

# Sustainable Procurement/ Purchasing Policy

## Pohang University of Science and Technology (POSTECH)

### 1. Environment sustainable Policy - 'Unusable Asset Recycling Policy'

POSTECH has implemented 'Unusable Asset Recycling Policy' to sustain environmental sustainability. This policy allows for the disposal or elimination of unusable assets after confirming their recyclability.

This policy is detailed in the 'Detailed Implementing Rules of Asset Management Regulations'.

#### A. Standard for the Decision for Unusable Asset

- i. Asset that cannot be used at all and is not likely to be used in the future (surplus asset)
- ii. Asset that is held as inventory in excess of demand for a certain foreseeable period of time (excess asset)
- iii. Original equipment that is unusable, or parts for the original equipment that was lost and is not likely to be acquired
- iv. Asset that cannot be used for its original purpose even after repair since the specification or model has been modified
- v. Asset that cannot be utilized since it has been removed from the facilities
- vi. Asset that cannot be used for its original purpose even after repair since it is damaged or worn-out
- vii. Asset whose repair is not economical
- viii. Asset attached to facilities without use value
- ix. Waste material produced in the course of business performance not worth utilizing

#### B. Classification of Unusable Assets Based on Condition

Unusable assets shall be classified as follows depending on the condition of each asset:

- i. When making a decision for unusable assets, the condition of each asset shall be determined based on the status classification (C1: New asset, C2: Used asset, C3:

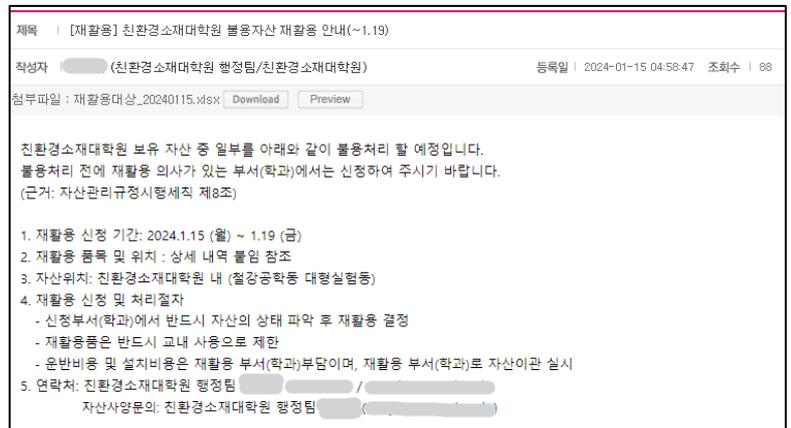
Waste asset and scrap iron).

- ii. The person in charge of checking the unusable asset and making a classification shall be the person in charge of asset management in the operations department.

### C. Decision Procedure for Unusable Assets

The following procedures shall be observed:

- i. In case some assets managed and used by an operations department are deemed unusable based on the decision standard and idle facilities, the head of such department shall first check if such assets may be usable in other departments and -- if such is the case, if there are requirements -- make a classification based on the condition of such assets based on the status classification (C1, C2, C3) and report through POVIS pursuant to the provision of the regulations on arbitrary decision making.



[Posts on Unusable Asset Recycling through the POVIS(POSTECH Portal site) Bulletin Board]

[Example of notice on the recycling of unusable asset]

- ii. The head of the general management department shall take actions for the processing of unusable assets as requested and notify the head of the operations department of the result of the processing.

#### D. Return

The head of the operations department shall return the assets for which approval was given for the decision on unusable assets; the returned assets shall then be donated, rented, sold, scrapped, or recycled after the general management department determines their condition and approves of such.

## 2. Ethical Responsibility and Fairness Policy

POSTECH has established a purchasing policy related to ethical responsibility to prevent unfair dealings with suppliers. Additionally, POSTECH strives to fulfill its social responsibility through initiatives such as the introduction of 'Subcontracting Co-payment system' and prioritized contract agreements with social enterprises.

### ① Unfair Trade Prevention Procurement Policy

#### - 'Ethics Compliance Pledge'

The company wishing to register as a supplier for POSTECH is required to submit an 'Ethics Compliance Pledge'.

공급사 윤리준수 서약서	
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회사명 :	
주 소 :	
대표자 :	(인)
포항공과대학교 귀하	

[Ethics Compliance Pledge]

- **Systematized Supplier Assessment**

POSTECH has institutionalized supplier performance assessment in accordance with the 'Contracting Regulations' specifically within the section detailing the 'Duties and Responsibilities of the Person in Charge of Contracts' in order to ensure fairness.

- i. The person in charge of contracts shall comply with the relevant laws and regulations at POSTECH, and while saving total costs by developing various purchasing strategies, shall simultaneously promote the optimum supply base through supplier performance evaluation and seek means of joint development with suppliers.
- ii. The person in charge of contracts shall not engage in any act of retaliation against suppliers such as ceasing business or imposing unreasonable sanctions for the suppliers' reporting of unfair transactions, negotiating for subcontract transaction-related dispute mediation and or raising concerns to contract provisions.

② **Social responsibility-Related Procurement policy**

- **'Subcontracting Co-payment system'**

POSTECH has introduced 'Subcontracting Co-payment system' to enhance the cash flow of small construction companies and fulfill social responsibility.

The 'Subcontracting Co-payment system' operates to protect small and medium-sized enterprises (SMEs) in the construction industry. This payment system is designed to make payments to subcontractors without going through the contractor, utilizing a deposit account at a designated bank. The subcontractor secures payment reliably, and the ordering institution can verify the payment status through this system. This payment method has been increasingly adopted by many public institutions and large corporations.

Construction projects often involve multiple subcontract agreements, and even when the ordering entity pays the fees correctly, disputes may arise between

the contractor and subcontractor. Particularly in construction projects conducted by POSTECH, many subcontractors are small local businesses, and any crisis in these enterprises can have a cascading effect. In such cases, the local economy may also be affected.

To address this, POSTECH has implemented the 'Subcontracting Co-payment system' for construction projects. Under this system, the university pays the contractor through a designated bank, and the subcontractor is paid on the maturity date through a deposit account.

POSTECH is fulfilling its social responsibility as a university by protecting SMEs.

- **Pro-Social Procurement Policy**

POSTECH allows private contracts in the following circumstances:

- i. When purchasing goods that have been manufactured by a small and medium company pursuant to the Korean Act of Small and Medium Enterprises promotion, and have obtained quality certification in accordance with the government institutions and related laws.
- ii. When purchasing or renting goods directly manufactured by a welfare factory in a rehabilitation village designated by the Minister of Patriots and Veterans Affairs or when having them manufacture, sell or rent goods.

It means that POSTECH is prioritizing the consideration of contract agreements with social enterprises.