

SMGROUP

Ethical Management

The 4 Steps Of Practicing The Code Of Ethics

SM Group aims to implement “Creating Shared Value (CSV)”, the practice of creating new values in cooperation with each other, as a company that customers and partners want to do business with, a company that shareholders want to invest in, and a company that employees want to work for, based on our customer-oriented management philosophy we established this Code of Ethics, which are our ethical principles that govern our decisions and behavior at the company with the aim of contributing to the country and society.

Step 1.

We have clearly defined corporate ethical values and designed specific guidelines.

Ethical management is a prerequisite for sustainable growth, and forms the basis on which our company and society progresses and develops together, instead of merely making profits – we encourage employees to comply with the Code of Ethics, as our ambition is to deliver superior sustainable and profitable growth with our active society-oriented strategic plans.

Step 3.

We have established an internal system to oversee specific practices.

SM Group regularly conducts integrity campaigns related to compliance management and enhances its information security program through Ethics Management Office, which serves as the secretariat of the Ethics Committee. We also receive reports of unethical behavior from all stakeholders via the Cyber Audit Team. You will be notified of the results of your report.

Step 2.

We have specifically set out personal duties and responsibilities supporting ethical behavior.

Those who become members of the SM Group will be informed about specific guidelines with the “Compliance and Ethics Pledge” and will take an oath to fulfill their personal duties and responsibilities with ethical behavior. Instead of a formal declaration, we aim to share the honesty and integrity that the SM Group is pursuing and adopt the Code of Ethics in our daily work. The executives and employees of all affiliates under the SM Group will comply with domestic, foreign, and corporate rules and regulations; will not direct, approve, aid or tolerate violations; and will not engage in unfair acts such as unfairly taking advantage of their positions in an attempt to obtain improper profit.

Step 4.

We have established procedures to empower employees to handle ethical dilemmas and punish unethical behavior.

SM Group has set up a procedure so that if it is determined that any member of the organization has nevertheless caused controversy with unethical behavior in their business performance and private life, they are subject to severe penalties regardless of their position.

Code of Ethics for Stakeholders

| For Customers and Partners

We offer the highest quality products and services to our customers with customer satisfaction as the highest priority of our business.

We grow together with our partners by establishing good relationships with transparent and fair transactions.

| For Shareholders

We will be a trustworthy partner for shareholders, with transparent and responsible management. We will increase corporate value with management innovations and sustainable growth strategies. We will respect the rights and interests of shareholders and provide necessary information in a timely manner.

| For Employees

We will respect all employees and give them opportunities with fair standards without discrimination of any kind.

Our employees will not be discriminated against by anyone on the grounds of gender, age, ethnicity, education, race, national origin, religion, disability, or sexual orientation. We will strive to improve productivity with mutual trust and cooperation, thereby building a positive corporate culture.

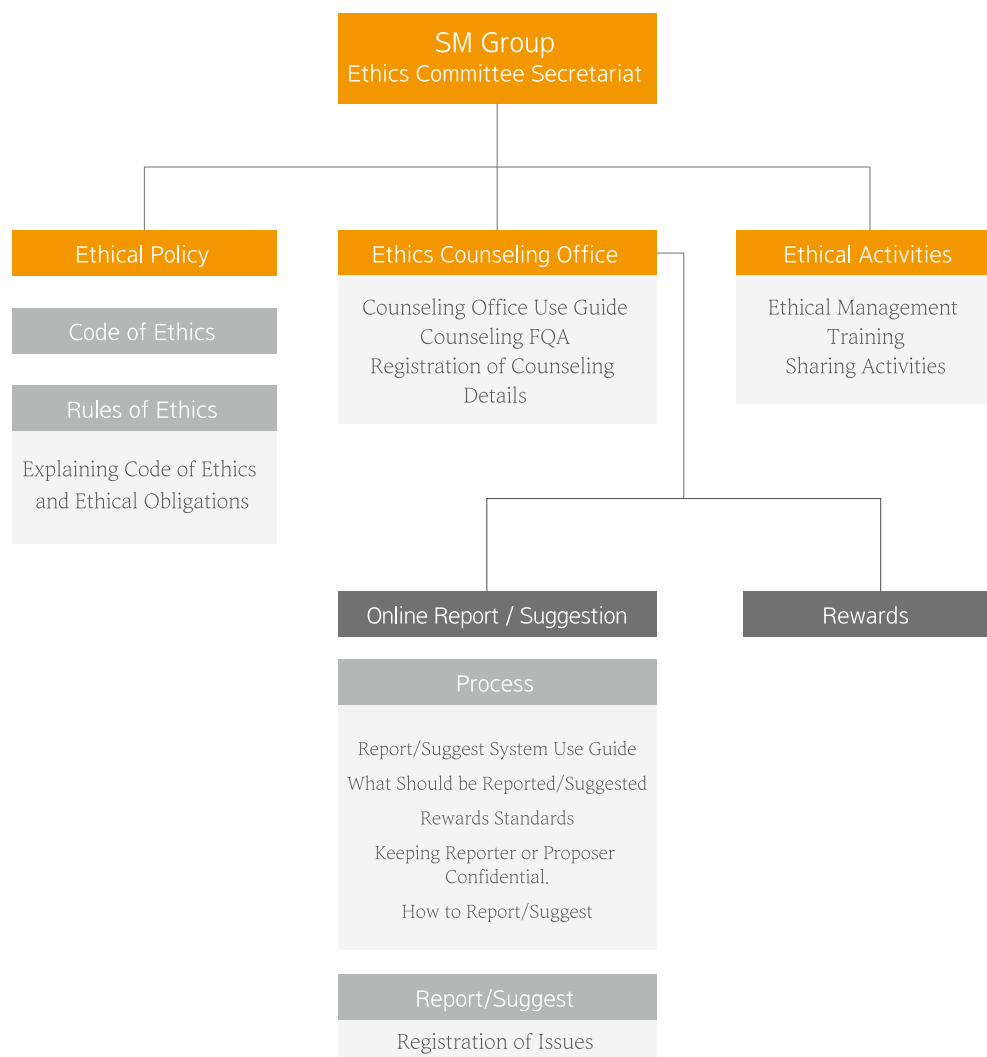
We will do our best to satisfy our employees with appropriate compensation based on fair evaluation of their capabilities and achievements.

We will comply with domestic, foreign and corporate rules and regulations; will not direct, approve, aid or tolerate violations; and will not engage in unfair acts such as unfairly taking advantage of their positions in an attempt to obtain improper profit.

| For Country and Society

We will cultivate equitable values as a company, comply with all applicable laws and regulations, and fulfill our social responsibilities and obligations. We will respect the tradition and culture of the local community and do our best for common development as a member of the local community. We recognize that the environment should be preserved by all mankind, and we will endeavor to protect nature.

Organization Chart of Ethics Committee



※ We will keep the report or notification completely confidential; no information regarding the informants' identity, contents reported, or follow-up measures will be disclosed without prior consent of the informant.

Management Ethical Training Program

The Ethical training program is the most basic and essential element in ethical management. Ethical training empowers employees to handle ethical dilemmas they encounter in everyday work. It supports ethical decision-making with the appropriate rationale; thus employees can critically analyze their own moral esteem and apply these in the actual workplace and management activities.

SM Group encourages employees to have ethical awareness through the management ethical training program, basing their decisions and behaviors on these ethical values. Our program emphasizes that employees should recognize the ethical implications of all actions, learn the nature of ethical issues and solutions, and nurture the ability to designate moral situations and dilemmas.

SM Group's management ethical training program consists of as follows:

Training Program for Ethical Decision-Making

This helps employees make sound decisions with cognitive training, using the decision-making model in moral situations.

Ethical Training Program by Division

We provide training tailored to each division as different ethical management is required for each division.

Ethics Training Program by Position

We provide customized training program depending on the position and status of executives & employees to fulfill their roles appropriate to the position.

Ethical Training Program for Stakeholders

Considering third-party risk, we strive to offer programs for various stakeholders including suppliers, sellers, distributors, and business partners.

Compliance and Implementation of Policies

SM Group adopts and strengthens a compliance management system for protecting the corporation against internal and external risks based on laws, regulations and ethics, which enable employees offering a safe and prompt response to risks.

Compliance Management System

SM Group operates the Integrity & Compliance system led by the Ethics Management Office to promote compliance management at the group level. We strive to ensure compliance with global laws and standards by means of comprehensive practices including policies, trainings, analysis and implementation. We assist our affiliates to establish a voluntary compliance culture by providing advice and support to an extent that does not inhibit the autonomous and responsible management of each affiliate.

Organizational Chart of Compliance Management System



| Mission

Prevent risks in advance with the systematic management of risk management

| Directions

- Prevent risks of all affiliates by establishing a risk monitoring system
- Enhance management transparency by empowering ethical management
- Upgrade the audit level by focusing on a business diagnosis

Code of Conduct

1 Sound and fair transactions with customers.

We respect the customers' opinions and fulfill duties and responsibilities for customer satisfaction. All trades and transactions are established fairly from mutually equal positions. Gifts, meals or entertainment shall never be requested by taking advantage of our position.

2 We never provide nor obtain unfair profits from stakeholders.

We will not make or accept unfair requests in business performance. Offering or receiving improper profits, such as monetary profits, entertainment or hospitality, is strictly prohibited. We do not take advantage of our position to force our partners to engage in unfair practices, including charging costs to the partners.

3 We safeguard the company's property and information and do not use or disclose property or information for personal profit.

We do not use the company's asset for personal use not related to the business. We will not disclose untrue or confidential company information.

4 With enhanced corporate competitiveness, we achieve customer-oriented management.

We develop customer-centered management by strengthening corporate competitiveness with fair and transparent work in each sector – quality assurance, procurement, and sales.

5 We build a sound and safe organizational culture.

We foster a corporate culture in which our employees can satisfy and meet their full potential. Employees shall protect personal dignity and company honor under ethical values to create a positive working environment with mutual trust. We and our employees shall foster a corporate culture that values mutual respect and cooperation.

6 We will do our best to preserve the environment.

We prevent environmental pollution and do not conduct business activities that violate environmental laws and regulations. We will reduce resource waste, and endeavor to develop and invest in various technologies to protect the environment, such as recycling resources and removing sources of pollutants.

7 We foster an organizational culture based on the Code of Ethics.

We will faithfully comply with the Code of Ethics as the standard for behaviors. When we are aware of any activities that actually or potentially violate the Code of Ethics, we will report these immediately.