

# **Ethics Action Guide**

2019-7-1

**SK hynix system ic ( Wuxi ) Co., Ltd**

## Chapter 1 General Rules

### Article 1 (Scope of Application)

This code applies to members of SK hynix(hereinafter referred to as 'company').

### Article 2 (Policy)

This guideline aims to set a judgment yardstick for decision-making related to ethical conflicts that can occur in the process of performing work, so that members can precisely understand the ethics code and put it into practice.

### Article 3 (Ethical Decision-Making and Act Principles)

Members should judge and act according to the following decision-making principles.

- A. Lawfulness : Can their acts be interpreted as violation of laws or company rules?
- B. Transparency : Can they reveal their decision-making processes and contents?
- C. Rationality : Would other members make the same decisions in the same situations?

### Article 4 (Definitions of Terms)

The meanings of the terms used in this guideline are as follows.

- 1. Bribe : Bribe includes any and all gains from assets, such as money, stocks and bonds, property, other goods, vouchers, membership, invitation, admission ticket, other gift vouchers, offering of conveniences and hospitality, and other tangible and intangible economic gains, such as debt repayment, job offer, or offering of an advantage over others in any situation
- 2. Entertainment : Providing or receiving meals, feast, golf, performances, domestic and overseas tours, and speculative entertainment

3. Conveniences : Benefits other than monetary gift and entertainment, such as transportation, accommodation, sightseeing and event assistance
4. Relatives : Cousin to the Employee or Employee's Wife
5. Stakeholder : individuals or groups whose rights or profits are directly and indirectly affected by the execution of jobs(customers, members, stockholders, BPs, local communities, the nation, and government official etc.)
6. Embezzlement of Public Money : To steal public money for one's own property
7. Misappropriation of Public Money : To use public money for private purposes
8. Property Drain : To take out company property to use for private purposes or sell it without permission
9. Use for other Purposes : To use company facilities, machines, materials and other items for private profit-making
10. Negligence : To cause losses to the company by not executing duties with responsibility
11. Bad Working Attitude : To arrive late or to be absent from duty, to leave intentionally or habitually, or to treat attendance and absence irregularly
12. Careless Management and Supervision : To cause losses to the company by not executing the duty to take caution as a manager
13. Unreasonable Work : A. Not to do what naturally should be done or to do what should not be done, to give advantages or disadvantages to certain Stakeholder  
B. To delay, disturb, assist or instigate some work, or make a false report to give advantages or disadvantages to certain Stakeholder
14. Arrogation : breaching another person's authority by being involved in matters beyond one's authority and executing jobs that should not be done considering one's position or responsibility

15. Sexual Harassment : Shaming another person with words or action

16. Personal Information : a list of information on a living individual with which an individual can be identified including a person's name, resident registration number, and image(any information that can be combined with others to identify a person even if such information alone is insufficient)

17. Lectures Outside the Company : Any activities by a current employee such as giving lecture and seminar, contributing to media outlets, attending public hearing, being a panel at an event or offering counsel at other forms of meeting by using information and knowledge gained from the company

18. Norms : Norms is what is considered to be acceptable and does not seem to violate relevant laws under the similar circumstances by collectively considering venue, purpose, scope of participants and participant's social position, internal standards and financial capabilities of the host

## **Chapter 2 Receiving Rewards from or Providing Rewards to Stakeholders**

### **Article 5 (Improper Solicitation)**

Any employees should not solicit or accept an offer which requires improper acts, including acts described below, and perform jobs in favor of stakeholder or a third party against the company regulations or relevant laws and against business practices that are considered to be norms and therefore interferes with legitimate practices.

- Act that influences making decision on human resources, such as hiring, evaluation of people- Requesting or accepting a job offer in the future- Guaranteeing a contract or similar remuneration to interested parties- Asking for or brokering a favor for personal gains

### **Article 6 (Accepting or offering Money or Any Gifts)**

1.Regardless of purpose, any job related favors by stakeholders in forms of money, such as donations, sponsorship, or bestowal offered or requested, is not acceptable. However, the followings are exceptions.

- Souvenirs and goods given to people at the event as a promotion as a norm- Any gift or financial reward given to members by a superior(or a head of an employee's organization/function) as a sign of encouragement or condolences-Acceptable Farewell gift between employees in occasion such as retirement•transfer- Acceptable amount of money or gift based on the idea of offering congratulations or condolences to one other in time of need or celebration- Gifts or money given as a sign of celebration or condolences in special occasions for the purpose of smooth job execution or social•courtuous•consoling reasons, can be given within the limit the relevant law permits

2. Employees themselves should not notify the BP of their or their co-worker's special occasions(weddings, funerals) or receive money from BP. If BP somehow finds out about the occasion and offered flower arrangements specifically made for the occasion or money for celebration or condolences much more than what is socially acceptable, then those must be returned politely.

3. If a stakeholder offers gifts of any kind, employees must turn down the offer or return such gift in a polite manner. Even if employee found no choice but to receive such gift, it shouldn't be kept as personal belonging and the employee should notify Ethical Management organization and use the gift as a company asset to put on display within the company or use it to make social contributions.

## **Article 7 (Entertainment)**

1. Employees should not ask for, receive, request, and make promise on any form of entertainment. But in the following exceptional cases, it is allowed.

- Socially acceptable business lunch/dinner with BP to enable smooth job execution- Food or drink offered to all participants without exception by the host in formal events within the acceptable level- Food or drink offered to government officials for the purpose of smooth job execution or social•courteous gesture•condolences as long as the relevant law permits

2. The cost from the lunch/dinner with BP will be covered by the company as a principle. However, if it is inevitable to split the expense between the two, or if BP solely covers the expense, then it must be approved by the superior(the head of the employee's organization/function).

3. Cases such as incurring more than socially acceptable expenses from meals, entering an adult entertainment establishment, and playing golf are all prohibited.

#### **Article 8 (Offering of Conveniences)**

Employees should not ask for, receive, request, and make promise on any form of conveniences. However, there is an exception when transportation•accommodations•food & drink are given to all participants at a socially acceptable level.

#### **Article 9 (Lending Money by Any Means, Such as Exemption of Liabilities, Repayment, Payment Guarantees)**

1. Employees should not ask for or receive exemption of liabilities(bills, loans, interest, etc.), repayment, or guarantee(regardless of the type of loan provider).

2. Employees should not receive or lend asset of any kind to shareholders, and any such act, whether it be signing an agreement, or paying or receiving interest or lease, are considered violation.

#### **Article 10 (Limitation on Employees' Spouses and Relatives on Accepting or Asking for Favors)**

Not only employees but also spouses and relatives of the employees are prohibited to receive or give favors to stakeholders as stated in the Chapter. 2, therefore, employees must be cautious at all times to ensure such acts does not occur.

### **Chapter 3 Conflict of Interest with the Company**

## **Article 11 (To do Business with the Company in the Name of the Employee, Employee's Spouse, or Employee's Relative)**

1. Business activities with the company in the name of the employee & spouse, relatives are prohibited. However, there is an exception when such has been approved prior to the event by the Ethical Management organization.

- When the employee, employee's spouse, relative buys company asset under their own name-  
When asset of the employee, employee's spouse, employee's relative is sold to the company

2. Whether or not transaction occurs or not, if the employee or employee's spouse, or employee's relative is an affiliate of BP, for instance, if they have controlling stake in BP(supplier, agency, retailer etc.), or has the role of an executive(president•auditor•key personnel), it should be known to the Ethical Management organization.

## **Article 12 (Joint Investment with Stakeholder and Acquisition of Joint Property)**

Employee, employee's spouse, and employee's relative cannot acquire assets, such as movables and real properties(including condominium, golf or health club membership, and joint venture business) through joint investment with Stakeholder, regardless of the purpose. Even regarding acquisition in the name of others, assets of actually shared ownership are considered joint investment with Stakeholder.

## **Article 13 (Investment on BP)**

Personal investment on stakes and bond of the BP which has the potential risk to affect independent decision-making related to job or proper execution of job is prohibited as a principle.

## **Article 14 (Private Use of Secret Information)**

Members cannot trade interests such as stocks and securities by using secret information that was obtained while working, and cannot provide consultations about them or perform any acts affecting them.

## **Article 15 (Having a Dual Role or Post in other Companies)**

Employees cannot be involved in additional jobs or activities that has the potential to affect proper execution of job or affect independent decision-making related to job. An exception can be made, however, when the member obtains an approval in advance and the company sees the need. A member can hold a dual post in the investor or related company but if compensation arises from it, he should consult HR. If employee has a dual role or position at other companies without the approval of the company, it must be notified to the Ethical Management organization for review•approval.

## **Article 16 (Outside Lecture)**

1. When a member gives a lecture outside the company using information and knowledge obtained while working at the company, the member should seek an approval from the superior(head of an organization/function).
2. As a principle, a member should not receive a fee of any kind for the external lecture given outside of the company. But if a member receives such fee, 50% of the fee should be returned to the company so that it can be used for other purposes including making contribution to the society.

## **Article 17 (Company Human Resources Leak)**

Members should not condone the leakage of another member's personal or contact information, or introduce them to recruiters.

# **Chapter 4 Improper Use of Company Assets**

## **Article 18 (Company Property and Information Leak)**

1. Embezzling and misappropriating company money and taking out company property, and using it for other purposes causing losses to the company, is banned.



2. Company information and business secrets must not be revealed or provided inside and outside without a prior approval.
3. All stakeholders' bidding, technology, operation secrets and personal information shall not be leaked or open to the third party.

#### **Article 19 (Wasting or Using Company Budget for Personal Benefit)**

1. Improper use of budget must not occur in executing company asset such as assigning budget for investment and expenses.
2. Company budget must not be used for personal purpose, and must be properly used based on the purpose, and also, false evidence of the use of budget must not be used.
3. Any expenses incurred must be covered by the use of corporate credit card as a principle, and corporate credit card should be used accordingly based on the regulation on the use of corporate card management and guidelines. In particular, corporate credit card should not be used at a place and time or situation that is not related to work and any improper use, such as advance payment is not allowed.

#### **Article 20 (Proper Use of Social Network Service (SNS))**

1. Members shall not post on SNS any material can infringe upon company's confidential and proprietary information.
2. Members shall not engage in illegal acts such on SNS including, but not limited to slander, violation of human rights, leakage of personal information, and distribution of obscene materials.

### **Chapter 5 Acts that Undermines the Formation of a Sound Corporate Culture**

#### **Article 21 (Negligence and Bad Attendance)**

Members should not cause the company losses through negligence, bad attendance, careless management and supervision, unreasonable work execution, arrogation and not taking their responsibilities or abusing power.

#### **Article 22 (False Reports)**

Members should not cloud decision-making and judgment of internal and external stakeholders, or make them misjudge by hiding•downscaling•exaggerating•omitting something in the document or numbers or delaying the proceedings of documents.

#### **Article 23 (Unreasonable Acts Among Members)**

Members shall not harm a sound corporate culture with unreasonable job instructions, personal favors by abusing one's authority or position, verbal and physical abuse, or inflammatory entertainment.

#### **Article 24 (Sexual Harassment)**

Members shall refrain from following behaviors that trigger sexual humiliation.

- Inappropriate physical contact such as touching a particular part of the body without consent- Making improper jokes or using vulgar language- Sharing or posting obscene images with others- Forcing to serve alcohol or dance at company dinner, workshop, or group events- Other illicit behaviors that could cause sexual humiliation

### **Chapter 6 All Other Acts that May Potentially Damage the Member's Dignity and Taint the Company's Honor**

#### **Article 25 (Undermining the Dignity of a Member and the Company)**

1. Members should bear in mind that their words and behaviors represent the company, and do their best to maintain the credibility and reputation of the company.

2. Members shall execute their jobs honestly and fairly following the laws, company regulations and their conscience, and should not perform or order any unethical acts(gambling, sexual offense, violence, fraud etc.) that may damage a person's dignity and taint the company's honor.

## **Chapter 7 Compliance of Ethics Practice Guideline**

### **Article 26 (Responsibility to comply with Ethics Practice Guideline)**

1. Members have the responsibility and obligations to comply with Ethics Practice Guideline.
2. The leader of the organization has the responsibility to support and oversee the organization by take the lead and becoming an example by complying with Ethics Practice Guidelines so that members and relevant stakeholders can properly understand and comply with Ethics Practice Guidelines.
3. Anyone violating Ethics Practice Guideline will be subject to disciplinary action based on relevant rules and regulations.

## **Additional Clauses**

### **Article 1 (Time of Enforcement)**

1. This ethics code practice guideline is enacted and enforced from July 1, 2013.
2. This ethics code practice guideline is revised and enforced from September 1, 2014.
3. This ethics code practice guideline is revised and enforced from October 1, 2015.
4. This ethics code practice guideline is revised and enforced from October 1, 2016.

## Article 2 (Interpretation)

If this guideline has no concrete and clear stipulations and is difficult to make clear judgments, it is good to consult with a department in charge of ethical management and to follow its interpretation.