

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

LIG NEX1 CO LTD

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	5/8
2. Internal Controls	6	4/12
3. Support to Employees	7	6/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	4	4/8
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	3/20
8. Offsets	4	1/8
9. High Risk Markets	4	0/8
10. State-Owned Enterprises	0	N/A
TOTAL		28/96
BAND		E

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
<p>There is evidence that the company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's leadership.</p>
Evidence
<p>[1] CEO Message (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ceoMessage.jsp CEO Message CEO message to express ethical management and compliance management practice</p> <p>All companies are constantly striving for growth while pursuing value for their customers in intense competition with their competitors. However, we can say that increasing the competitiveness and maintaining sustainable growth of the company starts with establishing and observing ethical management principles that comply with the law and ethics.</p> <p>Efforts to strengthen anti-corruption legislation are continuing with a growing consensus on bribery prevention around the world. Republic of Korea has adopted the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1999, and has enacted the Improper Solicitation and Graft Act in 2017.</p> <p>And we are strongly demanded ethical and semi-legal responsibilities in the management of companies, such as fair competition and win-win cooperation with partner companies.</p> <p>Therefore, in consideration of this circumstance, LIG Nex1 has actively conducted the Compliance Program by enacting the Code of Ethics, the Compliance Guidelines on Commercial Law, the Regulation for Compliance program and of the Regulation for compliance with Anti-corruption Laws.</p> <p>The Compliance Program is a compliance management activity that prevents legal risks and protects the company and its employees by understanding relevant laws and regulations in advance when conducting business. LIG Nex1 will constantly improve how to conduct business as managing, educating and monitoring LIG Nex1's policies and procedures for risk-control.</p> <p>Therefore, we declare to practice ethics and compliance management as follows.</p> <p>First, we will eradicate bribery and corruption. Employees of LIG Nex1 shall not offer, promise, authorize or provide economic benefits to any counterparties on LIG Nex1 business transactions, including domestic or foreign public officials, directly or indirectly, for the purpose of obtaining improper personal or business gains.</p> <p>Second, we will take severe disciplinary action with zero tolerance regarding bribery and corruption. LIG Nex1 will conduct an objective and thorough investigation of all reports of bribery and corruption, and such action will be punished according to disciplinary regulations.</p> <p>Third, we will protect whistleblowers (including employees from third parties and suppliers) and employees who refuse any unethical demands.</p> <p>LIG Nex1 will support and protect the employees who refuse any unethical demands and will not impose any personnel disadvantage towards them.</p>

Also we shall be strictly confidential of whistleblower's identity and reports. No reprisal or retaliation of any kind of against the whistleblower (including but not limited to internal reporter, reporters from third parties and suppliers) shall be tolerated.

Fourth, we recognize that the practice of ethics and compliance management is a true competitiveness, and will establish an active awareness of ethics to ensure compliance with laws and ethical responsibilities.

To our executive and staff members,

Please recognize that the violation of legal and ethical responsibility for short-term benefit could severely damage the sustainable growth of company, and please do your best as a practitioner of JUNGDO(Right way) management that LIG Nex1 pursues.

LIG Nex1 look forward to your continuous interest and active practice.

Thank you.

January 8, 2019

CEO, KIM Jichan

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>There is evidence that the company publishes a clear anti-bribery and corruption policy which makes specific reference to the prohibition of bribery, payments to public officials, commercial bribery and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) in the question.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp</p> <p>Anti-corruption LIG Nex1 strictly regulates Bribery and Anti-corruption in accordance with the Regulation for compliance with Anti-corruption Laws</p> <p>Regulation for Compliance with Anti-corruption laws</p> <p>Purpose LIG Nex1 strictly comply with all domestic and foreign anti-corruption laws and international anti-corruption conventions, including relevant Korean laws such as the Improper Solicitation and Graft Act, the Criminal Act, the Act on the Aggravated Punishment of Specific Crimes, the Act on the Aggravated Punishment of Specific Economic Crimes, the Act on Combating Bribery of Foreign Public Officials in International Business Transactions; as well as international standards such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.N. Convention against Corruption, the U.S. Foreign Corrupt Practices Act, and the U.K. Bribery Act in the performance of its business affairs.</p> <p>Scope of Application - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1</p> <p>[...]</p> <p>- LIG Nex1's affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof.</p> <p>[...]</p> <p>- Board of LIG Nex1 including non-executive directors and absentee director</p> <p>[...]</p> <p>Contents - Prohibition of Provision of Economic Benefits Prohibition of offer, promise, authorize or provide economic benefits to any counterparties on LIG Nex1 business transactions, including domestic or foreign public officials, directly or indirectly -If the provision of economic benefits is needed ① Comply with 'Guideline to Provision of Economic Benefit' ② with prior written consent of the Compliance Team -Prohibition of political donations using the LIG Nex1's name or property -Details of approved provision of economic benefits shall be recorded in accordance with the lawful accounting standards. -Prohibition of illegal business transactions/money-laundering/facilitation payments</p>

[Guideline to Provision of Economic Benefit]

-Domestic/foreign government employees, executive employees placing an order in domestic or foreign country

-General guidelines : Clearly available amount of economic benefits such as congratulatory/condolence money, food, refreshment, gift, souvenir, solatium, donation(excluding political donations)/sponsorship, hospitality

[3] Guidelines for Practice (Document)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ethicsOverview.jsp>

[p.1] Preamble

The purpose of "LIG Nex1 Guidelines for Practice" is to express our management philosophy and to set the Ethical Management System by suggesting a methodology for ethical actions and communication channels to ensure full understanding of the "LIG Nex1 the code of Ethics."

1.Scope of Application

- (1) All employees and board members (including non-executive directors and absentee directors) of LIG Nex1 Co., Ltd., and of any other company over which LIG Nex1 exercises managerial control (hereinafter collectively referred to as "the Company"), shall acknowledge and observe the Code of Ethics, as well as the Company's relevant regulations and procedures.
- (2) Any overseas subsidiaries over which LIG Nex1 exercises the managerial control shall take into account local laws and regulations in the application of the Code of Ethics.
- (3) Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company's relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.

[p.3] 2. Compliance with Laws and Regulations

[p.4] (1) We compete each other appropriate and in accordance with local laws, regulations and customs

(2)Complying with Anti-Corruption Laws and Regulations of LIG Nex1

- 1) We observe domestic anti-corruption laws such as the "Improper Solicitation and Graft Act", "Criminal Act", and the law "Combating Bribery of Foreign Public Officials in International Business Transaction," in performance of our business and international anti-corruption laws such as "U.S. FCPA" and the "UK Bribery Act" as applicable in the performance of our business.
- 2) We observe regulations and procedure of the Company, related on anti-corruption.

[1] CEO Message (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ceoMessage.jsp>

CEO Message

CEO message to express ethical management and compliance management practice

[...]

Efforts to strengthen anti-corruption legislation are continuing with a growing consensus on bribery prevention around the world. Republic of Korea has adopted the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1999, and has enacted the Improper Solicitation and Graft Act in 2017.

And we are strongly demanded ethical and semi-legal responsibilities in the management of companies, such as fair competition and win-win cooperation with partner companies.

Therefore, in consideration of this circumstance, LIG Nex1 has actively conducted the Compliance Program by enacting the Code of Ethics, the Compliance Guidelines on Commercial Law, the Regulation for Compliance program and of the Regulation for compliance with Anti-corruption Laws.

The Compliance Program is a compliance management activity that prevents legal risks and protects the company and its employees by understanding relevant laws and regulations in advance when conducting business. LIG Nex1 will constantly improve how to conduct business as managing, educating and monitoring LIG Nex1's policies and procedures for risk-control.

Therefore, we declare to practice ethics and compliance management as follows.

First, we will eradicate bribery and corruption.

Employees of LIG Nex1 shall not offer, promise, authorize or provide economic benefits to any counterparties on LIG Nex1 business transactions, including domestic or foreign public officials, directly or indirectly, for the purpose of obtaining improper personal or business gains.

[...]

January 8, 2019
CEO, KIM Jichan

Question

1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?

Score

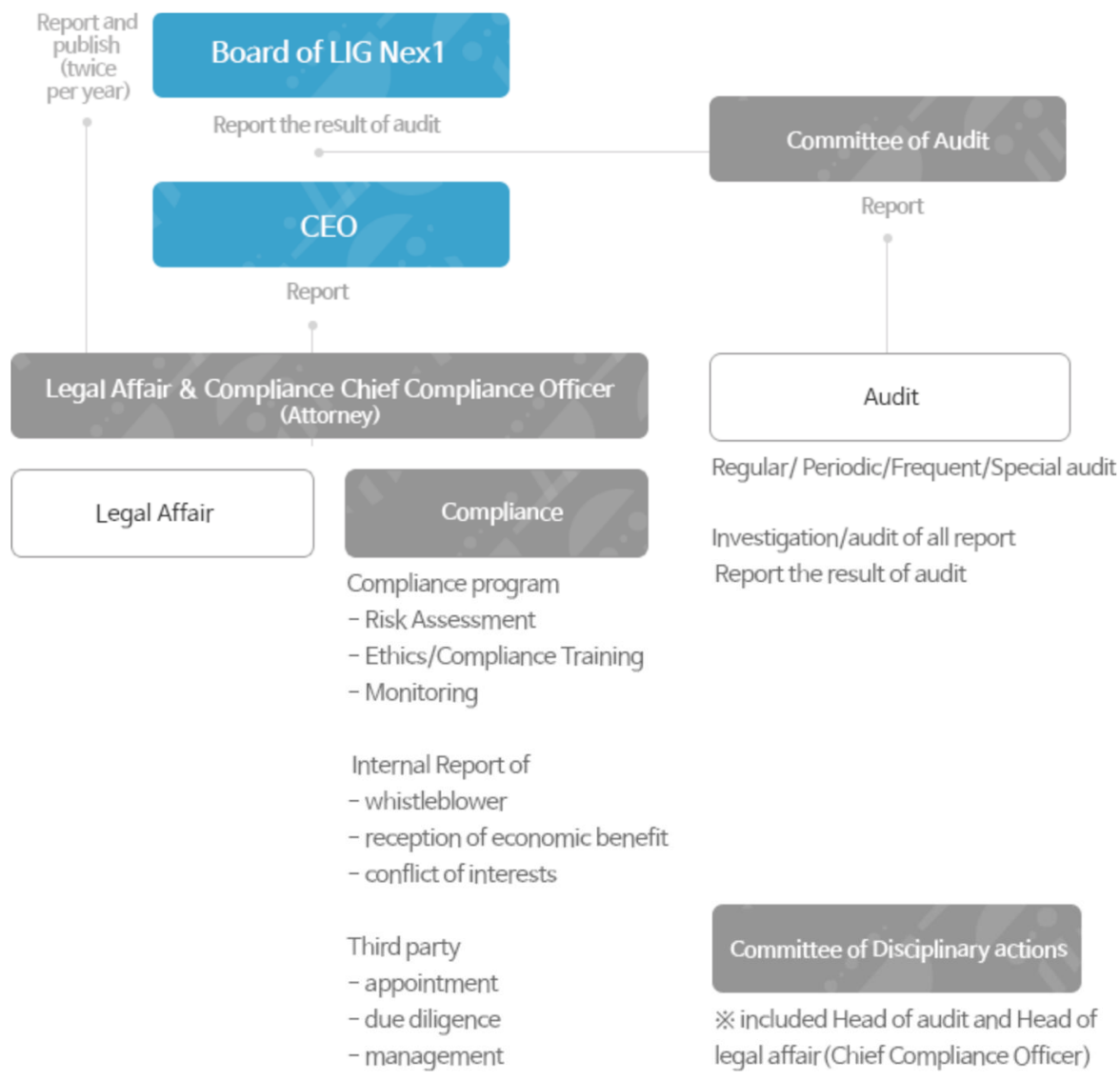
0

Comments

There is no clear evidence to suggest that a designated board committee or individual board member is responsible for the company's anti-bribery and corruption programme. There is some evidence to indicate that the Legal Affairs & Chief Compliance Officer is responsible for the compliance programme, however it is not clear whether this individual is a senior executive or board member, nor that this individual has ultimate responsibility for overseeing the programme.

Evidence

[4] Organization (Webpage)
 Accessed 25/09/2019
<https://www.lignex1.com/eng/company/organization.jsp>



[3] Guidelines for Practice (Document)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ethicsOverview.jsp>

[p.1] 2. Operational Organization

- (1) LIG Nex1 has established the "Compliance department as designated LIG Nex1" to execute general affairs regarding the observance of the Code of Ethics.
- (2) The Compliance department establishes and operates the general control system necessary for compliance activities with the LIG Nex1 Code of Ethics.

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
1
Comments
<p>There is evidence that the Legal Affairs & Chief Compliance Officer has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the CEO and board of directors, which provides oversight of the anti-bribery and corruption programme. There is evidence of reporting and feedback activities between this individual and the board twice a year as part of the company’s reporting structure.</p> <p>However, the company receives a score of ‘1’ because it is not clear from publicly available information that this individual is a senior executive.</p>
Evidence
<p>[4] Organization (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/organization.jsp</p> <pre> graph TD Board[Board of LIG Nex1] -- "Report and publish (twice per year)" --- CEO[CEO] Board -- "Report the result of audit" --- AuditCom[Committee of Audit] CEO -- "Report" --- LegalComp[Legal Affairs & Chief Compliance Officer (Attorney)] AuditCom -- "Report" --- Audit[Audit] LegalComp --- LegalAff[Legal Affairs] LegalComp --- Compliance[Compliance] Audit --- AuditText[Regular/ Periodic/Frequent/Special audit Investigation/audit of all report Report the result of audit] AuditCom --- DiscCom[Committee of Disciplinary actions] DiscCom --- DiscText["※ included Head of audit and Head of legal affair (Chief Compliance Officer)"] </pre> <p>Legal Affairs & Chief Compliance Officer (Attorney)</p> <ul style="list-style-type: none"> Legal Affairs Compliance <ul style="list-style-type: none"> Compliance program <ul style="list-style-type: none"> - Risk Assessment - Ethics/Compliance Training - Monitoring Internal Report of <ul style="list-style-type: none"> - whistleblower - reception of economic benefit - conflict of interests Third party <ul style="list-style-type: none"> - appointment - due diligence - management <p>Committee of Disciplinary actions</p> <p>※ included Head of audit and Head of legal affair (Chief Compliance Officer)</p>
<p>[9] Commitment to compliance (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/lawAbiding02.jsp#sub-tab2</p>

Chief Compliance Officer

For last 40 years, LIG NEX1 has fulfilled the principle of ethical and harmonious management.

We will keep such principle in all business transaction, and each of the LIG NEX1 family will continue to strive to establish a culture of fair trade and legal compliance.

Honesty, Transparency, and Legal Compliance is an essential value to be kept.

We will compete fairly under the principle of free competition, in full compliance with relevant laws and regulations. Even in the midst of ever-intensifying competition, LIG NEX1 aim to be a good company, not to be tempted into short-term profit.

A good company does not tempted by small profit.

A good company grows along with its interested parties.

A good company treats legal compliance as a core value of sustainability.

Based on its compliance program, LIG NEX1 will assess the possibility of legal risk, prevent it in advance, and conduct various activities in order to ensure the robust compliance culture takes root in the company.

Fair business culture will serve as a cornerstone, which establish transparent business culture and enhance competitiveness in global market.

Furthermore we will do our utmost to create a clean and transparent corporate culture to be a company with trust.

Chief Compliance Officer, LIG NEX1

Lee Sung-Yong

[3] Guidelines for Practice (Document)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ethicsOverview.jsp>

[p.1] 2. Operational Organization

- (1) LIG Nex1 has established the "Compliance department as designated LIG Nex1" to execute general affairs regarding the observance of the Code of Ethics.
- (2) The Compliance department establishes and operates the general control system necessary for compliance activities with the LIG Nex1 Code of Ethics.

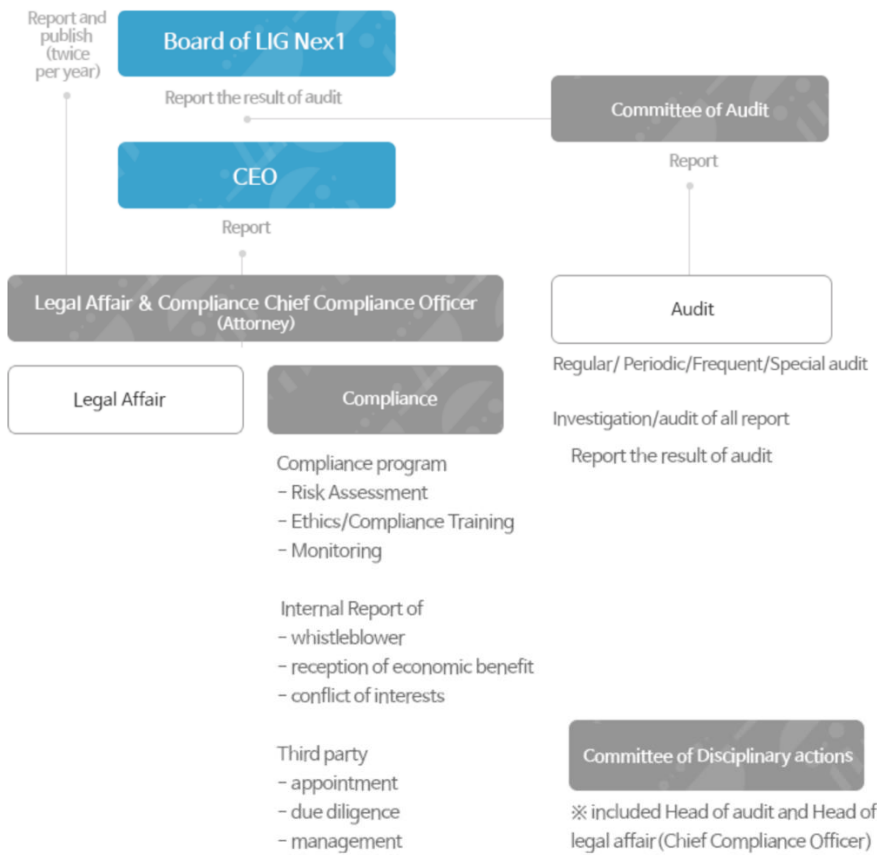
2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
1
Comments
<p>There is evidence that the company has a risk assessment procedure that informs the design of its anti-corruption programme. There is evidence that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p> <p>However, the company receives a score of '1' because it is not clear whether the results of risk assessments are reviewed by the board on at least an annual basis.</p>
Evidence
<p>[5] Anti-corruption Program Procedure (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption Process Anti-corruption Program Procedure</p>
<p>[10] Overview - Compliance (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/lawAbidingOverview.jsp LIG Nex1 complies with all laws and regulations.</p>

[4] Organization (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/organization.jsp>



[1] CEO Message (Webpage)

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CEO Message

CEO message to express ethical management and compliance management practice

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LIG Nex1 has actively conducted the Compliance Program by enacting the Code of Ethics, the Compliance Guidelines on Commercial Law, the Regulation for Compliance program and of the Regulation for compliance with Anti-corruption Laws.

The Compliance Program is a compliance management activity that prevents legal risks and protects the company and its employees by understanding relevant laws and regulations in advance when conducting business.

LIG Nex1 will constantly improve how to conduct business as managing, educating and monitoring LIG Nex1's policies and procedures for risk-control.

[8] Activities (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/activity.jsp>

Compliance program Activities

- Risk Assessment
- Voluntary monitoring through Self-checklist
- Periodic, frequent monitoring (once every year)

[11] Compliance Program (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/complianceProgram.jsp>

What is the Compliance program?


The Compliance Program is intended to prevent legal risks in advance by employees to comply with all related laws and regulations when performing tasks.

The Compliance Program focus on preventive rather than reactive response to violations.

Manual deployment by making clear standards of conduct for the regulation and compliance through education, self-checking and monitoring represents a comprehensive and systematic activities to prevent in advance the risk of violating laws.

[6 categories including Anti-corruption, Fair trade, Personal information protection, etc.]



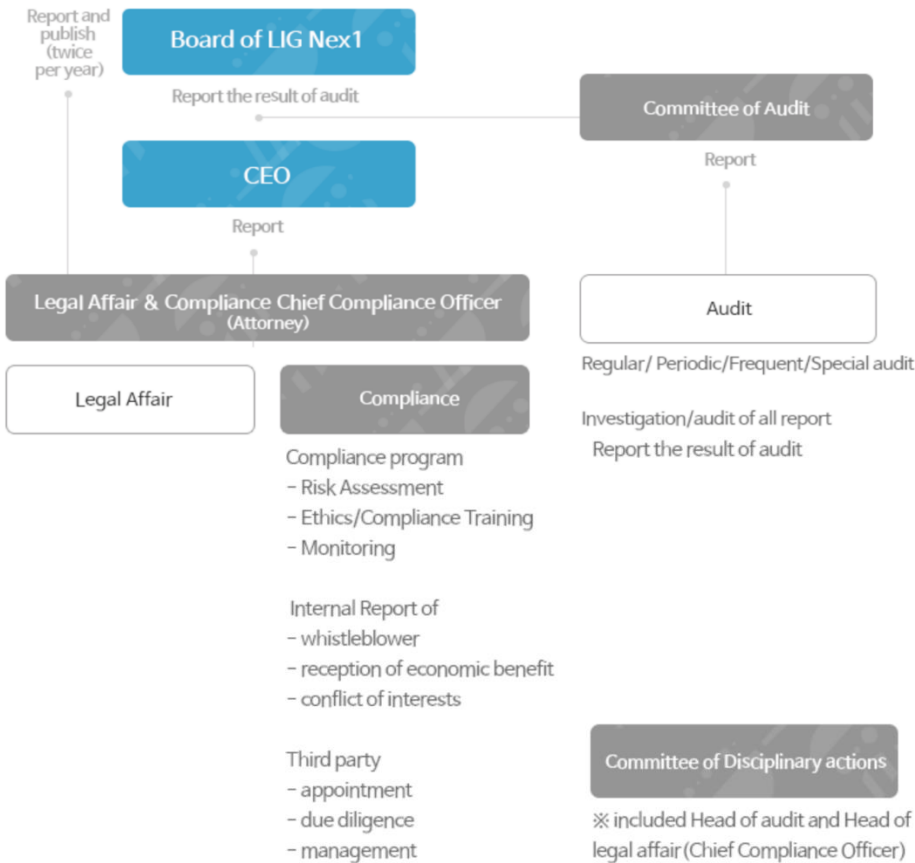
Question
2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
0
Comments
<p>There is evidence that the company’s anti-bribery and corruption programme is subject to regular audit and that the compliance program is monitored once a year. There is also evidence that the findings are used to improve the procedure. However, the company does not clearly state how frequently audits are conducted and so a score of ‘0’ applies.</p>
Evidence
<p>[5] Anti-corruption Program Procedure (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption Process Anti-corruption Program Procedure</p>  <p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption LIG Nex1 strictly regulates Bribery and Anti-corruption in accordance with the Regulation for compliance with Anti-corruption Laws Regulation for Compliance with Anti-corruption laws [...] - Training and Monitoring [...] *Internal Audit and Monitoring</p> <p>[8] Activities (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/activity.jsp Compliance program Activities</p>

- Risk Assessment
- Voluntary monitoring through Self-checklist
- Periodic, frequent monitoring (once every year)

[4] Organization (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/organization.jsp>



[10] Overview - Compliance (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/lawAbidingOverview.jsp>

LIG Nex1 complies with all laws and regulations.



Question

2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?

Score

1

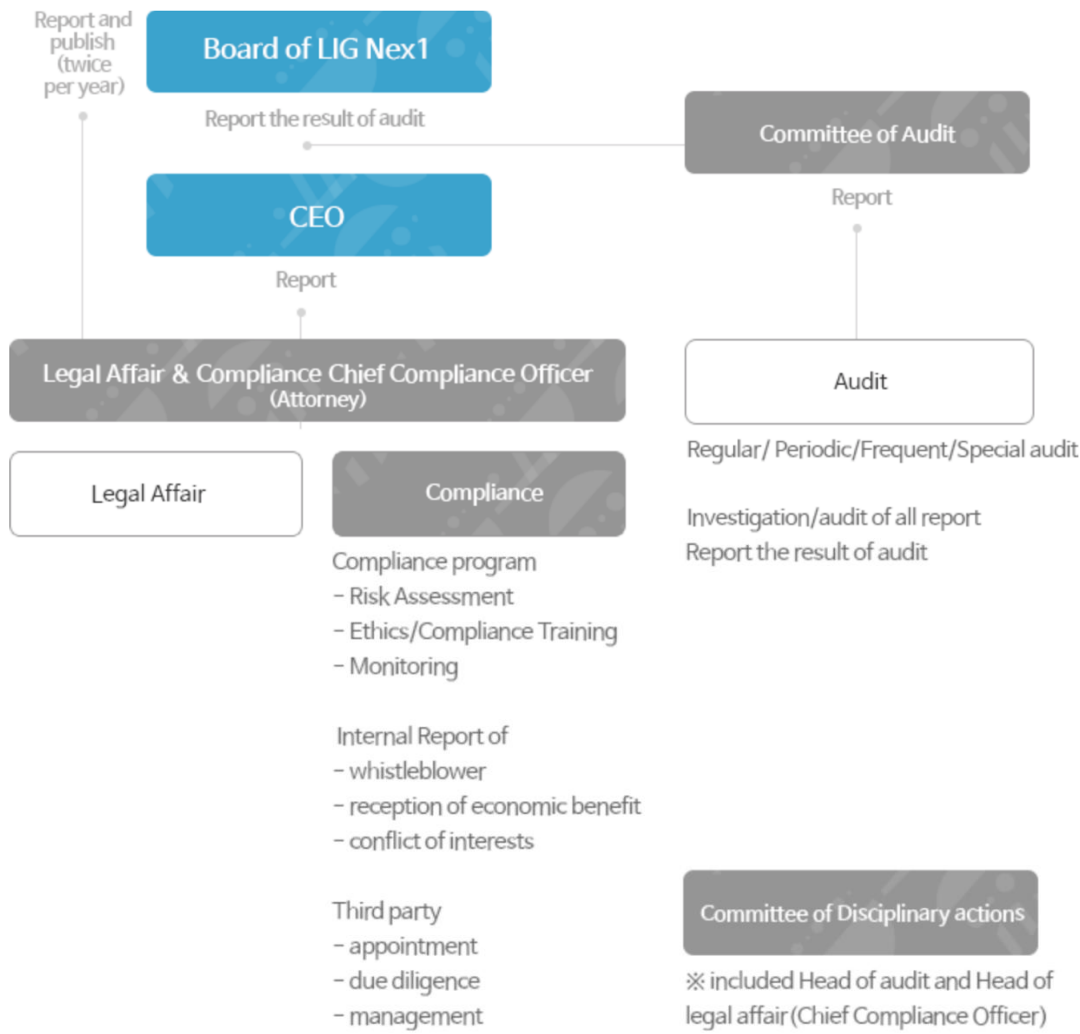
Comments

There is evidence that the company commits to investigating incidents and that there is a specific procedure in place to deal with whistleblowing cases. There is a commitment to providing whistleblowers with updates on the outcome of investigations, and there is evidence that the CEO and Chief Justice review summary information of all incidents.

However, it is not clear from publicly available information how frequently this occurs and the company does not provide publicly available information to cover the whole investigation process from receipt to final outcome. Although the company mentions record keeping as part of its anti-corruption procedures, it is not clear whether this covers investigations and therefore whether information on each investigation is documented. There is also no clear evidence that all investigations are handled by an independent team or reported to an independent board member.

Evidence

[4] Organization (Webpage)
 Accessed 25/09/2019
<https://www.lignex1.com/eng/company/organization.jsp>



[6] Report - Whistleblower system (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/report.jsp#>

Report (Whistleblower system)

[...]

Report processing procedure

The report will be immediately reported to the Chief justice and CEO upon receipt, and will be handled after categorization.

① If it is a major issue, the audit team reports the results to the CEO and the Board after the audit.

-Anyone who violates corporate regulations will be penalized under our discipline regulations.

-If it is a legal violation, it will be reported to legal authorities

-The whistle-blower can check the diagnosis result on the homepage(Anonymous whistle-blower can also be informed)

-Results of disciplinary proceedings are disclosed to company announcements.

② Other cases are processed by the relevant team, and it will be closed after the completion of reporting to the Chief justice and CEO.

[...]

※ We operate The Compliance team to prevent bribery and corruption, and operate audit team to track, investigate, and respond to bribery and corruption charges or incidents.

[5] Anti-corruption Program Procedure (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Anti-corruption Process

Anti-corruption Program Procedure



Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
There is no publicly available evidence that the company assures itself of the quality of investigations, for example by indicating that staff conducting investigations are properly trained, by implementing a policy to handle complaints about the process or by reviewing the investigation process every three years.
Evidence
No evidence found.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
There is evidence that the company commits to report material findings from investigations to the CEO and the board. The company commits to report criminal offences to the relevant authorities, and there is evidence that an appropriate senior has been assigned responsibility for ensuring this occurs when necessary.
Evidence
<p>[6] Report - Whistleblower system (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/report.jsp# Report (Whistleblower system)</p> <p>[...]</p> <p>Report processing procedure The report will be immediately reported to the Chief justice and CEO upon receipt, and will be handled after categorization.</p> <p>① If it is a major issue, the audit team reports the results to the CEO and the Board after the audit. -Anyone who violates corporate regulations will be penalized under our discipline regulations. -If it is a legal violation, it will be reported to legal authorities -The whistle-blower can check the diagnosis result on the homepage(Anonymous whistle-blower can also be informed) -Results of disciplinary proceedings are disclosed to company announcements.</p> <p>② Other cases are processed by the relevant team, and it will be closed after the completion of reporting to the Chief justice and CEO.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
<p>[6] Report - Whistleblower system (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/report.jsp# Report (Whistleblower system)</p> <p>[...]</p> <p>Report processing procedure The report will be immediately reported to the Chief justice and CEO upon receipt, and will be handled after categorization.</p> <p>[...]</p> <p>-Results of disciplinary proceedings are disclosed to company announcements.</p>

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
<p>There is evidence that the company provides a training module that outlines the basic principles of the anti-corruption policy. The company indicates that this training is provided to all employees across all divisions, all countries and regions of operation, and in all relevant languages on an annual basis.</p> <p>However, the company receives a score of ‘1’ because there is no publicly available evidence that the training includes the whistleblowing options available to employees.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption LIG Nex1 strictly regulates Bribery and Anti-corruption in accordance with the Regulation for compliance with Anti-corruption Laws</p> <p>Regulation for Compliance with Anti-corruption laws</p> <p>[...]</p> <p>Scope of Application - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1</p> <p>[...]</p> <p>- LIG Nex1’s affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof.</p> <p>[...]</p> <p>- Board of LIG Nex1 including non-executive directors and absentee director</p> <p>[...]</p> <p>- Training and Monitoring *All employees regularly undergo anti-corruption training session once a year (2 hour) *Employees positioned middle and high risk regularly undergo anti-corruption training session tailored their own levels once a year (2 hour) : Multi-language. *Board of LIG Nex1, and Middle management undergo superior anti-corruption training once a year (Each 2 hour)</p> <p>[8] Activities (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/activity.jsp Ethics and Compliance training</p> <p>- All employees, Board of LIG Nex1, and Middle management undergo Ethics and compliance training following their own levels(Each 2 hours) - All employees undergo different level of training related on each laws (Each 2 hour)</p>

: Domestic/foreign anti-corruption laws (Korean anti-corruption laws, FCPA, UK, Bribery Act, etc.), Fair-transaction, personal information protection, etc.
 - Local hires undergo Ethics and Compliance training (including Anti-corruption)

[...]

New hires undergo Ethics and Compliance training

-New hires(new/experienced employee and executives) undergo Ethics and Compliance training(2 hour)

[3] Guidelines for Practice (Document)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ethicsOverview.jsp>

[p.1] Preamble

The purpose of “LIG Nex1 Guidelines for Practice” is to express our management philosophy and to set the Ethical Management System by suggesting a methodology for ethical actions and communication channels to ensure full understanding of the “LIG Nex1 the code of Ethics.”

1.Scope of Application

- (1) All employees and board members (including non-executive directors and absentee directors) of LIG Nex1 Co., Ltd., and of any other company over which LIG Nex1 exercises managerial control (hereinafter collectively referred to as “the Company”), shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures.
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- (3) Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.

[p.6] 1.Self-development

- (1) LIG Nex1 employees shall cultivate an image of the ideal employee for the Company and shall strive to meet that ideal.
- (2) LIG Nex1 employees shall perform all required training programs of the Company.

[5] Anti-corruption Program Procedure (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Anti-corruption Process

Anti-corruption Program Procedure



[10] Overview - Compliance (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/lawAbidingOverview.jsp>

LIG Nex1 complies with all laws and regulations.



[11] Compliance Program (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/complianceProgram.jsp>

What is the Compliance program?

The Compliance Program is intended to prevent legal risks in advance by employees to comply with all related laws and regulations when performing tasks.

The Compliance Program focus on preventive rather than reactive response to violations.

Manual deployment by making clear standards of conduct for the regulation and compliance through education, self-checking and monitoring represents a comprehensive and systematic activities to prevent in advance the risk of violating laws.

[6 categories including Anti-corruption, Fair trade, Personal information protection, etc.]

Key components of Compliance program 8 key components




Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>There is evidence that the company tailors its anti-corruption training programme to the different levels of risk facing employees in different roles, with specific reference to all categories of employee referred to in the question. There is evidence that employees working in high risk positions are required to refresh their training in this area on at least an annual basis.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption LIG Nex1 strictly regulates Bribery and Anti-corruption in accordance with the Regulation for compliance with Anti-corruption Laws</p> <p>Regulation for Compliance with Anti-corruption laws</p> <p>[...]</p> <p>Scope of Application</p> <ul style="list-style-type: none"> - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1 <p>[...]</p> <ul style="list-style-type: none"> - LIG Nex1’s affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof. <p>[...]</p> <ul style="list-style-type: none"> - Board of LIG Nex1 including non-executive directors and absentee director <p>[...]</p> <ul style="list-style-type: none"> - Training and Monitoring *All employees regularly undergo anti-corruption training session once a year (2 hour) *Employees positioned middle and high risk regularly undergo anti-corruption training session tailored their own levels once a year (2 hour) : Multi-language. *Board of LIG Nex1, and Middle management undergo superior anti-corruption training once a year (Each 2 hour) <p>[8] Activities (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/activity.jsp [...] Ethics and Compliance training</p> <ul style="list-style-type: none"> - All employees, Board of LIG Nex1, and Middle management undergo Ethics and compliance training following their own levels(Each 2 hours) - All employees undergo different level of training related on each laws (Each 2 hour) <ul style="list-style-type: none"> : Domestic/foreign anti-corruption laws (Korean anti-corruption laws, FCPA, UK, Bribery Act, etc.), Fair-transaction, personal information protection, etc. - Local hires undergo Ethics and Compliance training (including Anti-corruption)

[...]

New hires undergo Ethics and Compliance training

-New hires(new/experienced employee and executives) undergo Ethics and Compliance training(2 hour)

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
1
Comments
<p>There is some evidence that the company reviews its anti-corruption communications and personnel training programme.</p> <p>However, the company receives a score of ‘1’ because it is not clear if the company reviews the effectiveness of the programme on at least an annual basis, or whether the results are used to update specific parts of the company’s anti-corruption communications and training programme.</p>
Evidence
<p>[8] Activities (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/activity.jsp Survey Ethics and Compliance Management</p> <ul style="list-style-type: none"> - Ethical standard and value (Ethics index) - Efficiency of Compliance program, Trainings <p>[11] Compliance Program (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/complianceProgram.jsp Key components of Compliance program 8 key components</p> 

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is some evidence in the company’s Code of Ethics that it applies fair measures to evaluate the abilities and performances of its employees and rewards them accordingly. However, the company does not provide further details on its approach to indicate that incentives for employees incorporate ethical principles.
Evidence
<p>[12] Code of Ethics (Document) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.5] 2. Fair Treatment</p> <ul style="list-style-type: none"> (1) LIG Nex1 offers equal opportunities to all its employees based on their abilities and talents. (2) LIG Nex1 applies fair measures to evaluate abilities and performances of its employees and rewards them accordingly. <p>[3] Guidelines for Practice (Document) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.8] 2.Fair Treatment</p> <ul style="list-style-type: none"> (1) The Company evaluates the abilities and performance of its employees using fair criteria and rewards them accordingly. (2) The Company shall not discriminate on grounds of education, gender, or regional origins in offering opportunities to enhance their capabilities (training, personal transference, promotion, job assignment, etc.); it shall offer such opportunities without regard to these factors. (3) The Company shall compensate employees appropriately through the establishment of clear evaluating criteria for their talent, ability, and performance.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
<p>There is evidence that the company commits to protect and support employees who refuse to act unethically. However, it is not clear from publicly available information that this statement extends to situations where such actions result in a loss to the company and there is no evidence that the company assures itself of employees' confidence in this statement through anonymised surveys or other clearly stated means.</p>
Evidence
<p>[6] Report - Whistleblower system (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/report.jsp# Whistle-blower Protection Policy</p> <p>① Whistle-blower protection</p> <p>[...]</p> <p>② Protection of employee who refuse to act unethically -The identity of employee who refuse to act under unethical demands is protected -Identity exposure and the detection of the employees who refuse to act under unethical demands is strictly prohibited -Discrimination and disadvantageous treatment towards the employee who refuse to act under unethical demands is strictly prohibited</p> <p>[1] CEO Message (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ceoMessage.jsp CEO Message CEO message to express ethical management and compliance management practice</p> <p>[...]</p> <p>We will protect whistleblowers (including employees from third parties and suppliers) and employees who refuse any unethical demands. LIG Nex1 will support and protect the employees who refuse any unethical demands and will not impose any personnel disadvantage towards them.</p> <p>[...]</p> <p>January 8, 2019 CEO, KIM Jichan</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents that explicitly applies to all employees across the organisation, including those employed by the group as third parties and suppliers.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the company assures itself of its employees’ confidence in this commitment through surveys, usage data or other clearly stated means.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 25/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Scope of Application - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1</p> <p>[...]</p> <p>- LIG Nex1’s affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof.</p> <p>[...]</p> <p>- Board of LIG Nex1 including non-executive directors and absentee director</p> <p>[...]</p> <p>- Others</p> <p>Reporting and Investigation of Violations</p> <p>① Reports of violation may be made anonymously (if desired) : formal reporting system, e-mail, fax, telephone, etc.</p> <p>② Confidential all information regarding the reporter or details of the report</p> <p>③ No any reprisal or retaliation regarding the reporter</p> <p>④ Disciplinary actions with zero tolerance in accordance with disciplinary regulations of LIG Nex1</p> <p>⑤ Protection and support of employee who refuses unethical demands</p> <p>Amendment Examination of the necessity of amendment of this regulation based on opinion by the interested parties of LIG Nex1 in the view of adequacy, sufficiency and efficacy every year Prompt amendments thereon when deemed necessary</p> <p>[3] Guidelines for Practice (Document) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.16] Procedure For Internal Report</p> <p>[...]</p> <p><input type="radio"/> Information of the whistleblower’s identity and reports shall be strictly confidential, except to investigate the reports. No reprisal or retaliation of any kind against the whistleblowers will be tolerated.</p>

[6] Report - Whistleblower system (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/report.jsp#>

Whistle-blower Protection Policy

① Whistle-blower protection

- The identity of the whistle-blower and the content of the report is protected.
- Identity exposure and the detection of the whistle-blower is strictly prohibited
- Discrimination and disadvantageous treatment towards whistle-blower is strictly prohibited

② Protection of employee who refuse to act unethically

- The identity of employee who refuse to act under unethical demands is protected
- Identity exposure and the detection of the employees who refuse to act under unethical demands is strictly prohibited
- Discrimination and disadvantageous treatment towards the employee who refuse to act under unethical demands is strictly prohibited

[1] CEO Message (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ceoMessage.jsp>

CEO Message

CEO message to express ethical management and compliance management practice

[...]

Also we shall be strictly confidential of whistleblower’s identity and reports. No reprisal or retaliation of any kind of against the whistleblower (including but not limited to internal reporter, reporters from third parties and suppliers) shall be tolerated.

Fourth, we recognize that the practice of ethics and compliance management is a true competitiveness, and will establish an active awareness of ethics to ensure compliance with laws and ethical responsibilities.

To our executive and staff members,

Please recognize that the violation of legal and ethical responsibility for short-term benefit could severely damage the sustainable growth of company, and please do your best as a practitioner of JUNGDO(Right way) management that LIG Nex1 pursues.

LIG Nex1 look forward to your continuous interest and active practice.

Thank you.

January 8, 2019

CEO, KIM Jichan

[8] Activities (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/activity.jsp>

Survey Ethics and Compliance Management

- Ethical standard and value (Ethics index)
- Efficiency of Compliance program, Trainings

<p>3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?</p>
<p>Score</p>
<p>1</p>
<p>Comments</p>
<p>There is evidence that the company has whistleblowing and advice channels, and that whistleblowing channels are anonymous and confidential. The channels are explicitly available to all employees in any country of operation and to any employees of third parties, suppliers and joint ventures.</p> <p>However, the company receives a score of ‘1’ because it only offers internally operated channels and it is not explicitly state that the channels are available in multiple languages.</p>
<p>Evidence</p>
<p>[3] Guidelines for Practice (Document) Accessed 25/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp</p> <p>[p.1] Scope of Application - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1</p> <p>[...]</p> <p>- LIG Nex1’s affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof.</p> <p>[...]</p> <p>- Board of LIG Nex1 including non-executive directors and absentee director</p> <p>[p.16] Attachment #5</p> <p>Procedure For Internal Report</p> <ul style="list-style-type: none"> o According to LIG Nex1 Guidelines for Practice Article 3. Section 2. if LIG Nex1 employees violate, or are forced to violate, the Company’s Code of Ethics in any manner below, they shall promptly report such violation through the Company’s standard reporting channels, such as the formal reporting system, telephone, fax, e-mail, etc. <ul style="list-style-type: none"> i. Improperly receiving money, gifts, entertainment, or conveniences from any interested parties, whether directly or indirectly. ii. Improperly providing money, gift, entertainment, or conveniences to interested parties, whether directly or indirectly. iii. Improperly receiving requests for money, gifts, entertainment, or conveniences from the Company employees or interested parties, whether directly or indirectly. iv. Conducting inappropriate transactions or discriminating amongst business partners without reasonable cause. v. Violating basic ethics such as sexual harassment, discrimination, abuse, and so on. vi. Violating any other laws and regulations, the Code of Ethics, and LIG Nex1 Guidelines for Practice. o Information of the whistleblower’s identity and reports shall be strictly confidential, except to investigate the reports. No reprisal or retaliation of any kind against the whistleblowers will be tolerated. o If the whistleblower informs the Compliance department that the whistleblower retaliates against his or her report, the Compliance department shall start an investigation immediately and may request the support of other departments (including Audit Team) of LIG Nex1 if needed. o If the Compliance department regards an internal report appropriately, the Compliance department requests the Company to guarantee the whistleblower’s information to be confidential. In this case, the Company shall observe the voices of the Compliance department without any reason.

o If whistleblower's information is leaked by employee not related to the Compliance department, the Compliance department may demand to take disciplinary action to him.

[6] Report - Whistleblower system (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/report.jsp#>

Whistle-blower Protection Policy

We will keep the legitimate Report in strict confidentiality	Everything is kept confidential	Voluntary declaration can be exempt from sanctions
<ul style="list-style-type: none"> · We don't disclose any information that reveals or implies the identity of the whistle-blower. · Whistle-blower doesn't receive any disadvantage or discrimination for his/her legitimate report. 	<ul style="list-style-type: none"> · Anyone who cooperates with the investigation by means of statements, materials offers, etc. during the process of investigation is protected equally as the whistle-blower. · The identity of the whistle-blower and the contents of the report are kept strictly confidential so that it is not disclosed against the will of the whistle-blower. 	<ul style="list-style-type: none"> · If you have participated in an unethical or illegal activities and have voluntarily reported it, you may be exempt from sanctions.

Applicable Activity

- ① Receiving valuables/ hospitality/ convenience from stakeholders
- ② Any act of using one's duty or position to achieve an unfair advantage or damage the company
- ③ Interfering other employees' fair work for one's own or another's benefit
- ④ Leaking corporate secrets or customer information without authorization.
- ⑤ Improper co-operation of stakeholders, such as bid rigging for the purpose of trading with the company.
- ⑥ Disadvantageous treatment and identity exposure towards legitimate whistle-blower
- ⑦ Violation any other code of ethics, employment rules and regulations.
- ⑧ Violation of joint growth and subcontract fair trade agreement.
- Reporting corruptions of partner companies and reporting of unfair trade practices.
- ⑨ Actions that constitute accounting fraud or error.
- To misrepresent the facts and numbers of management that are unfairly reflected in the financial statements.
- Embezzlement and misuse of corporate assets.
- Actions that correspond to accounting errors.

Contact us

TEL (82-31)8026-4981

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333, Pangyo-ro, Bundang-gu, Seongnam-City, Gyenggi-do, 13488, Korea LIG Nex1 Co.,Ltd. Legal Affairs & Compliance Department

Report processing procedure

The report will be immediately reported to the Chief justice and CEO upon receipt, and will be handled after categorization.

- ① If it is a major issue, the audit team reports the results to the CEO and the Board after the audit.
 - Anyone who violates corporate regulations will be penalized under our discipline regulations.
 - If it is a legal violation, it will be reported to legal authorities
 - The whistle-blower can check the diagnosis result on the homepage(Anonymous whistle-blower can also be informed)
 - Results of disciplinary proceedings are disclosed to company announcements.
- ② Other cases are processed by the relevant team, and it will be closed after the completion of reporting to the Chief justice and CEO.

[...]

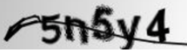
Make a report(Click)

View a report

[17] Make a report (Webpage)

Accessed 30/09/2019

<https://www.lignex1.com/eng/company/reportWrite.jsp>

User Name	Anonymity	Fill in all * marks
User Name *	<input type="text"/>	
	<input checked="" type="radio"/> E-mail <input type="radio"/> Phone <input type="radio"/> Homepage <input type="radio"/> No reply	
Retrieval Details *	E-mail *	<input type="text"/> @ <input type="text"/> (select) ▼
Title *	<input type="text"/>	
Description * (0/4000Byte)	<input type="text"/>	
Attachment	<input type="text"/>	<input type="button" value="Upload"/> <input type="button" value="Delete"/>
Captcha	 <input type="button" value="↻"/>	<input type="text" value="보안문자를 입력하세요"/>

Agreement on the Collection of Personal Information

Terms and Conditions of Handling Personal Information

This system collects personal information to the minimum extent necessary for processing of the report.

- Items : Name, E-mail, Cellular phone number

If you don't want to provide your personal information, you can report anonymously.

However, there may be restrictions on the processing of report such as receipt of result and reward of report in the anonymous report.

The purpose of collection and use of personal information

The purpose of collection and use of personal information is to process additional matters such as adding additional information, receiving confirmation, and recording report-award.

Terms of Retention and Usage of Personal Information

The collected personal information will be retained/used from the date of collection for 1 year after the report confirmed. But this information will be retained more than 1 year when the report is more important.

The whistle-blower has the right to refuse the collection and use of personal information.

However, if he or she may refuse the consent, it will be restriction on this report such as not receiving the result of report by LIG Nex1.

Agree. Disagree

Submit

Cancel

[1] CEO Message (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ceoMessage.jsp>

CEO Message

CEO message to express ethical management and compliance management practice

[...]

Also we shall be strictly confidential of whistleblower's identity and reports. No reprisal or retaliation of any kind of against the whistleblower (including but not limited to internal reporter, reporters from third parties and suppliers) shall be tolerated.

Fourth, we recognize that the practice of ethics and compliance management is a true competitiveness, and will establish an active awareness of ethics to ensure compliance with laws and ethical responsibilities.

To our executive and staff members,

Please recognize that the violation of legal and ethical responsibility for short-term benefit could severely damage the sustainable growth of company, and please do your best as a practitioner of JUNGDO(Right way) management that LIG Nex1 pursues.

LIG Nex1 look forward to your continuous interest and active practice.

Thank you.

January 8, 2019

CEO, KIM Jichan

[2] Regulation for Compliance with Anti-corruption laws (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Anti-corruption

[...]

- Others

Reporting and Investigation of Violations

① Reports of violation may be made anonymously (if desired)

: formal reporting system, e-mail, fax, telephone, etc.

② Confidential all information regarding the reporter or details of the report

③ No any reprisal or retaliation regarding the reporter

④ Disciplinary actions with zero tolerance in accordance with disciplinary regulations of LIG Nex1

⑤ Protection and support of employee who refuses unethical demands

Amendment

Examination of the necessity of amendment of this regulation based on opinion by the interested parties of LIG

Nex1 in the view of adequacy, sufficiency and efficacy every year

Prompt amendments thereon when deemed necessary

[8] Activities (Webpage)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/activity.jsp>

Counseling

Counsel for Ethics and Compliance questionnaires such as compliance program, dilemma, conflict of interests, etc. through various methods like phone, e-mail, visit.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is evidence that the company has a policy for actual conflicts of interest. The policy covers financial interests, other employment, and employee relationships. The policy applies to all employees.</p> <p>However, the company receives a score of ‘1’ because it does not explicitly cover potential or perceived conflicts and it does not mention government relationships. It is also not clear whether the policy applies to board members.</p>
Evidence
<p>[12] Code of Ethics (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.4] 5.Prohibition of Conflict with Company Interests</p> <ul style="list-style-type: none"> (1) LIG Nex1 employees are prohibited from any individual behaviors or relationships that are in conflict with company interests. (2) LIG Nex1 employees do not use company property to pursue their personal interests. <p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.1] Scope of Application - LIG Nex1/All directors, officers, employees, board members (including non-executive directors) of LIG Nex1</p> <p>[...]</p> <p>- LIG Nex1’s affiliates, and any domestic or foreign corporations over which LIG Nex1 exercises managerial control, and all directors, officers, and employees thereof.</p> <p>[...]</p> <p>- Board of LIG Nex1 including non-executive directors and absentee director</p> <p>[p.7] Prohibition of Conflict with the Company Interests</p> <ul style="list-style-type: none"> (1) LIG Nex1 employees shall not engage in management of or invest in businesses that are in direct/indirect competition with the Company. (2) LIG Nex1 employees shall not become employed by another company or perform work their own business without approval of the Company or shall not seek their own interests on the expense of their position and power of the Company. (3) LIG Nex1 employees shall report in advance and perform their duties in accordance with the Company’s instruction in case of any possible conflict with the Company interests during the performance of their duties. (See Attachment #4. Report of reception of economic benefit) (4) The Company’s assets shall be used only for the Company’s business activities or under the Company’s approval. LIG Nex1 employees shall be responsible for and shall prepare against any

loss, abuse, or theft of the Company assets.

[p.15]

Attachment #4

Report of Conflict of Interests

- According to LIG Nex1 Guidelines for Practice Article 5. Section 3. if LIG Nex1 employees acknowledge that if any conflict of interest exists between personal interest and that of the Company occurs as stated below, they shall promptly report their circumstances to the Compliance department by means of the below form.
 - i. The responsible employee and his or her business counter-party are related.
 - ✘ Range of relatives is restricted as the third level of blood relatives, the second level of relatives by marriage, and spouse.
 - ii. The responsible employee has any financial interest the counter-party (restricted to business partner and the sales agency)
 - iii. The responsible employee has any financial dealings with the counter-party or any intimate relationship.
- The Compliance department can advise whether a conflict of interest exists. Employee shall comply with advice of the Compliance department

1. Personal information of reporter

Department		Position	
Employee number		Name	

2. Contents

	Contents
Type of Conflict of interests	
Personal information of opponent	Name : Department/Position : The relationship with reporter :

3. Scope of Duty

	Contents
Type of work	
Scale of trade	

Date :

Reporter : (signature)

Responsible Executive : (signature)

Question																				
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?																				
Score																				
1																				
Comments																				
<p>There is evidence that the company has procedures to identify, declare and manage actual conflicts of interest, and that the Compliance department has oversight and accountability for handling cases.</p> <p>However, the company receives a score of '1' because it does not state that all employee and board member declarations are held in a dedicated register or central depository that is accessible to those responsible for oversight of the process. Additionally, the policy does not mention examples of criteria for recusals and does not state that disciplinary measures will apply if the policy is breached.</p>																				
Evidence																				
<p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.15]</p> <p>Attachment #4</p> <p style="text-align: center;"><u>Report of Conflict of Interests</u></p> <p><input type="radio"/> According to LIG Nex1 Guidelines for Practice Article 5. Section 3. if LIG Nex1 employees acknowledge that if any conflict of interest exists between personal interest and that of the Company occurs as stated below, they shall promptly report their circumstances to the Compliance department by means of the below form.</p> <ul style="list-style-type: none"> i. The responsible employee and his or her business counter-party are related. <ul style="list-style-type: none"> ⌘ Range of relatives is restricted as the third level of blood relatives, the second level of relatives by marriage, and spouse. ii. The responsible employee has any financial interest the counter-party (restricted to business partner and the sales agency) iii. The responsible employee has any financial dealings with the counter-party or any intimate relationship. <p><input type="radio"/> The Compliance department can advise whether a conflict of interest exists. Employee shall comply with advice of the Compliance department</p> <p>1. Personal information of reporter</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Department</td> <td style="width: 50%;"></td> <td style="width: 10%;">Position</td> <td style="width: 15%;"></td> </tr> <tr> <td>Employee number</td> <td></td> <td>Name</td> <td></td> </tr> </table> <p>2. Contents</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 75%;">Contents</th> </tr> </thead> <tbody> <tr> <td>Type of Conflict of interests</td> <td></td> </tr> <tr> <td>Personal information of opponent</td> <td>Name : Department/Position : The relationship with reporter :</td> </tr> </tbody> </table> <p>3. Scope of Duty</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 75%;">Contents</th> </tr> </thead> <tbody> <tr> <td>Type of work</td> <td></td> </tr> <tr> <td>Scale of trade</td> <td></td> </tr> </tbody> </table> <p style="text-align: right;">Date :</p> <p style="text-align: right;">Reporter : (signature)</p> <p style="text-align: right;">Responsible Executive : (signature)</p>	Department		Position		Employee number		Name			Contents	Type of Conflict of interests		Personal information of opponent	Name : Department/Position : The relationship with reporter :		Contents	Type of work		Scale of trade	
Department		Position																		
Employee number		Name																		
	Contents																			
Type of Conflict of interests																				
Personal information of opponent	Name : Department/Position : The relationship with reporter :																			
	Contents																			
Type of work																				
Scale of trade																				

[8] Activities (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/activity.jsp>

Report of conflict of interests

When any conflict of interest exist, LIG Nex1 shall promptly report following the procedure of 'report of conflict of interests'.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no evidence that the company has a clear policy regulating the employment of current or former public officials.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview</p> <p>[...]</p> <p>- Appointment/Management of Third Parties *When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties) *Self-evaluation of Third party corruption risk(Checklist for Third Parties) *Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party [Standard anti-corruption provisions] ① Warrant of basic information for due diligence ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1 ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc.</p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
The company publishes a clear statement that it prohibits any form of political donations on its behalf. There is evidence that this position applies company-wide to all employees and board members.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview - Prohibition of Provision of Economic Benefits ※ Economic Benefits : any tangible or intangible benefit, provided in any form, including but not limited to money, gifts, souvenirs, sales promotional gifts, banquet, entertainment, travel expenses, donations, discounts, political donations, debt assumption/repayment, contractual commissions, or assistance in employment</p> <p>[...]</p> <p>Contents - Prohibition of Provision of Economic Benefits</p> <p>[...]</p> <ul style="list-style-type: none"> • Prohibition of political donations using the LIG Nex1’s name or property

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company publishes a clear statement that it does not make political contributions, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
<p>There is evidence that the company has a policy covering both charitable donations and sponsorships, but there is no evidence that there are procedures which include measures to ensure donations are not used as vehicles for bribery and corruption, for example, by specifying criteria for donations, procedures for senior sign-off, or due diligence on recipients. The company also does not publish sufficient detail of the donations made.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview - Prohibition of Provision of Economic Benefits ※ Economic Benefits : any tangible or intangible benefit, provided in any form, including but not limited to money, gifts, souvenirs, sales promotional gifts, banquet, entertainment, travel expenses, donations, discounts, political donations, debt assumption/repayment, contractual commissions, or assistance in employment</p> <p>[...]</p> <p>- Prohibition of Provision of Economic Benefits Prohibition of offer, promise, authorize or provide economic benefits to any counterparties on LIG Nex1 business transactions, including domestic or foreign public officials, directly or indirectly</p> <p>[...]</p> <p>General guidelines: Clearly available amount of economic benefits such as congratulatory/condolence money, food, refreshment, gift, souvenir, solatium, donation (excluding political donations)/sponsorship, hospitality</p> <p>[12] Code of Ethics (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.5] 3.Contribution to Social Development</p> <p>LIG Nex1 contributes to national and social development through job creation, tax</p> <p>[p.6] payment, and promotion of cultural and welfare programs.</p> <p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.9] 3.Contribution to Social Development</p> <ol style="list-style-type: none"> (1) The Company shall fairly provide employment opportunities and shall not discriminate among applicants based on education, gender, or regional origins. (2) The Company shall faithfully report and pay its taxes. (3) The Company shall strive to accommodate the reasonable requests of people from various

societies and regions.

[13] Social Contributions (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/pr/socialAct.jsp>

Patriotism and Veterans Memorial

LIG Nex1 is a leader in the improvement of morale of Armed Force fighters and the welfare of families of military personnel. In addition, our company also engages in various activities and events to commemorate national martyrs and pay tribute to the nation.

Sisterhood Relationship

We engage in sisterhood relationships with Seoul National Cemetery and Daejeon National Cemetery, to lay flowers, pay tribute, and conduct grave cleaning activities in order to honor those martyrs who made the ultimate sacrifice for the motherland. We never forget that we are here because they sacrificed themselves, and we promise to do everything we possibly can to be a defense company that protects the Republic of Korea.

Sharing Hope

The LIG Hope Volunteering Group shares love and hope to those places around us that have forgotten such values.

Disabled Football Team Support and Friendly Match

We are contributing to enhancing the performance of teams through giving development funds and funding friendly matches as a solid partner of the Korea Football Association for the Disabled. We cultivate and share hopes and dreams through football with the belief that no disability can beat hope.

Win-Win Relationship

We constantly seek ways of mutually beneficial cooperation and actively participate in such cooperative relationships to grow and develop together with society.

Sharing Hope Lunch Box Volunteering Activity

Every Wednesday, we head to the welfare center to conduct a volunteering activity in which volunteers deliver and prepare meals and clean up the dishes for elderly citizens living alone who are physically impaired. Our employees personally participate in the activities, sharing love and hope with our neighbors.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
The company publishes a statement that Korean law does not permit lobbying and that it complies with all applicable laws. The company receives a score of '1' because it is not clear from publicly available information whether this approach also applies to any lobbying activities conducted in other jurisdictions. There is no publicly available evidence that the company publishes a clear policy to regulate its lobbying activities in other jurisdictions, nor does it publish a statement to indicate that it does not lobby outside Korea.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>LIG Nex1 strictly comply with Laws</p> <p>- Korean law does not permit lobbying.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
N/A
Comments
The company publishes a statement that Korean law does not permit lobbying and that it complies with all applicable laws. Since this statement applies to the main jurisdiction in which the company operates, it is exempt from scoring on this question; though it is noted that it is not clear from publicly available information whether the company conducts lobbying in other jurisdictions outside of Korea.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
The company publishes a statement that Korean law does not permit lobbying and that it complies with all applicable laws. Since this statement applies to the main jurisdiction in which the company operates, it is exempt from scoring on this question; though it is noted that it is not clear from publicly available information whether the company conducts lobbying in other jurisdictions outside of Korea.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality. The company specifies financial limits for when employees receive any kind of economic benefit, which includes gifts and hospitality. The policy also addresses the risks associated with gifts given to public officials.</p> <p>However, the company receives a score of '1' because the policy does not specify financial or proportional limits or different approval procedures for different types of promotional expenses. There is also no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview - Prohibition of Provision of Economic Benefits ※ Economic Benefits : any tangible or intangible benefit, provided in any form, including but not limited to money, gifts, souvenirs, sales promotional gifts, banquet, entertainment, travel expenses, donations, discounts, political donations, debt assumption/repayment, contractual commissions, or assistance in employment</p> <p>[...]</p> <p>Contents - Prohibition of Provision of Economic Benefits Prohibition of offer, promise, authorize or provide economic benefits to any counterparties on LIG Nex1 business transactions, including domestic or foreign public officials, directly or indirectly</p> <p>[...]</p> <p>General guidelines: Clearly available amount of economic benefits such as congratulatory/condolence money, food, refreshment, gift, souvenir, solatium, donation (excluding political donations)/sponsorship, hospitality</p> <p>[8] Activities (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/activity.jsp Campaigns</p> <ul style="list-style-type: none"> - No exchange of gifts on national holidays - No congratulations presents on promotion <p>[...]</p> <p>Report of reception of economic benefit</p> <p>When receiving economic benefit, LIG Nex1 shall promptly report following the procedure of 'Report of reception of economic benefit'</p>

[3] Guidelines for Practice (Document)

Accessed 25/09/2019

<https://www.lignex1.com/eng/company/ethicsOverview.jsp>

[p.6] Chapter 4. Basic Ethics of Employees

1. Basic Ethics

- 1) LIG Nex1 employees shall behave morally and ethically to maintain the Company's reputation.
- 2) LIG Nex1 employees shall not denigrate the Company's goodwill by unfounded rumor or sowing distrust.
- 3) LIG Nex1 employees shall not give excessive gifts to other employees related to promotion or personal transference

[p.12] Attachment #2 The standard for Approval of Receipt of Economic Benefit

- According to LIG Nex1 Guidelines for Practice Chapter 4 Article 4. Section 3, if LIG Nex1 employees receive any kind of economic benefit, they shall consider whether the economic benefit would be approved or not as standards below.

1. Money

Cash or cash equivalents (i.e., any economic benefit that may be easily converted into cash including promissory notes, bonds, gifts, certificates, and securities) provided from other employees or interested parties shall not be permitted. However if the receipt of economic benefit is within the list below, it may be permitted.

- i. Expenditure which is less than 100,000 KRW only for congratulations or condolences of employee and close family.
- ii. Proper fulfillment of obligation in private transactions.
- iii. In case the receipt of economic benefit is proper by social conventions and for which permission is granted by a supervisor or the Compliance department.

2. Gift

Gifts (i.e., goods, memberships, hotel vouchers, admission tickets, and items equivalent thereto) provided from other employees or interested parties shall not be permitted. However if the receipt of economic benefit is within the list below, it may be permitted.

- iv. Gift which is concerned proper for recipient's position by social conventions and for which permission granted by a supervisor or the Compliance department
- Promotional gifts or souvenirs that are distributed to multiple unspecified persons.

3. Entertainment

Entertainment (i.e., dining, drinking, sports) provided from other employees or interested parties shall not be permitted. However if the receipt of economic benefit is within the list below, it may be permitted except unsound entertainment or gambling (i.e., Go-stop, casino, golf bet, card, Mah-jang etc.).

- i. Entertainment such as dining and drinking which is considered proper for recipient's position by social conventions and for which permission is granted by supervisor or the Compliance department (if the entertainment is provided by other employees and concerned proper by social conventions, it is possible without any grant).
- ii. Entertainment such as dining, drinking during events attendant to the performance of job duties and which can be substantiated through an official invitation, invitation ticket, and so on.

[p.13] 4. Hospitality

Hospitality (i.e., treats, transportations) provided from interested parties shall not be permitted. However if the receipt of economic benefit is within the list below, it may be permitted

- i. Conveniences which is provided in the course of performing duties and which is considered proper for recipient's position by social conventions.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>There is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available information that this procurement department is the main body responsible for oversight of all of supplier relationships, nor is there evidence that the company assures itself of the procurement department's proper involvement in this process at least every three years.</p>
Evidence
<p>[14] Activities - Suppliers (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/activity.jsp#tab2 Supplier</p> <p>[...]</p> <p>Supplier Management</p> <ul style="list-style-type: none"> - Appointment/evaluation/oversight of domestic/foreign supplier (procurement department) - Check the anti-corruption policy in supplier (procurement department, Compliance Question) - Disciplinary action

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct due diligence on all of its suppliers. The company indicates that due diligence is conducted before engaging with new suppliers and is repeated when renewing the contracts.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that due diligence includes checks on ultimate beneficial ownership or that highest risk suppliers are subject to enhanced due diligence. There is also no evidence that due diligence is repeated at least every two years or when there is a significant change in the business relationship. Additionally, the company does not state that it would be willing to review or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview</p> <p>[...]</p> <p>- Appointment/Management of Third Parties ※ Third Party</p> <ul style="list-style-type: none"> - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1 <p>[...]</p> <p>- Appointment/Management of Third Parties *When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties) *Self-evaluation of Third party corruption risk(Checklist for Third Parties) *Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party [Standard anti-corruption provisions]</p> <ol style="list-style-type: none"> ① Warrant of basic information for due diligence ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1 ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc. ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value ④ Compliance with domestic/foreign anti-corruption laws and regulations ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc.

[14] Activities - Suppliers (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/activity.jsp#tab2>

Supplier

[...]

Supplier Appointment

- Due diligence for bribery and anti-corruption (Questionnaires, Checklist form)
- Apply Anti-corruption provisions in contract

[5] Anti-corruption Program Procedure (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure(included High-risk Market)



Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is evidence that the company requires its suppliers to have adequate anti-bribery and corruption policies and procedures in place. There is evidence that the company takes active steps to ensure this, by requiring that suppliers follow its Code of Ethics and by including anti-corruption terms in its contracts.</p> <p>However, the company receives a score of ‘1’ because it does not explicitly state that all suppliers must have, at least, policies that prohibit facilitation payments and policies that cover gifts & hospitality or whistleblowing. It is also unclear whether the company assures itself of its suppliers’ adherence to its policies when onboarding and when there is a significant change in the business relationship.</p>
Evidence
<p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.1] 1. Scope of Application</p> <p>[...]</p> <p>3)Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.</p> <p>[12] Code of Ethics (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.3] Chapter 4. Basic Ethics for Employees</p> <p>Based on honesty and fairness, LIG Nex1 employees establish correct values and fulfill their duties through continuous self-development and fairness in performance.</p> <p>1.Basic Ethics</p> <ul style="list-style-type: none"> (1) LIG Nex1 employees take pride in their company and always maintain an honest and fair attitude. (2) LIG Nex1 employees keep a high standard of morality and continuously strive to maintain their personal dignity and company's reputation <p>[p.4] 5.Prohibition of Conflict with Company Interests</p> <ul style="list-style-type: none"> (1) LIG Nex1 employees are prohibited from any individual behaviors or relationships that are in conflict with company interests. (2) LIG Nex1 employees do not use company property to pursue their personal interests. <p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p>

Overview

[...]

- Appointment/Management of Third Parties
- ※ Third Party
 - Any supplier or consultant which supplies goods or services to LIG Nex1
 - Any sales agent which conduct sales on behalf of LIG Ne
 - Any offset partner which supplies goods or services to LIG Nex1
 - Any joint venture partner or consortium partner which conduct business with LIG Nex1

[...]

- Appointment/Management of Third Parties
- *When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties)
- *Self-evaluation of Third party corruption risk(Checklist for Third Parties)
- *Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party
- [Standard anti-corruption provisions]
- ① Warrant of basic information for due diligence
- ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1
 - ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc.
- ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value
- ④ Compliance with domestic/foreign anti-corruption laws and regulations
- ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc.

[14] Activities - Suppliers (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/activity.jsp#tab2>

Supplier

Ethics and Compliance declaration

Every year all suppliers sign the Ethics and compliance declaration(On-Line)

[...]

CEO's letter asking for Cooperation in cementing the culture of the Ethics and Compliance Management to suppliers

- Fair transaction
- Prohibition of provision of economic benefit
- No congratulations presents on promotion

Counseling

Listen to opinions of the suppliers through various methods such as Counsel of supplier System, phone, survey, Whistle-blower system, etc. (On/Off-Line)

Supplier Appointment

- Due diligence for bribery and anti-corruption (Questionnaires, Checklist form)
- Apply Anti-corruption provisions in contract

[5] Anti-corruption Program Procedure (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure(included High-risk Market)



Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no publicly available evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
No evidence found.

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations or the associated disciplinary actions relating to its suppliers.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
0
Comments
There is no publicly available evidence that the company has a policy on the use of agents.
Evidence
No evidence found.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging with its third parties and agents. The company indicates that due diligence is conducted before engaging with new agents and repeated when renewing contracts.</p> <p>However, the company receives a score of ‘1’ because it is not clear from publicly available information that agents and highest risk intermediaries are subject to enhanced due diligence, and there is no evidence that due diligence is repeated at least every two years or when there is a significant change in the business relationship.</p>
Evidence
<p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.1] 1. Scope of Application</p> <p>[...]</p> <p>3) Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.</p> <p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties ※ Third Party <ul style="list-style-type: none"> - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1 <p>[...]</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties <p>*When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties)</p> <p>*Self-evaluation of Third party corruption risk(Checklist for Third Parties)</p> <p>*Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party</p> <p>[Standard anti-corruption provisions]</p> <p>① Warrant of basic information for due diligence</p>

[5] Anti-corruption Program Procedure (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure(included High-risk Market)



Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents.
Evidence
No evidence found.

Question
7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
<p>There is some evidence that the company’s Code of Ethics extends to sales agents and third parties, and that it includes anti-bribery and corruption clauses in its contracts with agents. The company provides information to indicate that these contractual clauses termination rights. However, there is no clear publicly available evidence that the company includes audit rights in its contracts with such entities to detect, control and prevent breaches.</p>
Evidence
<p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.1] 1. Scope of Application</p> <p>[...]</p> <p>3)Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.</p> <p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp - Appointment/Management of Third Parties ※ Third Party - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1</p> <p>[...]</p> <p>- Appointment/Management of Third Parties *When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties) *Self-evaluation of Third party corruption risk(Checklist for Third Parties) *Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party [Standard anti-corruption provisions] ① Warrant of basic information for due diligence ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1 ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc. ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value ④ Compliance with domestic/foreign anti-corruption laws and regulations ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no publicly available evidence that the company highlights and addresses incentive schemes as a possible risk factor in agent behavior. The company provides some information to indicate that it prohibits contractual commissions but it does not indicate specifically that this applies to agents and intermediaries, nor does it provide further information on how compensation for agents is structured to reduce bribery and corruption risk.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...] Overview - Prohibition of Provision of Economic Benefits ※ Economic Benefits : any tangible or intangible benefit, provided in any form, including but not limited to money, gifts, souvenirs, sales promotional gifts, banquet, entertainment, travel expenses, donations, discounts, political donations, debt assumption/repayment, contractual commissions, or assistance in employment</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for or on its behalf.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering into and while operating in joint venture partnerships.</p> <p>However, the company receives a score of ‘1’ because it is not clear that the company’s due diligence explicitly includes checks on the ultimate beneficial ownership of the partner company. There is also no evidence to suggest that joint ventures operating in high risk markets or with high risk partners, such as state-owned enterprises, are subject to enhanced due diligence. The company does not state that due diligence is repeated at least every two years.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Overview</p> <p>[...]</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties ✘ Third Party <ul style="list-style-type: none"> - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1 <p>[...]</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties <p>*When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties)</p> <p>*Self-evaluation of Third party corruption risk(Checklist for Third Parties)</p> <p>*Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party</p> <p>[Standard anti-corruption provisions]</p> <ol style="list-style-type: none"> ① Warrant of basic information for due diligence ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1 <ul style="list-style-type: none"> ✘ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc. ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value ④ Compliance with domestic/foreign anti-corruption laws and regulations ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc. <p>[5] Anti-corruption Program Procedure (Webpage) Accessed 26/09/2019</p>

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure(included High-risk Market)



Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>There is evidence that the company commits to establishing and implementing anti-bribery and corruption policies in all of its joint ventures and that it includes termination rights in contracts with joint venture partners.</p> <p>However, the company receives a score of ‘1’ because it is not clear from publicly available information that the company takes steps to detect, control and prevent breaches through the inclusion of audit rights in the contracts.</p>
Evidence
<p>[3] Guidelines for Practice (Document) Accessed 26/09/2019 https://www.lignex1.com/eng/company/ethicsOverview.jsp [p.1] 1. Scope of Application</p> <p>[...]</p> <p>3)Any of independent third parties (e.g., consortium partners, business partners, sales agents, consultants, attorneys, and agents) that conduct business transaction with LIG Nex1 shall acknowledge and observe the Code of Ethics, as well as the Company’s relevant regulations and procedures, during the performance of any of work for LIG Nex1 or its behalf.</p> <p>[p.5] 3. Pursuing Mutual Growth</p> <p>[...]</p> <p>4) We shall sign Ethics and Compliance Agreement with our business partners to ensure business partners also adopt ethical management policies.</p> <p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview</p> <p>[...]</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties ✘ Third Party <ul style="list-style-type: none"> - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1 <p>[...]</p> <ul style="list-style-type: none"> - Appointment/Management of Third Parties <p>*When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties)</p>

*Self-evaluation of Third party corruption risk(Checklist for Third Parties)

*Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party
[Standard anti-corruption provisions]

- ① Warrant of basic information for due diligence
- ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1
 ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc.
- ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value
- ④ Compliance with domestic/foreign anti-corruption laws and regulations
- ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc.

[5] Anti-corruption Program Procedure (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure(included High-risk Market)



Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.
Evidence
No evidence found.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no publicly available evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for managing its offset activities.
Evidence
No evidence found.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>There is some evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations. The company indicates that its definition of third parties includes offset partners and that such entities are subject to the same due diligence procedures as other third parties.</p> <p>However, there is no publicly available evidence that the company's due diligence process in the case of offset projects and partners includes checks on beneficial ownership and conflicts of interest. There is also no evidence that the company seeks to assure itself of the legitimacy of the project, nor that the company refreshes the due diligence continuously or when there is a significant change in the business relationship.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-corruption</p> <p>[...]</p> <p>Overview</p> <p>[...]</p> <p>- Appointment/Management of Third Parties ※ Third Party</p> <ul style="list-style-type: none"> - Any supplier or consultant which supplies goods or services to LIG Nex1 - Any sales agent which conduct sales on behalf of LIG Ne - Any offset partner which supplies goods or services to LIG Nex1 - Any joint venture partner or consortium partner which conduct business with LIG Nex1 <p>[...]</p> <p>- Appointment/Management of Third Parties *When appointing/renewing Third party, due diligence shall be undertaken which shall include a detailed inspection of any corruption risks along with a confirming basic information of such Third Party.(Questionnaires for Due Diligence of Third Parties) *Self-evaluation of Third party corruption risk(Checklist for Third Parties) *Inclusion of Anti-Corruption Provisions in any contract executed with any Third Party, reflecting the type of corruption risk presented by the Third Party [Standard anti-corruption provisions]</p> <ol style="list-style-type: none"> ① Warrant of basic information for due diligence ② Not any public official in Contracting party nor its affiliates during the term of connection with LIG Nex1 ※ public official : anyone belonging to the body of any federal, regional, municipal, local, or national government, any officer, director, employee of government-owned or government-controlled or government-participated company, etc. ③ Prohibition of providing, offering to provide, or promising to provide, or authorizing the provision of, directly or indirectly, any monies or anything of value ④ Compliance with domestic/foreign anti-corruption laws and regulations ⑤ In case of violation of anti-corruption clause, investigation, termination of contract, etc.

[5] Anti-corruption Program Procedure (Webpage)

Accessed 26/09/2019

<https://www.lignex1.com/eng/company/prevention.jsp>

Third party Appointment/Renewal Procedure (included High-risk Market)



Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of its offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no evidence that the company publishes any details of its offset obligations or contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
There is no publicly available evidence that the company acknowledges the corruption risks associated with operating in different markets, nor that it has a risk assessment process in place to account for these specific risks.
Evidence
<p>[5] Anti-corruption Program Procedure (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp</p> <p>Third party Appointment/Renewal Procedure (included High-risk Market)</p> 

Question
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?
Score
0
Comments
There is no evidence that the company publishes a list of consolidated subsidiaries and non-fully consolidated holdings on its website.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-Corruption</p> <p>[...]</p> <p>Scope of Application</p> <p>[...]</p> <p>※ All domestic or foreign corporations over which LIG Nex1 exercises managerial control can be check in DART(Electronic disclosure system, http://englishdart.fss.or.kr/)</p>

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
0
Comments
<p>There is no evidence that the company publishes any information about its beneficial ownership or control structure, nor a statement that no individual owns 25% or more of shares or voting rights. The company states that its beneficial ownership and control structure can be checked on an external electronic disclosure system, but it was not possible to identify relevant information from a search of this system. In addition, although the company indicates that it is publicly listed, it does not have voting shares admitted to a regulated market as specified in the guidance.</p>
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-Corruption</p> <p>[...]</p> <p>Scope of Application</p> <p>[...]</p> <p>※ LIG Nex1’s beneficial ownership/control structure/a breakdown of its defense sales will be check in DART(Electronic disclosure system, http://englishdart.fss.or.kr/)</p> <p>[15] Annual Report 2018 (Webpage) Accessed 26/09/2019 http://englishdart.fss.or.kr/dsbd001/main.do# [p.1] Entity Information</p> <p>[...]</p> <p>Number Of StockHolders : 19,313Person</p> <p>[...]</p> <p>Listing Information Domestic Exchange : Listed Company on KRX Stock Market International Exchange : N/A</p>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
0
Comments
There is no evidence that the company publishes any information about its defence sales by customer on its website. The company indicates that this information can be accessed through an external portal, however it was not possible to identify relevant information from a search of this system.
Evidence
<p>[2] Regulation for Compliance with Anti-corruption laws (Webpage) Accessed 26/09/2019 https://www.lignex1.com/eng/company/prevention.jsp Anti-Corruption</p> <p>[...]</p> <p>Scope of Application</p> <p>[...]</p> <p>※ LIG Nex1's beneficial ownership/control structure/a breakdown of its defense sales will be check in DART(Electronic disclosure system, http://englishdart.fss.or.kr/)</p>

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	CEO Message	25/09/19	https://www.lignex1.com/eng/company/ceoMessage.jsp
02	Webpage	Regulation for Compliance with Anti-corruption laws	25/09/19	https://www.lignex1.com/eng/company/prevention.jsp
03	Document	Guidelines for Practice	25/09/19	https://www.lignex1.com/eng/company/ethicsOverview.jsp
04	Webpage	Organization	25/09/19	https://www.lignex1.com/eng/company/organization.jsp
05	Webpage	Anti-corruption Program Procedure	25/09/19	https://www.lignex1.com/eng/company/prevention.jsp
06	Webpage	Report - Whistleblower system	25/09/19	https://www.lignex1.com/eng/company/report.jsp
07	Webpage	Compliance program overview	25/09/19	[Page no longer accessible from company website] https://www.lignex1.com/eng/company/lawAbiding02.jsp
08	Webpage	Activities	25/09/19	https://www.lignex1.com/eng/company/activity.jsp#tab1
09	Webpage	Commitment to compliance	25/09/19	https://www.lignex1.com/eng/company/lawAbiding02.jsp#sub-tab2
10	Webpage	Overview - Compliance	25/09/19	https://www.lignex1.com/eng/company/lawAbidingOverview.jsp
11	Webpage	Compliance Program	25/09/19	https://www.lignex1.com/eng/company/complianceProgram.jsp
12	Document	Code of Ethics	25/09/19	https://www.lignex1.com/eng/company/ethicsOverview.jsp
13	Webpage	Social Contributions	25/09/19	https://www.lignex1.com/eng/pr/socialAct.jsp
14	Webpage	Activities - Suppliers	26/09/19	https://www.lignex1.com/eng/company/activity.jsp#tab2
15	Webpage	Annual Report 2018	26/09/19	http://englishdart.fss.or.kr/dsbd001/main.do#
16	Webpage	Open Ownership Register	26/09/19	https://register.openownership.org/search?country=KR&q=LIG+NEX1+Co.+Ltd
17	Webpage	Make a report	30/09/19	https://www.lignex1.com/eng/company/reportWrite.jsp