

DY DEOKYANG
Supplier's
ESG
Code of Conduct



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1. Introduction

1.1 Goal

The 4th Industrial Revolution, triggered by climate change and ICT technology advancements, is bringing about great changes to the global automobile industry. In order to overcome the changes, DY Deokyang Co., Ltd. seeks to build a sustainable supply chain together with its suppliers. To this end, DY Deokyang has established this Code of Conduct and requires all suppliers to strictly comply with the laws and regulations applicable to the countries in which they do business, as well as to comply with the guidelines that DY Deokyang should follow in the areas of ethics, environment, human rights, safety, supply chain, and technology. Through this, DY Deokyang hopes that both companies will adapt to the changing ecosystem, fulfill their social responsibilities, and grow together. This Code of Conduct was established based on Drive Sustainability's Global Automotive Sustainability Practical Guidance, and also references the 10 principles of the UN Global Compact, the OECD Guidelines, and the Code of Conduct of the Responsible Business Alliance.

1.2 Applicable Target

The scope of this Code of Conduct is the suppliers that has entered into a contract with DY Deokyang for all types of transactions. All executives and employees of the suppliers to whom this Code of Conduct applies must comply with the laws and regulations of the relevant country and perform their duties in accordance with this Code of Conduct. Furthermore, all stakeholders throughout the supply chain, including subcontractors that deal with the suppliers, must be encouraged to respect this Code of Conduct.

1.3 Scope of Responsibility of Suppliers

DY Deokyang or a third party designated by DY Deokyang may conduct inspections and audits of compliance with the Code of Conduct of its suppliers within the scope permitted by law, and DY Deokyang may recommend improvements to its suppliers based on the results. Improvement activities must be established and implemented through consultation. In addition, suppliers must take prompt action if risks are discovered within the supply chain.

1.4 Management Organization

This Code of Conduct is managed by the Management Planning Team of DY Deokyang and may be continuously supplemented and revised. When revised, the revised content will be disclosed on DY Deokyang's intranet, website, etc.

2. Working Conditions and Human Rights

Suppliers shall continuously strive to comply with the labor laws and regulations of the countries or regions in which they do business and customer requirements, and shall endeavor to comply with all labor principles recommended by the Universal Declaration of Human Rights (UDHR), the UN Principles on Business and Human Rights (UNGPs), and the Constitution of the International Labor Organization (ILO) and ratified by the country.

2.1 Working Environment

2.1.1 Humane Treatment

In accordance with the international standards of the International Labor Organization (ILO) and the UN Universal Declaration of Human Rights (UDHR), executives and employees are responsible for respecting the human rights of business partners, customers, and colleagues who are directly related to the company's business operations, products, and services, and for not causing harm.

2.1.2 Wages and Welfare

Suppliers must pay wages in compliance with the laws and regulations of the countries in which they operate, and provide employees with pay statements written in a language they can understand so that they can confirm their compensation for their work. In addition, they must provide employees with an autonomous and pleasant work environment and operate welfare programs to improve their quality of life.

2.1.3 Working Hours

Suppliers must comply with the laws of the countries in which they do business regarding maximum working hours and rest periods, and guarantee their employees at least one day off per week on average. In addition, to ensure a balance between the work and life of employees, they must avoid overtime work and provide reasonable compensation for unavoidable overtime work.

2.2 Respect for Human Rights

2.2.1 Forced Labour and Human Trafficking

Suppliers shall not tolerate slavery, including forced labor and human trafficking, in accordance with the labor laws of the country in which it operates. Employees shall be free to quit or resign at any time, provided that they have given reasonable notice in accordance with the employment contract.

2.2.2 Child Labour

When hiring, Suppliers must comply with the legal minimum age of employment in the country where it operates and must go through a proper verification process for this. In addition, the suppliers must respect the child's right to personal development and education and prohibit child labor at all stages of the work.

2.2.3 Prohibition of Harassment

Suppliers must prohibit harassment that only employees can cause by taking advantage of their position, relationship, etc. Harassment includes sexual harassment, sexual abuse, violence, verbal abuse, and other verbal and physical behaviors that cause discomfort. Employees must strive to create a respectful and trustworthy work environment.

2.2.4 Prohibition of discrimination

Suppliers must respect the diverse backgrounds and values of their employees and provide them with fair opportunities. They must not discriminate against employees based on nationality, race, gender, religion, political views, or social status. They must also ensure that they do not receive unfair discrimination in terms of working conditions such as wages and benefits.

2.3 Freedom of Association

Suppliers must guarantee the freedom of association and collective bargaining of its employees in accordance with the laws of the country in which it operates. Employees must be guaranteed the freedom of association and the right to represent their interests through elected representatives. Suppliers must act in good faith when collectively negotiating with the representatives of its employees. In addition, in the absence of representatives of its employees, each individual employee must be able to freely suggest matters for negotiation.

2.4 Political Neutrality

Suppliers must maintain political neutrality with respect to political parties and candidates for public office, and respect the right of their employees to participate in political activities.

2.5 Safety and Health

Suppliers must comply with the laws and regulations related to occupational safety and health in the countries where they do business, and must obtain and maintain all occupational safety and health-related licenses necessary for their operations. In addition, in order to provide a clean and safe work environment in the event of natural disasters, diseases, accidents, etc., they must appoint an occupational safety and health manager at each workplace, provide preventive education, and operate an occupational safety and health management system. In order to ensure the safety of the workplace, the safety of machinery, equipment, and devices must be inspected regularly, and if any abnormalities are found, immediate action must be taken. Partners must provide employees with the safety equipment required according to their work location, and employees are obligated to wear safety protection equipment.

3. Corporation Ethics

Suppliers must comply with the basics and principles and strive to fulfill their social responsibilities based on transparent and sound decision-making.

3.1 Fair Competition and Trading

3.1.1 Corruption, Extortion and Bribery

Suppliers must oppose and not tolerate corruption, bribery, and other illegal activities. In addition, they must operate a consulting and reporting center to prevent corruption, and officers and employees must not offer, request, or accept bribes, money, or extravagant gifts for the purpose of creating business-related opportunities.

3.1.2 Fair Competition and Anti-Collusion

Suppliers must comply with the laws applicable to the Fair Trade Act of the country in which they conduct business and must not engage in any acts that may hinder fair competition, such as abusing their dominant market position or trading position. In addition, they must treat partners, customers, etc. fairly and sincerely. Partners must comply with the market competition order and must not engage in collusion that restricts competition, such as adjusting prices, production volume, or exchanging business information.

3.1.3 Taxation

Suppliers must recognize their tax obligations as a social responsibility and comply with the tax laws and regulations of the country in question. They must also fulfill their tax reporting and tax payment obligations in accordance with the laws of the country in question, and faithfully cooperate with investigations and information requests from tax authorities.

3.1.4 Export Controls and Economic Sanctions

Suppliers must comply with export control regulations and laws that regulate the movement of products, technologies, etc. across borders, and must not engage in trade with countries or individuals that restrict trade. In addition, they must manage necessary export and import documents, such as proof of origin documents, in accordance with procedures.

3.2 Transparency

3.2.1 Financial Responsibility and Anti-Money Laundering

Accounting staff must accurately prepare accounting records in accordance with International Financial Reporting Standards (IFRS), etc., and manage them transparently.

Money laundering is a result of criminal acts such as tax evasion, and is subject to international obligations under each country's anti-money laundering laws. Suppliers must not facilitate or support money laundering, and stakeholders must also comply with legal regulations related to anti-money

laundering, and must continuously review and monitor whether there have been any suspicious transactions.

3.2.2 Documentation and Records

Suppliers must prepare and maintain documents that do not contain any concealment, falsehood, etc. in order to comply with various regulations and respond to the requirements of the company and stakeholders.

3.2.3 Disclosure of Information

Suppliers must transparently disclose financial and non-financial information, such as corporate activities, financial status, performance, ownership, and governance structure, in accordance with relevant laws and regulations. If the government, customers, investors, etc. request information disclosure, efforts must be made to disclose the information within the scope that does not constitute a confidentiality leak.

3.3 Protection of Company Information and Assets

3.3.1 Privacy

Suppliers must comply with laws and regulations related to personal information and information security when collecting, storing, processing, transmitting, and sharing personal information of stakeholders. Suppliers must not engage in any acts that may illegally infringe on the personal information of customers and partners, and must not use it for purposes other than those for which it was collected or provide it to third parties.

3.3.2 Information Security and Intellectual Property

In addition to the information and intellectual property rights of them, suppliers must also manage the confidential information and intellectual property rights of stakeholders acquired during the business according to strict standards. This includes trade secrets, information requiring security, and intellectual property rights of customers and partners. The suppliers must prohibit its employees from leaking or using for personal gain the information acquired through the performance of their duties. In addition, suppliers must also use the intellectual property rights of third parties with consent and in compliance with the conditions, and must ensure that the partner company's employees use the company's assets only for business purposes.

3.4 Conflicts of Interest

Suppliers must conduct business activities with the highest priority given to the interests of the company and its customers. They must not engage in transactions with relatives or use the company's assets and information to create personal interests for employees.

3.5 Identity Protection and Anti-Retaliation

When operating various grievance handling and reporting systems for internal and external stakeholders, suppliers must not disclose the identity of the reporter or informant. This is to prevent secondary damage such as retaliation, discrimination, and disadvantages in advance, and when protective measures are necessary, the partner company must also carry out activities accordingly and do its best to provide relief to the victims.

3.6 Anti-Counterfeiting

In order to provide the best products, suppliers must comply with quality and safety standards and prohibit the use of unapproved or counterfeit raw materials and parts. In addition, they must continuously conduct monitoring activities on the production and distribution of raw materials and parts.

4. Environment

Suppliers must comply with environmental laws and international standards, recognize that environmental issues are essential business management requirements, and strive to reduce environmental impact throughout the entire process, including taking preventive measures to resolve environmental issues and developing eco-friendly technologies.

4.1 Climate Change Response

4.1.1 Energy Consumption and Greenhouse Gas Emissions

Suppliers must establish systems to measure and disclose their energy usage and greenhouse gas emissions to contribute to international climate change response efforts. They must also strive to improve energy efficiency and minimize greenhouse gas emissions.

4.1.2 Resource Conservation and Waste Management

In order to establish a sustainable resource circulation system, suppliers must establish a management system that can measure waste such as waste reduction, reuse, and recycling, and strive to minimize waste and residual products throughout the product life cycle. In addition, all waste must be handled in an appropriate manner that protects the health and safety of the environment, employees, and the community, and must minimize the discharge of waste to landfill and incineration and expand waste reuse.

4.1.3 Development and Diffusion of Eco-friendly Technologies

Suppliers should strive to develop eco-friendly product materials to reduce environmental impact throughout the entire process of product design, production, distribution, use, and disposal. Through continuous research, suppliers should strive to expand eco-friendly technologies and products so that their technologies can minimize environmental impact.

4.2 Environmental Impacts

4.2.1 Water Management

Suppliers shall establish a management system to measure water source use and discharge and control pollution routes. It shall perform water quality management and water use reduction activities for all discharged wastewater and make efforts to protect water resources. Discharged water pollutants shall be managed according to legal standards or higher internal standards, and the performance of treatment facilities within the business site shall be maintained at optimum levels through regular inspections.

4.2.2 Air Emissions

Suppliers must establish a system to control the emission of various types of organic compounds generated during the process and manage them systematically. All air pollutants generated must be regularly monitored and processed. In order to reduce air pollutants, the legal standard range must be

managed according to internal standards that exceed the legal standard range.

4.2.3 Management of Hazardous Chemicals

Suppliers must check whether raw materials and parts contain hazardous chemicals, and manage information related to manufacturing, importing, use, transportation, and storage by identifying chemicals or materials containing chemicals so that they can be safely managed. In addition, they must continuously promote activities to convert hazardous chemicals to non-regulated substances to minimize environmental impact. In addition, they must handle hazardous chemicals in an appropriate manner, and implement activities such as a response process in the event of a hazardous chemical leak, provision of Material Safety Data Sheets (MSDS), and training of personnel in order to prevent accidents. They must collect raw material data for all parts through the IMDS system, and manage all process chemicals identified as hazardous substances classified according to national laws.

5. Supply Chain

In order to build a sustainable supply chain, suppliers must minimize supply chain risks at all stages of their supply chain, including quality, delivery, technology, coexistence, safety, and environment.

5.1 Supply Chain Management

5.1.1 Management of Subordinate Partners

Suppliers must establish cooperative relationships through contracts with subordinate partners and prohibit unfair transactions. Suppliers must encourage subordinate partners to comply with laws and regulations in order to secure the sustainability of the supply chain. They must encourage management of growth-based elements to become a healthy company, such as climate change, safety, health, labor, and human rights, while fulfilling the company's social and environmental responsibilities. In addition, they must encourage their partners to comply with DY Deogyang's supply chain management policies and regulations, and in the event that a partner fails to meet the established conditions, they must also implement capacity building activities.

5.1.2 Responsible Raw Material Sourcing

Suppliers must establish and manage a responsible mineral policy to prevent the use of minerals (tin, tantalum, tungsten, gold, mica, cobalt, etc.) related to weapons funding, human rights abuse, and environmental destruction by reviewing the material and material information of all parts procured from sub-partners.

Suppliers must actively cooperate when a customer requests information on responsible minerals, and must also sufficiently check whether responsible minerals are used in contracts and transactions with sub-partners.

6. Management System

Suppliers must strive to comply with laws, regulations, customer requirements, and the DY Deokyang's Code of Conduct related to corporate operations and products in order to promote sustainable management.

6.1 Law

Suppliers must comply with the laws, regulations, and all internal regulations and principles of the countries in which they do business in all business activities to develop social and environmental responsibility and business ethics.

6.2 Education

Suppliers must provide equal training and growth opportunities to their employees and operate training programs on laws and regulations.

6.3 Social Contribution

As a member of the local community, suppliers must actively participate in social contribution activities to contribute to local community development and environmental conservation.