

Supplier Code of Business Conduct



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A Message from Hanon Systems

Hanon Systems believes in acting ethically and responsibly in all business matters, and expects its supply base to act in the same manner.

This Supplier Code of Business Conduct intends to clarify the company's expectations of its global supply base in the areas of business integrity; labor practices; health and safety; and environmental management. It applies to all vendors, contractors, consultants, agents and other providers of goods and services who do business with Hanon Systems and its affiliates.

The intent of this Code is to complement the company's Ethics Policies, of which suppliers are expected to adhere, and includes any other company policies and standards. It also is to promote supplier sustainability by certifying its suppliers will follow all applicable laws in the countries where they operate and conduct business, and sets forth certain universal requirements that suppliers must follow.

If there are any questions or feedback about this Code, or if assistance or additional information is required, contact your Hanon Systems representative.

Yong Soo (Peter) Jung
Global Supply Chain Management Lead

1 Comply with the Law

As outlined in the company's Ethics Policies, suppliers shall comply conduct business in an ethical and fair manner while operating in full compliance with all applicable laws and regulations in the countries where it operates, including where Hanon Systems operates. This includes compliance with the Korea Stock Exchange, conflict minerals reporting rules and requirements.

Fair Competition and Conflicts of Interest

Hanon Systems is committed to conducting business legally and ethically within the framework of respect for free competition-centered market order, and expects its supply base to act and operate in the same manner. This includes engaging in acts of bribery or corruption, or any action that has the potential to create a conflict of interest in business dealings.

Anti-Corruption and Bribery

Hanon Systems has a zero-tolerance for corruption, and prohibits anyone conducting business on the company's behalf, including suppliers, from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes offering and or receiving of any type of bribery or kickback to or from any customer, supplier or other business party.

Gifts and Business Courtesies

Hanon Systems competes on the merits of its innovative solutions and the services it provides; and prohibits the exchange of unlawful gifts to gain an unfair competitive advantage. The company expects its supply base to operate in the same manner as outlined in Clause 11 of the company's Ethics Policies, which includes providing or offering gifts to employees of Hanon Systems that exceed a fair market value that could create the appearance of inappropriately influencing business decisions.

Responsible Material Procurement

Hanon Systems promotes the responsible procurement of materials with consideration toward its impact on the environment, and social problems such as human rights infringement and others.

Conflict Minerals

Hanon Systems expects its supply base to accurately track and disclose whether the products its supplies to the company contain conflict minerals (tin, tantalum, gold, and tungsten). In cases where these minerals exist, the company expects appropriate due diligence measures be taken to help identify the sources of these minerals (to the smelter level) and support the global effort to eradicate the use of conflict minerals that directly or indirectly finance or benefit the armed conflict and social human injustice in the Democratic Republic of Congo and adjoining countries.

Hanon Systems strives to ensure its products are free of conflict minerals, and expects its suppliers to adopt and implement similar policies with their supply base.

2 Treat People with Dignity and Respect

Hanon Systems is committed to creating and maintaining an environment where all employees are treated with integrity and respect, and differences are highly valued. The company expects its suppliers to do the same, which includes establishing protocols and management systems to ensure compliance and respect for human rights.

Forced or Compulsory Labor

Hanon Systems will not tolerate physically abusive disciplinary practices or abuse of labor in any form, and suppliers are expected to do the same by not using forced labor, regardless of its form.

Child Labor and Human Trafficking

Suppliers shall comply with International Labor Organization (ILO) standards and adhere to the minimum employment age as defined by the law. The use of child labor or human trafficking by any supplier to Hanon Systems is strictly prohibited.

Diversity and Inclusion

Suppliers shall create a work environment where employees and business partners feel valued and respected for their contributions based on a foundation of mutual respect.

Non-Discrimination

Hanon Systems expects its supply base to provide equal opportunities to employees and applicants without regard to the protected classes for employment discrimination defined as: race, age, ethnicity, caste, color, religion, sexual orientation, gender, gender identity or expression, marital or parental status, military or veteran status, or physical or mental disabilities.

Harassment-Free

Hanon Systems has a zero tolerance for harassment or bullying of any kind. The company expects its suppliers to adopt a similar position that will allow employees to perform in a work environment that is free from physical, psychological and verbal harassment, or any other abusive conduct.

Fair Wages, Working Hours and Benefits

Suppliers shall comply with all applicable legal and regulatory requirements with respect to fair labor practices and will apply sound judgement in the treatment of its employees by providing compensation and benefits, and work hours that comply with applicable laws, regulations and collective agreements.

Freedom of Association

Consistent with applicable law, suppliers shall recognize and respect employee rights to associate freely and bargain collectively, whether represented by unions or not, and seek to provide opportunities for concerns to be heard based on employee interests.

Protection of Identity and Non-Retaliation

Hanon Systems expects its supply base to establish programs and protocols that encourages individuals to report company violations and wrongdoings. Further, active measures must be in place to protect the confidentiality and anonymity of any such individuals, and no retaliatory actions will be taken toward anyone who makes such a report or cooperates in an investigation of a reported or suspected violation.

3 Promote a Safe and Healthy Work Environment

Hanon Systems commits to create and maintain a healthy and safe work environment, and to act in an environmentally friendly manner to protect and preserve nature.

Protocols for Working Conditions

The company expects its suppliers to adhere to its Environmental, Health and Safety Policy. Further, Hanon Systems encourages its supply base to establish policies and protocols that provide and maintain a safe and healthy working environment for their employees, visitors and others that may be affected by its actions. Any such protocols must meet or exceed applicable standards for occupational safety and health and compliance with environmental laws and regulations.

Mitigate Environmental Risk

Suppliers must implement management systems and controls to identify hazards, and assess and control risks with the goal of protecting the world's environmental resource base, the prevention of pollution, and the protection of biodiversity and climate change mitigation.

Environmental Permits and Reporting

All environmental permits – such as discharge monitoring, etc. – including any registrations must be obtained, maintained and kept current.

Hazardous Materials

Suppliers must adhere to all laws and regulations related to hazardous substances, which includes proper and timely disclosure of material data sheets. Any chemicals or other materials (including waste) that pose a hazard to humans or the environment must be labeled and carefully managed to ensure safe handling, storage, use, recycling and disposal.

Non-Hazardous Solid Waste

Suppliers shall take proactive measures and establish documented protocol to identify, manage and responsibly dispose or recycle non-hazardous solid waste material.

Air Emissions

Suppliers shall comply with all laws and regulations related to air quality. Further, the supplier shall establish air emission control systems, where appropriate, and routinely monitor and document the air quality, and performance of such systems. The intent is to mitigate the release of harmful pollutants into the atmosphere generated from operations.

Water Management

Suppliers shall comply with all laws and regulations related to water conservation and contamination by implementing a water management program that documents and monitors water sources, use and discharge. All wastewater must be treated in compliance with the law and routine monitoring of system must be made to ensure optimal performance.

Energy Consumption and Emissions

Suppliers shall commit to track and document energy consumption and greenhouse gas emissions for each location. Further, suppliers are encouraged to seek and implement leading practices to improve energy efficiency and reduce greenhouse gas emissions.

Product Safety

Suppliers shall produce products that meet applicable standards for health, safety and quality, and any issues that could negatively affect the quality or public perception of a Hanon Systems end product must be immediately reported.

4 Protect Information, Technology and Intellectual Property

Hanon Systems takes pride in the innovative, high-quality and reliable solutions it manufacturers for automakers. Suppliers play an important role to protect the company and its competitiveness.

Intellectual Property

At Hanon Systems, intellectual property encompasses anything the company deems as unique and sensitive to its business that is not intended to be disclosed without proper protection. For this reason, the company's intellectual property – whether it is in the form of technology, documents or data – is a critical aspect of the company's business that suppliers must ensure is respected and protected. This includes controls to protect the company's intellectual property with the supplier's own network.

Steps must be taken by suppliers to safeguard all Hanon Systems information and physical property through all tiers of the supply chain, which includes the transmission of information from other customers to Hanon Systems without expressed written approval. Suppliers must not attempt to register the intellectual property of Hanon Systems in the supplier's own name, nor use the intellectual property for any other purpose such as in a public presentation. If the supplier knows of any violation of Hanon Systems intellectual property, it must be reported immediately.

Anti-Counterfeit

Hanon Systems is reliant on its supply base to actively monitor and establish controls that will prevent counterfeit parts in the goods shipped to Hanon Systems. Suppliers must maintain current and accurate records, and assume responsibility for the origin of all goods to ensure authenticity. Any instance of suspected counterfeit parts within the supply chain must be immediately reported to Hanon Systems.

Personal Data and Privacy

Considering the global nature of its business, Hanon Systems is aware of data transmission across borders that could contain personally identifiable information.

Suppliers must commit to protecting the personal data and information related to all parties with whom the company conducts business including employees, customers, suppliers and sub-suppliers, consumers, etc. Further, suppliers must comply with privacy and information security laws, and regulatory requirements when personal information is collected, stored, processed, transmitted and disclosed.

Hanon Systems commits to adhering with the General Data Privacy Regulation (GDPR) that became effective May 2018, and has implemented policies and protocols to protect the privacy of individuals and outlines the proper handling of personal data. It is expected this same level of data governance and adherence to data protection and GDPR principles be adopted by all companies that do business with Hanon Systems.

Hanon Systems operates with a mandatory 4-tier data classification protocol (Restricted, Confidential, Internal and Public). Suppliers have an obligation to respect and handle the company's data based on the listed classification. The company also expects its suppliers to establish data classification and protection policies to support information security.

5 Maintain Accurate Records and Reporting

Accuracy in accounting and financial reporting is one of the eight core ethical values of Hanon Systems, which is informed by the international standard (ISO 26000) for social responsibility. The company expects the same level of commitment from its supply base.

Fiduciary Responsibility

All suppliers are expected to maintain accurate financial and business records in accordance with all applicable legal and regulatory requirements and accepted accounting practices. Further, suppliers are expected to provide full, fair, accurate, timely and understandable disclosures.

Assessments and Audits

Suppliers must fully cooperate with any requests for assessments or audits of company records or of specific supplier locations.

Reporting Suspected Violations

Hanon Systems assumes all global suppliers will adhere to this Code. In the event a supplier is non-compliant in any aspect of this Code, the supplier is obligated to provide Hanon Systems with a detailed corrective action plan to address such deficiencies.

Violations of this Code may be anonymously reported to Hanon Systems ethics hotline, accessible from the company's public website.

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Hanon Systems reserves the right to terminate any agreement with a supplier that cannot demonstrate compliance with this Supplier Code of Business Conduct.



