



# Anti-Corruption and Bribery Policy

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## Compliance with Local and Foreign Anti-Corruption Acts

**Policy enacted as of 1st January, 2013**

The purpose of this Anti-Corruption and Bribery Policy (this “Policy”) is to ensure that the anti-corruption acts are fully complied by any and all officers and employees of HMM in performing the global businesses. This Policy, together with the Ethical Management Charter, Regulations and the Code of Business Conduct of HMM, will provide the guideline for legal and ethical performance of businesses to all officers and employees. This Policy must be internally used for the purposes mentioned above. In case this Policy is required to be disclosed to the public, the prior consultation with the Legal Affairs Office is required.

## **1. Purpose**

- A. The purpose of this Policy is to make sure that all officers and employees of HMM conduct all business in legal and ethical manners.
- B. All business transactions of HMM throughout the world are governed by both domestic and international Anti-Corruption Laws and internal regulations and guidelines of HMM applicable to the laws. Business transactions of all officers and employees of HMM and stakeholders are governed by Code of Ethics. This Policy informs all officers and employees of HMM details of the applicable regulations.
- C. For the purpose of HMM to conduct all business in honest and ethical manner wherever we operate, this Policy requires all officers and employees as well as our business partners, agencies and agents to comply with the local and foreign anti-corruption acts, and it also provides information on bribery and corruption issues and the guideline for handling such issues.

## **2. Compliance with Anti-Corruption Acts**

- A. All officers and employees of HMM are obliged to comply with anti-corruption acts including applicable laws and regulations listed below. Any act acceptable under the social or business practice may not be subject to full exemption if it breaches the provisions of the anti-corruption acts.
- B. Republic of Korea
  - 1) The Improper Solicitation and Graft Act
  - 2) Criminal Act
  - 3) Act on the Aggravated Punishment, etc, of Specific Crime
  - 4) Act on the Aggravated Punishment, etc, of Specific Economic Crime
  - 5) Act on Combating Bribery of Foreign Public Officials In International Business Transactions
  - 6) Act on Anti-Corruption
  - 7) Other Acts related to the prevention of corruption and bribery

The Republic of Korea ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997, and incorporated the same in the local law of the “Act on Combating Bribery of Foreign Public Officials In International Business Transactions” in an effort to enforce the OECD Convention. The UN ratified the United Nations Convention against Corruption (2003) which applies to both developed countries and underdeveloped countries as the single unified international regulation, and Korea is the member state to the same. In Korea, giving and receiving the bribery is an illegal act under various laws including the Criminal Act.

### **The Improper Solicitation and Graft Act**

The Improper Solicitation and Graft Act, Korea's new anti-bribery law, passed as legislation in March, 2015, and has been in implementation since 28 September 2016. The purpose of the Act is to ensure that public officials and relevant persons fulfil their duties uprightly and to secure public confidence in public institutions by forbidding improper solicitations to public officials and relevant persons, as well as prohibiting the acceptance of financial or other special advantages.

The Act stipulates violators face penalties involving either prison and/or fines, whether the violation was in exchange for a special business opportunity or even only a favor. Any type of illicit solicitation is prohibited, and subject to punishment under the Act.

The Act is applicable to a wide range of 'public official and relevant person' including civil servants under the State Public Officials Act or the Local Public Officials Act, along with executive and staff members of public service-related organizations, educational institutions, and media companies. No one shall solicit or shall offer, promise to offer, or express any intention to offer any unacceptable financial or other advantage to any public official or relevant person.

Under the law, foreigners are also subject to punishment if they make improper solicitation attempts or offer bribes in Korea(Territorial Principle). For Korean nationals, the Act also applies to violations committed in foreign, non-Korean territories or countries(Personal Principle).

HMM and its officers and employees, which undertakes global business in various countries including Korea, shall, in particular, pay close attention to and comply with the Improper Solicitation and Graft Act.

#### C. Foreign Act related to Anti-Corruption

- 1) All officers and employees of HMM must uphold and comply with all laws and regulations relevant to countering bribery and corruption in all jurisdictions in which we operate.
- 2) If any of the officers and employees have any questions about this Policy, international and local acts related to anti-corruption and bribery, or the legitimacy and appropriateness of a certain act, the concerned person should consult with the Legal Affairs Office.
- 3) In case the regulation and provisions tailored for a certain jurisdiction in addition to that of the Policy and the provisions herein are needed to be made, the Legal Affairs Office is obliged to actively provide assistance in preparing the guidelines for anti-corruption policies and regulations for the concerned jurisdiction.

## **FCPA**

The U.S. Foreign Corrupt Practices Act (“**FCPA**”), as the federal criminal act, consists of anti-bribery provisions and provisions regarding accounting regulations. Anti-bribery provisions prohibit any payments to any foreign public official while accounting-related provisions regulate making and keeping of books and records, internal control and other necessary matters related thereto.

The anti-bribery provisions regulate the act of offering bribes to the foreign public official by a U.S. company, its employees and agents, issuers (all corporations trading stocks or bond on the U.S. securities market) or any persons acting within the territory and the jurisdictions of the United States.

And the accounting-related provisions require U.S. corporations and their subsidiaries operating outside the U.S., and the issuers of securities to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

HMM has established subsidiaries in the U.S. and has conducted business within the U.S., and as the Korean public official constitutes the ‘foreign public official’ as per the FCPA, it is necessary to comply with the provisions of FCPA.

## **UK Bribery Act**

The UK Bribery Act is the act which imposes the strictest liability not only on the U.K. corporation, but also on all corporations engaged in the business with the U.K. corporation within the U.K.

Under the UK Bribery Act, giving and receiving bribes in a country where it is not acknowledged as an illegal act may even become punishable and accordingly, any bribery to a foreign public official in such country is not acceptable. Act of giving and receiving bribes by a corporation which has its registered head office overseas while operating and conducting business within the U.K. and the foreign employees working for such corporation shall be subject to the UK Bribery Act case by case. Accordingly, HMM, which has its regional headquarter in the U.K. shall, in particular, comply with the UK Bribery Act, and pay special attention to the same.

If convicted of bribery, a company may face tough sanctions including unlimited fines or 10-year imprisonment at maximum, prohibition from participating in the government procurement, disqualification from the position of director, confiscation of assets, etc. Therefore, HMM should strictly comply with the same in conducting its business. The failure to comply with such provisions may be followed by civil and criminal consequences and liabilities. Since July 2011, HMM has established and executed “Anti-Corruption and Bribery Policy” in order to perform in accordance with the UK Bribery Act.

### **3. Prohibition and Exceptions**

#### **A. General Prohibition**

- 1) All officers and employees should not solicit the interested parties or the public officials in order to obtain or keep business, cause a certain person or corporation to be granted with the business opportunity or to obtain 'improper advantage in conducting business'. It is also prohibited to offer, propose, promise or approve the payment of cash or anything of value for above mentioned purpose. The same shall apply even if a person who is offered, proposed, or promised the payment of cash or anything of value is not the person in question who directly cause a certain person or corporation to be granted with the business opportunity or to obtain 'improper advantage in conducting business'.

### **Valuables**

Anything of value includes following items. The scope of the valuables is very broad not to be limited to following items.

- ✓ Cash and gift
- ✓ Meal and entertainment
- ✓ Stocks
- ✓ Reimbursement of travel expense
- ✓ Extraordinary discount on the goods and services, which is not provided to the public
- ✓ Contribution to political parties
- ✓ Takeover or discharge of debt

- 2) Public official refers to (1) the person holding legislative, administrative, or judicial office in the domestic government, whether appointed or elected, regular or irregular, paid or unpaid, and regardless of his continuance in office, (2) the person exercising a public function or performing public service for a public agency or a public corporation as defined in the domestic laws and as the same is applied in the relevant sectors, or (3) any other person defined as the public official under the domestic laws, and it shall include officers and employees of the central government agencies (government departments, agencies or organizations) and the local government agencies, or official agent, officers and employees of the state-owned corporation or state-sponsored companies, officers and employees of public international organization, employees of political parties and candidate for public position, private person performing public duties.

### **Meaning of "Foreign Public Officials" under the Anti-Corruption Act on Combating Bribery to Foreign Public Officials in International Business Transactions**

- ✓ Any person holding legislative, administrative, or judicial office in foreign government (including governments in all levels from central to local level), whether appointed or elected
- ✓ Any person exercising a public function in a foreign country (any person carrying out public affairs delegated by a foreign government, any person holding office in a public organization or public agency established by law and subordinate statute to carry out specific public affairs, and any executive or employee of an enterprise in which a foreign government has invested in excess of 50 percent of its paid-in-capital or over which a foreign government has de facto control with regard to all aspects of its management, such as decision-making on important business operations and the appointment and removal of executives)

- ✓ Any person acting for a public international organization (in other words, international public official or any person who is authorized by the international organization to act on its behalf

## **B. Exceptions**

- 1) Inappropriate payment of money in consideration for a specific business or a certain favorable treatment is not permitted, but the provision of certain business convenience is allowed. However, offering any business convenience to a public official and relevant person is prohibited.
  
- 2) In case of providing the business convenience to any person who is not a public official or relevant person, HMM should follow the guideline below. For these purposes, a business convenience can include to mean a gift, promotional item, meal, service, hospitality, provision of loan, favor or any other thing of value relating to the promotion of HMM for the purposes of facilitating execution of an agreement or increasing understanding for friendly business relations.

- ✓ Business convenience should be provided in compliance with local laws and regulations.
- ✓ Business convenience should never appear to be inappropriate.
- ✓ Business convenience should be provided at the reasonable level.
- ✓ Business convenience should not be funneled to a specific person.
- ✓ Provision of business convenience should conform to the local business and ethical practice.
- ✓ Cost for providing the business convenience should be accurately stated in the books and records of HMM.
- ✓ No cost for provision of convenience should not be offered or received without the prior consent of the compliance manager.

### **Meals, Gifts, and Congratulatory/Condolence payments**

Small-price promotional gifts and reasonable meals may be offered as an indication of goodwill or etiquette, or as means to enhance good relationship. Such offer of meals or gifts must be made at a reasonable level and it must not be exceptional in relevant circumstances (that is, any luxurious level of entertainment must be prohibited), be offered on a regular basis, nor be contrary to any laws and regulations of the relevant country. Offering any excessive or luxurious gifts is never permitted. [\*Korean public officials and relevant persons are prohibited from accepting meals priced higher than KRW 30,000, gifts valued above KRW 50,000(However, the price limit on gifts is KRW 100,000 for agricultural, livestock and fisheries products, and processed foods made from such products), or congratulatory or condolence payments over KRW 50,000. (The price ceiling for floral wreaths is KRW 100,000). The provision of meals, gifts, and congratulatory or condolence payments, within these limits, only applies to the facilitating of social relationships particularly related to rituals, festivities or funerals. On these occasions, all employees should closely follow HMM procedures, such as receiving advance approval, to avoid violating Korea's anti-graft law.]

- All expenses incurred in connection with meals and gifts must be evidenced by receipts, invoices, statements or other similar means, and they must be properly classified and recorded in the books, records and accounting documents of HMM. If they deviate from normal or ordinary level, they must be executed by obtaining a prior approval from a person who has proper authority and evidentiary documents must include the department, name, position, etc. of the relevant person.

#### **4. Relationship with Interested Parties**

##### **A. Associated Persons**

- 1) Business between HMM and all associated persons who have transaction relationship with HMM (such as agencies, agents, subcontractors and suppliers) must be performed in fair and transparent manner. Prior to contracting with any associated persons, due diligence must be conducted and all contracts must be subject to prior review of Legal Affairs Office in order to determine whether provisions therein, including the compliance with relevant laws, are consistent with HMM's standards.
- 2) You must not proceed with any business with any associated persons who are reported to have received bribe or are being suspected of having received bribe. If you ever become aware of such fact, you must immediately notify such fact to the Legal Affairs Office and consult with them.
- 3) Associated persons must do their best efforts in taking anti-corruption measures, which should be consistent with the standards provided herein. If associated persons do not have any anti-bribery and corruption policy, they must guarantee in writing that they will always comply with this Policy.
- 4) HMM must monitor the activities of associated persons and specify in the contract with them that HMM is entitled to terminate such contract if it is judged that any case related to the receipt of bribe has actually occurred.

##### **B. Red Flags related to Interested Parties**

- 1) All interested parties, including associated persons, who have transaction with HMM must do their best efforts for prevention of bribery and corruption. Interested parties herein shall mean HMM's officers, employees, agents, affiliates and those who perform business for or on behalf of HMM.
- 2) All officers and employees of HMM must pay attention to following cases and if they find any red flags related thereto or if any concern or inquiry is raised in relation to the interested parties, they must immediately contact the Legal Affairs Office in order to make inquiries or report them according to the procedure proposed in the internal reporting policy.

- ✓ In case you become aware that the interested parties have been involved in or are suspected of being involved in improper business practices;
- ✓ In case you become aware of the fact that the interested parties have records of giving or receiving bribe or having maintained “special relationship” with the foreign governmental officials;
- ✓ In case the interested parties insist on receiving commissions or fees before signing contracts with HMM or proceeding with the governmental and administrative procedures;
- ✓ In case the interested parties demand the payment in cash, or refuse to sign on its consent/agreement to official commissions or fees, or to provide any invoice or bill with respect to the matters of payments.;
- ✓ In case the interested parties request for payment to another country or region other than the place in which they reside or conduct business without any reasonable explanations;
- ✓ In case the interested parties demand any unexpected additional fees or commissions for the “facilitation” of services;
- ✓ In case the interested parties demand luxurious entertainment or gift before commencing negotiation for contracts, before proceeding with negotiation, or prior to providing service;
- ✓ In case the interested parties demand payment of expenses in consideration of “turning a blind-eye” to any illegal act temporarily;
- ✓ In case the interested parties induce you to hire their friends or relatives or persuade you to provide them with other benefits;
- ✓ In case you receive any non-standard or self-made invoice from the interested parties;
- ✓ In case you become aware of the fact that you have been invoiced with the payment of excessive commissions or fees compared to services provided;
- ✓ In case the interested parties demand the use of any agent, broker, consultant, logistics company or suppliers that are not generally known or used; or
- ✓ In case you have received any exceptionally generous gifts or luxurious entertainment from the interested parties.

## 5. Third Party Relationship

### A. Third Party

- 1) In case HMM transacts with public officials through third party intermediary, such third party should also pay attention to comply with this Policy. The due diligence, required documents and regular monitoring procedure as specified below are prepared for the third party to comply with this Policy.
- 2) All officers and employees should contact and consult with the Legal Affairs Office in case of concern or inquiries raised in regards with the third party intermediary.

Types of Third Party
■ HMM may appoint and allow a third party to support business-to-government service marketing or handle other governmental business (such as obtaining permits, approval, etc.).



- A third party includes agent, consultant, expert advisor (legal and tax advisors, etc.), or retailers, etc.

#### **Third Party Due Diligence**

- Any officers and employees responsible for third party conducting matters related to public officials, have a duty to conduct a third party due diligence and keep written records in accordance with the following guideline. If you have any questions regarding the compliance with the due diligence procedure, you should contact the Legal Affairs Office.
  - ✓ Any information collected in appointing a third party shall be documented and kept for record purposes, and any requirements of HMM and this Policy shall be explained to such a third party.
  - ✓ With regard to matters handled by the third party, and the fee paid by HMM with regard to relevant matters, and evidence which support that such fee is at the reasonable level, etc. shall be documented.
  - ✓ A newly-collected information in the process of regular monitoring procedure in relation with the third party shall be reflected to the relevant third party due diligence materials.

#### **Terms and Condition of Third Party Contract**

- The following terms and conditions shall be included in a written agreement with all third party intermediaries (except for retail suppliers) that performance brokerage in transactions between HMM and public officials.
  - ✓ A representation which declares and confirms the compliance with applicable laws including the FCPA, UK Bribery Act and other laws and guidelines with regard to anti-bribery.
  - ✓ Description of roles and responsibility and roles of a third party (details of services which HMM should pay the third party its fees for).
  - ✓ Details and Conditions of commission or fee payable to a third party.
  - ✓ Termination rights of HMM in connection with any breach of obligations under the anti-corruption acts by a third party.
  - ✓ Audit rights with regard to a third party in case it is reasonably judged that a third party has provided improper valuables to the transacting party or there is a possibility of providing such valuables by a third party.

#### **Duty for Continuous Monitoring**

- Any officers and employees who are responsible for the relevant work in carries on a business related to a third party handling duties with public officials shall undertakes regular monitoring and checks to assess whether anti-corruption clause is explicit in the relevant agreement/contract as well as whether the third party complies with this Policy in conducting its work and shall keep the record of the result thereof.

### **B. Red Flags related to Third Parties**

- 1) The officers and employees who are responsible for managing third parties shall pay attention to items set out below.
- 2) If you encounter any of these red flags or have any concerns or inquiries with regard to third parties, you must immediately contact and inquire the Legal Affairs Office.

- ✓ The transaction involves a country known for corrupt payments;
- ✓ A third party is suggested or recommended particularly by public officials;
- ✓ A third party refuses to comply with the FCPA, UK Bribery Act or this Policy;
- ✓ A third party provides incomplete or inaccurate information with regard to the matters requested to be checked and confirmed;
- ✓ A third party refuses to put the terms agreed in writing;
- ✓ A third party requests complicated payment arrangements (demands advance payments or payment through a third party, or payment in a third country);
- ✓ A third party's demand for commission or fee regarding the relevant service exceeds the going rate;
- ✓ You receive an invoice for payments, the source of which appears to be unknown or mis-stated;
- ✓ A third party has a reputation for occasionally making lavish monetary political donations;
- ✓ A third party has a reputation for having a close personal or family relationship with public officials; or
- ✓ You notice that such a special relationship with public officials is the only qualification that the third party brings to HMM.

## **6. Responsibilities of Officers and Employees**

- A. All officers and employees of HMM must read, understand and comply with this Policy.
- B. Prevention, detection and reporting of bribery and other forms of corruption are the duty of all officers and employees of HMM or workers under control of HMM. All workers are required to avoid any activity that might lead to, or suggest, a breach of this Policy.
- C. Any acts in violation of this Policy or any cases suspected or judged that such may occur in the future, must be immediately reported to the Legal Affairs Office in accordance with this Policy. (e.g. Provisioning of certain valuables or gifts or cash payment is suggested by customer or potential customer in order to obtain favors business opportunities.)
- D. Any officers and employees of HMM who breaches this Policy will face disciplinary action, which includes termination of employment agreement.

## **7. Internal Control**

- A. As HMM forbids false recordation of books and records, all financial transactions shall be appropriately and fairly documented and accurate books and records shall be kept and maintained.
- B. All accounting records, expenses, reports on fees, invoices, gifts, entertainment and other records related to business shall be accurately recorded and no undisclosed or off-book expenses or possession of assets are strictly prohibited.

## **8. Report and Protection**

- A. Any officers and employees of HMM who become aware of the violation or the fact which may suspect a violation of anti-corruption acts or this Policy, should report the same to their seniors or the Auditing Office immediately.



- B. Instead of reporting as above, you may raise concerns or report through our internal reporting system operated by the Auditing Office, and HMM has duty to investigate all matters and take relevant measures.
- C. HMM is committed to ensuring that no employees suffer any detrimental treatment inclusive of unfavorable action having an impact on the employment relationship as a result of raising a concern or reporting the violation or the fact leading to suspect the violation of the anti-corruption acts or this Policy.

## 9. Penalties

- A. Failure to adhere to the anti-corruption act or this Policy may result in disciplinary actions (including but not limited to dismissal, suspension and reduction in salary, and reprimand, etc.) as per the code of employment and guidelines on reward and punishment of HMM.
- B. Any officers and employees failing to cooperate in performing/implementing this Policy may be subject to disciplinary measures.
- C. In case any officers and employees of HMM are imposed with fines/penalties due to their civil/criminal liabilities in violation of the anti-corruption act, such officer or employee may not claim for the reimbursement or payment of such fine to HMM.

## 10. Education/Training and Communication

- A. Anti-corruption education/training based on anti-corruption acts or this Policy shall be performed on all officers and employees of HMM in order to provide basic information on anti-corruption acts such as legal and ethical limitations which accompany transactions with such public officials.
- B. Individual education/training shall be performed in case of change of members such as new employees, newly-transferred employees.
- C. Education/training shall be prepared by the Legal Affairs Office, and shall be performed from time to time regularly or when deemed necessary under the reasonability of the compliance manager.
- D. HMM shall inform its strict compliance of anti-bribery and anti-corruption to all parties at the initial phase of establishing business relationship and confirmation phase thereafter.

## 11. Compliance Manager

- A. The head of each team, division, and department of the headquarter office, branch manager and the head of the overseas offices and corporations, and the Legal Affairs Office shall be compliance manager in this Policy.
- B. The compliance manager shall have primary responsibility and day-to-day obligation for implementing, utilizing, monitoring this Policy and dealing with any queries and interpretations of this Policy.
- C. All personnel at a management level receiving reports regarding the compliance with this Policy are responsible for ensuring those reporting to them understand this Policy and should

perform adequate and regular training on them for such understanding.

## **12. Internal Monitoring and Review**

- A. The Legal Affairs Office shall review this Policy and periodically check and confirm the adequacy, sufficiency, and effectiveness so that this Policy may be improved appropriately. In case revision is deemed necessary for an anti-corruption compliance, the Legal Affairs Office may make amendments or revisions to this Policy.
- B. All officers and employees are responsible for successful implementation and performance of this Policy.
- C. Any opinions to this Policy (opinion, proposal, questions) may be presented to the compliance manager, and any improvement measures may be offered.

## **13. Application**

Where each office or corporation in overseas has a separate regulation, the same shall apply in priority over this Policy.

## **14. Enforcement Date**

This Policy shall take in force as of 1<sup>st</sup> January 2013.

(Amendments) October 1, 2014.

(Amendments) January 1, 2015.

(Amendments) November 14, 2016.

(Amendments) February 8, 2018.

(Amendments) April 16, 2018.

(Amendments) December 28, 2018.

(Amendments) September 7, 2021.