

# Practice Guidelines on Code of Ethics

Enacted on 9 Nov 2007

Amended on 1 Jul 2009

Amended on 1 Jan 2019

## 1. General

### (1) Purpose

The purpose of this Practice Guidelines on Code of Ethics is to establish the criteria for judgment of ethical values and behaviors that all employees shall adhere to by defining the matters required for action plans and reporting procedures against the acceptance and offer of money and other valuables (money and gifts), entertainment, hospitality, and accommodation, and wrongful acts using their duties or positions.

### (2) Scope

These Guidelines shall apply to all and any employees (including part time employees) affiliated with Handok (hereinafter called "Company").

### (3) Definitions

#### 1) Money and other valuables (money and gift)

It refers to marketable securities, such as cash and cheque, and items and other economic interests paid in exchange for nothing.

#### 2) Entertainment and hospitality

It refers to meals, drinks, sports (golf, etc), recreation, and enjoyment.

#### 3) Convenience

It refers to any other assistance activities, such as transportation, accommodation, event supports other than money and other valuables and entertainment/hospitality.

#### 4) Complainant

It refers to all employees that are obliged to file complaints in connection with the giving and acceptance of money and other valuables, and its awareness.

#### 5) Stakeholders

It refers to all natural persons, entities and organizations whose rights and interests are affected by the act or decision making in connection with work. It may be classified into external stakeholders and internal stakeholders if



needed, according to each of provisions. Unless otherwise classified, it refers to both external and internal stakeholders.

- (4) Obligation for Compliance and Responsibility
  - 1) All employees shall be aware of and comply with the guidelines, and be held accountable for any violations against this.
  - 2) Chief Executive Officer may require all employees to complete and submit 'Declaration for Code of Ethics' in order to be bound by Code of Ethics that is the basis of transparent and ethical management.

## 2. Fair Job Performance

- (1) No unjust arrangement and solicitation
  - 1) All employees shall not engage in any acts that would interfere with fair job performance through arrangement and solicitation from other employees to gain improper advantages.
  - 2) All employees shall not allow others to request HR officer to use unfair influence against human resource affairs, such as their employment and promotion, and transfer. In addition, they shall not be unfairly involved in human resources affairs of other employees using their positions or duties.
- (2) No discrimination and no conflict of interest at work
  - 1) All employees shall not prefer or discriminate specific individuals or organizations for reasons, such as regionalism, school relations, and kinship.
  - 2) All employees shall report to line director and HR Director if any of the following stakeholders is related to their jobs. In addition, if any individual under any of the following categories is or may be arranged to the internal reporting line, he/she shall report to HR Director.
    - A. employee and the spouse, their lineal ascendant and descendants, and up to first cousins of the employee
    - B. Any individuals or organizations that are found difficult to perform fair job due to the relationship with kinship, regionalism, and school relations.
  - 3) Pursuant to Subparagraph 2), HR officer that is notified of the fact shall decide the retention of the employee work in discussion with Ethical Management Officer in consideration of any of the following if needed. According to the result of the decision, if work performance is not found to be appropriate, HR Director shall report to CEO and take the appropriate actions, accordingly.
    - A. Extent of conflict of interests
    - B. Impact of the applicable employee on the relevant work

- C. Internal and external sensitivity and difficulty level of work
- D. Extent of impact of conflict of interests with fairness of work

- (3) Increased transparency of budget execution
  - 1) All employees shall not cause any damages to property by misusing the allocated budget for work except as allowed.
  - 2) All employees shall comply with approval process according to the Company's approval regulations when handling the executed costs and shall be always aware that they should be liable to any property damage arising out of non-compliance with the regulations.
- (4) Handling unfair orders and requests
  - 1) All employees shall not order or request subordinates to violate any laws and regulations using their duties or position.
  - 2) As stated in Paragraph 1), the subordinates that are ordered to engage in the act that would substantially interfere with fair job performance can explain a reason to the superior and may choose not to follow the order. If despite the non-performance, the same order or request continues, the subordinate may seek consultation with Ethical Management Officer or report to CEO.
  - 3) Ethical Management Officer that consulted the subordinate as stated in Paragraph 2) shall report it to CEO and notify to HR Director immediately if the cancellation or amendment of the order is required at his/her discretion. CEO shall take an appropriate action.
  - 4) All employees shall not be subject to any discrimination or penalty for the reason for non-compliance pursuant to Paragraphs 1) and 2).
  - 5) The explanation as stated in Paragraph 2) may be done by means of the attached Appendix #1 Form or the equivalent method.

### 3. No gaining or offering improper advantage

- (1) No giving and acceptance of money and other valuables, and economic interests
  - 1) All employees shall neither give nor accept money, gifts, or economic interests provided by the business partners or external business stakeholders, except for any of the followings:
    - ① gifts, transportation and accommodation or meals provided for all attendees during the public events related to work
    - ② Souvenirs or promotional materials distributed to unspecific individuals
    - ③ Food and gifts worth up to KRW 100,000 provided at the customary level during the national holidays including Lunar New Year's Day or Korean Thanksgiving Day

- ④ Money and gifts worth up to KRW 100,000 for congratulations and condolences
  - ⑤ Any convenience, such as meals, transportation and accommodation with up to KRW 50,000/person provided during work in case of unavoidable situation.
- 2) All employees shall neither provide nor accept/give money, gifts, or economic interests one another in any event, except for any of the followings:
    - ① Gifts worth up to KRW 50,000 provided to co-workers at the same job title or lower in the Company
    - ② Expenditure and gift worth up to KRW 100,000 for congratulations and condolences in the Company
    - ③ Gifts worth up to KRW 50,000 provided publicly during the team or department meeting
  - 3) Notwithstanding Paragraphs 1) and 2), all employees shall not engage in acts of giving and acceptance of money, gifts, or economic interests that would be deemed inappropriate acts according to social norms, such as during, right before or after purchasing, agreement, audit, job performance review and evaluation.
  - 4) Any acts of giving or accepting money by a spouse of an employee, their lineal ascendant and descendants, and close family members or acquaintances shall be considered the acts of the employee.
  - 5) Under the unavoidable circumstances, any giving or acceptance of money or economic interests shall be reported to the line director within 3 days of the giving and acceptance whether it is returned or not and reported to Ethical Management Officer using Appendix Form #2.
  - 6) If the employees are not aware of the delivery of money or think that it is hard to return it, they shall report to the line director and then, submit Appendix Form #2 the Ethical Management Officer. Ethical Management Officer shall return it directly to the giving party within 10 business days after fully explaining the intent of ethical management.
  - 7) If it is practically hard to return as stated in Paragraph 5), only ones that are not expensive or luxury items may be used for the purpose of public interests-helping the needy neighbors- as part of corporate social responsibility as decided by Ethical Management Committee
  - 8) Ethical Management Officer shall report to CEO the reporting details under Paragraphs 5) and 6) and the details of use as stated in Paragraph 7), and notify to HR Director.

- (2) No giving and acceptance of entertainment and hospitality
  - 1) All employees shall not give and accept any entertainment and hospitality provided by the business partners or stakeholders, except for meals worth around KRW 50,000/person for effective work cooperation and discussion.
  - 2) Notwithstanding Paragraph 1), any acts of giving and acceptance shall not be allowed if it is possible to be deemed inappropriate act according to social norms, such as during, right before or after purchasing, agreement, audit, job performance review and evaluation.
  - 3) Basically, any meeting in connection with work shall occur within the company. Under inevitable circumstances, any efforts shall be made to prevent the turning of any external meeting into entertainment and hospitality.
  - 4) Upon inevitable acceptance of entertainment and hospitality in connection with work, it shall be reported to the line director within 3 business days and submitted to Ethical Management Officer using Appendix Form #3. In particular, any entertainment and hospitality that occur at luxury entertainment establishments, such as hostess bar, karaoke bar, golf course, casino, steam bath house, massage parlors must be reported.
  - 5) Any acts of giving or accepting entertainment and hospitality by a spouse of an employee, their lineal ascendant and descendants, and close family members or acquaintances shall be considered the acts of the employee.
  
- (3) No convenience offering, giving and acceptance of wrongful acts using position and duty
  - 1) All employees shall neither give nor accept convenience offering, except for the same facilities, meals and transportation due to the participation in the programs, such as formal education and training programs and events.
  - 2) Gaining of marketable securities (stocks or bonds) or real estates from business stakeholders without payment shall be deemed giving and acceptance of money and other valuables. If any movable assets or real estates are obtained at lower values than reasonable ones, the balance of the normal values shall be deemed the acceptance of money and other valuables. In this case, the normal values shall be defined as fair market values between the transaction parties without special relationships.
  - 3) Any mortgages or the lease of assets shall not be offered from business stakeholders for the sake of convenience or profits.
  - 4) If the business stakeholders pay or reimburse credit card bill, credit payment or loans on behalf of the employees for no good reason, they shall be deemed the acceptance of money and any other valuables.



- 5) Borrowing money from the business stakeholders shall be deemed acts of acceptance and receiving money and any other valuables, except for borrowing of money from nationally recognized financial institutions according to fair methods and procedures.
  - 6) Any guarantees for the future, such as education/training, job placement, and execution of an agreement offered by the business stakeholders shall not be accepted.
  - 7) If it is highly possible that the position of employees (e.g. agreement approver, the individual with the right to audit and inspection, reviewer/approver of budget expenditure) affects the business, special caution shall be required.
  - 8) Any giving convenience and any acts of giving or accepting, such as wrongful act by a spouse of an employee, their lineal ascendant and descendants, and close family members or acquaintances shall be considered the acts of the employee.
- (4) No improper offering, such as money and other valuables, and excessive hospitality
- 1) All employees shall not offer to the business stakeholders any improper money and other valuables or economic interests in any forms directly or through intermediaries.
  - 2) In particular, regarding the relationship between healthcare professional organizations, medical institutions or healthcare professionals, all employees shall comply with the applicable laws and regulations, including Pharmaceutical Affairs Act, Fair Competition Code, and Compliance program; regarding government officials, such as the government agencies, public organizations, and the press all employees shall comply with the Anti-Corruption and Anti-Graft Act.
  - 3) Any acts of accepting expensive payment exceeding a normal level in exchange for normal level of goods and services shall not be obtained from the stakeholders. In this case, "normal level" means the reasonable market values between the transaction parties without special relationship.
  - 4) All employees shall avoid hospitality in the places that would be blamed in a social and ethical manner to prevent the damage of the company's reputation for ethical management.
- (5) No wrongful acts using the information related to work
- 1) All employees shall neither buy the stocks of the company using the non-disclosure information obtained in connection with work, nor disclose the information to the third parties.



- 2) All employees with possible rights and interests related to work shall not retain the stocks of the business partners.
- 3) Any acts of purchasing stocks through a spouse of an employee, their lineal ascendant and descendants, and close family members or acquaintances shall be considered the acts of the employee.

## 4. Donation and Sponsorship

- (1) Basic principles of donation and sponsorship
  - 1) The purpose of donation and sponsorship is to support and sponsor the activities for charity, academic research and education/training, community volunteering, industrial development, and public interests.
  - 2) None of donation and sponsorship shall be used as the means to exert the influence on the promotion of the business interests or favorable opinion to the company. In particular, any acts of donation just before, during or just after negotiation shall not be allowed without reasonable and good reasons.
  - 3) The scale, type, and form of donation and sponsorship shall be determined after review according to the internal approval policy as well as the applicable laws and regulations at a reasonable level to be fit for its purpose. Donation and sponsorship shall be managed closely by the designated department to ensure transparency and fairness.
  - 4) Only beneficiaries, such as charity organization, political party, and community organizations shall be formally established with business license number or unique identification number. In addition, before donation and sponsorship, the qualification for each department of the organizations (legitimacy of donation organizations, any direct influence on the business of the company, and any involvement in corruption etc) shall be reviewed. If not qualified, donation and sponsorship shall be stopped.
  - 5) The supporting documents for qualification in connection with donation and sponsorship shall be made available. The process shall be transparent and fair.
- (2) Donation for the purpose of charity
  - 1) Handok may make donations to any medical care institutions, schools, academic/research or industry - university collaboration organizations or associations for the medical/pharmaceutical, education, and charitable purposes.
  - 2) Donations of medicinal products/medical devices shall be subject to "Fair Competition Code on Pharmaceutical Trade" and "Fair Competition Code on



Medical Device Trade". The detailed procedures shall be defined in separate regulations.

## 5. Creation of Sound Working Conditions

### (1) Limitation of external lectures

- 1) If employees wish to hold panel forum, presentation, symposium, seminars and lectures (hereinafter called "lectures") that are not directly related to work performance, they shall report the plan for lecture and the contents of lectures to and obtain approval from the line director and HR department in advance, using Appendix Form #5, unless otherwise allowed by other applicable laws and regulations. The HR department receiving the report shall seek any opinion from the relevant departments (medical, legal and PR departments) according to the contents of lectures, if deemed necessary. HR Director shall collect the details related to such lectures and report to CEO on a regular basis.
- 2) The amount of remuneration paid for employees through lectures as defined by Paragraph 1) shall not be paid more than at reasonable level that generally applies to external lectures.
- 3) Basically, lectures shall be contributed to the company and public interests, and are not allowed only for personal interests. In addition, in relation to the lectures, company can modify the contents of the lectures as appropriate or ban the lectures for some reasons, such as possible disclosure of the company's confidentiality or the tarnish of the company's reputation, or interference with the working hours of the employees.

### (2) Protection of company assets

- 1) All employees shall not be allowed to use the company owned assets, such as office cars, any business or office supplies and other movable assets and real estates for personal purpose or take benefits from using them without good reasons.
- 2) A series of process and know-how related to major business planning and promotion shall be maintained using internal knowledge system and electronic document management system on the intranet, and care shall be paid to confidentiality.

### (3) Fostering of sound organizational culture

- 1) Employees shall not form factionalism or arrange for private groups based upon regionalism, school relations, and kinship.

- 2) Employees shall not engage in any speculative acts, such as gambling or betting within the company. Even outside the company, they shall not do any speculative acts that would lead to the damage of the company's reputation beyond social norms.
- 3) To create sound organizational culture, employees shall be not allowed to do any seductive behaviors and sexual humiliation to the other employees as defined by the following:
  - ① Physical contact with specific body parts on a purpose
  - ② Any sexual metaphors or judgment against the appearance of others
  - ③ Any acts to force drink services to specific persons or induce sexual humiliation during gatherings, such as team dinner.
  - ④ Any jokes or talks that are obscene and cause sexual humiliation
  - ⑤ Any acts to arise sexual humiliation against others in the reasonable judgment of a person with common sense

## 6. Report and Handling Procedures on Unethical Behavior

- (1) Report on violation against Code of Ethics
  - 1) Anyone can report to Ethical Management Officer or CEO upon the awareness of or the receipt of the order for unethical behaviors or violation of employees against Code of Ethics.
  - 2) The report as defined by Paragraph 1) shall be done by means of Appendix Form #6 or "Handok Transparency Management Center(=an anonymous reporting system)" in the company's website ([www.handok.com](http://www.handok.com)) or "Talk with CEO" on the intranet.
  - 3) Ethical Management Officer shall report any violations reported CEO along with the attached explanation reports and other supporting documents regarding the violation reported pursuant to Paragraph 1) and notify to HR Director.
- (2) Protection of complainant's status and confidentiality
  - 1) CEO and Ethical Management Officer shall keep the personal information of the complainant and the details of the complaints in strict confidence and the complainant shall not be under any discrimination or penalty due to their reports.
  - 2) Notwithstanding Paragraph 1), the complainant that is under discrimination or penalty may seek any protective measures and remedies against penalty from Ethical Management Officer or CEO, and Ethical Management Officer or CEO shall take appropriate actions, accordingly.

- (3) Audit and training for compliance with Code of Ethics
  - 1) Ethical Management Officer shall perform audit against implementation and compliance of Code of Ethics at least once per year and report the operation status to CEO and board of directors.
  - 2) Ethical Management Officer may perform ad-hoc audit as required from time to time, such as during vacation or before and after national holidays in addition to regular audit as defined by Paragraph 1).
  - 3) Ethical Management Officer shall run a training program on compliance and implementation of Code of Ethics for employees at least once per year.
  
- (4) Awards and Disciplinary Actions
  - 1) CEO may take necessary actions, such as disciplinary actions against employees who go violation against Code of Ethics, and types, procedures and effect of the disciplinary actions shall be subject to the rules of employment.
  - 2) Since the whistleblowing is a critical factor to protect company from greater risks in advance, CEO may decide rewards for the complainant considering the importance of the reporting.

## Addendum

- (1) [Effective date] These Guidelines shall be effective from 9 Nov 2007.
  
- (2) [Interpretation and relationship with other regulations] Any matters not defined herein shall be subject to HR regulations, such as the rules of employment and collective agreement.
  
- (3) [Amendment date] Below is the amendment history of these Guidelines.
  - 1<sup>st</sup> amendment: 1 Jul 2009
  - 2<sup>nd</sup> amendment: 1 Jan 2019