## HANSAE CO., LTD.

## **ESG Supply Chain Management Policy**

HANSAE CO., LTD. has established and published a human rights policy based on the International Labour Organization (ILO) Declaration and the OECD Guidelines for Multinational Enterprises to guarantee the fundamental rights and human rights of its members. Through this policy, HANSAE respects the human rights of its employees, suppliers, and various business partners in all business operations.

## **Supply Chain ESG Management Policy**

HANSAE has established a ESG supply chain management policy to ensure that all its sites and suppliers involved in product manufacturing provide a safe working environment, respect workers' rights, and operate in an environmentally friendly and ethical manner. This policy is based on HANSAE's Code of Ethics, Code of Conduct, Conflict Minerals Policy, Human Rights Management Policy, and Occupational Health and Safety Policy.

## **Supplier Responsibilities and Management Scope**

All suppliers in business relationships with HANSAE CO., LTD. are required to comply with HANSAE's Supplier Code of Conduct and ESG Supply Chian Management Policy in their management decisions and overall business operations. HANSAE reserves the right, within the limits of the law, to assess and audit whether suppliers are adhering to the standards set forth in the Code of Conduct and ESG Supply Chian Management Policy. Suppliers are required to establish and implement mitigation plans for any identified risks. HANSAE's ESG management scope for suppliers consists of six key areas — Ethics, Environment, Labor and Human Rights, Health and Safety, and Management Systems — encompassing a total of 340 detailed evaluation items.

# - Prohibition of discrimination (promotion of diversity and inclusion)

- Fair wages and benefits
- Working hours management
- Humane treatment
- Freedom of association and collective bargaining
- Prohibition of child labor and forced labor

#### **Labor and Law**

Management System	- Establishment of a management system
	- Compliance with legal and external requirements
	- Appointment of responsible personnel
	- Risk assessment and monitoring
	- Training and communication
	- Information management
	- Operation of grievance mechanisms
	- Management of subcontractors and lower-tier suppliers
	- Compliance with codes and standards
	- Implementation of occupational health and safety management systems
	- Safety management of machinery, equipment, and facilities
Workplace	- Emergency preparedness and response
Health & Safety	- Accident reporting and management
	- Safety inspections
	- Health management
Subcontracting	- Prevention and management of unauthorized subcontracting
Security	- Supply chain security
	- Transportation, physical, and personnel security
	- Security training and threat awareness
	- Information technology security
	- Container and trailer security
	- Physical access control
Sustainability	- Environmental permits and reporting
	- Pollution prevention and resource reduction
	- Management of hazardous substances
	- Wastewater and solid waste management
	- Air emissions control
	- Compliance with product-related substance regulations

# **Supplier ESG Evaluation System**

To more effectively manage supply chain ESG risks, HANSAE has established a Supplier ESG Evaluation System. This system enables quarterly audits of compliance with the ESG Supply Chain Code of Conduct for Tier 1 and Tier 2 suppliers.

#### Selection of Assessment Targets

- Select overseas sewing factories (Tier 1) and embroidery/printing/ washing factories (Tier 2)
- Factories currently in business with HANSAE
- Consider business continuity

#### Self-Audit and **Result Analysis**

- · Conducted by HANSAE's local compliance teams
- \* Audit areas: human rights, health, environment, and security (340 items) •Support for CAP
- Analyze audit results
- •Identify risks and areas for improvement

#### Implementation of **Improvement Plans**

- •Request for submission of a Corrective Action Plan (CAP)
- development and implementation

#### Verification of **Improvements**

Verify implementation through documents or on-site visits

#### (On-Site Audit)

The audit team visits suppliers to assess actual risks and derive improvement measures based on the findings.

### (Support for Improvement)

Based on the audit results, suppliers may be recommended to undertake activities to enhance their ESG standards. The status and progress of improvements may be reflected in future business relationships. If a significant number of items are found to be non-compliant, a re-audit is conducted and the supplier is required to submit a Corrective Action Plan (CAP) to address the issues. Through these collaborative efforts, HANSAE supports suppliers in improving their ESG performance.

#### Stakeholder Communication

HANSAE continuously communicates with internal and external stakeholders regarding its supply chain ESG risk management system. Improvements and mitigation measures related to supply chain ESG risks are disclosed annually through the sustainability report. In addition, HANSAE maintains regular, mutual communication with suppliers through joint growth initiatives. Stakeholders, including suppliers, are encouraged to share their feedback and concerns through the company's grievance mechanism.

