

# Supply Chain ESG Management Policy

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Policy No.: KDS-B-1600

## 1. Background and Purpose

Guided by its corporate philosophy of 'Contribution to Society through Business Success,' KD Navien is committed to channeling all its business activities into a force for good throughout the entire supply chain. At the forefront of the journey toward fostering convenient living, urban, and global environments, the Company pioneers eco-friendly industrial innovation, and further strengthens socially responsible management through the advancement of human rights management.

KD Navien hereby establishes this Policy to foster a sustainable supply chain ecosystem grounded in mutual respect and active engagement among all stakeholders including suppliers. This Policy aligns with key international standards including but not limited to the UN Guiding Principles on Business and Human Rights (UNGPs), ILO Fundamental Conventions, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance, and systematically addresses supply chain mapping, risk identification, prevention and corrective actions, stakeholder engagement and remedy mechanisms, and performance monitoring and disclosure across environmental, social, and governance dimensions.

Through this Policy, KD Navien declares its commitment to establishing a culture of mutually beneficial partnership anchored on fairness and transparency across the supply chain, and to doing its utmost to foster a sustainable management ecosystem. To this end, KD Navien shall implement programs to support suppliers in strengthening their ESG capabilities, apply fair transaction and evaluation standards, and establish a system of regular due diligence and monitoring. The Company shall further verify compliance with improvement requirements and continuously advance responsible supply chain management processes, including corrective actions and transaction restrictions for material non-compliance.

## **2. Scope of Application**

This Policy applies to all employees of the KD Navien headquarters, affiliates (including overseas corporations), and domestic and international business sites. It equally applies to all stakeholders — including suppliers, logistics suppliers, customers, local communities, and government and regulatory bodies — that may have a direct or indirect stake in the Company's business activities and supply chain operations.

Where the provisions of this Policy conflict with applicable laws of the jurisdiction concerned, such laws shall take precedence. Within such limits, however, the Company shall endeavor to uphold the principles of responsible management and the standards of sustainability set forth in this Policy to the fullest extent possible.

## **3. Governance**

KD Navien shall oversee its supply chain ESG management and key improvement activities in general through committees or management meetings attended by the chief decision-maker or key departmental decision-makers, as well as working-level meetings chaired by the decision-maker of the dedicated supply chain department.

#### 4. Review Cycle

This Policy shall be periodically reviewed and amended to reflect domestic laws, international guidelines, stakeholder feedback, and the shifting external landscape. In the event of material developments or legislative amendments, the supply chain due diligence framework and related procedures shall be updated in a timely manner.

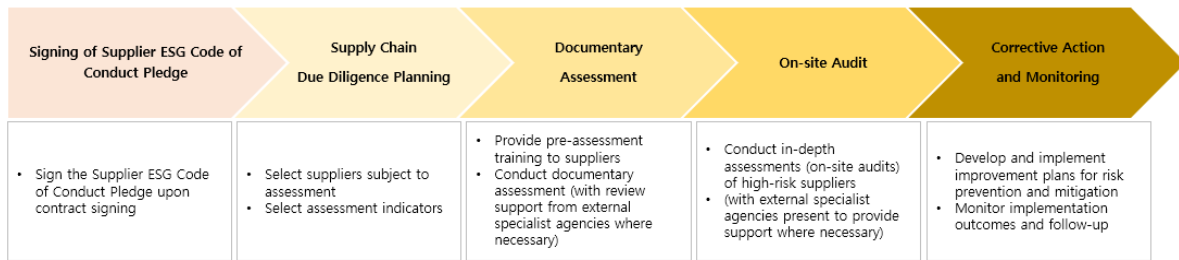
#### 5. Categories of Supply Chain ESG Management

KD Navien sets out the key ESG risk assessment categories to be considered during the supply chain due diligence process as follows. These categories shall be periodically reviewed and updated in response to changes in the domestic and international regulatory landscape and stakeholder requirements.

Environmental (E)	Social (S)	Governance (G)
Environmental permits and reporting Waste and pollutant management Climate action Transition to eco-friendly processes, etc.	Human rights and labor Health and safety Data protection Supply chain management, etc.	Ethics and compliance ESG disclosure, etc.

#### 6. Supply Chain ESG Due Diligence Process

KD Navien conducts due diligence in accordance with the following procedures to systematically assess and prevent ESG risks throughout its supply chain.



### 1) Signing of Supplier ESG Code of Conduct Pledge

- All suppliers doing business with KD Navien shall review the Supplier Code of Conduct and submit a signed Supplier Code of Conduct Pledge upon initial registration or at each contract renewal. The Pledge covers core ESG principles spanning human rights and labor, environment, health and safety, and ethics and compliance, and suppliers are obligated to continuously comply with its provisions.

### 2) Supply Chain Due Diligence Planning

- KD Navien shall establish an annual ESG due diligence plan to determine the scope of suppliers subject to assessment. Target suppliers shall be selected through a comprehensive review of prior year transaction volume, risk level, and region, and due diligence shall be conducted across assessment categories that reflect their scale and industry characteristics. KD Navien shall continuously broaden the scope of suppliers subject to assessment and refine assessment categories, thereby strengthening its ESG management framework across the supply chain.

### 3) Documentary Assessment

- KD Navien shall conduct documentary assessments and document reviews to evaluate the ESG practices of its suppliers with an aim to gauge their ESG management maturity and identify and prevent potential risks before they occur. Where necessary, external specialist agencies may be engaged to provide review support to ensure objectivity and impartiality in the assessment process.

KD Navien shall inform suppliers of the purpose and procedures of the assessment in advance, and documentation requests shall be limited to those necessary to validate their ESG compliance. Information unrelated to ESG — including suppliers' technology and pricing — shall not be requested under any circumstances. Assessment results shall be utilized to provide improvement guidance and support to enhance suppliers' ESG capabilities.

#### 4) On-Site Audit

- Based on the results of prior risk analysis and documentary assessments, KD Navien shall identify high-risk suppliers and conduct on-site audits where necessary. Such audits are performed to gain a more detailed understanding of suppliers' compliance status and operational conditions and to proactively prevent risks. External specialist agencies may be engaged to provide support where necessary.

#### 5) Corrective Action and Monitoring

- KD Navien shall aggregate ESG assessment results to identify risks by category and establish corrective action plans in collaboration with suppliers for areas requiring improvement. Suppliers shall be advised to implement prevention and mitigation measures for identified risks in order of priority, and the progress and outcomes of improvements shall be continuously monitored to track corrective actions through to completion.

### **7. Supplier Code of Conduct**

KD Navien recognizes that building sound and trust-based relationships with its suppliers is fundamental to its corporate competitiveness, and continuously strives to foster an environment of shared growth with suppliers. To this end, KD Navien hereby establishes the Supplier ESG Code of Conduct to uphold a fair and transparent supply chain management environment.

This Code of Conduct is organized around five areas: ethical management, labor and human rights management, environment, health and safety, and management systems. KD Navien and its suppliers shall comply with all applicable laws and international norms, and shall actively work to cultivate an environment of ethical and responsible business conduct.

[\[Link to Supplier ESG Code of Conduct\]](#)

### **8. Stakeholder Communication and Transparency**

KD Navien is committed to transparent stakeholder engagement on key ESG issues across its supply chain and to upholding credibility in all its communications. To this end, the Company shall regularly disclose its supply chain ESG due diligence framework and implementation progress in accordance with applicable legal requirements and international standards.

KD Navien shall maintain an online whistleblowing channel to actively solicit concerns from all stakeholders — including employees, suppliers, and customers — and to prevent and eliminate unfair practices, improper conduct, human rights violations, corruption, and unethical behavior. Reports received shall be investigated through an independent and impartial process, and the identity and submissions of whistleblowers shall remain strictly confidential. Retaliation and any form of adverse treatment of whistleblowers shall be strictly prohibited, and violations shall be subject to strict disciplinary action in accordance with relevant regulations.

[\[Link to Online Whistleblowing Channel\]](#)

## **9. Support and Training**

KD Navien shall actively support suppliers in building their ESG management capabilities to bolster the competitive edge of its sustainable supply chain. To this end, the Company shall carry out a range of support activities including ESG training, best practice sharing, and customized consulting.

## **10. Integration into Procurement Decision-Making**

When entering into contracts with new suppliers, the Company shall conduct a comprehensive evaluation encompassing ESG factors — including human rights and labor, safety, and environment — alongside quality, finance, and operational capabilities, and shall incorporate the results into the terms of the transaction. These standards shall apply equally to existing suppliers. Where a supplier fails to meet the evaluation criteria, an improvement period may be granted and a reassessment conducted.

## 11. Addendum

- 1) Established: December 31, 2025