

 Daechang Seat Co., LTD.	<h1>ESG</h1>	Document No.	DSCA-ESG-05
		Creation/ Amendment	Nov. 1st, 2023
	<h2>Supply Chain Management Policy</h2>	Amendment No	0
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Amendment History				
No.	Date	Contents	Department	Drafter

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1. Purpose

DSC establishes this Supply Chain ESG Management Policy to systematically manage ESG risks across the supply chain, enabling the company to grow sustainably. This policy aims to create a collaborative environment with various stakeholders, including employees, customers, Suppliers, and the local community. It is based on the ten principles of the United Nations Global Compact concerning human rights, labor, environment, and anti-corruption, and can be utilized when dealing with other suppliers.

2. Scope of Application

This policy applies to all stakeholders, including all DSC employees (including temporary workers), employees of Supplier companies, customers, and community members.

3. Supplier Classification System

DSC selects Suppliers considering transaction cycle, amount, strategic importance, and ESG risks. Selected Suppliers receive ESG consulting and customized education for mutual growth. Major Supplier classification follows the criteria in Appendix 1.

4. Responsibilities and Roles of Suppliers

DSC's Supplier ESG management encompasses six areas: ethics, environment, human rights and labor, safety and health, management systems, and conflict minerals.

Management	Key contents
Ethics	Transparent management, anti-corruption, legal compliance, conflict of interest prevention, counterfeit parts prevention, export restriction compliance, prevention of unfair trade
Environment	Environmental protection and pollution management, establishment of environmental management systems, management of energy use and greenhouse gas emissions, water resource management, air pollutant management, waste management, chemical management, environmental permits and reporting, resource usage reduction
Human Rights and Labor	Working conditions and wages, prohibition of harsh treatment, employee privacy protection, freedom of association, prohibition of child labor, forced labor, discrimination, protection of young workers

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Management	Key contents
Safety and Health	Industrial accidents and diseases, physical overwork, machine safety protection, safety and health education, hygiene/food/housing, emergency response
Management System	Establishment of management systems, compliance with laws and external requirements, appointment of responsible personnel, risk inspection, education and communication, operation of grievance handling systems, management of Supplier companies, compliance with regulations
Conflict Minerals	Responsible mineral sourcing, management of raw materials and materials

5. Supply Chain ESG Evaluation System

To establish a sustainable supply chain system, DSC seeks to conduct transactions with Suppliers that establish environmental management systems, fulfill social responsibilities, and adhere to legal and ethical business practices. Thus, DSC conducts a supply chain ESG evaluation to check compliance with the supply chain ESG policy when selecting Suppliers.

5-1) Evaluation Process

5-1-1) Selection of Evaluation Targets

Evaluate targets considering transaction cycle, scale, distribution of Suppliers, and strategic importance.

5-1-2) Self-Assessment and Result Analysis

Suppliers conduct ESG self-assessments via web page or email.

DSC may request supporting documents for the Suppliers' responses.

5-1-3) On-Site Inspections for Risk Identification and Evaluation

Conduct inspections on Suppliers with high ESG risks based on self-assessment results.

Develop improvement plans based on inspection results.

5-1-4) Improvement Plan Development and Implementation

DSC may request Suppliers to improve their ESG levels.

To facilitate Suppliers' improvement activities, DSC supports mutual growth activities, including financial support, technology development, education, and training

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(Appendix 1) Major Partner Classification Criteria

Category	Target
Major Suppliers	Suppliers with large annual transaction amounts and irreplaceable influence on business Suppliers with high strategic importance and low ESG risks
Other Suppliers	Suppliers engaged in transactions above a certain purchase amount Suppliers not major but influential to business
High-Risk Suppliers	Suppliers with low transaction scale or frequency but high ESG risks