

KCI Supplier Code of Conduct



1. Purpose

Under its ethics management principle “we pursue win-win growth with our suppliers by establishing a fair trade culture,” KCI aims to maintain a fair relationship and bolster partnership with its suppliers. Thus, KCI established KCI Code of Conduct (“The Code” hereinafter) covering 5 subjects – Human Rights Management, Safety and Health Management; Environmental Management; Ethical Management; and Management System – to build long-term partnerships with its suppliers and achieve sustainable win-win growth.

2. Scope

The Code applies to all suppliers that supply products and/or services to KCI. In addition, suppliers under the Code shall request their suppliers (subcontractor) to adhere to the requirements set forth in The Code.

3. Supplier Code of Conduct

The Code abides by international standards and regulations including, without limitation, the Fundamental Conventions of the International Labor Organization (ILO), the Universal Declaration of Human Rights of the United Nations (UN), the UN Guiding Principles on Business and Human Rights and the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises. However, should there be any conflict between The Code and local applicable law, the stricter provision shall prevail.

(1) Human Rights Management

1) Prohibition of Forced Labor

Suppliers should not use forced labor in which individuals are compelled against their free will to provide labor by psychological and/or physical coercion such as violation, threatening or confinement, and should not require employees to hand over their government-issued identifications, passports or work permits for employment purpose.

2) Prohibition of Child Labor

Suppliers should comply with the minimum age of employment permitted by the local law and should prohibit any employment of children below 15 years of age. In case where suppliers employ persons under the age of 18 (young workers), such employment should comply with applicable labor laws. Suppliers should ensure that young workers do not engage in dangerous or hazardous work with regards to safety and health matters.

3) Prohibition of Discrimination

Suppliers should provide its employees with equal opportunities regarding its HR operations such as employment, promotion, compensation and disciplinary actions, and should not discriminate employees for any reasons including, without limitation, race, gender, age, geography, academic backgrounds, religions, marital status, political views, social status or disabilities.

4) Prohibition of Sexual Harassment and Bullying at Work

Suppliers should prohibit all forms of sexual harassment in the workplace and bullying causing physical and/or psychological pain by taking advantage of superiority in rank or relationship in the workplace. Furthermore, suppliers should provide trainings to prevent sexual harassment and bullying at work and should build channels to report when such wrongdoing occurs. When a workplace harassment or bullying case occurs, suppliers should take immediate measures to protect the victim, take disciplinary actions against the harasser, and develop a plan to prevent such incidents from recurring.

5) Guarantee of Freedom of Association and Collective Bargaining

Suppliers should guarantee the freedom of association and collective bargaining stipulated in applicable local laws, and should not disadvantage employees for organizing and joining labor union and/or engaging in union activities.

6) Guarantee of Wages and Employee Benefits

Suppliers should comply with the wage and work condition requirements including, without limitation, minimum wages and overtime pay stipulated in applicable local law, and should operate a fair, reasonable compensation system.

7) Compliance with Working Hours

Suppliers should comply with the wage and work condition requirements including, without limitation, minimum wage and overtime pay stipulated in applicable local law.

(2) Safety & Health Management

1) Occupational Safety

Suppliers should ensure that its work environment is safe and healthy by preemptively identifying and eliminating potential hazards or dangerous elements for employees' safety and health. Furthermore, suppliers should identify, evaluate and manage chemical, biological and physical risks through risk assessment activities, and develop and implement improvement plans following risk assessment on manufacturing or other facilities.

2) Emergency Responses

Suppliers should preemptively identify potential emergencies including, without limitation, fire and/or safety accidents, natural disasters and group infection, and should build a response system for such emergencies. In addition, when an emergency occurs, suppliers should minimize its damage through emergency response procedures including report, evacuation, follow-up measures and recovery plan. To this end, suppliers should provide regular trainings to its employees, and should be equipped with sufficient evacuation, fire detection and firefighting facilities and/or equipment.

3) Occupational Accident and Disease Control

Suppliers should have a procedure and system in place to prevent, control, track and report occupational accidents and diseases in place. The procedure and system should include provisions to encourage employees to report an injury or illness, to classify and document the injury and disease cases, provide necessary care, take corrective actions to remove the root cause, and facilitate the employee's return to work.

4) Control of Heavy Physical Labor

Suppliers should identify, evaluate and control employees' exposure to the risk of heavy physical labor. Such physical labor may include manual work, lifting heavy objects, repetitive lifting activities, prolonged standing and assembly works that are repetitive or physically exhausting. Suppliers should encourage and recommend process improvement or shift work/stretching to prevent musculoskeletal disorders of employees.

5) Hygiene, Food and Housing

Suppliers should provide employees with clean washroom, drinking water, hygienic cooking and food storage, and cafeteria. Also, employee accommodation should be maintained clean and safely, and the facility should offer appropriate emergency exits, heating, ventilation, proper private space and reasonable access rights.

6) Safety and Health Training and Drill

Suppliers should provide employees with systematic safety and health drills and trainings that raise preparedness for actual emergency and fit the nature of their job. Also, safety and health information should be posted in a visible spot in the site, and relevant information should be in employees' mother language or the language employees can understand.

(3) Environmental Management

1) Environmental Approvals and Reporting Compliance

Suppliers should obtain and maintain mandatory environmental approvals (e.g. installation, operation and change report of emission/prevention facilities). Also, suppliers should reflect the recent revision of applicable regulations. Suppliers should comply with operation and reporting requirements necessary for approval procedure.

2) Environmental Regulation

Suppliers should comply with applicable environmental laws and regulations of the jurisdiction in which they operate, regarding matters such as labeling of the substance in the product and restriction and prohibition of using certain substances.

3) Environmental Pollution Prevention and Resource Use Reduction

Suppliers should minimize generating pollutants such as wastes and/or wastewater and should maximize efficient use of natural resources such as water, using methods including, without limitation, efficient manufacturing/maintenance process and facilities, alternative materials, and recycle and reuse of materials.

4) Hazardous Chemicals Management

Suppliers should identify hazardous chemicals generated from manufacturing process or contained in the product. Suppliers should establish and operate a safety management system that oversees the lifecycle of chemical use from procurement to use, storage and disposal, to prevent the substance from impacting our health and environment. Also, suppliers should comply with applicable laws and regulations that prohibit or regulate the use and handling of certain substances.

5) Energy Consumption and Greenhouse Gas (GHG) Emissions Management

Suppliers should progressively identify energy consumption and GHG emissions across its organization and at the business site-level. Also, suppliers should be proactive in finding and applying effective measures to increase energy efficiency and cut energy consumption and GHG emissions at the same time.

6) Biodiversity

Suppliers should understand the significance of ecosystem restoration and biodiversity conservation and should investigate potential impact to biodiversity in neighboring areas of its business site. Furthermore, suppliers should conduct necessary research and take necessary measures to prevent and mitigate factors/elements that threaten biodiversity and should monitor and comply with biodiversity-related regulations of the jurisdiction in which they operate their business.

(4) Ethical Management

1) Business Integrity

Suppliers should maintain the highest level of integrity in the country where they operate, in terms of every business relationship. Suppliers should not engage in unlawful activities including, without limitation, providing money, goods, and/or other form of benefits that may affect decision-making, nor any kind of corruption, extortion, embezzling, receiving and/or offering bribery or gifting. To this end, suppliers should perform monitoring and control activities and abide by anti-corruption compliance standards at their discretion.

2) Fair Trade

Suppliers should faithfully comply with applicable laws such as the Fair Trade Act and should respect commercial practices. Also, suppliers should take the lead in establishing sound market order through fair and free competition with competitors.

3) Disclosure

Suppliers should document and disclose information regarding financial/non-financial performance, business structure and activities based on applicable local law and industry practices regarding disclosure. The forgery and incomplete note of records regarding actual condition and practice in supply chain is not allowable.

4) Privacy Protection

Suppliers should minimize its obtainment and use of business-related privacy data and should protect the data of all stakeholders (including, without limitation, suppliers, clients and employees) at a reasonable level. In addition, suppliers should establish a system to manage storing, processing, transmitting and sharing privacy data to comply with applicable laws for handling and using privacy data and monitor their status.

5) Protection of Intellectual Property (IP)

Suppliers should respect the IP of their clients and partners, and the technology and know-how transfer should be executed in respect of IP protection. Also, suppliers should not store and use information obtained while working with KCI without prior consent and approval.

6) Protection of Whistleblower

Suppliers should thoroughly protect the identity of whistleblower as stipulated in the law and should take measures not to disadvantage or disbenefit the whistleblower.

(5) Management System

1) Declaration of Self-Compliance

Suppliers should declare its commitment to comply with The Code or a management system equivalent to The Code, externally and internally.

2) Responsibilities and Duties of the Management

Suppliers should designate a person responsible for overseeing the implementation and status of business system and other relevant programs, and the management of suppliers should regularly review the operating status of their business system.

3) Objective Management

Suppliers should establish clear objectives, targets and action plans to comply with The Code and improve their performance. Also, suppliers should regularly evaluate their performance against objectives, and document the evaluation results.

4) Response to Regulations and Client Requests

Suppliers should identify and monitor relevant laws, regulations and client requests including The Code in a continuous manner and should reflect them in their management system.

5) Training Management

Suppliers should develop and operate training program for managers and employees to comply with the requirements in The Code and improve their performances.

4. Addendum

- (1) This Supplier Code of Conduct was established and took into effect as of January 10, 2017.
- (2) This Supplier Code of Conduct was revised and took into effect as of September 1, 2021.
- (3) This Supplier Code of Conduct was revised and took into effect as of May 11, 2023.

[Appendix. Summary of Document]

Category	Description
Initial Draft Date	January 10, 2017
Latest Revision Date	May 11, 2023
Owner	Procurement Team, KCI
Approver	ESG Committee, KCI Board of Directors
Description of Draft/Revision	Overall revision of Supplier Code of Conduct
Contact	E-mail: seungwook.ahn@samyang.com Phone: +82-2-855-3196