
POSCO

Suppliers Code of Conduct Guidelines

This POSCO Suppliers Code of Conduct Guideline (“**Guideline**”) is designed to provide a comprehensive guideline for deeper understanding of the POSCO Suppliers Code of Conduct (the “**Suppliers Code of Conduct**”) to all our suppliers, contractors and their affiliates. It applies to all products, materials and services that POSCO purchases or procures. We strongly encourage our suppliers to use this Guideline to promote the requirement of the Suppliers Code of Conduct throughout their own supply chains.

- ※ This guideline should be taken only as a source of information for the Suppliers Code of Conduct. It is not given, and should not be taken, as legal advice. POSCO will not be held liable for any direct, indirect or consequential losses or damages arising from the use or interpretation of this guideline.

POSCO
Purchasing and Investment Division
October 31, 2024

Message from Head of Purchasing and Investment Division

In line with POSCO Group's vision, 'Materials for Tomorrow, Innovate for Excellence,' POSCO has established a trusted supply chain ESG management system. POSCO strives to create a better world by fostering a virtuous cycle of sustainability within its supply chain. By building mutual trust with suppliers, nurturing a robust steel industry ecosystem, and generating both economic and social value, POSCO aims to achieve a more sustainable and prosperous future in collaboration with its supply chain partners.

POSCO and its suppliers collaborate to consider the future of humanity and the environment and fulfill their social responsibilities. POSCO and its suppliers respect the dignity of workers, guarantee rights and freedoms related to labor human rights, provide a safe and clean working environment, and operate businesses in a fair and ethical manner. To this end, POSCO has established the Suppliers Code of Conduct, which sets out the basic requirements that all the suppliers of POSCO shall comply with.

The Code of Conduct encompasses areas of Labor, Health and Safety, Environment, Ethics, and Management System. The Suppliers Code of Conduct Guideline("Guideline") is aimed to help suppliers to understand the Suppliers Code of Conduct, internalize it in their management activities, and promote ESG management throughout the supply chain.

POSCO hopes that both POSCO and our suppliers recognize the importance of ESG management through the Suppliers Code of Conduct and the Guidelines and move forward together. Looking ahead, POSCO will continue to strive to enhance the global competitiveness of the supply chain and expand sustainability through close cooperation with its suppliers.

Thank you.



**Mr. Yong-Soo Kim,
Head of Purchasing and Investment Division**

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Suppliers Code of Conduct Guidelines

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I . LABOR

1-1. Prohibition of Forced Labor

■ Summary of the Code of Conduct

Suppliers shall ensure that no-one is forced to work under any kind of treat, and workers shall be able to terminate their employment voluntarily and without any kind of penalty, at any time. Suppliers also give workers clear contracts of employment cover rights, obligations and notice periods. Suppliers shall not compel or engage their workers in forced labor through unreasonable debt. Workers shall retain their original identity and immigration-related documents, and employment contracts shall be written in a language that workers can understand and easily access during hiring and when making changes to employment agreements.

■ Terms and Compliance Guide

Forced labor is any work or service that is demanded under threats and is not voluntarily offered. This includes, but not limited to, slavery, forced or coerced labor, bonded labor, indentured servitude, involuntary prison labor, labor for debt repayment, labor under slave contracts, labor by trafficked workers, work against the workers' will, restrictions on resignation, or any other form of modern slavery within Suppliers' own operations and their supply chain. Suppliers are required to adhere to the highest applicable standards, whether those are outlined in our Suppliers Code of Conduct, applicable laws, or international treaties. Our Suppliers Code of Conduct is grounded in the United Nations Declaration on Human Rights and the International Labour Organization's Declaration of Fundamental Principles and Rights at Work.

To prevent forced labor, all employment contracts must be voluntary and based on mutual understanding. These contracts should be written in a language and manner that the workers can easily understand and must be retained by both the workers and the suppliers. The employment contract must cover workers' rights, obligations, and any other terms and conditions as required by applicable requirements.

Suppliers shall not require workers to transfer or retain documents such as passports or identification cards. Suppliers should provide training programs related to the policy prohibiting forced labor. Suppliers must set a due diligence system to assess if there is any forced labor in their supply chain.

1-2. Prohibition of Child Labor

■ Summary of the Code of Conduct

Child labor is strictly prohibited, and the minimum age for employment shall comply with the requirements under local laws and regulations or the International Labour Organization, whichever is more stringent. If child labor is identified, suppliers shall immediately terminate the employment of such employment and improve their age verification process. Workers below the age of 18 shall not be assigned to tasks that are hazardous to their health or safety, including night shifts and overtime work.

■ Terms and Compliance Guide

Child labor refers to work performed by a child who is below the legal minimum working age as defined by applicable local or international laws, whichever is more stringent. We expect our suppliers to avoid any form of child labor in their business operations in accordance with the United Nations Global Compact principles and the International Labour Organization standards and ensure that they only employ individuals who meet or exceed the set legal minimum working age. Using guidelines from the International Labour Organization, child labor is defined as a child under 15 years of age involved in regular work.

To prevent child labor, suppliers must set a due diligence system to identify if there is any child labor in their supply chain. Suppliers must verify the age of workers using photo IDs, birth certificates, and government-issued identification during the hiring process. If workers under the minimum working age are found, suppliers must immediately terminate such employment, report the incident to relevant authorities, and implement measures to prevent recurrence. When employing individuals under the age of 18, suppliers must obtain verification documents and consent from their parents or guardians. Workers under 18 shall not be assigned to night work, overtime, hazardous conditions, or roles deemed inappropriate for their age. Additionally, suppliers must adjust working conditions to ensure the safety and well-being of workers under 18.

1-3. Working Hours

■ Summary of the Code of Conduct

Working hours shall not exceed the maximum working hours set by local law, and all overtime work shall be performed voluntary with overtime pay. The Suppliers shall guarantee workers at least one paid holiday per week. We expect our suppliers ensure fair and legal working hours, respect for workers' rights, and proper compensation for overtime work.

■ Terms and Compliance Guide

Working hours refer to the legally recognized time during which a worker provides labor to the employer, as defined by applicable laws. Working hours must not exceed the maximum limits set by the applicable laws. In the event of an emergency or special situation (e.g., natural disaster, national emergency, etc.), voluntary overtime work may be performed, but suppliers must provide overtime pay.

To comply with regulations on working hours, suppliers must accurately record and manage workers' working hours, allowing for verification and correction. Overtime work must be voluntary, and no workers shall face any disadvantage for refusing to work overtime. When overtime work is performed, suppliers must comply with applicable national wage laws for payment.

1-4. Wages and Benefits

■ Summary of the Code of Conduct

Compensation paid to workers shall comply with local wage-related laws, including minimum wage, overtime hours, and legally mandated benefits. Workers shall be provided with an understandable wage statement to ensure that their compensation has been paid accurately. By adhering to these guidelines, we expect our suppliers to commit to ensuring fair compensation, transparency, and compliance with all wage and benefits regulations, thereby fostering a respectful and supportive work environment.

■ Terms and Compliance Guide

For fair compensation and benefits, suppliers must fully adhere to all applicable labor and employment laws, including, but not limited to, all relevant wage laws and the terms of any collectively bargained agreements. Workers shall be paid fair and competitive regular and overtime wages that meet or exceed mandatory minimum wages and are appropriate for the type of work being performed. Additionally, suppliers must provide sufficient information about wages and benefits to workers during the contract process. Detailed pay statements must be provided to workers, clearly outlining earnings, deductions, and other relevant information. Suppliers must offer social insurance and other benefits as required by applicable laws and ensure that wages are paid as scheduled, without delay.

1-5. Non-Discrimination/Non-Harassment/Humane Treatment

■ Summary of the Code of Conduct

Suppliers shall respect all workers' human rights and shall not engage in harsh and inhumane treatment or threats such as violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers. Suppliers shall establish, implement, and promote policies and procedures relating to discipline that ensure a humane treatment of their workers and there shall be no discrimination based on race, sex, sexual orientation in hiring and employment practices. Workers shall not be subjected to medical checkups or physical examinations that could be used in a discriminatory way, and suppliers shall provide reasonable accommodations for their workers' religious practices when requested.

■ Terms and Compliance Guide

Discrimination is treating individuals differently based on race, color, sex, religion, political opinion, disability, pregnancy, national extraction or social origin, which impairs equality of opportunity or treatment in employment or occupation.

Inhumane acts are actions that violate the human rights, freedom, and dignity of workers, including but not limited to, violence, sexual violence, sexual harassment, abuse, corporal punishment, mental or physical coercion, harassment, and verbal abuse.

To prohibit discriminatory treatment, suppliers must establish internal policies, including but not limited to, grievance procedures, to prohibit discriminatory treatment. Regular training shall be provided to workers on these internal policies and prevention education. If discriminatory treatment is identified, it shall be addressed according to internal procedures and corrected to ensure non-discriminatory practice. Upon request, suppliers must provide reasonable time and place for the workers' religious practice.

To prevent inhumane acts, suppliers must ensure that no worker has to face verbal or physical abuse at work, or any kind of behavior that creates hostile or intimidating circumstances, including, but not limited to, sexual harassment. Suppliers shall establish internal assessment processes, disciplinary systems, and grievance mechanisms to prevent inhumane acts. Whistleblowers must be protected and ensured they do not face any retaliation. Regular training for workers shall be conducted to prevent inhumane acts. If inhumane acts are identified, suppliers shall take immediate and appropriate action to prevent recurrence and discipline such behavior in accordance with internal policies. No workers shall be subject to physical examinations that could be used in a discriminatory manner, except when necessary for workplace safety and to the extent permitted by applicable laws.

1-6. Freedom of Association and Collective Bargaining

■ Summary of the Code of Conduct

Suppliers shall guarantee workers the right and freedom to associate, the right to freely organize and join unions, the right to collective bargaining, the right to participate in peaceful assemblies, and the right to refrain from such activities under the applicable laws and regulations. Suppliers shall not unlawfully interfere with workers' right to association and collective bargaining. Workers and/or their representatives shall be able to openly communicate with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

■ Terms and Compliance Guide

Freedom of association is the right of workers to freely associate, join and participate in labor unions, join works councils, seek representation and engage in collective bargaining. This fundamental right must be guaranteed to all workers.

To guarantee freedom of association, suppliers must respect the workers' right to form, join, or refuse to join labor unions in accordance with applicable local laws, and must not dismiss, discipline, coerce, or threaten employees, or discriminate against employees based on their participation in labor unions. Suppliers must respect and not interfere with workers' rights to collective bargaining and participation in assemblies. The independence of labor unions must be guaranteed, and suppliers must not control them. Suppliers must communicate with labor unions regarding working conditions and management practices without any threat of discrimination, reprisal, intimidation or harassment.

II. Safety and Health

2-1. Occupational Health and Safety

■ Summary of the Code of Conduct

Suppliers shall identify the possibility of workers being exposed to health and safety hazards such as chemicals, electricity, fire, vehicles, and falls, and implement workplace design, technical and administrative controls, preventive maintenance, safety regulations, safety measures, and training sessions to prevent these hazards. If such hazards cannot be adequately controlled, suppliers shall provide and manage educational materials and personal protective equipment for workers. Pregnant women and nursing mothers shall not be placed in hazardous working conditions, and measures shall be taken to eliminate or reduce health and safety hazards, as well as provide accommodations for them.

■ Terms and Compliance Guide

Occupational safety refers to creating and maintaining a safe workplace, taking preventive measures to minimize hazards, and responding swiftly and proactively to accidents to protect workers' safety. This includes identifying and controlling hazards and taking the best reasonably possible precautionary measures against the hazards.

To ensure occupational safety, suppliers must set health and safety policies and standards to identify, eliminate, and control hazard factors within their work sites. Suppliers must implement appropriate management processes related to industrial health and safety and drive continuous improvement through a health and safety management system. This includes, but not limited to, providing workers training at no cost on safety guidelines and identified hazards, conducting regular and objective inspections by supervisors, inspecting personal protective equipment, and maintaining, renewing, or replacing facilities as needed.

Suppliers may operate a committee dedicated to managing a safe work site. Regular risk assessments must be conducted within the work sites to address potential health and safety adverse impacts. This includes, but not limited to, identifying harmful or hazardous factors, evaluating the likelihood and severity of illnesses caused by these factors, and establishing and implementing management processes to reduce risks.

Suppliers must regularly check legal requirements related to the health and safety of workers and monitor to ensure there are no violations of applicable laws. To prevent fatal accidents in workplaces, suppliers must equip the work sites with appropriate devices (e.g., labels, signs, etc.) and provide regular training to employees on safety practices and the use of protective devices.

Suppliers must provide personal protective equipment (PPE) to workers free of charge, along with training on its use. Workers must maintain records or lists of health and safety approvals, licenses, and certifications, ensuring they are up-to-date.

All health and safety violations must be corrected, and all government-related reports must be executed accurately and on time. Only drivers who have received special training and hold a license must be allowed to operate industrial power vehicles.

Additionally, appropriate fall prevention equipment must be provided when work is conducted in high places (e.g., roofs, high areas, forklifts, towers, etc.). Suppliers must ensure that pregnant women and nursing mothers are not exposed to highly harmful working conditions. Suppliers must remove or reduce health and safety risks and provide reasonable break time and a suitable place for those women.

2-2. Emergency Preparedness

■ Summary of the Code of Conduct

Suppliers shall identify and assess potential emergencies and incidents in advance to minimize harm to life, the environment, and property. Emergency plans and response procedures shall include emergency monitoring and reporting, notification and evacuation procedures for workers, emergency evacuation drills, evacuation facilities, fire detection and suppression equipment, and recovery plans. Emergency plans shall include appropriate fire detection and suppression equipment, unobstructed exits, contact information for emergency response officers, and recovery plans. Emergency drills shall be conducted at least annually or as required by local law, whichever is more stringent.

■ Terms and Compliance Guide

An emergency at the workplace is a situation where the normal operation of suppliers is disrupted due to certain internal or external factors. Internal factors include, but not limited to, fires, chemical spills, and explosions, while external factors include, not limited to, natural disasters like earthquakes and floods, as well as national emergencies.

To ensure emergency preparedness, suppliers must identify and manage each foreseeable or unforeseeable type of emergency. The emergency preparedness must include, but not limited to, identifying emergency elements, establishing a comprehensive response system, and conducting regular training accordingly. Suppliers must maintain fire detection, alarm and extinguishing systems in good condition, inspect them regularly, and record the inspection details. Suppliers must ensure the availability of emergency response equipment and establish related response plans. Emergency evacuation drills shall be conducted and regular fire evacuation drills shall be conducted for all work sites and workers, at least annually or as required by local law, whichever is more stringent. Suppliers must also comply with all applicable laws regarding emergency preparedness, such as the number of exits, emergency lights and fire doors.

2-3. Occupational Injury and Illness

■ Summary of the Code of Conduct

Suppliers shall establish and follow the procedures and systems for the prevention, management, tracking, and reporting of occupational injuries and illnesses of workers. This shall include encouraging reporting, classifying, and recording cases of injuries and illnesses, providing medical treatment, implementing corrective actions, and supporting return-to-work regulations. Additionally, workers shall be allowed not to return to work until the risk of injuries and illnesses is mitigated, without fear of retaliation.

■ Terms and Compliance Guide

An occupational injury and illness occur when a worker providing labor dies, gets injured, or contracts a disease due to work-related factors such as buildings, equipment, raw materials, gas, steam, or other work-related activities.

To prevent occupational injury and illness, suppliers must have a system in place to track, report, investigate, and analyze work-related accidents, injuries, and illnesses to identify areas for improvement and implement corrective processes. An emergency response system for accidents must be maintained and regularly updated, including but not limited to, the inspection and maintenance of emergency first-aid kits at designated locations, regular training on the response system to all workers. Suppliers must accurately classify and record cases of injuries and illnesses and promptly provide necessary medical treatment and implement corrective actions.

Also, suppliers must ensure that the workers are not assigned to hazardous areas, and access to such areas is restricted and must allow the workers to remove themselves from the harmful workplace until the hazardous area is corrected. Suppliers must ensure that workers shall be reassigned to their previous or equivalent tasks when they are able to resume work.

2-4. Industrial Hygiene

■ Summary of the Code of Conduct

Suppliers shall regularly identify, evaluate, and control workers' exposure to chemical, biological, and physical factors used in the work sites. If these hazards cannot be adequately controlled, appropriate personal protective equipment shall be provided to workers free of charge and must be used. Additionally, a safe and healthy working environment shall be provided and continuously monitored, and a protective occupational health program, including educational materials related to workplace hazards, shall be implemented.

■ Terms and Compliance Guide

Management of hazardous factors in the workplace involves activities that identify, evaluate, and control workers' exposure to chemical factors (e.g., mercury), physical factors (e.g., noise and vibration), and biological factors (e.g., pathogens).

To manage hazardous factors, suppliers must identify potential hazardous factors through objective work environment assessments and take steps to improve and control these identified hazardous factors.

Suppliers must implement the handling, storage, movement, access, and exposure control of chemical factors and provide and place Material Safety Data Sheets (MSDS) in a language that workers can understand. If elimination of such factors is not possible, suppliers must inform workers about the identified hazards, the measures being taken to address them, and conduct regular training on protective management processes. Suppliers also must provide well-maintained personal protective equipment.

2-5. Physically Demanding Work

■ Summary of the Code of Conduct

Suppliers shall identify physically intensive labor such as repetitive work and handling of heavy objects, and take appropriate measures such as process improvements to prevent musculoskeletal disorders in workers.

■ Terms and Compliance Guide

Physically intensive labor involves activities that negatively impact the body, such as repetitive work, strenuous movements, prolonged standing, and heavy lifting, which expose workers to excessive and extreme physical strain.

To prevent physically intensive labor, suppliers must manage tasks that cause physically intensive work and develop a management system to oversee and reduce relevant risks. Suppliers must comply with all applicable laws, including but not limited to, providing break times and rest areas during specific working periods and adjusting work schedules based on the working conditions and tasks performed by workers.

2-6. Machine Safeguarding

■ Summary of the Code of Conduct

Suppliers shall classify dangerous equipment and conduct regular safety inspections. Physical guards, safety devices, and protective barriers shall be provided to workers who are at risk, and the relevant equipment shall be properly maintained.

■ Terms and Compliance Guide

Machine Safeguarding involves evaluating the safety risks of equipment and facilities in the workplace, providing physical guards, safety devices, and protective barriers where there are risk factors to workers' safety, and conducting regular inspections.

For effective machine safeguarding, suppliers must conduct regular inspections of all equipment and facilities in the worksites, implement a safety maintenance program, and correct or replace any defective facilities. The safety inspection and maintenance records of the facilities must be documented and stored. Suppliers must conduct regular training for workers on the proper use of the machines and provide necessary safety devices to operate them safely.

2-7. Sanitation, Food, and Housing

■ Summary of the Code of Conduct

Suppliers shall provide workers with clean toilet facilities, clean water, sanitary food preparation and storage, and dining facilities. Additionally, dormitories shall maintain cleanliness and safety, and provide lighting, emergency exits, heating and cooling facilities, ventilation, individual lockers, and appropriate personal space.

■ Terms and Compliance Guide

Facilities provided by suppliers must be maintained in a clean and sanitary state for quality of workers' work performance and their human rights. If the suppliers provide housing facilities to workers, these facilities must meet minimum requirements such as lighting, heating, ventilation, drinking water and food access, waste disposal facilities, exit/escape requirements, and emergency response management processes.

2-8. Health and Safety Communication

■ Summary of the Code of Conduct

Suppliers shall provide health and safety information about all workplace hazards, such as mechanical, electrical, chemical, fire, and physical hazards, in a language that workers can understand, and post it in a conspicuous place. Health and safety information and education shall include demographic risks such as gender and age. Additionally, workers shall be encouraged to raise any health and safety concerns at any time.

■ Terms and Compliance Guide

Suppliers must act to enhance health and safety awareness, promote continuous improvement, and prevent workers' health and safety accidents and occupational illnesses. Suppliers shall regularly conduct health and safety education for all workers and record and manage the training performance.

Additionally, suppliers shall establish grievance handling channels so that workers can freely raise health and safety concerns without fear of retaliation or threats. When a worker's grievance is confirmed, the suppliers shall prepare a corrective action plan and implement improvement activities.

III. Environment

3-1. Environmental Permits and Reporting

■ Summary of the Code of Conduct

Suppliers shall obtain, maintain, and manage all environment-related permits and registrations, reflect the latest legal amendments, and comply with reporting obligations.

■ Terms and Compliance Guide

Acquiring and reporting environmental approval involves obtaining all necessary environmental permissions or approvals required by applicable laws for the suppliers' business activities, maintaining and managing them, and complying with all reporting obligations. This procedure is essential to minimize adverse impacts on the environment and to comply with legal requirements.

Key considerations for acquiring and reporting environmental approvals include, but not limited to, maintaining a registry or list of environmental approvals, licenses, and certifications under applicable laws, including but not limited to, monitoring and reporting requirements, as well as expiration dates for facilities essential to suppliers' operations. Environmental approvals may include, but not limited to, licenses or certifications on handling and storage of chemicals, waste disposal, and industrial wastewater discharge. Suppliers must promptly update any changes related to environmental permits to keep them current and rectify any environmental violations.

3-2. Pollution Prevention and Resource Conservation

■ Summary of the Code of Conduct

Suppliers shall minimize or eliminate pollutant emissions and waste discharge through production, maintenance, and process improvement of environmental pollution control equipment. Additionally, forced evictions shall be prohibited to preserve natural resources and protect the human rights and property rights of indigenous people.

■ Terms and Compliance Guide

Pollution prevention and resource conservation are essential management processes for environmental protection and sustainable resource management, based on applicable environmental laws and international treaties. These measures include, but not limited to, the installation of environmental pollution control equipment, facility improvements, and regular maintenance to reduce the emission of pollutants and waste. They also include, but not limited to, conservation of resources such as water, land, soil, energy, minerals, and reducing resource waste through recycling and reuse.

To ensure pollution prevention and resource conservation, suppliers must establish and implement environmental management policies aimed at minimizing adverse environmental impacts and promoting sustainable development with objective due diligence programs. It is highly recommended for suppliers to identify sources of pollution and set goals to reduce raw material usage, air pollution, wastewater, and designated waste emissions. Furthermore, forced evictions must be prohibited to protect human rights on the housing and property rights.

3-3. Hazardous Substances

■ Summary of the Code of Conduct

Suppliers shall comply with relevant applicable laws and international standards such as the Minamata Convention, the Stockholm Convention, and the Basel Convention, and shall identify and manage hazardous substances separately. Hazardous chemicals shall be labeled for safe storage, storage, handling use, recycling or reuse and disposal, and hazardous waste data shall be documented and tracked regularly.

■ Terms and Compliance Guide

Hazardous substances means chemicals or mixtures that can have harmful effects on the human body or the environment, requiring appropriate management and handling. Hazardous substances can be fatal to the human body and cause serious environmental pollution. Therefore, suppliers must establish a hazardous substance management system and emergency plan to ensure their safe handling.

In managing hazardous substances, the suppliers must record and inspect all matters related to their purchase, use, storage, and disposal. Hazardous substances must be properly classified, processed, stored, and transported in accordance with applicable laws and relevant international regulations. Suppliers must regularly evaluate compliance with contracts by hazardous substances disposal entities and carriers, taking corrective action, as necessary. Only trained workers should handle the hazardous substances, and they must be trained to use personal protective equipment or devices specific to these substances. Regular training on the emergency management system and accident preparedness is also needed. Material Safety Data Sheets (MSDS) must be written in a language that the workers can understand. These sheets should include, but not limited to, the chemical name, components, hazards, storage methods, and handling precautions, and must be have placed in easily accessible locations.

3-4. Solid Waste

■ Summary of the Code of Conduct

Suppliers shall identify non-hazardous solid waste and dispose of it in accordance with relevant laws and regulations, while also reducing its generation. Additionally, the suppliers shall track and document solid waste data regularly.

■ Terms and Compliance Guide

Solid waste is waste discharged in solid form and can be classified into non-hazardous and hazardous waste.

To manage solid waste, the suppliers must identify the waste and establish procedures for handling, storing, disposing, transporting, recycling, and processing it in accordance with applicable laws. Data related to the waste must be documented and tracked regularly. The suppliers must obtain the necessary approvals and licenses required by relevant local laws for waste disposal and select certified or approved entities for the waste disposal and transportation.

3-5. Air Emissions

■ Summary of the Code of Conduct

Suppliers shall understand the characteristics of volatile organic chemicals, aerosols, corrosive gases, finedust, ozone-depleting substances, and combustion by-products, and treat and discharge them according to relevant laws, and continuously monitor the emission status. Additionally, the operation of the air emission monitoring system shall be regularly checked.

■ Terms and Compliance Guide

Air pollution emissions refer to the release of harmful substances into the atmosphere from suppliers' business operations and activities. These pollutants can degrade air quality and have adverse impacts on human health and the environment. Air pollutants include, but not limited to, volatile organic compounds, aerosols, corrosive gases, fine particulate matter, ozone-depleting substances, and combustion by-products.

Regarding air pollutant emissions, it is important that operations and facilities obtain all required approvals, and are regularly inspected and managed according to applicable laws and internal standards. Suppliers must have procedures in place for identifying, classifying, handling, disposing, and monitoring air pollutants generated at their business sites in accordance with applicable laws. Regular inspections and monitoring of emission status are necessary to ensure compliance with the standards set forth by applicable laws.

3-6. Materials Restrictions

■ Summary of the Code of Conduct

Suppliers shall display information on material recycling and disposal, and comply with all regulations and customer requirements related to the prohibition and restriction of certain substances in the production and manufacturing process.

■ Terms and Compliance Guide

Material regulation refers to the legal restrictions or prohibitions on the use, recycling, and disposal of certain substances. Suppliers must thoroughly understand and comply with global and local laws and regulations related to material regulation, such as the European Union's Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH).

To manage material regulation, suppliers shall establish internal policies and procedures, including but not limited to, regular monitoring, to restrict the use of prohibited resources or materials. The suppliers also must provide guidance to their workers on this restriction to ensure compliance.

3-7. Water Management

■ Summary of the Code of Conduct

Suppliers shall record and monitor water usage and discharge, protect water resources, and control pollution pathways. All wastewater shall be characterized and treated according to regulations before discharge or disposal, and the performance of wastewater treatment and suppression systems shall be regularly monitored.

■ Terms and Compliance Guide

Water resource management refers to activities aimed at the use, conservation, pollution prevention, and efficient management of water resources. These activities are necessary to ensure the sustainability of water resources and to protect the environment.

Key considerations for water resource management include, but not limited to the installation of appropriate wastewater treatment, storing and processing facilities in accordance with applicable laws, and the regular maintenance and inspection of these facilities.

3-8. Energy Consumption and GHG Emissions

■ Summary of the Code of Conduct

Suppliers are encouraged to establish and report greenhouse gas reduction targets. Suppliers shall track and record energy consumption and greenhouse gas emissions (direct emissions Scope 1, indirect emissions Scope 2, and other indirect emissions Scope 3), and seek ways to improve energy efficiency and minimize greenhouse gas emissions.

■ Terms and Compliance Guide

Energy consumption refers to all forms of energy used at suppliers' business site, including but not limited to, use of electricity, gas, oil, and coal.

Greenhouse gases are gaseous substances that cause global warming. The Kyoto Protocol, an international treaty adopted in 1997 to the United Nations Framework Convention on Climate Change, defines six major greenhouse gases as follows: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Greenhouse gases may be classified into three categories, as Scope 1, Scope 2, and Scope 3.

.Scope1(Direct Emissions): Greenhouse gas emissions from business sites owned by the suppliers

.Scope2(Indirect Emissions): Greenhouse gas emissions from the production of electricity and steam purchased and consumed by the suppliers

.Scope3(Indirect Emissions): Greenhouse gas emissions from facilities outside the suppliers' business site and across the entire value chain

To manage energy consumption and greenhouse gas emissions, suppliers are encouraged to record and manage energy usage within their business sites. Suppliers shall strive to reduce energy consumption by increasing the use of renewable energy sources and installing high-efficiency, advanced equipment to minimize greenhouse gas emissions across all scopes.

IV. Ethics

4-1. Business Integrity

■ Summary of the Code of Conduct

Suppliers shall maintain the highest standards of integrity in all business interactions and shall implement a zero-tolerance policy to prohibit all forms of bribery, corruption, extortion, and embezzlement.

■ Terms and Compliance Guide

Business integrity is acting honestly and transparently in all business activities and adhering to ethical standards.

Ethical management is suppliers' commitment to fair and open business practices, grounded in ethical policies. Any forms of corruption and bribery are strictly prohibited throughout all the supply chain.

To comply with business integrity standards, suppliers must not engage in or tolerate any form of corruption, extortion or embezzlement. The suppliers are expected to implement a zero-tolerance policy for all forms of misconduct, including but not limited to, bribery, corruption, extortion, and embezzlement. The suppliers must adhere to the highest standards of integrity in all their business activities. Unethical acts, must be reported, investigated, and punished according to the suppliers' policies. The suppliers must maintain clear and accessible reporting system for workers to report unethical behavior. The suppliers also must provide managers and workers with an internal ethics code, and provide regular training to reinforce the importance of the ethical behavior and compliance with internal ethical code and external applicable laws.

4-2. No Improper Advantage

■ Summary of the Code of Conduct

Suppliers shall not promise, offer, authorize, give, or accept bribes or unfair benefits. This includes giving or accepting any value in order to obtain or retain business or gain an improper advantage. Additionally, continuous inspection and monitoring shall be conducted to ensure compliance with anti-corruption laws.

■ Terms and Compliance Guide

Improper advantage means benefits obtained through unfair competition or illegal business activities, such as bribery or the acceptance of unfair or undue benefits.

To prevent from improper advantage, suppliers shall not, and procure their workers shall not, offer, solicit, or accept rebates, bribes, commissions, kickbacks or any other forms of illegal payments. Any type of corruption related records must be maintained.

4-3. Disclosure of Information

■ Summary of the Code of Conduct

All transactions of suppliers shall be transparent and accurately recorded and maintained in their books of account. Information about suppliers' labor, health and safety, environmental practices, business activities, governance, financial status, and performance shall be disclosed in accordance with applicable laws and regulations. Falsification of records or misrepresentation shall not be permitted.

■ **Terms and Compliance Guide**

Disclosure of information involves transparently revealing information related to suppliers' management activities, finances, performance, labor, safety, health, environment, and governance. Falsification or false statements are strictly prohibited.

When disclosing information, it is important to accurately record and disclose necessary information related to the suppliers' management activities, in compliance with the suppliers' internal data protection policies and applicable laws. Financial and business reports must be reported to both internal and external stakeholders, and third parties' verification is recommended.

4-4. Intellectual Property

■ **Summary of the Code of Conduct**

Suppliers shall respect intellectual property rights and protect relevant rights when transferring technology and/or know-how. Suppliers shall also safeguard the information of their customers.

■ **Terms and Compliance Guide**

Intellectual property rights are rights on patent rights, utility model rights, design rights, trademark rights, and creations or inventions of those types.

To protect intellectual property rights, suppliers must obtain the necessary permission or licenses to use others' intellectual property.

4-5. Fair Trade, Advertising, and Competition

■ **Summary of the Code of Conduct**

Suppliers shall adhere to standards for fair trade, advertising, and competition, and shall avoid engaging in unfair trade practices that undermine the principles of fair trade.

■ **Terms and Compliance Guide**

Suppliers must perform their business activities fairly, legitimately, and through legal means, and commit to free and fair competition in accordance with all applicable anti-trust laws.

To ensure the fair trade, advertising and competition, suppliers shall not engage in or enter into anti-competitive agreements or otherwise seek to unfair collusion in violation of applicable laws or regulations, whether domestic or international, nor form or join unfair agreements or collusion organizations. Suppliers shall not make false or misleading advertisements, including but not limited to greenwashing, to gain a competitive advantage.

Suppliers also shall not illegally use or infringe upon the assets of competitors, nor slander competitors or exploit their weaknesses.

4-6. Protection of Identity and Non-Retaliation

■ **Summary of the Code of Conduct**

Suppliers shall operate an identity protection program that guarantees the anonymity of whistleblowers to the extent permitted by law. Additionally, they shall inform workers of the procedures and ensure that issues can be raised without retaliation.

■ Terms and Compliance Guide

Identity protection involves maintaining the confidentiality of internal whistleblowers' identities, ensuring their anonymity to shield them from any disadvantages.

Retaliation prevention means safeguarding the internal whistleblowers from any negative consequences for raising an issue. This ensures that the whistleblowers are not subjected to retaliatory actions such as dismissal, demotion, or harassment by suppliers.

To ensure identity protection and retaliation prevention, suppliers must operate an internal grievance handling and reporting system for reporting unethical or disadvantage behaviors against the whistleblowers. Regular training on methods and procedures for handling unethical behavior must be conducted for all workers. No retaliatory actions, such as personnel disadvantages, must be taken against the whistleblowers.

4-7. Responsible Sourcing of Minerals

■ Summary of the Code of Conduct

Suppliers in the mineral supply chain that supply or use minerals sourced from conflict and high-risk areas must comply with OECD guidelines. Responsible minerals such as tantalum, tin, gold, tungsten, cobalt, and mica shall be mined in a manner that does not fund conflicts, respects human rights and the environment, and fulfills social responsibilities.

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Responsible minerals are those that have a high potential to cause negative issues, such as human rights violations and environmental destruction, during mining. Responsible minerals include tantalum, tin, gold, tungsten, cobalt, and mica. The OECD has established the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which mandates the management of responsible mineral supply chains.

To manage responsible minerals, suppliers must verify whether the raw materials they purchase are produced through illegal and unethical methods and ensure they are procured in compliance with the OECD Due Diligence Guidance or equivalent guidelines. Suppliers must monitor the status of responsible mineral management within their supply chains and regularly update this information on the suppliers' websites, sustainability reports, or other accessible platforms.

If direct or indirect suppliers in the supply chain do not comply with the responsible minerals policy or procure minerals from conflict areas, the suppliers shall take action against such suppliers according to the responsible mineral purchasing policy.

4-8. Privacy

■ Summary of the Code of Conduct

Suppliers shall endeavor to protect the personal information of all stakeholders and comply with relevant laws and requirements when collecting, storing, processing, transmitting, and sharing personal information.

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Personal information is information that can identify an individual or be associated with a specific individual. This includes, but is not limited to, various details such as date of birth, address, phone number, email, credit card information, medical information, and sexual preferences.

To protect privacy and personal information, suppliers must establish an internal data protection policy that is strictly secured, prevents unauthorized disclosure, and complies with applicable laws. Personal information shall be collected on a need-to-know basis and used solely for work-related purposes and only within the scope of the consent provided by the information provider.

V. Management System

■ Summary of the Code of Conduct

- [5-1] Company Commitment** Suppliers shall draft and disclose a declaration of human rights, safety and health, environment, ethics, and management system policies with the approval of management, and communicate and post it to workers in a language that workers can understand via accessible channels. Additionally, an appropriate due diligence process shall be established and included in management policies.
- [5-2] Management Accountability and Responsibility** Suppliers shall specify the person responsible for implementing the management system and related programs, and representatives or management shall regularly check the status of the management system's operation.
- [5-3] Legal and Customer Requirements** Suppliers shall have procedures to identify, monitor, and implement this code, laws, regulations, and customer requirements.
- [5-4] Risk Assessment and Management** Suppliers shall identify risks related to compliance, environment, safety and health, labor, ethics, and human rights, assess their significance, control them, and regularly verify compliance with the code.
- [5-5] Improvement Objectives** Suppliers shall establish goals, targets, and action plans for improving social, environmental, health, and safety performance, and periodically evaluate the performance.
- [5-6] Training** Suppliers shall operate training programs for employees to implement policies, procedures, improvement goals, and legal compliance.
- [5-7] Communication** Suppliers shall have procedures to convey accurate information about policies, practices, expectations, and performance to employees, customers, and secondary suppliers.
- [5-8] Worker/Stakeholder Engagement and Access to Remedy** Suppliers shall establish communication procedures with workers, representatives, stakeholders, and the community, and prepare a process for collecting opinions, including effective grievance handling procedures. Additionally, suppliers shall provide an environment where workers can provide grievances and feedback without retaliation.
- [5-9] Audits and Assessments** Suppliers shall conduct regular self-assessments to verify compliance with legal and regulatory requirements, this code, and social and environmental responsibility requirements.
- [5-10] Corrective Action Process** Suppliers shall have procedures to timely correct deficiencies identified in internal and external evaluations and inspections.
- [5-11] Documentation and Records** Suppliers shall draft and maintain documents and records to meet regulatory compliance and company standards and ensure the security of documents and records to protect employee personal information.
- [5-12] Supply Chain Participation and Responsibility** Suppliers shall communicate the requirements of this code to secondary suppliers and have procedures to monitor compliance.

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[Company Commitment] Suppliers must draft and announce their human rights, health and safety, environmental and ethics policies in languages that employees and stakeholders can understand. Suppliers must establish a code of conduct that includes, but is not limited to, labor health and safety, environment, ethics, and management systems, and must identify and address adverse impacts through due diligence on their supply chain.

Senior management must actively support and ensure the implementation of the code of conduct and policies.

[Management Accountability and Responsibility] Suppliers must designate senior executives, representatives or entities who are responsible for the management system. The designated persons must objectively inspect and evaluate the existing management system.

[Legal and Customer Requirements] Suppliers must have procedures to identify and monitor laws, regulations, and customer requirements.

[Risk Assessment and Management] Suppliers must establish procedures to identify risks related to the environment, health, safety, and labor, and take actions to improve them based on the priority. Risk assessment involves identifying hazardous and risk factors, determining the likelihood and severity of injury or illness, and establishing and implementing measures to mitigate them. The risk assessment procedure shall include, but is not limited to, evaluation methods and improvement action plans for risk mitigation and shall be updated periodically as necessary.

[Improvement Objectives] Suppliers must set goals for social, environmental, health, and safety improvements, and shall evaluate and document performance.

[Training] Suppliers must operate training programs for all managers and workers to ensure compliance with applicable laws and internal policies. This may include training sessions such as personal information protection training, workplace sexual harassment prevention training, industrial safety and health training, workplace disability awareness improvement training, and retirement pension training etc.

[Communication] Suppliers must have procedures and communication channels to deliver accurate information to internal and external stakeholders.

[Worker/Stakeholder Engagement and Access to Remedy] Suppliers must create a work environment that listens to and improves the opinions of internal and external stakeholders, including employees and residents. It is recommended to establish and operate grievance handling regulations so that internal and external stakeholders can provide grievances and feedback without fear.

[Audits and Assessments] Suppliers must conduct self-assessments to confirm compliance with relevant laws and regulations.

[Corrective Action Results] Suppliers must have corrective action procedures to address deficiencies identified in internal and external evaluations.

[Documentation and Records] Suppliers must document and record the results of activities undertaken in compliance with social and environmental responsibility regulations. Additionally, to protect the privacy of employees, confidentiality shall be maintained, and documents shall be written and recorded accordingly.

[Supply Chain Participation and Responsibility] Suppliers must communicate this code of conduct to their lower-tier suppliers and guide them to comply.

[Document History]

Version	Date	Description of Change
1.0	October 2024	Enactment of Suppliers Code of Conduct Guidelines(Eng)