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Practice Guideline for SL Code of Ethics

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## **1. Scope of Application**

1) Executives and employees of SL Co., Ltd., SL Co., Ltd. Cheonan, SL Co., Ltd. Ansan, SL Co., Ltd. Seongsan, SL Co., Ltd. Jillyang, SL Co., Ltd. Electronics, SL Co., Ltd. Jillyang Electronic, SL Mirrortech Co., Ltd., KDS Co., Ltd., SHB Headquarters, SHB Hwaseong, SHB Seosan, SHB Ulsan, SL Yantai, Beijing Samlip, Dongfeng Samlip, Shanghai Samlip, Jincheon Samlip, Hubei Samlip, Tri-ring Samlip, Wuhan Samlip, SL Alabama, SL Tennessee, SL Lumax, SL AP and SL Poland are familiar with and comply with the Code of Ethics and the Practice Guidelines for the Code of Ethics (hereafter collectively referred to as the “Code of Ethics”).

In the case of overseas corporations over which SL exercises its management rights, local laws and regulations shall be considered and implemented.

2) Independent third parties that do business with SL (customers, suppliers, consultants, agents, brokers, etc.) are also encouraged to understand the applicable contents and to actively participate.

## **2. Use of Code of Ethics**

1) In order to comply with the Code of Ethics, the relevant contents of the existing business regulations and procedures are to be supplemented and necessary regulations to be enacted.

2) If a problem arises when the Code of Ethics is applied to work, or if the standards for interpretation are not clear, it shall be consulted with the relevant executives and request the Ethics Office (Auditor's Office, HR Team) for authoritative interpretation when it comes to important matters.

3) If any SL employee violates the Code of Ethics or forces others to do so, it shall be promptly notified or reported to the Ethics Office.

4) The General Affairs Team leader manages the pledges signed by all SL employees to confirm that they are to comply with the Code of Ethics.

## **3. Object of Regulation**

1) If anybody violates the Code of Ethics, or forces others to violate it

2) If disadvantages are given to executives and employees who report their own or others' violations of the Code of Ethics

## **4. Measures against Object of Regulation**

1) Information on the objects of regulation, such as the information on those who violate the Code of Ethics or force others to violate it, is acquired through irregular business audits (if necessary) or internal and external reports.

2) The obtained information is handled by the minimum number of people in the Ethics Office and cannot be disclosed to the outside for personal reasons or one's interest.

3) Whether the information on the object of regulation is right shall be identified first and then, the following measures are to be taken after its authenticity is confirmed.

4) An action against the object of regulation shall be taken in accordance with a legally appropriate procedure such as requesting an external organization to deal with it and referring the case to the HR committee.

## ■ Detailed Guideline for Code of Ethics

### Article 1. Responsibility and Accountability for Customer

#### 1. Sincere Provision of Information

- 1) Only truthful information is to be given to customers and false information is not to be spread or provided.
- 2) For the safety of customers, if the information requires customers' attention during its use, or if the information is related to internal specification changes and their application, it shall be sincerely provided to customers to make them fully understand it.

#### 2. Action-oriented Response

- 1) We provide products and services of the highest quality to our customers and prevent customers from being dissatisfied with the sale of defective products or poor service.
- 2) We respond to customer's legitimate return request or service request accurately and promptly.
- 3) In case of customer complaints, follow-up measures and the results are frequently notified to customers.

#### 3. Customer protection

- 1) We should think that customer's loss is our loss.
- 2) We always need to keep promises to customers.
- 3) Customer information is protected by confidentiality and is used only for purposes that do not harm the customer.

#### 4. Additional Responsibilities of Position Holders

- 1) We educate and guide all members of the organization on a daily basis to act in a position of respect for customers.
- 2) Important quality problems are to be reported to the superior immediately upon occurrence and they must be proceeded with the highest priority.
- 3) Customer information is managed and supervised according to the authority of the organization members in consideration of the information importance.

### Article 2. Fair competition

#### 1. Fair Acquisition and Use of Information

- 1) Competitor's information is obtained in a fair way that is not subject to social criticism.
- 2) The obtained competitor information is to be fairly used after verification and evaluation.
- 3) Information that can contribute to mutual development is to be shared with competitors.

#### 2. Securing a Legitimate Competitive Advantage

- 1) We shall not steal or infringe on competitors' tangible and intangible assets.
- 2) Securing our own competitive advantage shall be done in a fair way that does not slander our competitors or abuse their weaknesses.
- 3) We gain an advantage through open competition based on the company's core technologies.

### 3. Anti-bribery

- 1) The “Prohibition of Improper Solicitation and Acceptance of Money” Act which prohibits the acts of promising or giving bribes or expressing intention to offer bribes to public officials directly or indirectly in connection with their work for the purpose of obtaining illegal profits shall be well acquainted and complied with.
- 2) The “Act on the Prevention of Bribery of Foreign Public Official” which prohibits the acts of promising or giving bribes or expressing intention to offer bribes to foreign public officials directly or indirectly in connection with their work for the purpose of obtaining illegal profits related to international commerce shall be well acquainted and complied with.

### 4. Respect for Relevant Laws and Customs

- 1) We respect the relevant local laws and customs.

### 5. Additional Responsibilities of Position Holders

- 1) In the long term, we seek fair competition methods that are beneficial to the company.
- 2) We pursue high achievements while maintaining legitimacy and fairness of means and methods.

## **Article 3. Fair Transaction**

### 1. Selection of Suppliers

- 1) In order to select and register a supplier based on fair evaluation standards, we establish and implement the regulations and the system regarding the procedure for new supplier selection.
- 2) The procedure for new supplier selection need to include specific evaluation items and evaluation methods and shall be set in consideration of the characteristics of the project
- 3) When we select a supplier, pressure or solicitation shall be avoided.

### 2. Fair Trade and Evaluation

- 1) We provide each other with information necessary for transactions at an appropriate time and take appropriate security measures to prevent information from leaking out.
- 2) Suppliers shall be notified of the fair evaluation result and the result is to be reflected in the next transaction.
- 3) Sound opinions presented for improvement and innovation of transactions are to be appropriately reflected in business.
- 4) When using the supplier's technology or other assets, the supplier's approval shall be obtained.
- 5) In the event that the supplier suffers damage due to the company's obvious error, compensation shall be made fairly.
- 6) We do not engage in unfair practices prohibited by the relevant laws and regulations.
  - ① An act to unfairly force the purchase of other products or services while providing the company's products and services

- ② Unfair pricing practices such as lowering the purchase unit price without consulting with the supplier
- ③ Non-fulfillment of legal obligations regarding payment terms to suppliers
- ④ Suspension of business relationships with suppliers or significantly reducing transaction volume without justifiable reasons
- ⑤ Discrimination against specific suppliers and unfairly determination of transaction conditions
- ⑥ Unfair acts prohibited by other fair trade laws

### 3. Supplier Support and Development

- 1) We establish and implement the standards for supporting and nurturing suppliers.
- 2) In the supplier fostering standards, the qualifications of suppliers to be supported are specified and technical support, management guidance and other specific operation standards are stipulated.
- 3) Profits generated by technical support or management guidance are shared fairly and not provided to others.

### 4. Additional Responsibilities of Position Holders

- 1) We actively engage suppliers in activities for fair trade.
- 2) We instruct them to establish and comply with business procedures to establish a fair trade order.
- 3) We provide them with necessary measures and support so that their decision-making is not affected by undue pressure or solicitation.

### 5. Responsible Purchase of Materials

- 1) We confirm the origin and smelter of all minerals and raw materials, including conflict minerals such as tin, tungsten, tantalum, and gold included in the product.
- 2) Efforts shall be made to examine social and environmental issues such as serious human rights violations, ethical violations, and negative environmental impacts at the origin and smelter of minerals and raw materials.
- 3) In handling minerals and raw materials, efforts are to be made for self-confirmation or to obtain external certification that there are no issues related human rights violations, ethics violations and negative environmental impacts during mining and processing of such minerals and raw materials.

## **Article 4. Basic Ethics of Managers and Employees**

### 1. Faithful Performance of Duties

- 1) We understand the contents of the company's policies, rules and related business regulations and faithfully comply with them when performing business.
- 2) Business-related reports be made fairly and honestly and the information on unethical behavior acquired while working shall be immediately reported.
- 3) No disruption to work can be caused due to one's personal business.

### 2. Maintenance of Dignity as SL Members

- 1) We act morally and ethically so as to maintain the honor of SL members.
- 2) It shall be kept in mind that someone is always watching the actions of SL people.

- 3) We are not engaged in acts that promote distrust within the organization, such as creation and dissemination of rumors, or undermining the sound organizational atmosphere.
- 4) In relation to promotion and transfer, we shall refrain from arrogant and pretentious acts (wreaths, congratulations, sending New Year's cards) among executives and employees within the company.
- 5) We do not request or accept unfair practices from business partners in relation to transactions.

### 3. Protection of Company Properties

- 1) If an event which may cause damage to the company's properties happens, or there is possibility of such event, it shall be reported immediately and an appropriate action taken.
- 2) A person for management of the company's important assets shall be assigned.
- 3) The confidential information of the company is maintained in accordance with related regulations and its handling is limited to the authorized person.
- 4) The company's approval needs to be obtained in advance for public disclosure of the company information.
- 5) In case the company's confidential information leaks, the source shall be checked and legal sanctions are to be imposed.

### 4. Fair Performance and Prevention of Conflicts in Interest with the Company

- 1) We maintain fairness in job performance by not engaging in the following acts.
  - ① The act to receive a reward from a stakeholder (no financial gains allowed)
  - ② The act to make a joint investment, to acquire properties jointly and to lend and borrow money with an interested party
  - ③ The act to illegally use the company's assets
  - ④ Negligence of duties, negligence of management and supervision and abuse of one's authority
  - ⑤ The act to satisfy one's selfish interests through one's business performance
  - ⑥ The act to manipulate documents and coefficients
- 2) If anybody receives a reward inevitably from an interest party, it shall be reported to the Audit Office, and the Audit Office is to take an appropriate action and inform the whole company of the result of the action.
- 3) It is prohibited to engage in the management of, or invest in, a company that directly or indirectly competes with the company.
- 4) If a SL member is hired by another company, it shall be reported to the company in advance to get approval.
- 5) Inside information shall not be used to buy or sell company stocks or to solicit others to trade company stocks.
- 6) SL employees shall not select a company run by their families or friends as a supplier or exercise influence to make transactions with such supplier. SL members shall refrain from the actions which can make them misunderstood.

### 5. Prohibition of Bribery and Improper Giving

- 1) Executives and/or employees shall not offer or provide any inappropriate donations, such as gifts, travel (expenses), or entertainment for the purpose of directly or indirectly influencing any external person on a specific act. In addition, SL members must not solicit, encourage, condone or allow any third party to engage in any of the above prohibited acts.

- 2) Employees who inevitably receive money or gifts from a partner company or business-related stakeholders must report it to the Audit Office (or Sin Mun Go) within 3 working days from the date of receipt and the Audit Office instructs what shall be done checks the result.
- 3) The following cases are considered as explicit bribery.
  - ① When an employee accepts a meal for business purpose, drinks, sports (golf, etc.) and other entertaining services – room salon, pub, karaoke, golf course, casino, steam bath, massage parlor, amusement facilities and others
  - ② When a gift is delivered to home or office (such case, even after the gift is returned, shall be reported)
  - ③ When an employee visits domestic and/or foreign exhibitions and expositions at the cost (full or partial) of a partner company (approval of the concerned department on such visit shall be separately obtained)
  - ④ When accommodation and transportation services are provided by a partner company
  - ⑤ When an employee receives a financial benefit for his/her private event – Wreaths or gifts for the marriage of relatives or family members shall not be received and a congratulatory money in excess of the amount stipulated in the ethical management standard is not to be given.
  - ⑥ When a proxy payment or redemption is made – a partner company’s proxy payment or repayment of credit card payments, credit payments or loans made by SL members is to be regarded as money transfer.

## 6. Confidentiality of Company Industrial Information (in compliance with security regulations)

### 1) Customer and partner information

- ① Confidential information of customers and suppliers shall not be disclosed to unauthorized persons inside and outside the company.
- ② SL members must not request, encourage, condone or allow a third party to engage in the above prohibited acts.

### 2) In-house information

- ① The disclosure of the company’s internal information, such as company confidential information and new vehicle model information, to a third party without prior approval of the supervisor is prohibited.
- ② For important documents, a person in charge of document management is to be designated separately so that information leakage to external companies and a specific persons can be prohibited.
  - Business/financial information: company's major policies, decision-making matters, management plan performance, financial/management accounting, etc.
  - Sales information: new order plan, sales unit price, customer list, etc.
  - Personnel management: key personnel status, personnel transfer data, employee recruitment plan, etc.
  - Research and technology: important technical information status, design methods, blueprints, research reports, experimental data, mid- to long-term research and production plans, new technology theory, etc.
  - Production management: production technical data such as process, material purchase unit price, operation method of machinery, etc.

3) In case of leakage of confidential information, the source is to be checked and legal sanctions shall be imposed.

4) If an employee is hired by another company, it shall be reported to the company in advance to get approval.

## 7. Prohibition of Insiders Trading and Information Use

- 1) The company's important information that has not been disclosed in public shall not be used or provided to others for stock trading.
- 2) Information acquired in the course of business to the inside or outside the company shall not be disclosed without prior consultation with the person in charge of disclosure before it is checked in advance whether the information is disclosed.

#### 8. Additional Responsibilities of Position Holders

- 1) SL leaders shall set an example as a SL person in everything. SL leaders shall guide and supervise the members of the organization so that they can comply with the company's policies and business regulations.
- 2) SL leaders shall provide their subordinates with necessary advice and guidance in consideration of their aptitudes and talents with the will to develop them into challenging and strong talents.
- 3) SL leaders shall instruct and supervise the members of the organization so that they do not engage in morally unhealthy behavior.
- 4) SL leaders shall not ask subordinates to do the private work of superiors.

### **Article 5. Responsibilities to Employees**

#### 1. Human Resources Development

- 1) The company establishes the concept of a desirable human resource and human resource development policies.
- 2) The company establishes, activates and actively supports the necessary systems to nurture employees into autonomous and creative talents.
- 3) The company assigns jobs in consideration of the wishes, aptitudes and abilities of employees and supports them to be nurtured as talents through job performance.

#### 2. Fair treatment

- 1) The company provides its employees with opportunities to improve their abilities (education, job transfer, promotion, position determination, etc.) according to fair standards without discrimination caused by academic background, gender, or region.
- 2) The company establishes evaluation standards for qualifications, abilities, achievements, etc. and evaluates them fairly so that employees' motivation for self-development can be encouraged and fair compensation is to be achieved.

#### 3. Protection of the rights and interests of minority employees

- 1) The company strives to ensure that there is no gender discrimination and to protect the rights and interests of the employees who have physical disabilities.

##### ① Protection of rights and interests against gender discrimination

- Establishment and implementation of in-house sexual harassment prevention training plan
- Aim for fair work assignment

##### ② Protection of rights and interests of the physically disabled

- Exclusion of prejudice against physically disabled people
- Assignment of tasks based on reasonable evaluation

- 2) In addition, all work opportunities are provided and equal opportunities for evaluation and compensation are also provided.

#### 4. Health and Safety

- 1) The company must always strive to create a pleasant work environment.
- 2) Appropriate measures for the health and safety of SL employees shall be taken.
- 3) In particular, in the case of a workplace with risk factors, separate safety measures are to be taken and the results shall be notified to employees.

#### 5. Respect for Individual Opinions

- 1) The company guarantees individual privacy as long as it does not impair the working atmosphere or good morals.
- 2) The necessary system shall be established for employees to freely express sound suggestions and their difficulties and an atmosphere to do so is to be created.
- 3) Activities for a specific religion or a political party shall not be forced and each individual's religious and political opinions are respected.

### **Article 6. Responsibility to the State and Society**

#### 1. Reasonable business development

- 1) The company respects the society's ethical values and does not harm the national economy or creates a sense of incongruity. It conducts the business that conforms to the national sentiment.

#### 2. Protection of shareholders

- 1) The company shall faithfully disclose its information to shareholders in respect for the shareholders' right to know.
- 2) The company shall not unilaterally infringe on the interests of minority shareholders in order to protect the interests of major shareholders.

#### 3. Contribution to national and social development

- 1) Without discrimination in gender, race, ethnicity, nationality, religion, disability, age, family status, social status and political opinion, the company shall provide fair opportunities for employment, promotion and education to all.
- 2) Forced labor and child labor shall be prohibited in accordance with the Universal Declaration of Human Rights and the company policy.
- 3) Taxes are to be faithfully reported and paid.
- 4) The company humbly accepts legitimate requests made by all walks of life and local residents. and strives to solve them.

#### 4. Protection of the environment

- 1) All laws and regulations related to environmental protection shall be complied with. The company is to conduct business activities consistent with environmental protection.
- 2) The company shall establish in-house environmental guidelines.
- 3) Pollution prevention facilities necessary to prevent environmental pollution shall be operated.
- 4) Environmental protection personnel shall be secured and systematic training will be given to them.

#### 5. Prevention of counterfeit parts

- 1) The company does not produce or use unauthorized raw materials and parts. In addition, the company shall not use or sell counterfeit raw materials and parts.
- 2) Whether forged raw materials and parts are used or produced in the workplace shall be periodically checked and, if confirmed, the government or customers are to be immediately notified.
- 3) Efforts are to be made to check whether the raw materials and parts produced are used and distributed in accordance with the business purpose and contract conditions.

#### 6. Compliance with export restrictions

- 1) National laws and international regulations related to export restrictions shall be complied with.
- 2) The company shall not do business with countries, regions or individuals subject to export restrictions economic sanctions.
- 3) Whether export restrictions and economic sanctions related laws and regulations are complied with shall be checked.