

# **Kumyang Sanctions Policy**



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## 1. Introduction

As Kumyang people, we declare compliance with international trade regulations as our code of conduct.

We understand in advance and must comply with legal and economic sanctions, such as import and export controls, trade restrictions, and embargoes implemented by each country or international organization.

## 2. What are economic sanctions?

Economic sanctions are commercial or financial measures in which individual countries, such as the United States, the Republic of Korea, EU member states, transnational associations, the United Nations, international organizations, etc. restrict transactions with certain countries/regions/government/corporate/organization/individual in violation of international norms or national norms for the purpose of preventing war threats, human rights abuses, such as human trafficking, terrorist/criminal organizations, drug production and trafficking.

### ※ Representative forms of sanctions

- Prohibition on import/export, provision of specific goods or services
- Prohibition of business activities such as joint venture operation and investment
- Prohibition of fund transfers and remittances to and from sanctioned countries, companies, and individuals
- Freeze assets and accounts
- Travel and transportation ban, etc.

## 3. Basic principles

### (1) Compliance with economic sanctions

Kumyang members must understand in advance the economic sanctions applicable to Kumyang and strictly comply with them.

### (2) Check and implement policy compliance before transaction

Kumyang members must perform various inspections and implementation matters suggested by this policy prior to any transaction.

### (3) Suspension of transaction in case of doubt

If you have any doubts or concerns, stop trading. Even if it has already started, it must be stopped immediately.

(4) Expert assistance

If, despite checking and implementing all aspects of this policy, you are still in doubt or unsure, you must consult with the Sanctions Policy Department.

## 4. Preliminary review of trading partners

Before starting a transaction, conduct due diligence on the transaction details and transaction partner to identify the risk of violating economic sanctions in advance.

(1) Check whether the transaction partner or transaction details are related to a sanctioned country.

- Most economic sanctions prohibit all product/capital transactions with the government (overseas embassy), nationality, or material company (including all overseas subsidiaries) of the country subject to comprehensive sanctions.
- Countries subject to comprehensive sanctions can change, so confirmation is required for each transaction.

(2) Check whether the other party to the transaction is subject to sanctions.

- Even if it is not related to a country subject to comprehensive sanctions, certain groups may be included in the transaction ban or prior approval (companies, nationalities, organizations, etc.)
- Sanctioned persons are usually managed in a list, and it is necessary to check the list before transaction.

(3) Verify that the counterparty's business is not related to sanctions.

- Even if the transaction is not related to a country subject to comprehensive sanctions or the counterparty is not a sanctioned party, if the sanctioned party is involved in any part of the production process of the products or services supplied from the trading counterparty, or indirectly supplies the products or services to the sanctioned party. If you supply, you may be subject to economic sanctions (receipt of counterparty confirmation, etc.)

(4) Check and manage the list of sanctions targets through the Internet site.

**- List of Internet sites that can be checked for countries subject to comprehensive sanctions (US Treasury)**

<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>

(5) In addition to the countries subject to comprehensive sanctions above, international organizations or countries such as the United Nations may take measures to prohibit or restrict

transactions with specific targets, which are called sanctions. Those subject to sanctions include individuals, corporations, and other organizations

**- List of internet sites where you can check whether you are subject to sanctions**

- UN sanctions integrated search list  
<https://scsanctions.un.org/search/>
- US sanctions integrated search engine  
<https://legacy.export.gov/csl-search>
- EU Sanctions Consolidated Financial Sanctions List  
<https://webgate.ec.europa.eu/europeaid/fsd/fsf>

(6) Check whether the counterparty's business is subject to economic sanctions.

Even if the above two cases do not apply as a result of a preliminary review of the transaction details and transaction counterparties, our transaction is not safe from economic sanctions.

Even if Kumyang's direct counterparty is not related to a country subject to comprehensive sanctions or is not subject to sanctions, the subject of sanctions is involved in any one of the entire process processes from the supply of raw materials to the production of the product and finally selling it to consumers, or the subject of sanctions is our company. If we are the end consumer of products and services and we knew or could have known about this, we are at risk of violating economic sanctions.

Therefore, we must check in advance through due diligence whether companies subject to economic sanctions are included in the entire process of producing and supplying our products and services.

As a minimum preventive measure, appropriate measures should be taken, such as obtaining a confirmation letter from the transaction partner that it is not related to economic sanctions.

## **5. Internal Control**

(1) Basic review procedure

- As a result of prior review, if the country is subject to comprehensive sanctions or is subject to sanctions.
  - Stop trading immediately
- If not applicable
  - Transaction possible, confirmation of compliance with economic sanctions required, immediate transaction suspension and management department notification when suspicious signs occur

- Even if a country is subject to comprehensive sanctions, there is a provision to allow humanitarian transactions as an exception during economic sanctions. However, you must immediately stop the transaction and proceed with or resume the transaction again after clearly checking whether it falls under an exception or whether special conditions such as permission are imposed.

(2) Measures to be taken against the counterparty of the transaction

- Even if the transaction appears to have no risk of violating sanctions as a result of prior review, in order to prevent the risk of economic sanctions that we were not aware of, the following content must be reflected in the contract for transactions with international elements or a separate document containing the following content must be established. A written pledge must be collected from the other party to the transaction.

- Confirmation that there is no violation of economic sanctions and that there is no connection to countries or persons subject to comprehensive sanctions throughout the entire process of the transaction goods or services.
- Confirmation that economic sanctions were complied with throughout the entire transaction process and that no false information related to the transaction was provided.
- Confirmation that Kumyang will take full responsibility, including compensation for damages, in case of violation of economic sanctions.

Even though Kumyang members are aware of or could have been fully aware of the risks of economic sanctions, any of the following actions that attempt to avoid or circumvent them are strictly prohibited.

- Transactions using third parties
- Entering false information or selectively omitting information to render the prior review process meaningless.
- Even if a risky situation appears as a result of the review, in cases where an attempt is made to evade the application of economic sanctions, such as deleting or manipulating records, as well as in cases where our counterparty or a third party attempts to evade, even though Kumyang has no intention or intention to do so. Even if there was no such thing at all, Kumyang could also be subject to punishment and disadvantages due to sanctions.

## **6. No reporting or retaliation**

- Any matter that violates or is likely to violate this policy or economic sanctions laws must be immediately reported to the management department.
- Regardless of who is in charge, all Kumyang members are required to report.
- Kumyang strictly protects the identity of the reporter and prohibits any form of retaliation, discrimination, or intimidation.

- Those protected by Kumyang include all persons who have reported violations or suspicions of violation of this policy, persons who have expressed their intention to report, persons who have cooperated with the report, and persons who have participated in or assisted in the investigation.
- Kumyang will not take any disadvantageous measures against anyone who reports in good faith a reasonable suspicion of violation of this policy, even if it is ultimately confirmed that there was no violation.

## **7. Consequences of violating this policy**

- Violation of this policy may also constitute a violation of the code of conduct and employment contract, which may result in disciplinary action, such as dismissal.
- Any violation of this policy by the other party to the transaction will be considered a violation of the contract and may result in significant business disadvantages, such as termination of the business relationship, including termination of the contract or compensation for damages, and deprivation of future business opportunities.
- Violation of economic sanctions, along with violation of this policy, may cause the corporation and all Kumyang members to suffer enormous, irreparable damage, and violation of economic sanctions by the other party to the transaction may result in direct disadvantages such as administrative and criminal punishment. Of course, it could also cause enormous damage to our business relationship.

**“Kumyang values compliance with international trade regulations more than business interests.”**