

# HL Mando's Code of Conduct for Suppliers

## 1. Purpose

The global automobile industry is undergoing significant transformation due to the Fourth Industrial Revolution, also known as Industry 4.0, climate change, and advances in information and communication technology (ICT). To address these challenges, HL Mando is committed to building a responsible and sustainable supply chain in partnership with its suppliers. To this end, HL Mando has established this Code of Conduct, which requires full compliance by all business partners of HL Mando with the applicable laws and regulations in the countries where their business operations are based as well as adherence to the ethical, environmental, human rights, safety, supply chain, and technical guidelines set forth by HL Mando. Through implementation of this Code of Conduct, HL Mando and its suppliers will adapt to the evolving industrial ecosystem, fulfill their corporate social responsibility (CSR), and achieve mutual growth. This Code of Conduct is based on the Drive Sustainability Global Automotive Sustainability Practical Guidance and relies on the Ten Principles of the UN Global Compact, OECD Guidelines, and the Responsible Business Alliance's Code of Conduct.

## 2. Scope

This Code of Conduct applies to suppliers who have entered into contracts with HL Mando for any type of transaction. All executives and employees of such partner companies are required to comply with the laws of their respective countries and fulfill their duties in accordance with this Code of Conduct. Furthermore, all stakeholders across the entire supply chain, including subcontractors who work with HL Mando's suppliers, must be informed of and explicitly instructed to adhere to this Code of Conduct to ensure full compliance and ethical practices at every level.

## 3. Scope of Supplier Responsibilities

HL Mando or a third party designated by HL Mando may conduct inspections and due diligence to verify suppliers' compliance with this Code of Conduct within the limits permitted by law, and based on the findings, HL Mando may recommend corrective actions to suppliers for improvements. Suppliers shall determine and implement these corrective measures in consultation with HL Mando. In addition, suppliers must take prompt and appropriate action when any risks or non-compliance issues are identified in their supply chain.

## 4. Administrative Organization

This Code of Conduct is managed by the Supplier Cooperation (SC) Team and may be updated or revised as deemed necessary by HL Mando. Any updates or revisions will be available through HL Mando's official website and platforms such as MAPS.

# CONTENTS

## **I . Working Conditions and Human Rights**

- 1. Work Environment**
  - Humane Treatment
  - Wages and Benefits
  - Working Hours
- 2. Respecting Human Rights**
  - Forced or Compulsory Labor and Human Trafficking
  - Child Labor and Young Workers
  - Forbidden Harassment
  - Non-Discrimination
  - Protection of Local Resident's Human Rights
  - Protection of Human Rights Related to Security
- 3. Freedom of Association and Collective Bargaining**
- 4. Political Neutrality**
- 5. Safety and Health**

## **II. Business Ethics**

- 1. Fair Competition and Transaction**
  - Corruption, Extortion, and Bribery
  - Fair Competition and anti-trust
  - Taxation
  - Export Control and Economic Sanctions
- 2. Transparency**
  - Financial Responsibility and Prevention of Money Laundering
  - Documentation and Recording
  - Disclosure of information
- 3. Protection of Company Information and Assets**
  - Protection of Personal Information
  - Information Security and Intellectual Property
- 4. Conflict of Interest**
- 5. Protection of Identity and Non-retaliation**
- 6. Counterfeit Parts**

## **III. Environment**

- 1. Response to Climate Change**
  - Energy Consumption and Greenhouse Gas Emissions
  - Resource Reduction and Waste Management
  - Development and Diffusion of Eco-Friendly Technologies
- 2. Management of Environmental Impact**
  - Hazardous Chemical Management
  - Air Quality
  - Water Management
  - Biodiversity
  - Carbon Neutrality

## **IV. Supply Chain**

- 1. Supply Chain Management**
  - Supplier Management
  - Responsible sourcing of Raw Materials

## **V. Management System**

- 1. Legal**
- 2. Training**
- 3. Corporate Citizenship**
- 4. Animal Welfare**

# **I . Working Conditions and Human Rights**

Suppliers must continuously strive to comply with all labor-related laws and regulations in the countries or regions where they operate, as well as meet customer requirements. In addition, suppliers must comply with the principles outlined in the Universal Declaration of Human Rights (UDHR), United Nations Guiding Principles on Business and Human Rights (UNGPs), and all labor standards recommended by the International Labor Organization (ILO) that have been ratified by their respective countries.

## **1. Work Environment**

### **Humane Treatment**

In accordance with the International Labor Organization's international standards and the UN Universal Declaration of Human Rights (UDHR), all employees should respect the human rights of suppliers, customers, and colleagues directly related to the operation, products, and services of the company and are responsible for ensuring that their actions do not cause harm to others.

### **Wages and Benefits**

Suppliers must pay wages, including minimum wage, overtime pay, and employee benefits in accordance with the legal requirements of the countries in which they operate, and provide salary statements in a language that employees can understand to confirm compensation for their work. Suppliers must also provide employees with an flexible and pleasant working environment, implement employee welfare programs to improve their quality of life.

### **Working Hours**

Suppliers must comply with the laws of the countries in which they operate with respect to the maximum working hours and breaks, and guarantee employees at least one day off a week, on average. In addition, to promote work-life balance, overtime work should be avoided. In cases where overtime is unavoidable, employees must receive appropriate compensation.

## **2. Respecting Human Rights**

### **Forced or Compulsory Labor and Human Trafficking**

Suppliers must prohibit any forms of slavery, including forced labor and human trafficking, in compliance with the labor laws of the countries in which they operate. Employees must have the right to leave their jobs or retire at any time, provided they have given a reasonable notice in accordance with their employment contracts.

### **Child Labor and Young Workers**

Suppliers must adhere to the legal minimum age of employment in the countries in which they operate when hiring new employees and must implement a legal verification process for compliance. Suppliers must also respect a child's right to education and personal development and take measures to prevent child labor within their business operations.

## **Forbidden Harassment**

Suppliers shall prohibit workplace harassment, which can occur when an executive or employee abuses his/her superiority of position or power. Workplace harassment includes any offensive verbal or physical behavior, such as sexual harassment, sexual abuse, violence, and verbal abuse. All executives and employees must foster an environment of respect and trust.

## **Non-Discrimination**

Suppliers must respect the diverse backgrounds and values of their employees, ensuring fair opportunities for all employees. Employees should not be discriminated against on the basis of nationality, race, gender, religion, political opinion, or social status. In addition, unfair discrimination in terms of working conditions such as wages and benefits should be prevented.

## **Protection of Local Resident's Human rights**

Suppliers shall respect the rights of local residents affected by its business activities. When acquiring land and forests, suppliers shall negotiate with landowners and affected residents. Moreover, all actions concerning forced evictions and noise pollution must align with relevant laws.

## **Protection of Human Rights Related to Security**

Suppliers are responsible for ensuring that their security personnel uphold human rights and do not engage in violations.

## **3. Freedom of Association and Collective Bargaining**

Suppliers must guarantee the freedom of association and collective bargaining for employees in accordance with the laws of the countries in which they operate. Employees must be guaranteed with the right to represent their interests through associations and elected representative(s). Suppliers should engage in good faith during negotiations with the representative(s). In the absence of a representative(s), individual employees must be encouraged to freely express their suggestions for negotiation.

## **4. Political Neutrality**

Suppliers are required to maintain political neutrality and refrain from favoring any political parties or candidates for public office. They must respect the rights of employees to participate in political activities.

## **5. Safety and Health**

Suppliers must comply with the safety and health-related laws and regulations of the countries in which they operate, and obtain and maintain all necessary licenses and permits. Moreover, in order to provide a clean work environment that is safe from natural disasters, diseases, and accidents, there is a need to appoint safety and health officers and implement preventive education programs along with a health and safety management system at each business site.

To maintain workplace safety, machinery and equipment must be regularly inspected. Any abnormalities or non-conformities must be addressed immediately. Suppliers must provide their employees with the personal protective equipment (PPE) required according to the workplace, and employees are required to use the PPE provided.

## **II. Business Ethics**

Suppliers must uphold the principles of business and corporate social responsibility (CSR) through transparent and proper decision-making.

### **1. Fair Competition and Transaction**

#### **Corruption, Extortion, and Bribery**

Suppliers must oppose illegal activities such as corruption and bribery. Suppliers are also required to operate a counseling and reporting center to prevent such misconduct. Employees shall not give, receive, or solicit bribes, money, or other luxurious gifts to secure business opportunities.

#### **Fair Competition and Anti-trust**

Suppliers must comply with the competition laws in the countries in which they operate and should not engage in activities that may impede fair competition, such as abuse of dominant position in the market and their position in a transaction. They must also treat their suppliers and customers with fairness and sincerity. Suppliers should not engage in collusion in relation to pricing, production output, or exchange of business information, which may restrict market competition.

#### **Taxation**

Suppliers recognize their tax obligations to fulfill their CSR and comply with applicable tax laws. Suppliers must fulfill their tax filings and tax obligations in accordance with the laws of each country, and will faithfully cooperate with tax authorities if there is request for an investigation or related information.

#### **Export Control and Economic Sanctions**

Suppliers must comply with export restriction laws and regulations that regulate the transboundary movement of products, technologies, etc., and avoid doing business with entities subject to trade restrictions. Documents related to import and export, such as a proof of origin, must be managed in accordance with the prescribed procedures.

### **2. Transparency**

#### **Financial Responsibility and Prevention of Money Laundering**

Suppliers must ensure that their executives and employees in charge of accounting create accurate accounting records in accordance with International Financial Reporting Standards (IFRS) and manage them transparently. Money laundering is the result of a criminal activity such as tax evasion and is subject to anti-money laundering laws. Suppliers shall not promote or support money laundering, and must require stakeholders to comply with the legal regulations concerning money laundering, and continuously monitor any suspicious activity.

## **Documentation and Recording**

Suppliers must prepare and maintain documents that do not contain concealed or false information to comply with various regulations and deal with the requirements of the company and their stakeholders.

## **Disclosure of information**

Suppliers must transparently disclose financial and non-financial information such as information on their corporate activities, financial position, business performance, ownership rights, and governance in accordance with relevant laws and regulations. If there is a request for information disclosure from the government bodies or stakeholders, suppliers must take efforts to ensure that they disclose the information to the extent that confidentiality is not breached.

## **3. Protection of Company Information and Assets**

### **Protection of Personal Information**

Suppliers must comply with the laws and regulations governing personal information and data security when collecting, storing, processing, transmitting, and sharing the personal information of stakeholders. Suppliers should not engage in activities that may infringe upon privacy of customers and suppliers and must not use personal information for purposes other than those specified or provide it to a third party without consent.

### **Information Security and Intellectual Property**

Suppliers must strictly manage the confidential information and intellectual property rights of all stakeholders acquired during business transactions apart from their own information and intellectual property rights. This includes the trade secrets of customers and suppliers and any information and intellectual property rights that require information security. Suppliers must prohibit employees from disclosing information obtained in the course of performing their job or using it for personal benefit. Moreover, suppliers must use the intellectual property rights of third parties with their consent in compliance with the agreed terms and conditions and ensure that their executives and employees use company assets for business purposes only.

## **4. Conflict of Interest**

Suppliers must prioritize the interests of its own and its customers in all business management activities. The executives and employees of suppliers should avoid transactions with their relatives or use company assets and information for personal benefit.

## **5. Protection of Identity and Non-retaliation**

In operating systems reporting and handling grievance for internal and external stakeholders, suppliers must not disclose the identity of whistleblowers. This is to prevent secondary damages such as retaliation, discrimination, or other disadvantages. If protective measures are deemed necessary, appropriate actions should be carried out to ensure the victim receives proper remedy and support.

## **6. Counterfeit Parts**

Suppliers must strictly comply with quality and safety standards to supply the best safe products and prohibit the use of unauthorized or forged raw materials or parts. In addition, continuous monitoring of the production and distribution processes for raw materials and parts is mandatory.

# **III. Environment**

Suppliers must comply with environmental laws, regulations, and relevant international standards, striving to reduce their environmental impacts throughout their business processes. This includes establishing preventive measures, developing eco-friendly technologies, and recognizing the importance of addressing environmental issues in management practices.

## **1. Response to Climate Change**

### **Energy Consumption and Greenhouse Gas Emissions**

Suppliers must establish systems for measuring energy consumption and greenhouse gas (GHG) emissions, and to disclose the information to contribute to the international efforts to respond to climate change. Efforts should also be made to improve energy efficiency and minimize GHG emissions.

### **Resource Reduction and Waste Management**

Suppliers should establish a management system that measures waste, focusing on reduction, reuse, and recycling of waste to build a sustainable resource circulation system and strive to minimize waste and residual products throughout the product life cycle. Suppliers should dispose of all waste generated in appropriate ways to protect the environment, employees, and communities, minimize the amount of waste sent to landfills or incinerated, and promote the reuse of waste materials.

### **Development and Diffusion of Eco-Friendly Technologies**

Suppliers should aim to develop eco-friendly product materials to reduce the environmental impacts throughout the design, production, distribution, use and disposal of products. They should work to expand eco-friendly technologies and products to minimize environmental impacts with their innovations through continuous research and development.

## **2. Environmental Impact**

### **Hazardous Chemical Management**

Suppliers must verify the presence of hazardous chemicals in raw materials and parts, and systematically manage all information related to manufacturing, importing, using, transporting, and storing of chemicals or materials containing chemicals to ensure their safe management. To

minimize the environmental impacts, activities aimed at converting hazardous chemicals into non-regulated substances should be continuously promoted. Moreover, suppliers must handle hazardous chemicals appropriately and implement processes for responding to hazardous chemical leaks, provide material safety data (MSDS), and train the persons in charge to prevent accidents.

Raw material data for all parts must be collected through IMDS system, and all process chemicals identified as hazardous as per national regulations must be managed.

## **Air Quality**

Suppliers must establish and systematically manage emission control systems for various types of organic compounds generated during the manufacturing process. All air pollutants generated must be regularly monitored and treated. These pollutants should be controlled in accordance with legal standards or more stringent internal standards to ensure effective reduction.

## **Water Management**

Suppliers must establish a management system to measure the use and discharge of water and control pollution pathways. Suppliers shall use their efforts to carry out water quality management for all the discharged wastewater and engage in activities to reduce the use of water consumption to protect water resources. Discharged water pollutants must be managed in accordance with legal standards or more stringent internal standards, and the performance of treatment facilities at the workplace should be maintained at optimal levels through regular inspections.

## **Biodiversity**

Suppliers must place great importance on the restoration of natural ecosystems and conservation of biodiversity, and recognize and understand the potential impacts of their business on the environment and biodiversity, striving to minimize any adverse effects by carrying out as follows:

- 1) Suppliers must prevent and minimize factors that threaten biodiversity when building or expanding facilities or business sites, and conduct monitoring as necessary.
- 2) Suppliers shall acknowledge the international conventions related to protection of biodiversity and Soil Quality (such as World Heritage areas, IUCN Category I-IV protected areas) and comply with relevant national and local legal requirements for applicable business sites.
- 3) Suppliers must make efforts to protect endangered, rare and endemic species, and engage in activities to raise awareness by providing relevant information to employees and stakeholders.

## **Carbon Neutrality**

Suppliers must establish a system to measure and disclose their energy usage and greenhouse gas emissions to contribute to international climate change efforts. They should strive to improve energy efficiency and minimize greenhouse gas emissions. Active consideration of renewable energy introduction is essential for reducing greenhouse gas emissions and consuming low-carbon energy.

Various options, such as renewable energy generation, certificate purchases, and Power Purchase Agreements (PPAs), should be reviewed, and suitable renewable energy solutions should be implemented based on the specific conditions of the business to achieve effective transition to renewable energy. Additionally, in accordance with the Paris Agreement under the climate change convention, suppliers should aim for carbon neutrality across the entire value chain by 2045 to limit global temperature rise to below 1.5°C for reduction of greenhouse gases. A feasible and credible greenhouse gas reduction strategy and implementation plan should be established, considering both internal and external requirements and international standards for global Scope 1, 2, and 3 emissions.

## **IV. Supply Chain**

To establish a sustainable supply chain, suppliers must minimize risks associated with quality, delivery, technology, cooperative relationships, safety, the environmental impact at every stage of their supply chains.

### **1. Supply Chain Management (SCM)**

#### **Supplier Management**

Suppliers should establish cooperative relationships with their suppliers (“sub-suppliers”) through contractual agreements and prohibit unfair transactions.

Suppliers must recommend that their sub-suppliers comply with laws and regulations to ensure the sustainability of the supply chain. Suppliers should encourage their sub-suppliers to fulfill their corporate social and environmental responsibilities and manage the key growth factors, such as climate change, safety, health, labor, and human rights, for becoming a healthy enterprise. Furthermore, sub-suppliers must also be encouraged to comply with HL Mando’s SCM-related policies and regulations, and capacity building programs should be implemented for those that fail to meet the prescribed conditions.

#### **Responsible Sourcing of Raw Materials**

Suppliers shall establish and maintain a responsible minerals policy to ensure that minerals used in all parts and materials procured from sub-tier suppliers are not associated with armed conflict, human rights violations, or environmental destruction. The specific standards for the 22 types of Responsible Minerals and the consequences of non-compliance are as follows:

##### **1) Minerals Subject to Management (22 Responsible Minerals)**

Suppliers shall designate the following mineral groups as subjects of supply chain due diligence and management:

- Conflict Minerals (4 types; "3TG"): Tin, Tungsten, Tantalum, and Gold
- Battery Materials (5 types): Cobalt, Nickel, Lithium, Graphite, and Copper

- Other Minerals (13 types): Mica, Platinum, Palladium, Rhodium, Iron Ore, Aluminum, Zinc, Manganese, Chromium, Titanium, Ruthenium, Osmium, and Iridium

## 2) Obligation to Use RMAP-Conformant Smelters and Corrective Actions

- Suppliers shall, in principle, use smelters that have obtained "Conformant" status under the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI). The status of such smelters shall be verified against the most current list published on the official RMI website (<https://www.responsiblebusiness.org>).
- If non-conformant smelters are identified within the supply chain, the supplier must take corrective actions to ensure that such smelters obtain RMAP Conformant status within two (2) years.

## 3) Measures for Violations and Termination of Contract

- Termination of Contract: If a supplier fails to achieve RMAP Conformant status within the corrective period without a justifiable reason, or if critical risks such as conflict financing or child labor are discovered within the supply chain, HL Mando may immediately suspend transactions or terminate all or part of the supply contract without providing an additional grace period.
- Indemnification: The supplier shall be fully liable for any damages (including disputes with third parties, interest, and legal costs) incurred by HL Mando due to the supplier's violation of this policy and shall indemnify and hold HL Mando harmless.
- Disadvantaged Measures: Any violation of this Code of Conduct or the commitment may result in additional disadvantages according to HL Mando's policy, such as restrictions on participation in future biddings.

## 4) Information Provision and Cooperation in Audits

- Suppliers must maintain up-to-date data including smelter names, locations, and evidence of origin, and shall immediately submit relevant documents upon HL Mando's request.
- HL Mando may provide the submitted data to government agencies or customers. Suppliers must actively cooperate with on-site audit requests from HL Mando or an authorized third party.

## 5) Management of Sub-tier Suppliers and Notification Obligations

- Suppliers must ensure that all entities within their own supply chain comply with these principles and must monitor them accordingly.
- Upon identifying any actual or potential violation of relevant laws or this policy within the supply chain, the supplier must immediately notify HL Mando of such facts.

## V. Management System

Suppliers must strive to comply with laws, regulations, customer requirements, and HL Mando's Code of Conduct to promote sustainable management in their business operations and products.

## **1. Legal**

In order to develop their social and environmental responsibilities and business ethics, suppliers must comply with the laws and regulations of the countries in which they operate, as well as uphold all internal regulations and principles, in the course of all business activities.

## **2. Training**

Suppliers must provide equal opportunities for education and growth to their employees and implement education and training programs related to laws and regulations.

## **3. Corporate Citizenship**

As members of the community, suppliers must actively participate in social contribution activities aimed at development of the local community and environmental conservation.

## **4. Animal Welfare**

Suppliers shall make efforts to ensure the welfare of animals. In cases where animal testing is unavoidable, such tests must comply with all applicable laws and regulations.

**HI Mando**

## Supplementary Provision

1. These guidelines shall be enacted and enforced as of 1<sup>st</sup>,April, 2022.
2. These guidelines shall be revised and enforced as of 20<sup>th</sup>,March, 2026
3. History

Revision history		
Date	Reason	Contents
2022-04-01	New	New
2023-02-03	Working Environment	Add "minimum wage" Phrases
2024-05-20	Add a phrase	Add "must", "Inform" Phrases
	Respecting Human Rights	Add "Protection of local resident's Human rights" , "Protection of Human Rights Related to Security" Phrases :
	Environmental Impact	Add "Biodiversity" , "Carbon neutrality" Phrases
	Management System	Add "Animal Welfare" Phrases
2026-03-20	Supply Chain	Updated Mineral Requirements and Enhanced Enforcement Measures for Non-Compliance