
SUSTAINABLE PROCUREMENT POLICY

Policy Purpose

The Sustainable Procurement Policy is a strategic approach to purchasing that reflects SONGWON Industrial's commitment to respecting human rights, complying with all laws and regulations, minimizing social and economic impacts, protecting the environment and creating value for all stakeholders.

Scope of Application

The Sustainable Procurement Policy applies to all SONGWON Industrial Group executives and employees and all stakeholders in the value chain including customers, partners, distribution and logistics companies that maintain business relationships with SONGWON. All SONGWON executives and employees shall perform their business duties in accordance with this policy, except in cases where specific laws or regulations in each country apply.

Scope of Responsibilities

SONGWON Industrial Group's purchasing experts are responsible for implementing sustainable purchasing practices and creating sustainable value across the supply chain in line with SONGWON's environmental, human rights, safety and ethics policies.

In addition, SONGWON Industrial Group's purchasing experts are also responsible for ensuring SONGWON's Code of Conduct is adhered to across the supply chain, strictly prohibiting the use of conflict minerals and avoiding unsuitable purchasing practices

Sustainable Procurement Policy Implementation

SONGWON Industrial Group is committed to complying with the following Sustainable Procurement Policy by:

- establishing a sustainable procurement environment and providing guidance for complying with SONGWON Industrial Group's Code of Conduct throughout the supply chain.
- implementing a supply chain diversification strategy that includes women-owned businesses, to strengthen crisis response capabilities in accordance with SONGWON's business continuity plan.

- ensuring that no unfair treatment occurs while contracting with socially disadvantaged and minority-owned companies (such as those owned by individuals with disabilities, women, or racial minorities, etc.).
- fulfilling its commitment to supply chain diversity by actively managing possible diversity risks, such as discrimination.
- striving to reduce GHG emissions across the supply chain in response to climate change, while working to identify, eliminate and mitigate other environmental risks and cooperating with suppliers and stakeholders to address these challenges.
- purchasing goods and acquiring services that consider the human rights of partners and stakeholders, eliminate social inequality and ensure ethical practices throughout the supply chain.
- restricting the purchase of goods or acquiring services originating from conflict areas and strictly prohibiting the purchase of conflict minerals in collaboration with suppliers and stakeholders across the supply chain.
- providing a communication channel on SONGWON's website to enable suppliers and stakeholders across the supply chain to voice any concerns about the extraction, trading, handling and export of minerals in conflict-affected and high-risk areas.
- investigating third parties doing business with SONGWON (e.g. suppliers, brokers, sales representatives, distributors, contractors, customs brokers, consultants, etc.) to prevent incidents of third-party corruption. SONGWON conducts supply chain assessments every year and, based on the results, provides training, cooperates when necessary and requests due diligence and the improvement of any nonconformities.
- ensuring responsible procurement by collaborating to identify, evaluate and improve risk factors as well as assessing the safety levels of its suppliers and stakeholders.

- training its purchasing experts at least once a year on sustainability issues (e.g. environmental, human rights, safety and ethics) in the process of sustainably purchasing goods and services while identifying, analyzing and implementing improvements through performance management.
- monitoring the purchase of eco-friendly goods and services and conducting performance management for biodiversity.
- strictly complying with all relevant laws and regulations of each country in its procurement processes.
- prohibiting all forms of forced labor, including child labor, prison labor, slave or contract labor and ensuring this throughout its supply chain by conducting evaluations and due diligence on all suppliers and stakeholders.
- engaging in fair and free competition and providing a stable supply of high-quality goods and services to customers at competitive prices.
- promoting resource recycling and energy conservation for the sustainable use of limited natural resources.
- striving for zero complaints and achieving full internal/external customer satisfaction.
- pursuing multiple sources/regions for key and strategic products in line with its business continuity plan and seeking suppliers close to SONGWON's plants.

Our Target & Goals

Sustainable Procurement Management

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Buyers ²³ who received training on sustainable practices	30	40	50	60
Targeted suppliers with ISO14001 registered	84	85	87	90
Number of grievances received from suppliers	0	0	0	0
Number of grievances resolved	0	0	0	0
23) Key and strategic suppliers				Unit: %

As a global company committed to fulfilling its social responsibilities and pursuing sustainable growth through ESG management, SONGWON Industrial Group is dedicated to complying with the applicable Sustainable Procurement Policy and building a sustainable, responsible supply chain of suppliers and stakeholders who share the same sustainable values who share the same sustainable ESG values.

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