

KT&G Supplier Code of Conduct

KT&G is fully committed to complying with all applicable laws and regulations, treating its employees with respect, providing safe workplace, and conducting business in an environmentally and ethically responsible manner.

KT&G expects any party that contributes to KT&G services or other business activities including suppliers, subcontractors and service providers ("Suppliers" hereinafter) to fulfill their social, environmental and ethical responsibility and in furtherance thereof, has developed the following KT&G Supplier Code of Conduct ("Code" hereinafter).

KT&G requires that Suppliers, in conducting their businesses, comply with applicable laws and regulations in accordance with principles stipulated in this Code.

KT&G may pay a visit to suppliers to verify their compliance with the Code and request that improvements be made concerning material breaches.

[Human Rights and Labor]

Suppliers shall endeavor to fully abide by all employment-related laws and regulations while protecting the human rights of employees and treating employees with respect and dignity, and this should apply to all types of workers, including but not limited to temporary workers, immigrant workers, student workers, contract workers and permanent workers.

Ban on Forced Labor

All labors should be voluntary and Suppliers shall not place any unreasonable restrictions on employees' job change or resignation. Suppliers shall not require employees to hand over government-issued documents such as identity cards, passports or work permits as a condition for employment.

Ban on Child Labor

Suppliers should not engage in the employment of workers under the age of 15 or the minimum employable age as stipulated by law. Suppliers shall observe applicable laws and regulations in operating apprenticeship at their worksites, and should not allow workers under the age of 18 to perform work that poses high risks from the health and safety perspective.

Non-discrimination

Suppliers shall not harass employees or discriminate them in promotion, compensation and provision of training opportunity, on the grounds of race, skin color, age, gender, sexual orientation, ethnicity, disabilities, pregnancy, religion, political affiliation, nationality or marital status.

Humanitarian Treatment

Suppliers should prohibit sexual harassment, sexual abuse, physical punishment, psychological or physical coercion, verbal abuse or any other forms of inhumane treatment of workers.

Working Hours

Suppliers shall comply with all applicable laws and regulations on working days and working hours, and limit working hours according to pertinent laws and regulations.

Wages and Benefits

Suppliers should include minimum wage, overtime pay and other benefits provided by applicable laws in workers' salaries or wages and comply with all wage-related laws and regulations.

Freedom of Association and Collective Bargaining

Suppliers should respect the rights of employees on the freedom of association, collective bargaining and the election of representatives as stipulated by law. Further, Suppliers shall ensure that employees are free to communicate with management without fear of discrimination, retaliation, intimidation or harassment.

[Health and Safety]

Suppliers shall endeavor to conform to health and safety laws and regulations, provide a healthy and safety work environment, and take proper measures to prevent potential safety risk factors.

Health and Safety Permits

Suppliers should obtain necessary health and safety permits to maintain workplace conditions up-to-date and abide by operational and reporting requirements.

Safety Management

Suppliers should protect workers from any exposure to chemical, biological and physical safety hazards through proper designs, engineering & administrative controls, equipment safety inspections and safe work procedures. If such means are not sufficient to control risk factors, suppliers should provide workers with proper personal protective equipment.

Occupational Injuries

Suppliers shall endeavor to prevent industrial accidents and occupational diseases and their recurrence.

[Environment]

Suppliers shall endeavor to develop recycling procedures as part of their manufacturing process, minimize any adverse impacts on local communities and their environment, and abide by environmental laws and regulations.

Environmental Permits and Reports

Suppliers should obtain all required environmental permits, approvals and registrations to maintain their up-to-date status and comply with operational and reporting requirements.

Hazardous Substance Management

Suppliers should identify chemicals and other substances that may pose the risk of environmental pollution, and safely manage them in their handling, transport, storage, consumption, reuse, recycling and disposal.

Mitigation of Resource Consumption

Suppliers shall endeavor to fundamentally reduce and remove any and all forms of waste, including effluents and waste energy, through process improvement, material substitution, preservation, and the recycling and reuse of materials.

Effluents, Solid Waste and Air Pollution

Suppliers should identify the characteristics of any and all forms of waste generated, and manage, treat, discharge and dispose of them in accordance with applicable laws and regulations.

[Ethics]

Suppliers shall conduct their businesses with honesty, integrity and fairness, and comply with strict ethical standards.

Business Integrity

Suppliers shall conform to the highest standards of integrity in business dealings, not offer or receive any form of bribes, including improper offer of money or gift, and strictly prohibit improper activities such as corruption, illegal profit taking, and embezzlement.

Compliance with Special Provisions on Business Ethics

Suppliers should comply with KT&G's special provisions on business ethics, and shall be subject to restrictions for their non-compliance in accordance with KT&G's procurement and ethics regulations.

Intellectual Property Rights

Suppliers shall respect intellectual property rights in all transactional relations and conduct their business in a way not to impinge on such intellectual property rights.

Protection of Whistleblowers

Suppliers should operate a program to keep the identity of whistleblowers confidential and protect them.

Information Protection

Suppliers shall not use the information acquired in the course of business for any purpose other than performance of the relevant business activity.