We may request additional information over time in order to comply with our legal obligations under current supply chain laws. As our compliance program develops, we are committed to working with our suppliers to find practical and efficient ways to share necessary information. We anticipate that industry standards (and tools) will eventually be developed throughout the supply chain to make compliance more efficient throughout the supply chain.

What if we have our own supplier ESG program or policy?

We encourage you to let us know if you have your own supplier code of conduct or other written ESG commitments and supply chain law compliance programs.

Who do I contact for questions about the Supplier Code?

For questions related to the Supplier Code, please contact your KRONOS purchasing representative. If you do not have a specific representative, you may reach out to supplychain@kronosww.com.

¹ Act Relating to Enterprises' Transparency and Work in Fundamental Human Rights and Decent Working Conditions, LOV-2021-06-18-99, link at <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>.

² Act on Corporate Due Diligence Obligations in Supply Chains of July 16, 2021, link at https://www.bmas.de/SharedDocs/Downloads/DE/Internationales/act-corporate-due-diligence-obligations-supply-chains.pdf;jsessionid=B09AE4874EC5BE96BD2A4FAF759C2FB4.delivery1-replication?__blob=publicationFile&v=3.

³ Proposal of a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937, link at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022PC0071&from=EN>.