



KT&G HUMAN RIGHTS MANAGEMENT POLICY



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Overview

Purpose

As the leading global company rising into the global market driven by change and innovation, KT&G Corporation (hereinafter KT&G) establishes human rights management policy in order to respect human rights of all stakeholders of the Company and manage human rights infringement risk that could arise from across business activities.

KT&G respects various international human rights initiatives about basic human rights that international organizations adopted and proclaimed including Universal Declaration of Human Rights declared by the United Nations, International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, 10 Principles of UN Global Compact and labor standards proposed by International Labor Organization. KT&G not only complies with international standards and principles related to human rights and labor to act on the initiatives but also aspires to further engage in communications both internal and external and strengthen human rights management process including relief procedures.

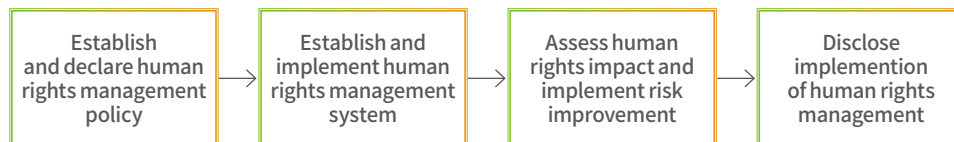
Scope of Application

Human rights management policy applies to all executives and employees of KT&G and members of all business partners including domestic/international subsidiaries and suppliers (partner companies). All executives and employees of the Company are required to comply with the policy except when there are special clauses specified by rules and regulations of the local country, Articles of Incorporation or internal regulations of an organization.

Human Rights Risk Management Structure

KT&G establishes internal system required to implement human rights management as per human rights management policy and regularly identifies as well as assesses human rights risks in order to respect human rights of all executives and employees and address related risks. KT&G seeks to establish improvement agendas on human rights risks identified as a result of human rights impact assessment and share their implementation with stakeholders.

Organization responsible for human rights management at KT&G implements human rights risk management structure based on human rights management policy. We will revise the management structure in order to address human rights issues from a preventive point of view by regularly reviewing human rights management procedures and proactively reflecting latest movements at home and abroad.



Basic Principles

Respect for Human Rights

KT&G respects all members applicable by declaration of human rights management policy as humans and makes efforts to ensure there is no act of human rights infringement. In particular, KT&G does not tolerate harassment or aggressive behavior that could obstruct other members' work.

Ban on Discrimination and Harassment

In running HR policies including work, recruitment, promotion, compensation and training KT&G does not unfairly discriminate executives and employees based on gender, race, ethnicity, nationality, religion, disability, age, marriage status, pregnancy, sexual orientation, social status or political view. Also, any sexual or non-sexual harassment is subject to immediate corrective measures by applying zero tolerance policy. The Company provides training on prevention of office discrimination and harassment to all executives and employees as a preventive measure.

Ban on Human Trafficking

KT&G advocates all laws aimed at preventing and rooting out slavery and human trafficking across the global supply chain. We also do not sign employment contract with such conditions as fee or debt.

Ban on Forced Labor

KT&G does not unfairly restrict physical or emotional freedom of executives and employees such as assault, blackmailing and confinement nor force labor against their free will. We do not demand workers to submit their ID card or other important personal documents in return for employment and do not restrict physical mobility in rest lounge, plant, dormitory in worksite without reasonable grounds.

Ban on Child Labor

KT&G complies with minimum age of employment as required by rules and regulations of each country and region and does not expose children to hazardous and dangerous work environment in any circumstances. Discovery of labor by a child aged under 15 results in proper measures including health check-up of the child and support for compulsory education subject to the child's will.

Protection of Vulnerable Workers

KT&G respects and protects human rights of the socially weak based on United Nations Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. We take all measures and perform our duties to respect and protect human rights of vulnerable workers including children, women, the elderly, the disabled and foreign workers.

Work Hour Compliance

KT&G complies with standards pertaining to regular-overtime work hours and off-days governed by rules and regulations of each country. In case of inevitable overtime work, the Company pays overtime work allowance as per the same law.

Minimum Wage Guarantee

KT&G guarantees minimum wage for workers as governed by rules and regulations of each country, thereby contribute to stable livelihood of workers and better work conditions. We regularly pay wage at the designated date and provide wage statement on payment details as well.

Fair Compensation

KT&G respects workers' right to fair wage at the least, equal compensation to labor of equal value and compensation that provides appropriate livelihood to workers and their families.

Guarantee of Freedom of Assembly

KT&G guarantees all executives and employees freedom to form and join labor union and collective bargaining in accordance with labor-related laws and collective agreement, and does not treat them with a disadvantage under any circumstances. Labor union and management communicate with each other in equal positions to maintain and improve work conditions and improve socioeconomic and cultural status of workers.

Guarantee of Other Rights

① **Guarantee of Health and Occupational Safety**

KT&G puts top priority on health and safety of all executives, employees and stakeholders and strictly complies with related laws and internal guidelines. The Company provides safe and health work environment to all workers by removing hazards at worksite, taking preventive measures, providing personal protective gears and regularly checking safety, etc.

② **Protection of Consumer Rights**

KT&G will create an environment where consumers can use our products and services in safety and convenience. We strive to establish marketing standards and produce safer products with the goal to root down good consumption culture.

③ **Information Protection**

Executives and employees shall protect Company information that carries value as a property and shall keep information of customers and business partners, etc., confidential. Executives and employees shall manage personal information of consumers, suppliers(partner companies), job applicants and visitors to online website acquired from the course of conducting his/her tasks in compliance with related rules and regulations at home and abroad and shall not provide them to a third party without legitimate authority or reasons.

④ **Stronger Management of Conflict Minerals**

KT&G takes infringement of human rights, environmental destruction and other adverse impact to society and environment such as violation of human rights, child labor exploitation and sexual violence in the course of extracting all minerals as serious issues. We demand not to use minerals extracted from at-risk regions or regions affected by conflicts, and continuously monitor them as per OECD due diligence guidelines.

Establishment of Human Rights Management Structure

Responsibility for Human Rights Management

KT&G respects human rights of all executives and employees, upholds human rights management through working-level meetings by an organization dedicated to human rights management, thereby prevent and improve human rights risks and reviews human rights issues at ESG Committee, which is the top decision-making body. Roles and responsibilities of the dedicated organization is 1) review of establishment/revision of human rights management policy, 2) human rights risk assessment and recommendation of follow-up actions, 3) instruction on investigation into cases of human rights infringement and deliberation of relief measures, 4) others deemed necessary for protecting human rights.

Implementation of Human Rights Management

Organization in charge of human rights management shall assess and monitor human rights impact based on the following processes.

① **Risk Identification via Human Rights Impact Assessment**: Check if human rights elements specified in the policy are well in place and observed via due diligence and written assessment.

② **Prevention and Improvement Activities**: Conduct improvement activities by each worksite on human rights risks identified from the assessment or demand corrective measures to suppliers.

③ **Performance Evaluation and Implementation of Improvement Activities**: Share performances in prevention and improvement activities and monitor if corrective measures against worksites in operation and suppliers are well in place.

Operation of Grievance Handling Program

KT&G operates a program to report unethical behavior that various stakeholders can take advantage of at any time in order to prevent human rights infringement or unethical behavior that could arise from business activities in advance. Anyone who observed failure to comply with or infringed human rights management policy and who saw his/her human rights infringed may report such via KT&G unethical behavior reporting channel. Anyone who made the report will have his/her identity protected by KT&G's 'Guidelines to Protect Unethical Behavior Reporting Party'. The party's anonymity is protected and any retaliatory act such as giving disadvantage is prohibited.

Internalization of Human Rights Management and Communication

Training on Human Rights Management

KT&G plans and provides human rights management training with the goal to share the Company's direction on human rights management and execution plan, thereby enhance understanding of human rights management and improve its awareness among executives and employees. In doing so, KT&G strives to ban discriminatory behavior among executives and employees and spread the culture of respect for human rights with which to proactively report cases of human rights infringement in the office.

Communication and Disclosure

KT&G discloses human rights management activities through various channels(Company website, KT&G Report, etc.) to help all stakeholders including executives and employees to access them with ease and clearly understand them.

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Department · ESG Planning Team of
Strategy & Planning HQ