

Code of Conduct for Business Partner

The Code of Conduct for SKI affiliates' partner companies (hereinafter "the Code") transmits the requests SKI affiliates place upon partner companies so that the partner companies would respect their employees' human rights, build a safe work environment, fulfill their responsibilities regarding the environment, and operate their businesses ethically. The Code is based on the International Guidelines. SKI's affiliates, if necessary, may properly revise the Code, and the revision shall be announced to partner companies in advance through the procurement information portal (<https://www.skbiok.com>), or other available channels. SKI's affiliates (and/or external auditors), may visit a partner company's place of business and request improvement to evaluate whether or not the Code is being complied with. A partner company pledge to faithfully comply with the code of conduct for SKI affiliates' partner companies.

1. Labor & Human Rights

A. Voluntary labor (prohibition of forced labor)

A partner company shall not impose forced labor (e.g., slave labor or human trafficking) against a worker's will. When hiring a worker, it shall execute a labor contract prepared in a language the worker can understand and then provide one copy thereof to the worker. When a foreign worker is hired, the worker himself/herself shall keep originals of his/her passport, work permit, etc. A partner company shall not unreasonably restrict a worker's movements, and the worker shall be allowed to resign from the company at his/her free will.

B. Prohibition of hiring children and management of youth workers

A partner company shall not hire children. The term 'child' means anyone under 15 years of age (including anyone under 18 years of age who attends middle school) or anyone under the minimum employment age under the laws of the country of his/her nationality or employment. A worker under 18 years of age shall not be put to work on processes with safety & health risks or to work at night or work overtime. Students under practical training shall be separately managed and supported in the practical training program, separately from regular workers.

C. Prohibition of discrimination

A partner company shall not engage in discrimination on the basis of race, skin color, age, gender, sexual orientation, sexual identity, ethnicity, disability, pregnancy, religion, political inclination, labor union membership, nationality, and marital status in employment practices such as hiring, wage, promotion, compensation, and education/training opportunities. A worker or job applicant shall not be asked to undergo a medical examination for items (e.g., pregnancy) which may be used as grounds for discrimination. A partner company shall take reasonable measures so that the worker may perform religious rituals upon request.

D. Working Hours

The Working hours per week shall not exceed the maximum working hours set by law. Except for special cases such as emergency, working hours including extended works shall not exceed the deadlines set by the Korean Labor Standards Act.

E. Wages and benefits

Compensation paid to employees shall comply with all applicable laws related to wages, including minimum wage and statutory benefits such as overtime allowance.

F. Humane treatment

A partner company shall respect all workers' human rights, and may not engage in harsh or inhumane treatment against workers such as sexual harassment, sexual abuse, corporal punishment, mental/physical coercion, violent language, or unreasonable restrictions. For that, a partner company shall clearly provide for, perform, and announce to workers, reasonable procedures for disciplinary measures.

G. Guarantee of freedom of association

A partner company shall guarantee a worker's right to freely organize and join a labor union and to engage in collective bargaining and peaceful assembly and demonstration under the laws of the country of his/her nationality or employment. It shall also guarantee the right to refuse to carry out such acts. A worker or workers' representative shall be able to communicate with management concerning opinions and grievances on conditions of labor and management policy without but not limited to fear of discrimination, retaliation, and threat.

2. Safety & Health

A. Industrial safety

The partner company shall conduct risk evaluation to be aware of workers' chances of

exposure to harmful factors. It shall conduct safe work process designs, technical/administrative controls, preventive maintenance, safety regulations formulation, and provide workers with continuous education, necessary personal protection equipment, and supervision of proper wearing according to the result of the evaluation.

B. Provision against Emergency

A partner company shall notice in advance and evaluate the potential emergency and accidents. To minimize damages, a partner company shall establish emergency response procedures, including announcement of emergency, evacuation of employees, preparation for escape facilities, installment of fire detecting and extinguishing system, and establishment of recovery plan.

C. Prevention of industrial accidents and illnesses

A partner company shall establish and comply with accident-handling procedures to prevent industrial accidents, occupational illnesses and to suppress recurrence thereof. It shall be aware of physically excessive works such as repetitive work and handling of heavy items and to prevent musculoskeletal illnesses, shall take appropriate measures such as work process improvement.

D. Management of harmful factors in the work environment

A partner company shall periodically measure hazardous chemicals, noise, dust, etc. in the work environment to which workers may be exposed, figure out the effect thereof, and take technical measures and conduct management and provide supervision to prevent exposure to the listed harmful factors above the permitted level.

E. Equipment safety

A partner company shall classify the types of dangerous equipment used and then conduct periodic safety inspections thereof. It shall provide physical protection devices/walls and control devices for workers' safety, and conduct preventive maintenance for such facilities.

F. Management of cafeteria and dormitory

A partner company shall provide employees with clean restrooms and drinking water, and a place where one may cook, keep, and eat food in a clean environment. Employee dormitories provided by a partner company or a worker dispatch company shall be clean and safe, and be furnished with proper emergency exits, cooling/heating, ventilation devices, and provide personal lockers or spaces which may be locked.

G. Safety & health education

A partner company shall periodically provide safety & health education necessary for workers, and display, in highly visible locations, safety & health information which workers need to know.

3. Environment

A. Compliance with environmental laws

A partner company shall obtain and maintain statutory, mandatory environmental permits and licenses including, but not limited to, reporting of the installation, operation, and modification of emission/prevention facilities and comply with reporting obligations. It shall also observe environmental laws and continue to be aware of and comply with recent changes in statutes.

B. Prevention of environmental pollution and reduced consumption of resources and energy

A partner company shall endeavor to reduce resources/energy consumption and waste emissions at a fundamental level through work process improvement, materials substitution, preventive preservation, resources preservation, and recycling/reuse.

C. Greenhouse gas management and information disclosure

A partner company should try to manage greenhouse gas emissions, establish reduction goals, and manage performances for achieving goals. A partner company should also try to produce low carbon products and harness renewable energy.

D. Chemicals management

A partner company shall be aware of all chemicals (including designated waste) that pose a chance of environmental pollution if leaked, endeavor for safe storage, transportation, use, recycling/reuse, and disposal of such materials, and conduct periodic response training based on leakage response scenarios.

E. Waste disposal

A partner company shall be aware of the characteristics of waste produced, handle them in accordance with applicable laws, and then dispose of them. It shall endeavor to reduce the amount of waste produced.

F. Air pollution management

A partner company shall be aware of the characteristics of volatile organic compounds, aerosol, corrosive gas, dust, ozone layer-depleting materials, and combustion byproducts in the work processes, handle them in accordance with applicable laws, and then dispose of them. The status of the emissions shall be monitored at all times.

4. Ethics

A. Compliance with transparent management and prohibition of unjust enrichment

A partner company shall, as a policy, prohibit and continuously check and monitor corruptive behaviors such as bribery, including gifts, and embezzlement. All transactions shall be recorded and managed in a transparent manner.

B. Information disclosure

A partner company shall truthfully disclose information on the status of management in the fields listed but not limited to labor, safety & health, environmental matters, management activities, corporate governance, on financial status and performance in accordance with applicable laws and industry practices.

C. Protection of intellectual property rights (“IPRs”)

A partner company shall respect all IPRs, and when transferring technologies/know-how, shall protect relevant rights. It shall safely protect all information of SKI’s affiliates, whose information it became aware of in transactions with such affiliates.

D. Compliance with fair, transparent transactions

A partner company shall comply with fair trade-related laws and may not engage in activities such as unfair trade practices which compromise fair trade order.

E. Protection of identity and prohibition of retaliation

A partner company shall operate a reporting system guaranteeing anonymity and keep the relevant information confidential, so that workers may participate therein without fear of retaliation.

F. Protection of personal information

A partner company shall systematically manage and protect personal information of all stakeholders (including partner companies, client companies, and employees). When collecting, keeping, processing, transmitting, and sharing personal information, it shall comply with laws on personal information protection and information security.

5. Responsible sourcing of Conflict Minerals

A partner company shall establish a policy not to use raw materials obtained by illegal, unethical methods (e.g., minerals extracted from armed forces-occupied mines, timber cut in forest preservation areas and timbering-prohibited areas). A partner company must include a "conflict minerals" clause in the policy, and be able to warrant that tantalum, tin, tungsten, and gold (3TG) contained in SKI affiliates-supplied raw materials, chemicals, and products do not directly or indirectly provide funds or benefits to armed forces which materially violate human rights in the Democratic Republic of the Congo and other African countries in dispute areas. A partner company shall conduct due diligence for 3TG minerals' place of origin and supply network, and when requested, speedily provide due diligence results, including information on the place of origin, refinery, and refining company for the 3TG minerals contained in the raw materials, chemicals, and products supplied to SKI's affiliates.

6. Management system

A partner company shall build its own management system and comply with the Code and applicable laws.

- A. Declare the will for self-compliance,
- B. Clarify management responsibility,
- C. Recognize and monitor applicable laws and regulations and customers' requests,
- D. Evaluate and manage company operation-related safety, environment & health and labor practices, and ethical risks
- E. Goal management and performance evaluation/compensation
- F. Run education/training programs for employees
- G. Employees' feedback and engagement,
- H. Record and manage documents in accordance with applicable laws and internal document management regulations
- I. Process of corrective measures
- J. Participation and responsibilities in supply chain management

A partner company, to check whether the policy on transactions with SKI's affiliates is complied

with, shall perform and manage periodic self-evaluation, transmit the Code to sub-partner companies, and request compliance therewith.