
Sustainable Supply Chain Management Policy



Sustainable Supply Chain Management Policy

Enacted: April 29, 2021

1st Revision: June 26, 2024

I. General Provision

1. Purpose

This policy aims to ensure Cosmax's fair, open, and transparent procurement and to work with our partners and suppliers to conduct procurement and fulfill contracts reasonably and in accordance with laws and regulations to secure the trust of our customers and stakeholders. It also includes Cosmax's objectives, management systems, and processes for identifying, preventing, and responding to risks that may arise in the supply chain.

2. Scope

This Sustainable Supply Chain Management Policy applies to all employees of Cosmax, its subsidiaries and second-tier subsidiaries. It also applies to all stakeholders, including employees of suppliers, local communities and residents, and employees of national organizations that are involved in Cosmax's business.

3. Roles and Responsibilities

Cosmax oversees its supply chain sustainability risk management and performance improvement activities through the ESG Committee of the Board of Directors. The ESG Committee approves the sustainable procurement policy and reviews and considers policy revisions, legal and regulatory responses to supply chain (procurement), and performance.

4. Targets

Cosmax is committed to sustainable supply chain management by adding environmental, labor practices, and human rights ESG-related clauses to its supplier and vendor contracts and working with suppliers and vendors to implement them. In addition, it sets and manages specific goals as follows:

1) Increase the percentage of key suppliers with actual/potential negative impacts assessed to 100% by 2030 and the percentage of on-site due diligence, including corrective action/improvement plans, to 100% by 2030.

- 2) Increase the proportion of RSPO-certified raw materials in palm oil to 80% by 2030.
- 3) Increase the proportion (number of items) of paper-based materials purchased from FSC-certified suppliers to 40% by 2030.
- 4) Maintain a 100% training rate for employees involved in purchasing and procurement-related functions on environmental issues, labor practices, and human rights issues in the supply chain by 2030.

5. Review cycle

Cosmax will review this Policy at least annually based on national laws and international guidelines. This ensures that the requirements of domestic laws and regulations are reflected in management activities.

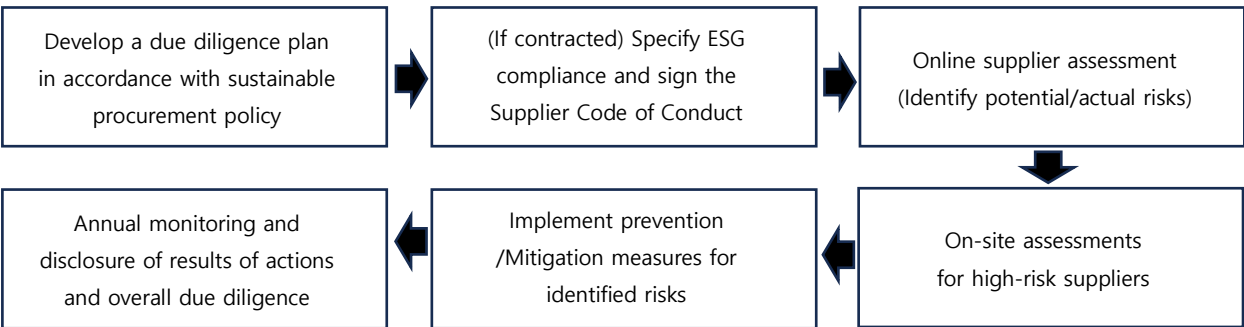
6. Supply Chain Due Diligence

6-1. Dedicated organization

Cosmax’s Procurement Team conducts annual due diligence on suppliers’ human rights, labor, environment, safety, ethics, and business relationships.

6-2. Due diligence process

Cosmax has established and implements the following processes to identify and manage sustainability risks that may arise in its supply chain.



7. Consultation and Reporting Procedures

Establish channels and dedicated personnel to address supply chain-related grievances and sustainability risks that can be reported by multiple stakeholders, including employees of suppliers, either anonymously or by name.

- Internal Complaints box: Grievance box
- Integrated grievance reporting sites: Whistleblower system (cos-114@naver.com), Integrated reporting channel (posted on the homepage)

II. Operating Guidelines

1. Compliance, Purchasing Ethics

- 1-1. Execute purchasing operations in compliance with national laws and regulations and Cosmax's own regulations.
- 1-2. Faithfully fulfill contracts established with partners and suppliers when making purchases.
- 1-3. Understand the importance of information obtained through purchases and commit to keeping it confidential.
- 1-4. Conduct purchases through a fair, open, transparent, and simple process.

2. Purchasing Principles

- 2-1. Transactions must be priced fairly, economically, and reasonably.
- 2-2. Partners and suppliers are selected based on a comprehensive assessment of their sustainability performance, including quality, delivery, price, and labor and human rights policies.
- 2-3. In principle, all companies with a certain level of qualifications are allowed to participate in the tender, and those that meet the selection criteria are given the opportunity to be properly evaluated.
- 2-4. Proactively engage with partners and suppliers to mutually reduce costs.

3. Sustainable Purchasing

- 3-1. Gradually expand the purchase of palm oil certified by RSPO, the international sustainable palm oil certification system. In the long term, prohibit new registration of non-RSPO certified raw materials and discontinue or replace non-RSPO certified raw materials.
- 3-2. Confirm compliance with RSPO requirements and REACH regulations through an official evaluation of partners.
- 3-3. Include provisions for social and environmental requirements in supplier contracts.

4. Corporate Social Responsibility (CSR) Practices in Procurement

- 4-1. The purchase of raw material must comply with laws and regulations related to product quality and safety assurance, Group shared policies on quality, and all other applicable standards.
- 4-2. Ensure that the raw materials we purchase directly are managed to minimize carbon emissions and waste generation during production and transportation and are not associated with human rights violations, including child labor and forced labor.

5. Requests to Suppliers and Contractors

- 5-1. Request that suppliers and contractors understand Cosmax procurement policies and work with us as business partners.
- 5-2. To comply with safety, environmental, and quality standards and laws and regulations and cooperate with Cosmax in implementing corporate social responsibility (CSR) and sustainability management, including human rights, labor, ethical management, and information security.

ADDENDUM

This policy is effective April 29, 2021.

1. Enacted April 29, 2021
2. Revised June 26, 2024