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Donghee Industry Supplier Code of Conduct



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1. Overview

A. Purpose

DONGHEE, as a Tier 1 supplier to global automotive OEMs, is dedicated to enhancing supply chain risk management both upstream and downstream. In pursuit of this objective, DONGHEE has formulated a code of conduct aimed at fostering sustainable management practices among its suppliers. This code serves as a blueprint for upholding ethical standards and social responsibility, drawing heavily from the Responsible Business Alliance's Code of Conduct. Additionally, we have taken into account pertinent global trends, including supply chain laws concerning human rights and environmental protection, as well as the latest ESG guidelines and the EU Corporate Sustainability Assessment Guide. However, should any recommendations in this Code of Conduct conflict with the laws of a specific country, the laws of that country should supersede. Furthermore, this Code of Conduct remains subject to revision in alignment with evolving industry trends and changes in domestic and international regulations

B. Scope of Application

All suppliers should recommend other business entities in the supply chain, including upstream suppliers and subcontractors, to comply with the provisions contained within this Code of Conduct. Suppliers are required to comply with this Code of Conduct.

C. Suppliers' Roles and Responsibilities

All suppliers should consider this Code of Conduct in their business decisions and operations, and compliance with this Code of Conduct may be an important criterion for selecting suppliers, and Business relationships could be compromised if suppliers who violate this Code of Conduct fail to undertake appropriate remedial actions.

This Code of Conduct does not specify all of the obligations of our suppliers, and this Code of Conduct is subject to regular review, supplementation and revision to ensure the sustainability of the supply chain. This Code of Conduct can be found on the DONGHEE website.

2. Labor

A. Prohibition of Forced Labor

1) Suppliers should ensure that employees work in compliance with labor standards laws in each country and prohibit forced labor or compulsory work against the employee's will. "Forced labor" refers to work or services provided under threat of punishment or penalty for non-performance by a person, including involuntary prison labor and indentured labor under criminal sanctions.

2) Suppliers will ensure that the products supplied to DONGHEE are not produced through forced labor and should not use products produced by persons or entities subject to forced labor regulations or supplied in violation of forced labor regulations. "Forced Labor Regulations" includes any statute, decree, ordinance, rule or condition imposed, implemented or enforced from time to time by the United Nations (UN), the United States of America (including, without limitation, U.S. Customs and Border Protection), the European Union (EU), the United Kingdom,

the Republic of Korea or any other governmental authority relating to the prevention of forced labor (including, without limitation, prohibitions on the importation of goods made in whole or in part through forced labor).

3) Suppliers conduct risk-based due diligence on their supply chains, and to determine whether forced labor is used in their supply chains, suppliers should map their supply chains and identify regions, companies, and other factors that make them vulnerable to forced labor.

4) Suppliers will establish a code of conduct that expressly prohibits the use of forced labor. This code of conduct should establish and comply with procedures for identifying the countries and regions involved in all raw materials, parts and components used in the manufacturing process of all products supplied by Supplier to DONGHEE. This code of conduct and related procedures should be structured to ensure that no raw materials or components manufactured using forced labor, directly or indirectly, are supplied to Supplier.

5) Suppliers will provide periodic training on the Code of Conduct and the prohibition of Forced Labor to their employees and to their first tier suppliers.

6) Supplier will immediately take corrective action when forced labor is identified in the supply chain, and promptly provide DONGHEE with the findings and action plan.

7) Suppliers will require their subcontractors (sub-suppliers) to comply with equivalent codes of conduct and related procedures, and should confirm that they are doing so.

8) Suppliers should not, for the purpose of restricting employees' personal activities, require employees to submit their identification cards or visas, nor should

they engage in activities such as assault, intimidation, or confinement for the purpose of Forced Labor

9) Supplier should not accept goods and services from subcontractors that use forced labor or bondage, and should require its subcontractors (sub-subcontractors) to obtain the same commitment from their subcontractors. In addition, if Supplier learns that a subcontractor has used forced labor, Supplier should immediately stop using the subcontractor and provide DONGHEE with the information.

B. Prohibition of Child Labor

1) Suppliers should ban any and all forms of child labor in principle in all of their facilities, unless specifically permitted by applicable law. Suppliers should verify the age of all employees and applicants through legitimate documents such as identification cards and birth certificates, and if instances of child labor is identified, immediately cease such employment and implement appropriate response measures such as improvement and education programs.

2) If hiring young workers, suppliers should not employ them in high-risk jobs as defined by safety and health standards, and should have appropriate measures in place to ensure educational opportunities.

3) Suppliers should not source goods and services from traders who violate child labor laws, and should take appropriate action if child labor is found.

C. Working hours

- 1) Suppliers should comply with the statutory working hours for each country in which they operate and manage working hours, including breaks.
- 2) Suppliers should discourage overtime work that employees do not want to work and provide fair compensation when overtime work is unavoidable.
- 3) Suppliers should ensure that all employees receive on average at least one day off every week.

D. Non-Discrimination and No Harassment

- 1) Suppliers should not engage in any form of discrimination based on gender, race, ethnicity, nationality, religion, disability, age, marital and family status, social identity and political affiliation in hiring and employment practices such as recruitment, promotion, training, etc
- 2) Suppliers should not engage in any form of discrimination in providing wages and workers' benefits.
- 3) Suppliers should not include requirements that are not relevant to the job description when recruiting and hiring.
- 4) Suppliers are encouraged to establish policies and procedures to prevent any inhumane behavior, such as sexual harassment, mental or physical coercion, or verbal abuse of employees. To achieve this goal, they may consult the DONGHEE Human Rights Charter, the Code of Ethics and Conduct, and the DONGHEE Supplier Code of Conduct.

E. Provide wages and Benefits

1) Suppliers should pay wages in accordance with the laws and regulations of each country in which they operate. Wages Compensation should be paid on a fixed date, and pay stubs should be provided to employees in a language they can understand.

2) Suppliers should strive to provide a pleasant work environment for employees and operate welfare programs to improve the quality of life.

3) Suppliers should conduct compulsory training as stipulated by the laws and systems of each country in which they operate, and should strive for career development and capacity building of their employees.

F. Ethical Hiring

1) Suppliers should not restrict workers' access to their personal identification documents (e.g., identification cards, passports, driver's licenses, etc.) by storing, destroying, hiding, etc., unless specifically permitted by law.

2) Suppliers should not solicit any form of fee for employment.

3) Suppliers will ensure that all workers receive written notice of their working conditions and that they are informed of the working conditions in a language that is easy for workers to understand.

G. Freedom of Association

1) Suppliers should respect the labor relations laws of the countries to which this Supplier Code of Conduct applies and provide sufficient communication opportunities to all employees.

H. Humane Treatment

1) Suppliers should respect the privacy of employees and avoid unnecessary work instructions outside of working hours.

2) When collecting personal information of employees, business Suppliers should notify them in advance and seek voluntary consent.

3) Suppliers should prohibit workplace harassment, which includes any act that may cause physical or mental distress, or that aggravates the working environment for other employees beyond the normal scope of their work. Appropriate changes and measures should be implemented to reduce such harassment, such as disciplinary measures against offending workers and changing workplaces or placements upon request.

3. Health and Safety

A. Establishment of Health and Safety Management System

1) Suppliers should comply with the safety and health laws and regulations of each country in which they operate, and obtain and maintain licenses related to safety and health.

2) Suppliers should operate a safety and health management system¹⁾ consisting of organization, plans, procedures, and result checks to prevent safety and health accidents.

B. Emergency Preparedness

1) Suppliers should have a plan in place to prepare for emergencies such as natural disasters, outbreaks, fires, etc. They should also have a manual that covers reporting, response, and follow-up in the event of an emergency.

2) Suppliers should conduct drills in accordance with national laws and regulations, self-established plans and manuals to prepare for emergency situations.

3) Suppliers should provide appropriate safety protection equipment for the protection of workers. The safety protection equipment should be available for easy and convenient use by employees and well maintained and managed to perform as expected.

C. Safety Evaluation

1) Suppliers should regularly assess the safety hazards of the workplace to determine whether employees are exposed to accident risks and harmful factors in the workplace. The results of such assessments should be communicated to employees, and machinery, equipment, and facilities should be improved in accordance with the results of the assessments.

2) Suppliers should provide information on accident risks and harmful factors in the workplace to employees based on the results of the safety risk assessment, and should write it in an easily understandable language and place it in an easily accessible place.

3) Suppliers should implement worker training and emergency drills in accordance with their own plans or guidelines, or the laws of the countries where they maintain business operations

D. Accident Management

1) Suppliers should establish a system to measure the occurrence of industrial accidents or diseases, and in the event of an industrial accident or serious illness, immediately stop the work, evacuate employees, and take necessary measures.

2) In the event of an industrial accident or serious illness, suppliers should investigate the cause of the occurrence and endeavor to make improvements.

E. Health Management

1) Suppliers should provide facilities such as break rooms, restrooms, cafeterias, etc. to their employees, and if they do so, they should endeavor to keep them clean.

2) Suppliers should provide housing for employees, and if they do, they should provide safety signage, adequate lighting, heating and cooling, etc. In addition, living quarters should be equipped with appropriate systems to restrict access to outsiders.

¹⁾ For example, ISO45001, KOSHA18001 standards, etc. (Health and safety management systems are designed to gradually improve the health and safety system of a workplace through planning, implementation, inspection and evaluation based on health and safety principles voluntarily established by the business operator. ISO45001 is a standard established by the International Organization for Standardization (ISO), and KOSHA18001 is a Korean standard developed by the Korea Occupational Safety and Health Agency.

3) Suppliers should provide general or special medical examinations in compliance with relevant laws and regulations on employee health applicable in the countries where they have business operations. Moreover, based on the results of employees' medical examinations, suppliers should implement necessary measures such as change in working areas or tasks, shortened working hours, etc.

F. Safety Management of Machinery, Equipment, and Facilities

1) Suppliers should regularly inspect and evaluate the safety of dangerous machinery, equipment, and facilities in the workplace.

2) Suppliers should install and manage safety devices, barriers, emergency devices, etc. to prevent safety accidents caused by the use of harmful or dangerous machinery, equipment, and facilities in the workplace.

3) Suppliers should provide personal protective equipment to protect employees. Safety protective equipment should be easy and convenient for employees to use, and should be maintained to ensure it is in good working order.

G. Safety and health of Contractors

1) Suppliers should ensure that the safety and health of the Subcontractor is properly managed while the Subcontractor is performing work.

4. Environmental

A. Establishment of Environmental Management System

1) Suppliers should comply with the environmental laws and regulations of each country in which they operate, and obtain and maintain all environmental licenses required for business operations.

2) Suppliers should operate an environmental management system²⁾ consisting of organization, plans, procedures, and performance evaluation to minimize the environmental impact of business operations.

B. Management of Energy Use and Greenhouse Gas Emissions

1) Suppliers should establish a system to measure energy usage and greenhouse gas emissions.

2) Suppliers should make every effort to reduce their energy consumption and greenhouse gas emissions.

C. Water Resources Management

1) Suppliers should establish a system to measure water usage and wastewater discharge.

2) Suppliers should strive to reduce water usage and increase recycling through appropriate methods.

²⁾ For example, ISO14001 standards, etc. (ISO14001 standards are international standards for environmental management systems (EMS) established by the International Organization for Standardization (ISO) to encourage continuous environmental performance and improvement throughout corporate activities. Compliance with ISO14001 standards may be certified by independent external organizations.

In addition, water pollutants discharged should be managed in accordance with internal standards that meet or exceed legal standards.

D. Air Pollutant Management

1) Suppliers should establish a system to measure air pollutant emissions and minimize air pollutant emissions through appropriate methods. Suppliers should also establish and comply with internal standards that meet or exceed legal standards for air pollutants emitted.

E. Chemical Substances Management

1) Suppliers should endeavor to ensure that the chemicals they handle in the course of their business operations are managed safely during transportation, storage, use, and disposal, and should label or disclose information that identifies the hazards and risks of the chemicals they handle.

2) Suppliers should endeavor to ensure that the raw materials and components they procure, produce, sell, distribute, etc. do not contain³⁾ substances harmful to human health or the environment.

F. Management of Reusable Resources and Waste

1) Suppliers should establish a system to measure their waste output.

2) Suppliers should minimize waste discharges to landfills and incineration through appropriate methods, and should strive to expand waste reuse, recycling, and recovery of discarded raw materials and components.

³⁾ EU, Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment (RoHS), (2006), etc.

3) Suppliers should consider the entire life cycle of the products they produce and strive to minimize the environmental impact of residues in landfills and incineration.

G. Animal Protection

1) When conducting animal tests as an inevitable procedure in their business operations, suppliers should comply with Article 23 (Principles of Animal Testing) of the Animal Protection Act.

2) Suppliers should respect the Five Freedoms regarding animal welfare established by the World Organisation for Animal Health:

- Freedom from hunger or thirst
- Freedom from discomfort
- Freedom from pain, injury or illness
- Freedom to express (most) normal behavior
- Freedom from fear and distress

H. Protection Biodiversity and No deforestation

1) To conserve and enhance biodiversity in local communities, Suppliers should measure the impact and dependence of their business activities on biodiversity and develop and implement strategies and action plans to avoid, reduce, and offset negative impacts.

2) Suppliers should establish procedures to check potential deforestation risks arising from their business activities in order to protect forests in local communities.

In addition, they should certify that the products and services they provide to DONGHEE are not produced through the exclusive use of forests, and should endeavor to establish a response system to take appropriate measures if deforestation is confirmed or if they become aware of deforestation risks.

5. Ethics

A. Transparency and Anti-Corruption

1) Supplier employees should comply with the integrity standards and laws of each country in which they do business.

2) Employees of partner companies should not engage in acts such as bribery, racketeering, embezzlement, brokering, solicitation, money laundering, etc. using their superior position in the business, and should not intend to receive unfair consideration by taking advantage of weaknesses or defects.

3) Suppliers should establish internal systems to allow for the reporting and investigation of suspicious transactions, and ensure that whistleblowers are not unfairly treated for reporting suspicious activity

4) Suppliers should not solicit recruitment-related fees or finder's fees from workers during the hiring process.

B. Conflict of Interest

1) Suppliers should be responsible and handle their work according to the established business rules

2) Employees of partner companies should not promise, offer, authorize, or provide any other means for the purpose of unfair or improper gain.

This includes acts that cause damage to the company for the benefit of the employee's personal interest, or receiving a promise of personal benefit through a third party.

C. Fair Trade and Competition

1) Suppliers should comply with fair trade laws and standards in each country in which they operate.

2) Suppliers should not engage in any behavior that may impair fair competition through unfair trade, such as abusing a dominant market position or exploiting an advantage in a transaction situation.

3) Supplier should pay the specified payment on the payment date in accordance with the payment plan for supplier, and should not arbitrarily adjust or change the specified payment.

4) Suppliers should not improperly obtain information from competitors, business Suppliers (subcontractors), or other agencies, nor should they use or disclose information obtained illicitly by the company or third parties.

D. Prevention of Unauthorized Parts

1) Suppliers should ensure that the raw materials and components produced and used are authorized, and should not use or sell counterfeit ones.

2) Suppliers should regularly check raw materials and components for counterfeiting in the workplace and immediately notify the government or customer if found.

3) Suppliers should endeavor to ensure that the raw materials and parts manufactured by them are used and distributed in accordance with the business purpose or contractual terms.

E. Compliance with Export Restrictions and Sanctions

1) Suppliers should comply with the laws and regulations of each country and international regulations related to export restrictions and economic sanctions.

2) Suppliers should not do business with any country, region, institution, entity, organization, or individual subject to export restrictions or economic sanctions

3) Suppliers should ensure compliance with laws and regulations related to export restrictions or economic sanctions, and cooperate with DONGHEE's status check activities if necessary.

F. Privacy and Intellectual Property

1) Suppliers should not unauthorizedly leak trade secrets or security requirements of customers and business suppliers (sub-partners), and should not keep or use information obtained in the course of business without prior approval. In addition, the purpose of collecting personal information and the retention period should be strictly observed, and consent should be obtained in advance if it is necessary to change them.

2) Suppliers should respect the intellectual property rights of their customers and subcontractors, and should take appropriate measures to protect their own intellectual property rights, as well as regularly check to see if intellectual property rights are being infringed.

G. Responsible Procurement Activities

1) Suppliers should establish procedures to verify the country and regional origin of raw materials, parts, and components used in the production process of products supplied to DONGHEE.

2) Suppliers should ensure that they do not source raw materials, parts or components for their manufacturing process that are in turn manufactured, at any point in their supply chain, directly or indirectly, with the use of forced labor.

3) Suppliers should establish a system to verify the origin and smelter of all minerals and raw materials, including conflict minerals⁴⁾ such as tin, tungsten, tantalum, and gold, contained in their products.

4) Suppliers should utilize these frameworks to check for social and environmental issues such as human rights abuses, ethical violations, and adverse environmental impacts that should arise from the origin of minerals and raw materials and the production process.

5) Suppliers should identify social and environmental issues that should arise in the mining and processing of major minerals and raw materials⁵⁾ and make efforts to obtain external certification.

⁴⁾ As one of the top four minerals produced in conflict zones in Africa (10 countries, including the DRC), it has become an international concern as the mining process causes social problems such as human rights abuses and child labor, and mineral exports are used to finance civil wars and conflict.

⁵⁾ In 2012, the U.S. Securities and Exchange Commission enacted a rule requiring publicly traded companies to disclose the use of conflict minerals in their products. In 2015, the European Parliament required importers of minerals to report the origin of the minerals and the results of the issue checks to the competent authorities in each country.

6. Operating System

A. Company Statement Disclosure

1) Suppliers should communicate the importance of sustainability management and their commitment to it internally and externally.

2) Suppliers are encouraged to share this Code of Conduct or equivalent sustainability management commitments internally through management's New Year's speech, internal guidelines, internal bulletin boards, etc. and externally through homepages, business reports, promotional materials, etc.

B. Appointment of Social and Environmental Sustainability Management

1) Suppliers should appoint a practitioner in charge of sustainability work and a manager to oversee the establishment and implementation of the sustainability management activity plan

C. Risk Assessment

1) Suppliers should strive to identify risks in the areas of ethics, environment, labor/human rights, and safety/health in their business operations, and if they identify significant risks, they should prepare and implement measures to mitigate those risks.

D. Training and Communication

1) Suppliers should provide education on the matters mentioned in this Code of Conduct and related laws and systems to all employees, and share the implementation plan and results of implementation under the Code of Conduct with employees.

E. Information Management

1) Suppliers should accurately record and manage information in the areas of ethics, environment, labor/human rights, and safety/health, and disclose information transparently as required by law.

2) Suppliers should endeavor to disclose information as transparently as legally permissible when required to do so by laws and regulations of the country in which they operate, industry organizations, customers with whom they have entered into business contracts, etc.

F. Grievance Mechanisms for Concerns about Ethics

1) Suppliers should operate a system for employees to report any violations of laws and regulations in the areas of ethics, environment, labor/human rights, and safety/health, or violations of individual rights and interests.

2) Suppliers should protect employees from being subjected to unreasonable actions or retaliation for making a report, etc. In addition, they should ensure the identity of the whistleblower.

G. Methods for Remedy

1) Where business activities should adversely affect the sustainability of the supply chain, suppliers should establish appropriate compensation measures that take into account the scale and significance of the damage caused.

2) Suppliers should strive to create compensation arrangements that comply with international standards and should consult with victims and their representatives when determining compensation arrangements.

H. Compliance of Supplier Code of Conduct

1) Suppliers should, to the extent that they comply with applicable laws and regulations, provide information regarding their compliance with this Code of Conduct and the level of implementation during written inspections and on-site visits by DONGHEE or a third party designated by DONGHEE.

2) Suppliers should create and maintain adequate documentation to demonstrate compliance with the Code of Conduct, which should be based on the realities and facts of their business operations.

3) Suppliers should endeavor to develop and implement a plan to remediate, as appropriate, any deficiencies or violations identified in a written review or on-site visit of compliance with the Code of Conduct.

I. Supply Chain Management

1) Suppliers should encourage companies in their supply chains to manage their ethics, environment, labor/human rights, and safety/health, and make efforts to recommend or drive improvements where they are in violation of laws and regulations in these areas or where they have identified relevant risks. They should also identify and assess risks to sustainability and monitor how these risks are being mitigated and addressed.