

# Code of Conduct of Affiliates of Daehan Solution

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## [ Overview ]

### 1. Purpose of Enactment

Daehan Solution has enacted this Code of Conduct in order to establish sustainable supply chain and to realize shared growth with subcontractors. This code has been enacted to ensure that all subcontractors strictly comply with the laws and regulations and construct the management system in which workers are respected in the overall areas of management such as ethics, environment, human rights and safety.

This code is based on the global standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, the UN Convention on the Rights of the Child, the International Labor Organization Constitution, and the ILO Declaration on Fundamental Principles and Rights at Work

### 2. Scope of Application

The scope of application of this Code of Conduct is all subcontractors that supply goods and services to Daehan Solution. Therefore, all subcontractors shall comply with this code, and they may recommend compliance with this Code of Conduct to their sub-supply chain.

## [ Code of Conduct ]

### 1. Labor Human Rights

#### (1) Prohibition of Forced Labor

Subcontractors shall not force any type of labor that may be against the will of any worker. Subcontractors shall not hire workers, trafficked workers, etc. under a custody contract (including restraint for repayment of any debt). In addition, subcontractors shall not require workers to submit ID card, passport, etc. on condition of hiring, and they shall not conduct any act unduly restraining bodies of the socially weak such as assault, threat, confinement, coercion, kidnap, and fraud for the purpose of forcing labor.

#### (2) Prohibition of Child Labor

The term "child" means any person under the latest age among the age of 15, the age at which

the compulsory education finishes, and the lowest age for the statutory employment under the local legislation, and employment of children is strictly prohibited. Subcontractors shall check the age of any employee and job applicant through legal documents such as ID card, birth certificate, etc. and have the process for verification of recruitment to prevent employment of children. 은 Workers under the age of 18 shall not be used in any dangerous work in the aspect of safety and health, and ensure that any minor is not restricted in opportunities for education due to labor.

### **(3) Compliance with Working Hours**

Subcontractors shall comply with the statutory working hours of the countries in which they are running their business, and provide break time and rest time in accordance with the laws. They shall not force overtime work not desired by workers, and any agreed overtime work shall not exceed the statutory hours, and properly compensate for overtime work. In addition, subcontractors shall guarantee a holiday of at least 1 day a week for employees.

### **(4) No Discrimination**

Subcontractors shall not discriminate in in recruitment, employment, promotion, compensation etc. by reason of gender, race, ethnicity, nationality, religion, disability, age, family situation, social status, and political opinion, etc. In addition, they shall not require any conditions at the time of recruiting and selection except for any special situation such as for occupational safety, etc.

### **(5) Humane Treatment**

Subcontractors shall not conduct any act unduly posing mental and/or physical harm or threat including sexual harassment, sexual abuse, corporal punishment, mental or physical duress, abusive languages, etc. to workers. In addition, they shall respect privacy of employees and refrain from unnecessary directions of work except for working hours.

### **(6) Guarantee of Freedom of Association**

Subcontractors shall guarantee the right of employees to organize and participate in the labor union and freely participate in labor union activities in accordance with the laws and regulations of the local country, and at the same time, guarantee the right not to participate in the labor union. In addition, they shall not conduct any discriminative treatment, act of retaliation, act of threat, etc. by reason of participation in the labor union activities.

### **(7) Wage and Welfare Benefit**

Subcontractors shall pay wages and allowances, welfare benefit, etc. in accordance with the laws and system of the local country. Wages of workers shall be paid on the fixed date, and a pay slip prepared in a language understandable by their employees or a website in which the details of salary can be checked must be provided.

## **2. Ethics**

### **(1) Integrity**

Subcontractors shall have the highest level of integrity in all business transactions. Subcontractors shall not conduct any wrongful acts such as bribery, embezzlement, arrangement, and soliciting, and they shall claim to advocate the policy that any employee who has conducted such act shall be treated in accordance with the zero-tolerance policy.

### **(2) Prohibition of Unfair Advantage**

Subcontractors shall not offer, promise or provide any bribe or other compensation for the purpose of improper and unfair advantage, or permit or receive such bribe or compensation. In addition, they shall not directly or indirectly via a third person offer, promise or provide, or permit or receive any advantage for the purpose of acquiring or maintaining any business opportunity or providing any business opportunity.

### **(3) Fair Transaction**

Subcontractors shall not conduct any act that may hinder fair competition using the market dominant position or superiority in transactions. Subcontractors shall not agree to conduct any act that may unfairly restrict competition with any other business with respect to the price, supply, trade areas, trade conditions, etc. In addition, subcontractors shall not acquire information in an improper way from any competitor, supplier or any other institution, and shall not use or disclose any information which has been unfairly acquired the Company or any third party.

### **(4) Responsible Purchase of Materials**

Subcontractors shall not use any conflict minerals (tantalum, tungsten, nickel, gold, etc.) of specific countries of origin which are restricted to be used due to concerns of human rights abuses and environmental destruction. They shall construct the process that can identify the

countries of origin and smelters of all minerals including conflict minerals and raw materials, and endeavor to check whether there was any violation of human rights, ethical misconduct, negative effect of environment, etc. in the process of mining and production.

#### **(5) Disclosure of Information**

Subcontractors shall record and disclose the information with respect to business activities and performance and financial structure on the basis of the laws and regulations and industry practice relating to disclosure of information. Any forgery of record or misrepresentation for the actual condition and practice of any related area within the supply chain will not be tolerated.

#### **(6) Protection of Intellectual Properties**

Subcontractors shall respect the intellectual property rights owned by their customers and trading counterparts, and shall not leak without authorization or use without advance permission and approval trade secrets or information requiring security of their customers and trading counterparts.

#### **(7) Protection of Personal Information**

Subcontractors shall protect personal information of all persons including their customers, trading counterparts, employees and consumers at a reasonable level. They shall comply with the laws and regulations relating to information security for handling and utilization of personal information by constructing the personal information management system across collection, storage, processing, transmission, sharing, etc. of personal information.

#### **(8) Protection of Identity and Prohibition of Retaliation**

Subcontractors shall operate an identity protection program that can guarantee the secrecy and anonymity for the whistle-blowers recognized by the laws, and ensure that any subject can be brought up without fear of retaliation.

### **3. Safety and Health**

#### **(1) Construction of Safety and Health Management System**

Subcontractors shall endeavor to enhance and improve safety and health of workers. Subcontractors shall comply with the laws and regulations relating to safety and health of each country in which they are running their business, and acquire and maintain all authorizations and permissions for safety and health necessary for operations of business. In addition, they shall have the organization to prevent any accident in safety and health and construct the safety and health system that can plan, execute

and evaluate safety and health activities.

## **(2) Preparation for Emergency Situation**

Subcontractors shall set up and implement the plan to respond to emergency situations that may occur including any natural disaster, fire and safety accident. They shall minimize the damages due to emergency situations by preparing the procedures for reporting, notification to workers and evacuation at the time of occurrence of any emergency situation, and establishing and implementing emergency evacuation drills of workers to prevent damages, exit facilities which can be easily found and allows evacuation without obstacles, securing equipment for detection and extinguishment of fire, and the procedures for responding to emergency situations.

## **(3) Management of Industrial Accident and Illness**

Subcontractors shall have the procedures and system that can prevent, manage and trace industrial accidents and illness of workers. The system shall include the regulations to encourage reporting of any physical disorder, classify and record cases of injuries and illness, provide necessary treatment, take corrective measures to remove causes, and facilitate return of employees. In addition, it is recommended to implement improvement of process or appropriate rest and stretching, and manpower arrangement, etc. in order to prevent occurrence of any industrial accident and occupational disease due to physical labor and working environment.

## **(4) Control of Physically Heavy Work**

Subcontractors shall figure out, assess and control exposure of workers to physically heavy work such as repetitive manual work for long hours by workers, work of heavy lifting or standing, and assembly work requiring exhaustion of physical strength.

## **(5) Safety Management for Dangerous Machinery, Instrument and Facilities**

Subcontractors shall regularly inspect and assess stability of machinery, instrument and facilities, and where workers may be exposed to any danger, they shall secure and maintain safety by installing physical protective device or barriers. In addition, where necessary, appropriately managed protective gears shall be provided to workers.

## **(6) Protection of Intellectual Properties**

Subcontractors must implement appropriate education for safety and health in a language understandable by workers for the verified workplace hazards before work placements, which shall be

regularly implemented after work placements. In addition, information relating to safety and health shall be furnished at a noticeable place.

## 4. Environment

### **(1) Environment Management System**

Subcontractors shall comply with the environment-related laws and regulations of the countries in which they are running their business, and acquire, maintain and manage the authorization and permission and registrations of environment necessary for operating their business. Subcontractors shall construct and operate the environment management system including organization, plan, procedures, and performance measurement in order to minimize environmental effect.

### **(2) Management of Use of Energy and Emission of Greenhouse Gas**

Subcontractors shall construct the system that can measure and manage energy consumptions and greenhouse gas emissions. Subcontractors shall find and implement an effective method that can raise energy efficiency, and at the same time, minimize energy consumptions and greenhouse gas emissions.

### **(3) Water Resources Management**

Subcontractors shall construct the system that can measure and manage usage of water resources and discharge of wastewater. Subcontractors shall comply with the legal standards for water pollutants, and endeavor to increase recycling of water resources.

### **(4) Air Pollution Control**

Subcontractors shall construct the system that can identify, measure and control air pollutants generated in the manufacturing process. Subcontractors shall comply with the legal standards for air pollutants, and take measures to minimize the emissions in any appropriate manner.

### **(5) Waste Management**

Subcontractors shall construct the system that can measure and manage discharges of wastes. They shall minimize discharges of wastes by reuse and recycling of wastes, and endeavor to minimize the remnants affecting the environment at the time of landfill or incineration of wastes.

### **(6) Harmful Chemical Substance Management**

Subcontractors shall construct and operate the safety management system for the whole process from purchase to use, storage and discarding of chemical substances to ensure that any hazard in health or environment due to harmful chemical substances is not generated. In addition, they shall comply with the local laws and regulations prohibiting use and handling of any specific materials.

## 5. Management System

### **(1) Expression of Will of Compliance**

Subcontractors shall internally and externally spread their will of compliance with this Code of Conduct, and it is recommended to express thereof via their New Year's address, company bulletin board, homepage, etc.

### **(2) Composition of Management Organization**

Subcontractors shall appoint hands-on workers fulfilling the tasks related to the management system and this code, and an officer in charge who periodically check the status of fulfillment.

### **(3) Risk Management**

Subcontractors shall construct the process to identify out the risks in the areas of environment, safety and health, human rights and labor, and ethics related to operation of their business, and take measures to resolve or relieve the identified risks.

### **(4) Education**

Subcontractors shall construct the process that develops the education program and regularly educate their employees to ensure that their employees comply with the provisions of the laws related to this Code of Conduct.

### **(5) Communication**

Subcontractors shall draw up and implement the plan to clearly communicate with their employees and customers for the plan to fulfill this Code of Conduct and the information related to the result of fulfillment.

### **(6) Participation of Employees and Grievance Settlement**

Subcontractors shall operate the grievance settlement system in which any employee can report if he/she has recognized violation of the relevant laws and regulations in the areas of labor



human rights, ethics, safety and health, and environment, or if his/her individual rights or interest has been infringed by the violation of the laws and regulations. In addition, they shall ensure that any employee will not be subject to unfair treatment such as dismissal, threat and retaliation by reason of such report.

#### **(7) Assessment of Fulfillment of Code**

Subcontractors shall periodically implement self-assessment in order to check whether their subordinate subcontractors are complying with the contents of this Code of Conduct and the requirement of the laws and regulations related to social and environmental responsibility. In addition, if Daehan Solution requests relevant information, they shall provide such information, and they shall have the process to plan supplementation and improvement for the identified risks within any appropriate time.

#### **(8) Participation in Supply Chain and Fulfillment of Responsibility**

All subcontractors trading with Daehan Solution shall encourage their subordinate subcontractors and contractors, etc. to participate in responsible company activities, support them to ensure that they establish and implement the necessary systems, and manage and supervise to ensure that they fulfill their responsibilities.