

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

FINAL ASSESSMENT

POONGSAN CORPORATION

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 | 7/8 |
| 2. Internal Controls | 6 | 4/12 |
| 3. Support to Employees | 7 | 5/14 |
| 4. Conflict of Interest | 4 | 4/8 |
| 5. Customer Engagement | 4 | 6/8 |
| 6. Supply Chain Management | 5 | 4/10 |
| 7. Agents, Intermediaries and Joint Ventures | 10 | 8/20 |
| 8. Offsets | 4 | 2/8 |
| 9. High Risk Markets | 4 | 2/8 |
| 10. State-Owned Enterprises | 0 | N/A |
| TOTAL | | 42/96 |
| BAND | | D |

*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 publishes a clear statement on its anti-bribery commitment, which details the company's stance against any form of bribery 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 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/ceo-message/ Message from Our Chairman & CEO on Compliance Driven by our mission to contribute to human progress through our superior products, employment opportunities, and uncompromising service to our valued customers, Poongsan Group also strives to forge a higher global standard as a transparent, law-abiding, and ethical company.</p> <p>At Poongsan, we clearly recognize that conducting business the "right" way is the only way to continue building relationships and earning the trust essential to competing for, and winning, a growing share in today's global markets. To achieve these strategic objectives, I am pleased to note we are constantly reviewing, updating and strengthening our Code of Ethics and compliance systems.</p> <p>Poongsan strictly prohibits unethical behavior such as offering or receiving a bribe or other improper benefit, and going forward we will enforce a zero-tolerance policy for such conduct. Furthermore, Poongsan's management and employees shall not violate the relevant local laws or regulations governing corruption and business transactions.</p> <p>Our Founder built this company and laid the foundation for its enduring growth through sheer strength of character. For nearly half a century, his example has served our customers and stakeholders very well - and to be clear, that sterling example continues to light the way forward. Striving for the highest ethical standards, and compliance with same, is a key element of our competitive edge today and always.</p> <p>Based on such belief, I thank each of Poongsan's officers and employees and urge you to work together to make our dynamic company one in which we can continue to be proud.</p> <p>Sincerely,</p> <p>Jin Ryu Chairman & Chief Executive Officer Poongsan Corporation</p> <p>[6] Compliance Campaign (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/ Compliance Letter</p> <p>Sang-Joon Park / Compliance Officer</p> |

Compliance to anti-corruption laws is not a discretion, but a strict legal obligation.

[...]

The company applies the principle of zero-tolerance for anti-corruption law violators.

The company has already declared through its Code of Ethics and CEO Message that it will apply the principle of zero tolerance to all directors and employees who violate anti-corruption laws.

| |
|--|
| 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 |
| 1 |
| Comments |
| <p>The company publishes an anti-bribery and corruption policy, which specifically defines and prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. There is evidence that the company's policy applies to both employees and board members.</p> <p>However, the company receives a score of '1' because it is not clear from publicly available evidence that the policy applies to those employed by subsidiaries and other controlled entities.</p> |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Chapter 1 General</p> <p>Article 1. Purpose</p> <p>This Practical Guideline for Code of Ethics (this "Guideline") sets forth specific standards for the compliance of the Code of Ethics and the purpose of this Guideline is to establish ethical workplace practices and management.</p> <p>Article 2. Applicability</p> <p>This Guideline is applicable to the Company and the Company's officers and employees (individually, an "Employee" and collectively, the "Employees").</p> <p>Article 3. Definitions</p> <p>1. "Valuables" shall mean, collectively, cash, securities (including gift certificates and membership), and other valuables with economic value.</p> <p>[...]</p> <p>4. "Interested Party" shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.</p> <p>[p.2] Chapter 2 Ethical Conducts</p> <p>Article 5. Compliance with Anti-Bribery Laws</p> <p>1. The Employees shall comply with all anti-bribery laws of Korea, including the Criminal Act, Illegal Request and Bribery Prohibition Act, Act on Combating Bribery of Foreign Public Officials in International Business Transactions.</p> <p>2. The Employees shall comply with all foreign anti-bribery laws including the Foreign Corrupt Practices Act (U.S.A), UK Bribery Act 2010, and OECD Anti-Bribery Convention (collectively with the laws mentioned in Article 5.1 above, the "Anti-Bribery Laws").</p> <p>Article 6. Prohibition on Provision of Bribery</p> <p>1. The Employees shall not, directly or indirectly, provide, propose or promise the Valuables as bribery for</p> |

the purpose of exercising influence over the Interested Party or obtaining and maintaining improper business benefits.

2. The Employees shall not receive the Valuables from the Interested Party for any reason, in connection with the work, unless the exchange of the Valuables is with the Customary Level for maintenance of appropriate relationship. In such instance, the person who received the Valuables shall report to the Compliance Officer, Audit Department or Voluntary Compliance Director.
3. Provision of the Valuables for family occasions of the Interested Party (i.e., weddings, funerals, etc.) out of courtesy is allowed; provided that such provision of the Valuables shall be within the Customary Level.
4. The Employees may receive, within the Customary Level, the Valuables for family occasion; provided that receipt of any amount exceeding the Customary Level shall be deemed of the receipt of the Valuables in violation of this Guideline. However, if the Employees receive the Valuables from the Interested Party without knowing or against one's will, such officer or employee shall report to the Compliance Officer, Audit Department or Voluntary Compliance Director and shall follow the instruction.

[p.3] Article 8. Facilitation Payment

Facilitation Payment shall be prohibited on principle because such facilitation payment (i.e., charges for requesting expedited processing of general non-discretionary works of the government) are generally deemed as bribes in most countries.

[3] Code of Ethics (Document)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.1] Based on the vision of leading development through creation of future values, Poongsan Corporation (the "Company") desires to fulfil its social responsibilities by complying with relevant laws and regulations, respecting the order of free competition market, and pursuing the mutual prosperity of all involved through transparent and ethical corporate activities. Thereby, this code of ethics (this "Code") is enacted as a standard for the behaviors of all officers and employees of the Company and all officers and employees of the Company affirm to comply with this Code.

1.Responsibilities and Obligations of Officers and Employees

[...]

1-2 Ethical conducts in work place

1)Officers and employees shall fully understand the responsibilities and authorities granted to them in accordance with the policies and regulations of the Company, conduct their given duties diligently, and shall bear responsibilities for the results of actions.

2)Officers and employees shall strictly separate professional and personal matters and shall not provide or receive cash, goods, entertainment, or conveniences which may undermine the fairness.

[p.2] 1-3 Ethical conducts among officers and employees

1)Officers and employees shall not provide or receive improper request and shall not provide or receive any benefits related to improper request.

2)Loaning money or providing guarantees among officers and employee is prohibited in principle.

[7] Overview (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

Overview

Poongsan Corporation establishes and implements the guidelines and procedures that their employees and directors must observe in order to abide by statues and make their management appropriate when the employees and directors perform their duties.

| Compliance Structure | Compliance Activities | Efficacy Testing |
|--|--|--|
| <ul style="list-style-type: none"> • Enactment of Compliance Guidelines -Apply to all of the business activities and all activities of the directors, officers and employees • Structuring of Compliance System -Structuring of departments and assignment of roles and responsibilities for the Compliance • Appointment of Compliance Officer -Qualifications, Term and Status -Authorities and Duties • Independence of Compliance Officer -Reporting directly to the BOD -Restriction on dismissal | <ul style="list-style-type: none"> • Assessment and Management of Legal Risk -Categorize major activities related to the Legal Risk • Compliance Monitoring by Compliance Officer -Monitoring -Report to BOD • Compliance Monitoring by Voluntary Compliance Director -Report to Compliance Officer • Outgoing Compliance Assistance -Contract Review -Legal Counseling • Whistleblowing • Handling of Compliance Violations • Training and Education for Compliance • Comprehensive Information Management System | <ul style="list-style-type: none"> • Efficacy Testing of Compliance System -Appropriateness and efficacy of the contents of the Guidelines -Assessment and Management System of Legal Risk -Monitoring and Reporting System -Systematic independence of the Compliance Officer -Sanction system • Report to BOD the result of such testing • Prepare the plans for improvement by BOD • Rewards to Employees |

[6] Compliance Campaign (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/>

We do not make an improper solicitation

No one shall solicit any public official or relevant person performing his or her duties, directly or through a third party, to do any of the following improper acts:

We do not offer the financial and other advantages

No one shall offer, promise to offer, or express any intention to offer, any unacceptable financial or other advantage to any public official or relevant person, or to his or her spouse.

14 types of prohibited improper solicitations

- Handling or manipulating admission, grades, or performance tests at schools
- Exerting influence over authorization, permission
- Intervening in the personnel management such as appointment or promotion
- Intervening in selecting or rejecting contract winners
- Abnormal transaction practices of goods and services produced and provided by public institutions
- Intervening in assessments and judgments
- Intervening in the appointment or rejection of a person who will participate decision-making process of public institutions
- Intervening in assignment or provision of subsidies or investment
- Intervening in investigation, judgment, etc of a case
- Handling matters related to military service in violation of Acts
- Mitigating or remitting administrative dispositions or punishments
- Intervening in selecting winners of award or prize granted
- Excluding subject matter or ignoring discovered violations of administrative guidance, control, etc
- Disclosing duty-related information on tender, auction, etc

Exceptions

- Exceptions to improper solicitations are (a) requesting certain actions in accordance with Acts and standards; (b) publically requesting a certain action; (c) inquiring public institutions on the completion or progress of a certain duty through legitimate procedures and activities.

Offering & Receiving unacceptable financial and other advantages means:

- Offering & Receiving financial advantages exceeding KRW 1 million at a time or KRW 3 million in a year regardless of duty-relatedness
- Offering & Receiving financial advantages not exceeding KRW 1 million in connection with the receiver's duty
- A Public official's spouse Offering & receiving prohibited advantages in connection with public official's duty
- Offering & receiving an honorarium for an outside lecture exceeding the limits under the Presidential decree

Exceptions

- Exceptions are (a) financial advantages provided by close relatives, (b) financial advantages provided by a long-time friend to the public official in need of help due to disease or disaster, or (c) souvenirs or promotional goods distributed to many and unspecified persons.

Compliance Checklist for Anti-Corruption

✓ **Relevance of the duties of the public officials**

- Whether the business of the company is related to the duty that the public officials are legally responsible for
- Whether the business of the company is related to the duties of public officials in charge of the practice
- Whether the business of the company is related to the work of a public officials who may influence a decision maker
- Whether the business of the company is closely related to the duties of the public officials under the law

※ If any of the above items applies, the provision of any financial or other advantages to the public officials in charge is strictly prohibited.

✓ **Exceptions**

- Food, the value of which is less than 30,000 won, gift, the value of which is less than 50,000 won, congratulatory or condolence money less than 50,000 won for purposes of social relationships, rituals, or aid
- Money, goods, etc., provided uniformly in a normally accepted range by an organizer of an official event related to the duties of a public officials, etc. to all participants thereof, in the form of transportation, accommodation, food and beverages, etc.
- Souvenirs, promotional goods, etc. to be distributed to multiple unspecified persons, or awards or prizes given in a contest, a raffle, or a lottery
- Money, goods, etc. permitted by the other Acts, subordinate statutes, standards, or societal rules and norms

※ In the event of such exception, the provision of money or goods to public officials is permitted.

Public officials directly involved in the company's business

- Public officials handling the company's complaints
- Public officials responsible for disposing of the company's profits or disadvantages, such as cancellation of authorization, authorization, suspension of business, imposition of fines
- Public officials responsible for investigating, auditing, supervising, inspecting, regulating, and administering the company
- Public officials responsible for conscription, and mobilization related to the company
- Public officials responsible for contracting with the company
- Public officials who are responsible for making decisions that are beneficial or disadvantageous to the company as a result of policy, business decisions or enforcement

※ If any of the above items applies, the provision of any financial or other advantages is strictly prohibited.

Compliance Letter

Sang-Joon Park / Compliance Officer

Compliance to anti-corruption laws is not a discretion, but a strict legal obligation.

The Improper Solicitation and Graft Act, which is better known to us as the Kim Young-ran Act, has been in effect since September 28. The law prohibits improper solicitation and money transfers to public officials. We must meet our standards of conduct for this purpose of legislation. In this article, I would like to explain the Act for directors and employees of the company.

As the name implies, this law regulates i) the prohibition of improper solicitation to public officials and ii) the prohibition of providing money for public officials. Improper solicitation is punished by itself regardless of whether the solicitation is realized or not.

First, improper solicitation refers to asking public officials to violate the relevant laws or to handle the affairs outside the status and authority. In this case, if a party makes an affirmative appeal directly to a public officials, the party is not punished, but a public officials who has been asked to do so is punished. However, in the event of improper solicitation through a third party, the person concerned, third party and public officials are all punished. A request made by the Company's directors and employees shall be punished as a third-party request, not as a request by the party. In particular, whether or not the solicitation affected or realized the actual performance of the public official's job, it is punished by the act of improper solicitation itself.

If you offer the financial or other advantages, you will be penalized regardless of whether you are benefiting.

Next, the company's directors and employees shall not provide any money to the public officials in connection with their duties, at which time the consideration will not be questioned. Furthermore, a person shall be punished with criminal penalties if he provides money that exceeds 1 million won at a time or exceeds 3 million won in fiscal year total, regardless of any connection to their duties and regardless of any pretext such as donation, sponsorship, gift, etc. On the other hand, there is no penalty provision for providing money of less than 1 million won at a time and less than 3 million won in each fiscal year, if not related to the duties of public officials. However, we must recognize that the courts have a very wide range of the duties of public officials.

In exceptional cases, however, any of the following shall be allowed to offer to the public officials: ① food, the value of which is less than 30,000 won, gift, the value of which is less than 50,000 won, congratulatory or condolence money less than 50,000 won for purposes of social relationships, rituals, or aid ② money, goods, etc., provided uniformly in a normally accepted range by an organizer of an official event related to the duties of a public officials, etc. to all participants thereof, in the form of transportation, accommodation, food and beverages, etc. ③ souvenirs, promotional goods, etc. to be distributed to multiple unspecified persons, or awards or prizes given in a contest, a raffle, or a lottery. However, it should be noted that the public officials who is directly involved in the job are not allowed to be provided with the money of 30,000 won and 50,000 won as described above. No person shall offer, promise to offer, or express any intention to offer any prohibited money, goods to any public officials or to his/her spouse.

Anti-corruption laws also apply to people other than public officials.

In addition, the public officials who are subject to the Act include employees who work in government offices, public institutions, schools and media companies. Public affairs organizations or public institutions include various state-owned enterprise, researchers, technicians, associations, committees, and national and public hospitals. Therefore, it is necessary to carefully examine whether the other party is a public officials.

Keep in mind that if employees violate the law, the company is also punished.

On the other hand, even if a company employee has a personal relationship with a public officials or a journalist, the company is also punished by law when providing money or improper solicitation. In addition, the profits from the violation of the law are unfair and can be fully recovered by the relevant authorities. Therefore, special attention should be paid to the relationship with the public officials.

An improper solicitation or offer of money must be declared by the public officials.

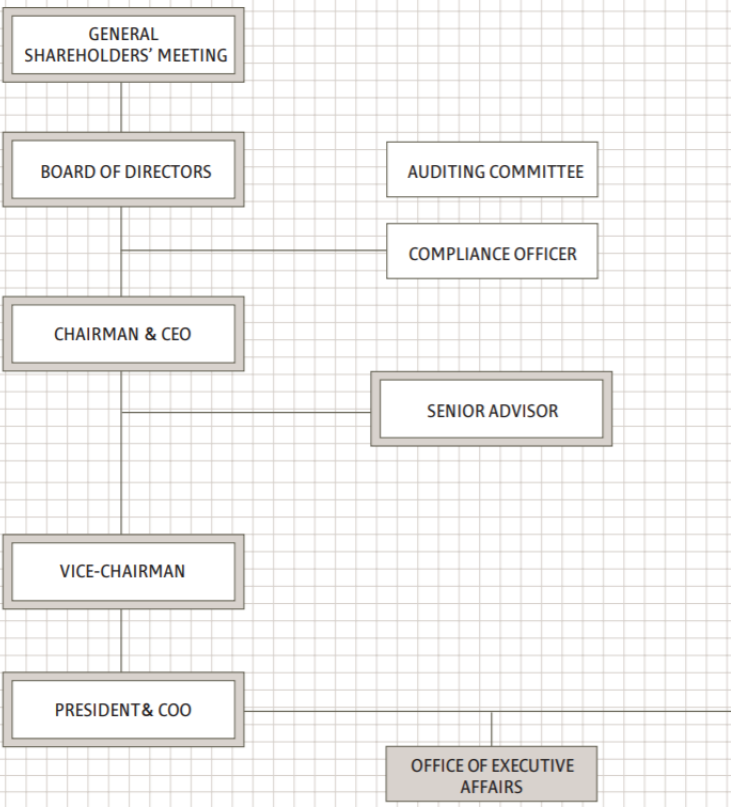
It should not be misunderstood that a violation of the law will not be a problem or an idea that it will be 'okay' or 'okay' due to the practices, recognition(humanity), and relationship during that time. Because the law provides for a well-prepared reporting system for the public officials. In other words, the public officials are not only motivated to voluntarily report complaints and immunity regulations, but also protect and compensate for other complainants. As the money provider may change their mind and report at any time, it is a reasonable choice to refuse to accept any money or to report voluntarily in the public office.

All employees should act on a higher ethical standards.

There are still a lot of controversies about the various requests of public officials and the provision of money, but it is often difficult to judge whether violation of the law is clear. However, there is a greater legal risk if you try to keep the baseline of the law in breach without radically correcting existing practices. Therefore, if there is any suspicion of violation of the law, it is necessary to act on the basis of strict judgment as 'one more step' than the law.

The company applies the principle of zero-tolerance for anti-corruption law violators.

The company has already declared through its Code of Ethics and CEO Message that it will apply the principle of zero tolerance to all directors and employees who violate anti-corruption laws. Furthermore, the company makes it clear that it can not justify violations of laws and codes of ethics because of the company's profit or revenue targets. If you do not adhere to the anti-corruption laws, keep in mind that all directors, employees and company can be punished easily, and all directors and employees should be fully aware of the laws and have high ethical standards.

| |
|---|
| Question |
| 1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme? |
| Score |
| 2 |
| Comments |
| Based on publicly available information, there is some evidence that a designated board committee – the Audit Committee – oversees the company's compliance programme, which is understood to incorporate the company's anti-corruption programme. There is evidence to suggest that this committee engages in formal oversight functions such as reviewing reports from management and that it has the authority to require that any necessary changes to the programme are made. |
| Evidence |
| <p>[32] Annual Report 2018 (Document) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/files/annual-reports/Poongsan2018.pdf [p.50]</p>  <pre> graph TD G[GENERAL SHAREHOLDERS' MEETING] --- B[BOARD OF DIRECTORS] B --- C[CHAIRMAN & CEO] B --- D[AUDITING COMMITTEE] C --- E[VICE-CHAIRMAN] C --- F[COMPLIANCE OFFICER] C --- G[SENIOR ADVISOR] E --- H[PRESIDENT & COO] H --- I[OFFICE OF EXECUTIVE AFFAIRS] </pre> |
| <p>[5] Compliance Guideline Operating Manual (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/# [p.1] Article 1.Purpose</p> <p>This Compliance Guideline Operating Manual (this “Manual”) sets forth specific matters related to the compliance activities pursuant to the Compliance Guideline.</p> <p>Article 2.Compliance System</p> <p>1.The Compliance Officer shall comprehensively manage the compliance related matters and shall report the results of compliance monitoring to the board of directors.</p> |

[p2.] Article 2. Definitions

The following terms used herein shall have the meanings prescribed to them in paragraphs below:

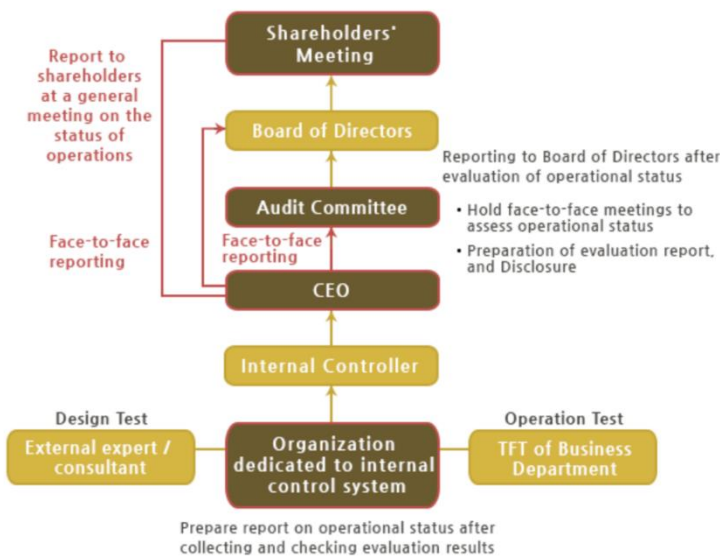
1. "Compliance" shall mean any and all policy establishments and controlling activities conducted by the Company through the review of the relevant laws and regulation, compliance of which are required for the businesses of the company (the "Law") and internal review of officers' and employees' compliance of the Law, in order to prevent violations and systematically prepare for the Legal Risk.
2. "Legal Risk" shall mean the risk of civil, criminal, administrative liabilities or damages due to invalidation of contracts, caused by non-compliance of the Laws by the officers and employees of the Company (the "Employees").

[12] Reporting procedure of Internal Control System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Reporting procedure of Internal Control System

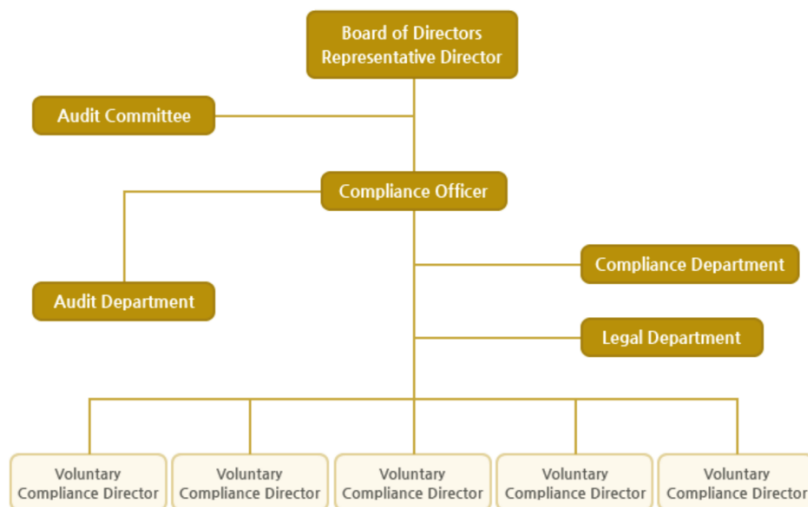


[4] Compliance System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

Compliance System



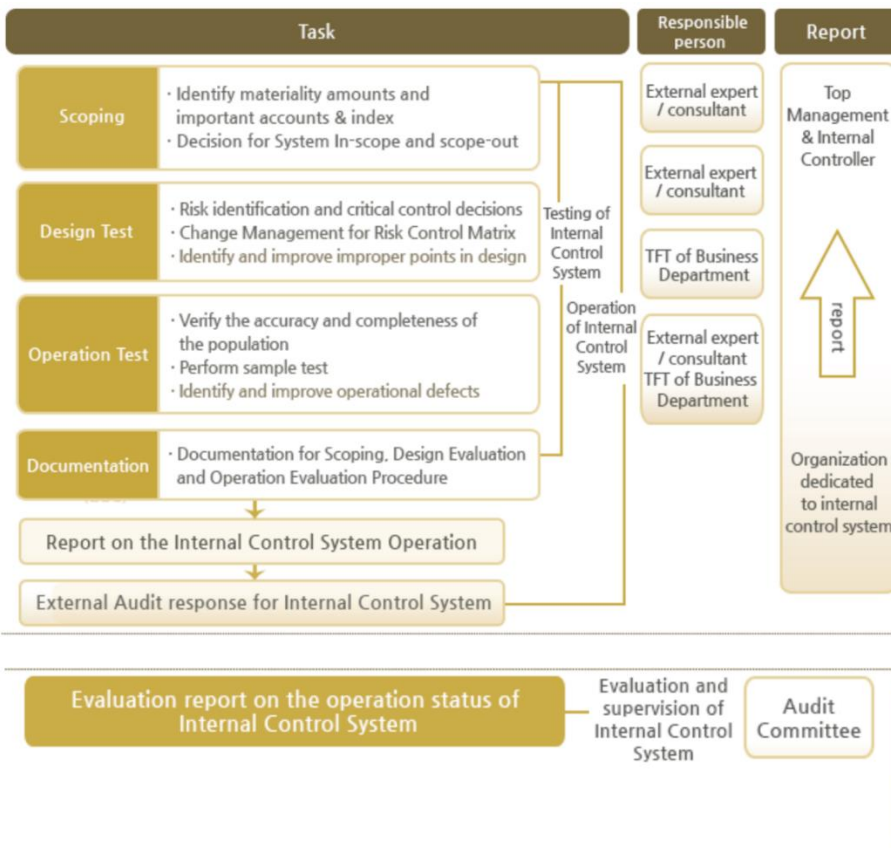
- ※Audit Committee: Examining corporate financial records and accounting to ensure compliance with the accounting laws and transparency
- ※Audit Department: Investigation of any violation of the relevant laws and unethical behaviors
- ※Compliance Department : To assist the compliance officer and conduct planning/management of compliance activities and compliance trainings.
- ※Legal Department : To conduct day-to-day compliance activities
- ※Voluntary Compliance Director: The officer who is in charge of a division of the Company

[11] Operation on the Internal Control System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Operation on the Internal Control System



[9] Auditing Committee (Webpage)

Accessed 02/10/19

<http://www.poongsan.co.kr/eng/sustainability/leadership/auditing-committee/>

Auditing Committee

To ensure complete independence from the company's management and major shareholders, the Audit Committee is composed of three outside directors. The Committee's role is to examine various financial reports and enhance managerial transparency and fairness as supervisors.

| |
|---|
| 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 |
| 2 |
| Comments |
| Based on publicly available information, there is evidence that a designated senior executive – the Compliance Officer – has ultimate responsibility for implementing and managing the company's compliance programme, which is understood to include the company's anti-corruption programme. There is evidence that this person has a direct reporting line to the board of directors and board committee that provides oversight of the programme. |
| Evidence |
| <p>[5] Compliance Guideline Operating Manual (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/# [p.1] Article 2. Compliance System</p> <ol style="list-style-type: none"> 1. The Compliance Officer shall comprehensively manage the compliance related matters and shall report the results of compliance monitoring to the board of directors. 2. The Compliance Department shall assist the Compliance Officer and conduct planning/management of compliance activities and compliance trainings. 3. The Legal Department shall conduct day-to-day compliance activities (i.e., contract reviews, legal advising, lawsuit/dispute resolution assistance, etc.). 4. The Audit Department shall investigate any violation of the relevant laws and unethical behaviors, and shall report the results of the investigation to the Compliance Officer. 5. The officer who is in charge of a department (a department or division, hereinafter, “<u>Voluntary Compliance Unit</u>”) (the “<u>Voluntary Compliance Director</u>”) shall conduct voluntary compliance monitoring for day-to-day activities; provided that the Voluntary Compliance Unit may be modified by agreement of the Compliance Officer and the relevant department, depending on the circumstances of the department. <p>[14] Compliance Guideline (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.3] Article7. Appointment of Compliance Officer</p> <ol style="list-style-type: none"> 1. The Compliance Officer shall be appointed by the Representative Director through resolution of the Board of Directors. 2. The Representative Director may dismiss the Compliance Officer if he or she has any of the followings: <ol style="list-style-type: none"> (i) in case of physical or mental disability that prevents the person from performing his or her (ii) in case of cheating or in violation of laws or articles of association in relation to one's duties (iii) in case of causing losses to the company on purpose or negligence 3. The Compliance Officer shall not be dismissed without a just cause during his or her term in office, and in the event of his dismissal during his term, the Representative Director shall provide sufficient evidence to prove the reasons for his dismissal under paragraph 2. 4. The Compliance Officer may state his or her comment on dismissal at the Board of Directors. 5. In the event that the Compliance Officer is dismissed or leaves office due to the expiration of his term or resignation, the Representative Director shall promptly appoint a new Compliance Officer to maintain continuity of the relevant business. |

Article 8. Qualifications, Term and Status of Compliance Officer

1. The Compliance Officer shall be appointed from the persons who satisfy the requirements set forth in Article 542-13 of the Korean...

[p.4] ...Commercial Code and Article 40 of the Enforcement Decree of the Korean Commercial Code.

2. An auditor or a member of the audit committee of the Company may not be appointed as the Compliance Officer.

3. The Compliance Officer shall be full-time, and his or her term of office shall be three years, and he or she may serve consecutive terms.

Article 9. Authorities and Duties of Compliance Officer

1. The Compliance Officer shall be authorized to do the following things:

- (i) implementation of compliance training and education programs;
- (ii) scheduled and non-schedule monitoring and reporting related to the compliance of this Guideline;
- (iii) collection of information and request for submission of materials or testimony necessary for conducting the duties of the Compliance Officer;
- (iv) request for compliance and request for suspension, improvement or correction of matters deemed to be in violation, to the Employees;
- (v) request for sanction to the Employees who violated this Guideline;
- (vi) attendance and provision of testimony at the meeting of the board of directors, etc. in connection with the compliance;
- (vii) management of compliance department and making of recommendations related to personnel in the relevant departments; and
- (viii) other matters authorized by the board of directors.

[7] Overview (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

Overview

Poongsan Corporation establishes and implements the guidelines and procedures that their employees and directors must observe in order to abide by statutes and make their management appropriate when the employees and directors perform their duties.

| Compliance Structure | Compliance Activities | Efficacy Testing |
|--|--|---|
| <ul style="list-style-type: none"> • Enactment of Compliance Guidelines <ul style="list-style-type: none"> -Apply to all of the business activities and all activities of the directors, officers and employees • Structuring of Compliance System <ul style="list-style-type: none"> -Structuring of departments and assignment of roles and responsibilities for the Compliance • Appointment of Compliance Officer <ul style="list-style-type: none"> -Qualifications, Term and Status -Authorities and Duties • Independence of Compliance Officer <ul style="list-style-type: none"> -Reporting directly to the BOD -Restriction on dismissal | <ul style="list-style-type: none"> • Assessment and Management of Legal Risk <ul style="list-style-type: none"> -Categorize major activities related to the Legal Risk • Compliance Monitoring by Compliance Officer <ul style="list-style-type: none"> -Monitoring -Report to BOD • Compliance Monitoring by Voluntary Compliance Director <ul style="list-style-type: none"> -Report to Compliance Officer • Outgoing Compliance Assistance <ul style="list-style-type: none"> -Contract Review -Legal Counseling • Whistleblowing • Handling of Compliance Violations • Training and Education for Compliance • Comprehensive Information Management System | <ul style="list-style-type: none"> • Efficacy Testing of Compliance System <ul style="list-style-type: none"> -Appropriateness and efficacy of the contents of the Guidelines -Assessment and Management System of Legal Risk -Monitoring and Reporting System -Systematic independence of the Compliance Officer -Sanction system • Report to BOD the result of such testing • Prepare the plans for improvement by BOD • Rewards to Employees |

[6] Compliance Campaign (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/>

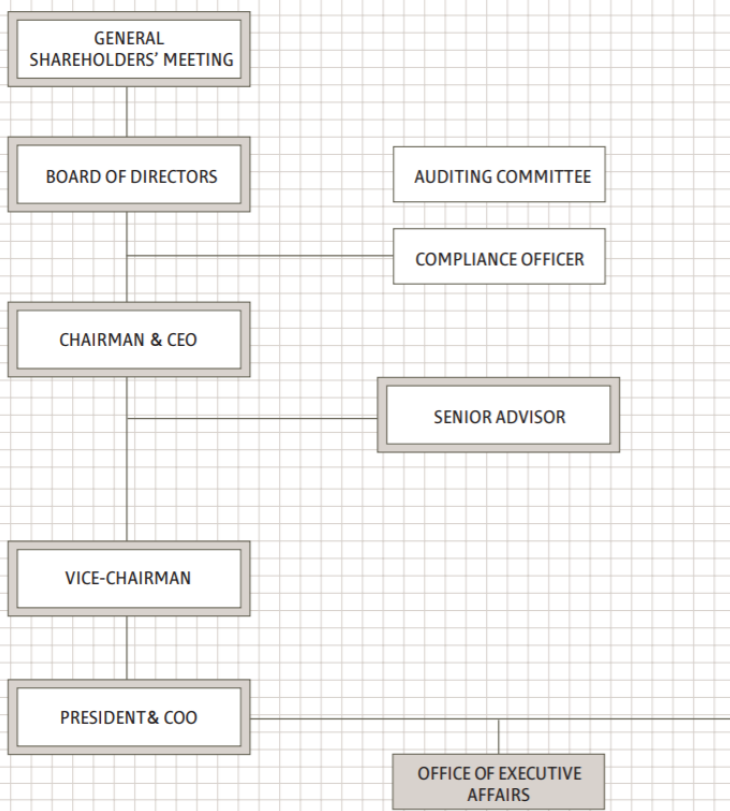
Sang-Joon Park / Compliance Officer

[32] Annual Report 2018 (Document)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/files/annual-reports/Poongsan2018.pdf>

[p.50]



2. Internal Controls

| Question | | | | | | | | | | | |
|--|--|----------------------|----------------------|----------------------|---------|---|---------------------|---|--|--|--|
| <p>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?</p> | | | | | | | | | | | |
| Score | | | | | | | | | | | |
| 1 | | | | | | | | | | | |
| Comments | | | | | | | | | | | |
| <p>Based on publicly available information, there is evidence that the company has a formal risk assessment procedure that informs the design of the compliance programme. The evidence suggests that the results of such reviews are used to develop tailored mitigation plans.</p> <p>However the company receives a score of ‘1’ because there is no clear evidence to indicate the risk assessment goes beyond legal risks facing the company.</p> | | | | | | | | | | | |
| Evidence | | | | | | | | | | | |
| <p>[14] Compliance Guideline (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.1] Article 2. <u>Definitions</u></p> <p>[...] 2 “Legal Risk” shall mean the risk of civil, criminal, administrative liabilities or damages due to invalidation of contracts, caused by non-compliance of the Laws by the officers and employees of the Company (the “Employees”).</p> <p>[p.5] Article 12. Legal Risk Assessment</p> <p>1. The board of directors shall prepare and manage comprehensive Legal Risk assessment and management system which can effectively operate under the overall risk management system of the Company.</p> <p>2. The Compliance Officer shall review the size and frequency of the Legal Risk, determine the probability of the Legal Risk, and categorize major activities related to the Legal Risk. In case where the Compliance Officer requests cooperation for the categorization mentioned above, the relevant departments and the Employees shall promptly and diligently respond to such request.</p> <p>[8] Legal Risk (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Legal Risk shall mean the risk of civil, criminal, administrative liabilities or damages due to invalidation of contracts, caused by non-compliance of the Laws by the officers and employees of the Company. The Company shall categorize the legal risks on the basis of the relevant laws and regulations applicable for each department of the Company, prepare the voluntary compliance check list, and provide such check list to the each department of the Company.</p> <p>Major Legal Risk</p> <table border="1"> <tbody> <tr> <td>Provision of Bribery</td> <td>Facilitation Payment</td> </tr> <tr> <td>Conflict of Interest</td> <td>Offsets</td> </tr> <tr> <td>Political Contribution / Contribution to non-profit organizations</td> <td>Third Party / Agent</td> </tr> <tr> <td>Compliance Issues(For all officers and employees)</td> <td>Voluntary Compliance Monitoring Table I (For all officers and employees)</td> </tr> <tr> <td>Compliance Issues(For each department)</td> <td>Voluntary Compliance Monitoring Table II (For each department)</td> </tr> </tbody> </table> | | Provision of Bribery | Facilitation Payment | Conflict of Interest | Offsets | Political Contribution / Contribution to non-profit organizations | Third Party / Agent | Compliance Issues(For all officers and employees) | Voluntary Compliance Monitoring Table I (For all officers and employees) | Compliance Issues(For each department) | Voluntary Compliance Monitoring Table II (For each department) |
| Provision of Bribery | Facilitation Payment | | | | | | | | | | |
| Conflict of Interest | Offsets | | | | | | | | | | |
| Political Contribution / Contribution to non-profit organizations | Third Party / Agent | | | | | | | | | | |
| Compliance Issues(For all officers and employees) | Voluntary Compliance Monitoring Table I (For all officers and employees) | | | | | | | | | | |
| Compliance Issues(For each department) | Voluntary Compliance Monitoring Table II (For each department) | | | | | | | | | | |

[5] Compliance Guideline Operating Manual (Document)

Accessed 02/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/#>

[p.1] Article 3. Assessment and Management of Legal Risk

1. All agenda for the shareholders' meeting, the board of directors' meeting, and the meetings of the committees established under the board of directors shall require prior confirmation from the Compliance Officer.

[p.2] 2. For each Voluntary Compliance Unit, the Compliance Officer shall categorize the legal risks on the basis of the relevant laws and regulations applicable for each Voluntary Compliance Unit, prepare the voluntary compliance check list, and provide such check list to the Voluntary Compliance Director.

3. Every 6 months or upon a request of the Compliance Officer, the Voluntary Compliance Director shall notify the Compliance Officer of the results of the voluntary compliance monitoring based on the voluntary compliance check list.

4. In case of any enactment or amendment of the relevant laws and regulations related to potential legal risks, the Voluntary Compliance Director shall modify the voluntary compliance check list accordingly; provided that the Voluntary Compliance Director shall notify and consult with the Compliance Officer prior to such modification of the voluntary compliance check list.

5. Business activities, contracts, and lawsuits/disputes of each department shall be subject to the review of the Legal Department or shall be notified to the Legal Department in accordance with the legal processing regulations of the Company.

6. The Compliance Officer may directly conduct compliance monitoring of each department or assess the voluntary compliance monitoring, and may attend and provide statements to management meetings or other business related meetings, for the compliance purposes.

[10] Entity Level Control (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Entity Level Control

| | Descriptions | Policy and Procedure |
|---------------------|--|--|
| Control Environment | An environment in which an organization can understand and participate in internal control as the foundation of individual morality, integrity, and business competence. | <ul style="list-style-type: none"> -Top Management's Leadership for Ethics Management and publication of Code of Conduct -Control by Audit Committee -Training and Education Program for Compliance -Investigation and punishment system for employees |
| Risk Assessment | Identify and assess factors that impede the achievement of the organization's goals and provide criteria for effective internal control design | <ul style="list-style-type: none"> -Accounting Policy Steering Committee (PSAM) -Establish mid- to long-term vision and annual business plan -IT Disaster Recovery Plan and ERP Steering Committee |
| Control Activity | Provide confidence in meeting organizational goals by designing and operating effective control activities | <ul style="list-style-type: none"> -Systematic operation of advanced internal control management system -IT general control (IT security activity plan and IT business plan etc.) |

| | | |
|--------------------------------------|--|--|
| <p>Information and Communication</p> | <p>Gathering information related to internal and external business performance and establishing horizontal and vertical information communication system</p> | <ul style="list-style-type: none"> -Whistle blowing system (Cyber report etc.) -Groupware and in-house messenger -Customer support function for homepage to gather external opinions |
| <p>Monitoring</p> | <p>Monitor effectiveness to ensure that operational internal controls are working properly</p> | <ul style="list-style-type: none"> -Continuous monitoring by automation system -Reflecting continuous monitoring and internal and external audit results into internal control management system |

| |
|---|
| 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 some evidence that the company’s anti-bribery and corruption programme, as part of its wider compliance programme, is subject to a regular audit process, which includes provisions for continuous improvement. There is also evidence that audit findings are reviewed by the board, with responsibility for implementing changes held by the Compliance Officer.</p> <p>However, the company receives a score of ‘0’ because it is not clear from publicly available evidence how frequently audits or the efficacy testing take place, nor does the company specify that the entire programme is audited beyond financial accounts.</p> |
| Evidence |
| <p>[14] Compliance Guideline (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.10] Chapter 4 Efficacy Testing Article 21. Standards and Procedures for Efficacy Testing</p> <ol style="list-style-type: none"> 1. The board of directors shall regularly review whether this Guideline and related systems are effectively designed and managed, and if improvement or supplementation is needed, shall prepare the plans for improvement. 2. The Compliance Officer shall conduct the evaluation of the effectiveness of the compliance and monitoring system and shall report the results thereof to the board of directors. 3. Separately from the evaluation by the Compliance Officer, the board of directors may conduct company-wide compliance system efficiency evaluation. 4. For the efficiency evaluation, the appropriateness and efficacy of the contents of this Guideline, evaluation and management system of the Legal Risk, compliance monitoring and reporting system, systematic independence of the Compliance Officer, and sanction system for the violations shall be reviewed. <p>Article 22. Measures subsequent to Efficacy Testing</p> <ol style="list-style-type: none"> 1. Based on the results of the efficiency evaluation, the board of directors shall establish improvement plan for any omissions or defects. For the establishment of such plan, the board of directors shall seek the opinions of the Compliance Officer. 2. The representative director shall take actions for improvement under the result of the Efficacy Testing. <p>[13] Internal Accounting Control (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ Internal Accounting Control</p> <p>Poongsan has established and operated an internal accounting control system in order to enhance internal and external credibility and reliability of accounting information (including information on transactions that form the basis of accounting information) prepared by the company in accordance with Article 2-2 of the Act on External Audit of Stock Companies.</p> |

Purpose of Internal Accounting Control

Ensuring the efficiency and effectiveness of enterprise operation

Ensuring the reliability of financial information

Compliance with relevant laws and policies for Anti-Corruptions

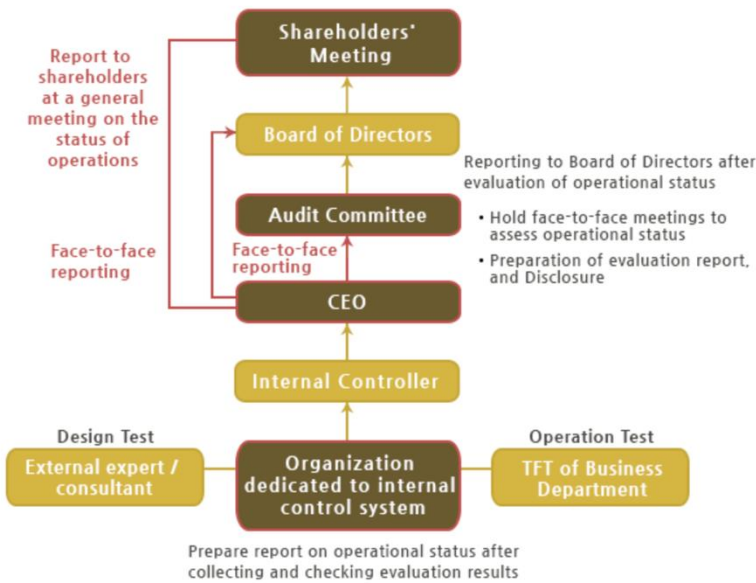
- Enhance the effectiveness of design and operation of internal accounting controls through legal risk-based approaches
- Strengthening prevention of anti-fraud and anti-corruption
- Optimization of IT General Controls and Automated Controls in an IT environment

[12] Reporting procedure of Internal Control System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Reporting procedure of Internal Control System



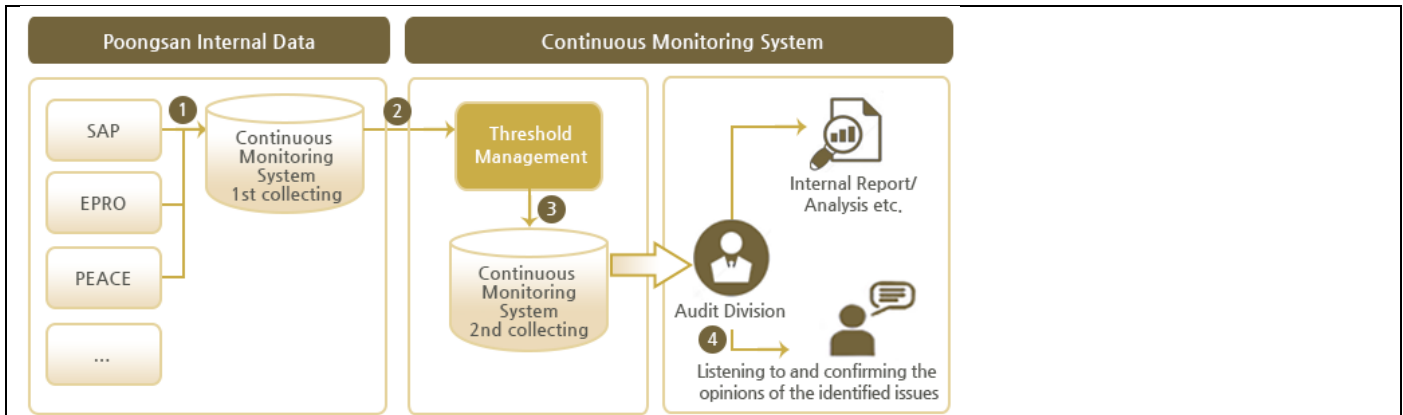
[36] Continuous Monitoring System (Webpage)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Continuous Monitoring System

Poongsan operates a Continuous Monitoring System that Continuously monitors abnormal symptoms by a predefined rule using internal data.



- 1 Filter the company's internal data primarily (SQL Query)
- 2 Interfaces to Continuous Monitoring System
- 3 Audit Division checks on web screen
- 4 Listening to and confirming the opinions of the identified issues

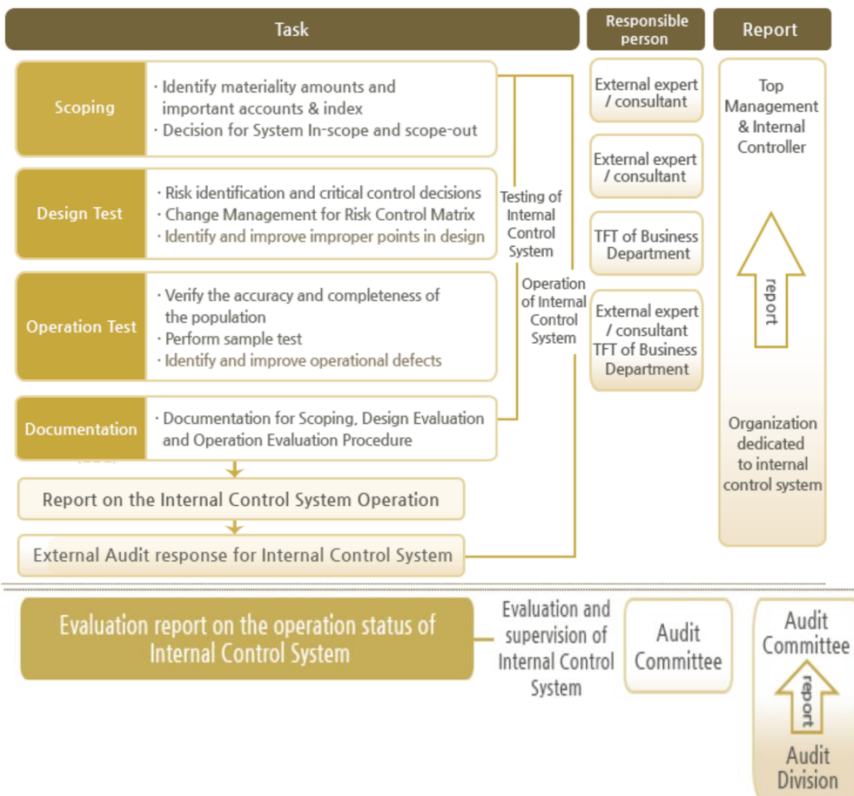
Such monitoring and check shall be conducted by the dedicated person properly qualified and trained to perform the function.

[11] Operation on the Internal Control System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Operation on the Internal Control System

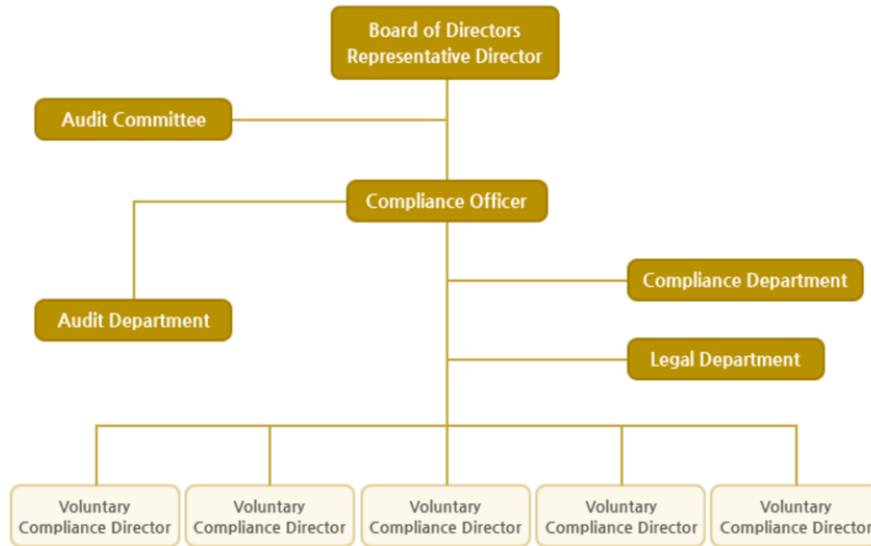


[4] Compliance System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

Compliance System



※Audit Committee: Examining corporate financial records and accounting to ensure compliance with the accounting laws and transparency

※Audit Department: Investigation of any violation of the relevant laws and unethical behaviors

| |
|---|
| 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 |
| <p>There is evidence that the company commits to investigating incidents, and there is a specific procedure in place to deal with whistleblowing cases, which stipulates actions to be taken at each step. There is evidence that the company takes steps to ensure the independence of its investigations. There is evidence that the company commits to put in place remediation plans and to report investigative findings to senior management and the board.</p> <p>However, the information provided does not cover the whole investigation process from receipt to final outcome and it is not clear whether information on each investigation is documented. Furthermore, there is no evidence of a commitment to providing whistleblowers with updates on the outcome of investigations.</p> |
| Evidence |
| <p>[15] Ethics Hotline (Webpage) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Hotline Information</p> <p>[...]</p> <p>Investigation Any matters reported through this hotline or whistleblowing channels shall be thoroughly investigated by the personnel of audit division properly qualified and trained to perform the function. In addition, any complaints about the handling of concerns and investigations are overseen by the head of audit division.</p> <p>Report to the Board and Reliant Authorities The company expresses that the findings of incidents (including bribery and corruption) which are in breach of laws and regulations are evaluated and necessary follow-up steps are taken to report such findings to the board and relevant authorities.</p> <p>Announcement of the results of investigation and disciplinary action The company publishes the disciplinary action against violators of laws or regulations through its in-house intranet.</p> <p>[5] Compliance Guideline Operating Manual (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/# [p.1] Article 2. Compliance System</p> <p>[...]</p> <p>4. The Audit Department shall investigate any violation of the relevant laws and unethical behaviors, and shall report the results of the investigation to the Compliance Officer.</p> <p>[p.2] Article 4. Reporting and Handling of Violations Related to Bribery</p> <p>The reports of violations <u>related to bribery</u> (i.e., provision and receipt of bribery) received by the Compliance Officer, the Audit Department, and the Voluntary Compliance Director shall be handled by the Audit Department in accordance with the rules of the Company and the Compliance Officer shall be notified of the results thereof.</p> <p>Article 5. Reporting and Handling of Violations of the Relevant Laws and Regulations</p> |

1. Upon the receipt of a report of violations of the relevant laws and regulations, and unethical [p.2] behaviors, the Audit Department and the Voluntary Compliance Director shall notify the Compliance Officer of the details of such report.

2. The Audit Department shall conduct the investigation such as fact checking regarding the reports of violation of the relevant laws and regulations, etc. received by the Compliance Officer, the Voluntary Compliance Director, and the Audit Department and shall report the results of such investigation to the representative director, the auditing institutions (audit or the audit committee), or the Compliance Officer, depending on the nature of violations.

3. If it is deemed necessary by the Compliance Officer, the Compliance Officer may request investigation of the violation of the officers or employees of the Company (the “Employees”) to the Audit Department.

[14] Compliance Guideline (Document)

Accessed 02/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

[p.8] Article 18. Whistleblowing

1. The representative director may establish whistleblowing channel through which a direct report to the Compliance Officer, etc., can be made with respect to the violatins or unfair practices of the Employees.
2. The person who receives or processes the whistleblowing report shall keep the identify of the whistleblower and the contents of the report confidential.
3. If the whistleblower reports violations or unfair practices related to him or her, such report can be considered as mitigating factor. All whistleblowers shall not be subject to any disadvantages in personnel management due to the whistleblowing.

Article 19. Handling of Compliance Violations

1. Upon the discovery of the violation of this Guideline, etc., the Compliance Officer may

(i) notify such violation to the head of the

[p.9] relevant department or report the representative director, (ii) demand appropriate measures of suspension, improvement, correction, sanction, etc. or (iii) if necessary, prepare comprehensive response plan with consultation with the relevant departments and recommend such plan to the representative director, etc. However, in case of emergency, the Compliance Officer may, at his or her own discretion, implement necessary measures such as requesting suspension, improvement, correction of the relevant activities, etc. to the Employees, prior to the reporting or making of recommendation mentioned above.

1. The Company shall implement sanctions corresponding to the gravity of violation to the Employee who violated this Guideline, etc.

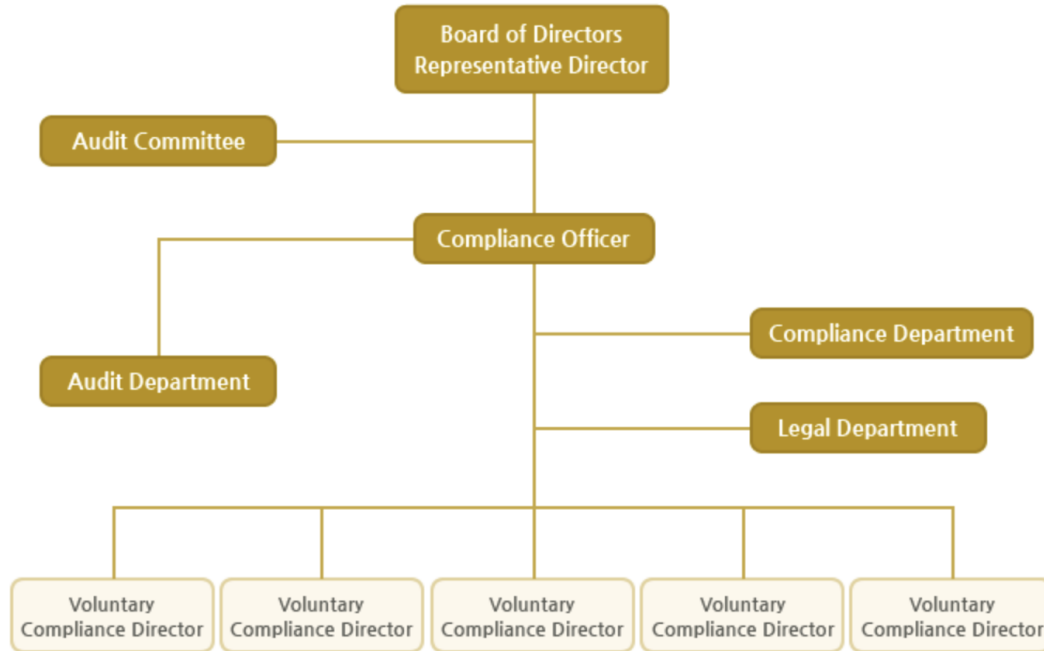
2. The Compliance Officer may prepare a plan for the prevention of any future identical or similar violation and make recommendations to the board of directors or the representative director. Once the prevention plan is decided, the Compliance Officer shall notify the corresponding and relevant departments of such plan and shall reflect it when improving the related programs or policies.

[4] Compliance System (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

Compliance System



[...]

※Audit Department: Investigation of any violation of the relevant laws and unethical behaviors

| |
|--|
| Question |
| 2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations? |
| Score |
| 1 |
| Comments |
| <p>There is evidence that the company assures itself of the quality of its internal investigations, including those reported through whistleblowing channels. The company explicitly states that staff tasked with conducting investigations are properly qualified and/or trained to perform the function. Any complaints about the handling of concerns and investigations are overseen by an appropriate senior management officer.</p> <p>However, there is no evidence that the company reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment.</p> |
| Evidence |
| <p>[15] Ethics Hotline (Webpage) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Hotline Information</p> <p>[...]</p> <p>Investigation Any matters reported through this hotline or whistleblowing channels shall be thoroughly investigated by the personnel of audit division properly qualified and trained to perform the function. In addition, any complaints about the handling of concerns and investigations are overseen by the head of audit division.</p> |

| |
|---|
| 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 |
| 1 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company commits to report material findings of bribery and corruption from investigations to the board and relevant authorities.</p> <p>However, there is no evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.</p> |
| Evidence |
| <p>[15] Ethics Hotline (Webpage) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Hotline Information</p> <p>[...]</p> <p>Report to the Board and relevant Authorities The company expresses that the findings of incidents (including bribery and corruption) which are in breach of laws and regulations are evaluated and necessary follow-up steps are taken to report such findings to the board and relevant authorities.</p> |

| |
|---|
| Question |
| 2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees? |
| Score |
| 0 |
| Comments |
| <p>There is evidence that indicates that the company publishes some information on its ethical, bribery or corruption-related incidents and investigations involving company employees, on its intranet.</p> <p>However, the company receives a score of '0' because this data is not made publicly available and therefore it is not clear whether this covers all of the specific measures as described in the guidance, including whether the information applies to company employees at all levels. It is also not stated how frequently this data is updated.</p> |
| Evidence |
| <p>[15] Ethics Hotline (Webpage) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Hotline Information</p> <p>[...]</p> <p>Announcement of the results of investigation and disciplinary action The company publishes the disciplinary action against violators of laws or regulations through its in-house intranet.</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>Based on publicly available information, there is evidence that the company provides a training module that outlines the basic principles of the anti-bribery and corruption policy. The evidence suggests that training is provided at least on an annual basis.</p> <p>However, there is no evidence to suggest that the training is systematically provided to all employees, in all countries or regions of operation and in all appropriate languages. It is also not clear whether training includes outlining the whistleblowing options available to employees.</p> | | | | | | |
| Evidence | | | | | | |
| <p>[16] Training and Education (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Training & Education In order to enable the officers and employees to understand and be prepared in advance of the Legal Risk associated with their works, the Company shall design and implement detailed and systematic compliance education and training programs.</p> <table border="1"> <tr> <td>For all officers and employees</td> <td>For freshmen</td> </tr> <tr> <td>For officers</td> <td>For managers</td> </tr> <tr> <td>For the employees of sales and purchases</td> <td>Other Training & Education</td> </tr> </table> <div style="border: 1px solid #ccc; padding: 10px; margin-top: 10px;"> <p>01. Education on Code of Conduct Code of Conduct under Anti-Corruption Law For All BOD Members & Employees</p> <p>02. Preventive Education on Anti-cruption and Anti-bribery TI - Korea On-Line Anti-Corruption Education Program Anti-Corruption Law Q&A for Defense Industry</p> </div> <p style="text-align: center; margin-top: 20px;"> <hr/> 청탁금지법에 따른 임직원 행동기준 <hr/> Code of Conduct under Anti-Corruption Law For All BOD Members & Employees </p> <p style="text-align: center; margin-top: 20px;"> PONGSAN (주)풍산 </p> | For all officers and employees | For freshmen | For officers | For managers | For the employees of sales and purchases | Other Training & Education |
| For all officers and employees | For freshmen | | | | | |
| For officers | For managers | | | | | |
| For the employees of sales and purchases | Other Training & Education | | | | | |

[2] Practical Guideline for Code of Ethics (Document)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.5] Article 13. Responsibilities of Decision Making Persons

1. The Employees who are in a decision making roles shall conduct training and counseling time to time so that the Employees can fully understand the ethics policy of the Company and shall take reasonable preventative measures against any violation.

[14] Compliance Guideline (Document)

Accessed 02/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/>

[p.6] Article 14. Compliance Training and Education

1. In order to enable the employees to understand and be prepared in advance of the Legal Risk associated with their works, the Compliance Officer shall design and implement detailed and systematic compliance education and training programs.

2. The Compliance Officer shall provide the following compliance education for all employees for at least a certain amount of time each year:

- (i) Regular Compliance Education: regular compliance education for all employees
- (ii) Compliance Education for hiring: Compliance education for newly hired executives and employees should be conducted before job assignment
- (iii) Special Compliance Education: Compliance education provided by Compliance Officer for departments that are expective have high

[p.7] legal risks or need education

3. The Compliance Officer can conduct compliance education under paragraph 2 through “On-line education” using information and communication media.

4. The Compliance Officer shall evaluate the effectiveness of the compliance education and training programs and conduct surveys regarding any suggestions for improvement, if necessary.

5. In addition to the operation of the education and training programs, the Compliance Officer may implement counseling program for the Employees who are exposed to higher level of the Legal Risk at their works.

[10] Entity Level Control (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/>

Entity Level Control

| | Descriptions | Policy and Procedure |
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| Control Environment | An environment in which an organization can understand and participate in internal control as the foundation of individual morality, integrity, and business competence. | <ul style="list-style-type: none"> -Top Management’s Leadership for Ethics Management and publication of Code of Conduct -Control by Audit Committee -Training and Education Program for Compliance -Investigation and punishment system for employees |

[...]

| | | |
|--------------------------------------|--|---|
| <p>Information and Communication</p> | <p>Gathering information related to internal and external business performance and establishing horizontal and vertical information communication system</p> | <ul style="list-style-type: none"> -Whistle blowing system (Cyber report etc.) -Groupware and in-house messenger -Customer support function for homepage to gather external opinions |
|--------------------------------------|--|---|

| | |
|--|----------------------------|
| 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 | |
| 1 | |
| Comments | |
| <p>There is evidence that the company provides tailored anti-bribery and corruption training to employees in different roles, including employees working in high-risk positions. There is evidence which suggests that employees in high risk positions are required to undertake training in this area on at least an annual basis.</p> <p>However, there is no publicly available evidence that the company provides training to all three categories of employees referred to in the question. There is some evidence that refers to employees in decision making roles, but it is not clear whether they are expected to undertake training or deliver it to other employees. There is no evidence in relation to anti-bribery and corruption training for board members.</p> | |
| Evidence | |
| <p>[14] Compliance Guideline (Document) Accessed 02/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.6] Article 14. Compliance Training and Education</p> <p>1. In order to enable the employees to understand and be prepared in advance of the Legal Risk associated with their works, the Compliance Officer shall design and implement detailed and systematic compliance education and training programs.</p> <p>2. The Compliance Officer shall provide the following compliance education for all employees for at least a certain amount of time each year:</p> <ul style="list-style-type: none"> (i) Regular Compliance Education: regular compliance education for all employees (ii) Compliance Education for hiring: Compliance education for newly hired executives and employees should be conducted before job assignment (iii) Special Compliance Education: Compliance education provided by Compliance Officer for departments that are expective have high <p>[p.7] legal risks or need education</p> <p>[...]</p> <p>5. In addition to the operation of the education and training programs, the Compliance Officer may implement counseling program for the Employees who are exposed to higher level of the Legal Risk at their works.</p> | |
| <p>[16] Training and Education (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Training & Education</p> <p>In order to enable the officers and employees to understand and be prepared in advance of the Legal Risk associated with their works, the Company shall design and implement detailed and systematic compliance education and training programs.</p> | |
| For all officers and employees | For freshmen |
| For officers | For managers |
| For the employees of sales and purchases | Other Training & Education |

[2] Practical Guideline for Code of Ethics (Document)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.5] Article 13. Responsibilities of Decision Making Persons

1. The Employees who are in a decision making roles shall conduct training and counseling time to time so that the Employees can fully understand the ethics policy of the Company and shall take reasonable preventative measures against any violation.

| |
|---|
| Question |
| 3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme? |
| Score |
| 1 |
| Comments |
| Based on publicly available information, there is some evidence that the company measures the effectiveness of its anti-bribery and corruption communications and personnel training programme, although the frequency with which the company assures itself of this is not stated. Furthermore, it is unclear whether the results of evaluations are used to update specific parts of the company's anti-bribery and corruption communications and training programme. There is also no evidence that the company conducts a full review of its anti-bribery and corruption training programme at least every three years. |
| Evidence |
| <p>[14] Compliance Guideline (Document) Accessed 03/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.2] Article 6 Duties of Departments</p> <p>[p.3] 3. The Compliance Officer shall comprehensively manage the Compliance related activities and shall (i) establish and implement compliance training and education programs (ii) monitor the Compliance hereunder, and (iii) reports the Compliance related matters to the board of directors, etc.</p> <p>[p.7] 4. The Compliance Officer shall evaluate the effectiveness of the compliance education and training programs and conduct surveys regarding any suggestions for improvement, if necessary.</p> |

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| 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 |
| Although the company states that its Compliance Officer may present rewards or promotions to employees who have demonstrated ethical conduct, the company's approach to incentives for employees across the company is unclear and so receives a score of '0'. |
| Evidence |
| <p>[14] Compliance Guideline (Document) Accessed 03/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.11] Article 23. Rewards to Employees The Compliance Officer may recommend rewards or promotions for a person who is deemed to have diligently complied with this Guideline and contributed to the prevention or reduction of the damages to the Company.</p> <p>[3] Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.2] 2. Ethical Conducts of the Company toward Officers and Employees</p> <ul style="list-style-type: none"> 2-1 The Company shall respect each one of officers and employees, provide fair evaluations based on merits and achievements and provide fair rewards. 2-2 The Company shall provide fair opportunities for personal and professional development of officers and employees and shall not discriminate the officers and employees on the basis of sex, education level or regional origin, etc. 2-3 The Company shall establish a system necessary for the professional growth of the officers and employees and shall operate and actively support such system. |

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| 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 |
| Although the company states that it cannot justify violations of its Code of Ethics in order to make a profit or reach targets, there is no publicly available evidence to indicate that the company commits to support or protect employees who refuse to act unethically, even where such actions result in a loss to the company. |
| Evidence |
| <p>[6] Compliance Campaign (Webpage) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/ Furthermore, the company makes it clear that it can not justify violations of laws and codes of ethics because of the company's profit or revenue targets.</p> |

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| 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>Based on publicly available information, there is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents.</p> <p>However, there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys or usage data. Furthermore, the policy does not explicitly apply to all employees across the organisation, including those employed by the group as third parties, suppliers and joint venture partners.</p> |
| Evidence |
| <p>[17] Protection of Whistleblower (Webpage) Accessed 03/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Protection of Whistleblower We properly protect the Whistleblower.</p> <p>Protection Policy of the Whistleblower -The identity of the whistleblower shall be kept strictly confidential and the whistleblower shall not be subject to any disadvantages due to reporting, testifying or providing information -The Company shall strictly prohibit any unfair or disadvantageous treatment of the whistleblower, officers or employees who conducted ethics related questioning and Employees who participated in internal investigation. -In case where the whistleblower requests protective measures or change in position in order to avoid disadvantages due to reporting, the Company shall take all reasonable measures deemed necessary. -If the whistleblower reports violations or unfair practices related to him or her, such report can be considered as mitigating factor. All whistleblowers shall not be subject to any disadvantages in personnel management due to the whistleblowing.</p> <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.7] Article 20. Protection of Whistleblower</p> <ol style="list-style-type: none"> 1. The identity of the whistleblower shall be kept strictly confidential and the whistleblower shall not be subject to any disadvantages due to reporting, testifying or providing information. 2. The Company shall strictly prohibit any unfair or disadvantageous treatment of the whistleblower, Employees who conducted ethics related questioning and Employees who participated in internal investigation. 3. In case where the whistleblower requests protective measures or change in position in order to avoid disadvantages due to reporting, the Company shall take all reasonable measures deemed necessary. 4. Notwithstanding the Article 20.1 and 20.3 above, the following types of reports shall not be regarded as proper reports and the whistleblower who made such types of reports shall not be protected if: <ol style="list-style-type: none"> (i) the whistleblower knew or should have known that the report was false; or (ii) the report was made for improper purpose such as to request Valuables or other advantages at works in connection with the report. <p>[14] Compliance Guideline (Document) Accessed 03/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ [p.8] Article 18. Whistleblowing</p> <ol style="list-style-type: none"> 1. The representative director may establish whistleblowing channel through which a direct report to the Compliance Officer, etc., can be made with respect to the violations or unfair practices of the Employees. |

2. The person who receives or processes the whistleblowing report shall keep the identity of the whistleblower and the contents of the report confidential.
3. If the whistleblower reports violations or unfair practices related to him or her, such report can be considered as a mitigating factor. All whistleblowers shall not be subject to any disadvantages in personnel management due to the whistleblowing.

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| Question |
| 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? |
| Score |
| 1 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company has both whistleblowing and advice channels. There is evidence that channels are sufficiently varied to allow employees to raise concerns across the management chain, and that they allow for confidential and, wherever possible, anonymous reporting. The evidence states that any person can report a violation through its various channels and so it is understood that they are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners.</p> <p>However, the company receives a score of ‘1’ because it is not clear that it offers an external channel operated by an independent party.</p> |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.7] Article 19. Report of Violation</p> <ol style="list-style-type: none"> 1. In case of ethics violation or imposition of any civil, criminal or administrative measures due to violation in any department, Voluntary Compliance Director shall report such occurrence to the Compliance Officer. 2. If an Employee discovers (i) other Employees’ violation of relevant laws, regulations and the Code of Ethics of the Company or (ii) the fact that violation was ordered or forced, such Employee shall report to the Compliance Officer, Audit Department or the Voluntary Compliance Director. 3. An Employee may report the violation through various channels including a letter, email, phone call, visit, or use of “Cyber report” on the website of the Company. <p>Article 20. Protection of Whistleblower</p> <ol style="list-style-type: none"> 1. The identity of the whistleblower shall be kept strictly confidential and the whistleblower shall not be subject to any disadvantages due to reporting, testifying or providing information. <p>[15] Ethics Hotline (Webpage) Accessed 03/10/19 http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ Hotline Information Have you witnessed unethical or illegal behavior at Poongsan? Use the Ethics Hotline to confidently report conduct that does not meet Poongsan's high ethical standards.</p> <div style="display: flex; align-items: center;"> <div style="background-color: #d4af37; color: white; padding: 5px 10px; border-radius: 5px; margin-right: 10px;">Claims</div> <ul style="list-style-type: none"> — Receipt of reward (money or other valuables) from interested parties — Illegal and Unfair Use of Company Assets — Lack of Clarity in Selection of Business Partners — Manipulation of Documents / Numerical Figures and False Reporting — Share in the Unjust Profits of Business Partners — Other Violations of Code of Ethics (negligence of duty, careless management and control, act of arrogation etc.) </div> |
| User Guide |

Any person may report a violation of Poongsan's ethical standards through various channels, including a letter, email, phone call, visit, or use of "Ethics Hotline" on this website.

Voluntary Report

In any case where an employee received valuables, excessive entertainment or convenience beyond the customary level from an interested party, regardless of whether such valuables were returned to the giver, the employee shall report the receipt of valuables, excessive entertainment or convenience to the Compliance Officer, Audit Department or Voluntary Compliance Director and follow their instructions.

[17] Protection of Whistleblower (Webpage)

Accessed 03/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/>

Protection of Whistleblower

We properly protect the Whistleblower.

Protection Policy of the Whistleblower

-The identity of the whistleblower shall be kept strictly confidential and the whistleblower shall not be subject to any disadvantages due to reporting, testifying or providing information

[5] Compliance Guideline Operating Manual (Document)

Accessed 03/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/#>

[p.3] Article 6. Communications with the Compliance Officer

With respect to the reporting of or consultation related to violations of the laws and regulations, or the Code of Ethics, all Employees may freely communicate with the Compliance Officer through any means and major channels for contacting the Compliance Officer are as follows:

- Address: Compliance Officer, Poongsan Corporation, Poongsan Building, 23, Chungjeong-ro, Seodaemun-gu, Seoul, Korea, 03737

[18] Report now (Webpage)

Accessed 03/10/19

<http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/>

Ethics Hotline

| | |
|----------------|--|
| Identity | <input checked="" type="radio"/> Real Name <input type="radio"/> Anonymity |
| Name | <input type="text"/> |
| E-mail | <input type="text"/> |
| Address / Tel. | <input type="text"/> |

Contents of Report

| | |
|--------------------|---|
| Subject | <input type="text"/> |
| Contents of Report | <input type="text"/> |
| Answer the result | <input type="radio"/> E-mail <input checked="" type="radio"/> No need to answer |
| Attached file | <input type="text" value="Välj fil"/> ingen fil vald |

Do you agree for collection and use of the personal information ?

Collection of Personal Information and Its Purpose is for handling the report including additional check for the complaint when necessary, help for confirmation of receipt of report, etc

Agree

Contact : Audit Department of Poongsan Corporation

Address : Audit Department, Poongsan Corporation, Poongsan Building, 23, Chungjeong-ro, Seodaemun-gu, Seoul, Korea, 03737

Tel. : (02) 3406-5276

Fax : (02) 3406-5461

※ Your reporting is available only when you agree to the article on the collection of personal information.

4. Conflict of Interest

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| 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>Based on publicly available information, there is evidence that the company has a policy for conflicts of interest that covers actual conflicts of interest. There is evidence that the policy defines financial interests, other employment and government relationships and applies to employees and directors.</p> <p>However, there is no evidence that the company’s policy mentions potential or perceived conflicts of interest, or that it covers employee relationships as a possible conflict.</p> |
| Evidence |
| <p>[26] Legal Risk – Conflict of Interest (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Conflict of Interest</p> <ul style="list-style-type: none"> • The directors, etc. stipulated in Article 398 of the Commercial Act shall disclose important facts about the transaction in advance and obtain the approval of the board of directors in order to conduct transactions with the company on the basis of their own or third parties' calculations. In this case, the approval of the board of directors shall be made by two-thirds of the directors, and the contents and procedures of the transaction shall be fair. • All directors and employees shall not participate in the operations of a business with conflict of interest with the Company, or provide advices in conflict with the interests of the Company, without an approval of the Company. • All directors and employees shall not engage in any other business or engage in commercial business such as secondary business without the approval of the company. • All directors and employees shall not directly or through a third party, engage in a transaction (supplying, providing services) with the Company. • All directors and employees shall not request or accept proposal of the employment at a business in competition with the Company, after resigning from the Company or similar promise. • When hiring a retired public officials as a director or employee of the company, only the retired public officials who can legally work in accordance with the Public Service Ethics Act stipulating the restrictions on the employment of the retired public officials and the restriction on duties performed by retired public officials shall be recruited. • The Company shall not enter into any contract to receive advice or consulting services from politicians. <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Article 2. Applicability</p> <p>This Guideline is applicable to the Company and the Company’s officers and employees (individually, an “Employee” and collectively, the “Employees”).</p> <p>[p.4] Article 11. Conflict of Interest</p> <ol style="list-style-type: none"> 1. The Employees shall not participate in the operations of a business with conflict of interest with the Company, or provide advices in conflict with the interests of the Company, without an approval of the Company. |

2. The Employees shall not concurrently work for other company or engage in for-profit activities such as a side job, without an approval of the Company.
3. The Employees shall not directly or through a third party, engage in a transaction (supplying, providing services) with the Company.
4. The Employees shall not request or accept proposal of the employment at a business in competition with the Company, after resigning from the Company or similar promise.

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| 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 |
| 0 |
| Comments |
| <p>There is evidence that the company requires its employees and board members to obtain approval before engaging in activities that may cause a conflict of interest.</p> <p>However, the company scores a score of '0' because no further information was found regarding the company's procedures to identify, declare and manage conflicts of interest.</p> |
| Evidence |
| <p>[26] Legal Risk – Conflict of Interest (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Conflict of Interest</p> <ul style="list-style-type: none"> • The directors, etc. stipulated in Article 398 of the Commercial Act shall disclose important facts about the transaction in advance and obtain the approval of the board of directors in order to conduct transactions with the company on the basis of their own or third parties' calculations. In this case, the approval of the board of directors shall be made by two-thirds of the directors, and the contents and procedures of the transaction shall be fair. • All directors and employees shall not participate in the operations of a business with conflict of interest with the Company, or provide advices in conflict with the interests of the Company, without an approval of the Company. • All directors and employees shall not engage in any other business or engage in commercial business such as secondary business without the approval of the company. • All directors and employees shall not directly or through a third party, engage in a transaction (supplying, providing services) with the Company. • All directors and employees shall not request or accept proposal of the employment at a business in competition with the Company, after resigning from the Company or similar promise. • When hiring a retired public officials as a director or employee of the company, only the retired public officials who can legally work in accordance with the Public Service Ethics Act stipulating the restrictions on the employment of the retired public officials and the restriction on duties performed by retired public officials shall be recruited. • The Company shall not enter into any contract to receive advice or consulting services from politicians. <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Article 2. Applicability</p> <p>This Guideline is applicable to the Company and the Company's officers and employees (individually, an "Employee" and collectively, the "Employees").</p> <p>[p.4] Article 11. Conflict of Interest</p> <ul style="list-style-type: none"> 5. The Employees shall not participate in the operations of a business with conflict of interest with the Company, or provide advices in conflict with the interests of the Company, without an approval of the Company. 6. The Employees shall not concurrently work for other company or engage in for-profit activities such as a side job, without an approval of the Company. 7. The Employees shall not directly or through a third party, engage in a transaction (supplying, providing |

services) with the Company.

8. The Employees shall not request or accept proposal of the employment at a business in competition with the Company, after resigning from the Company or similar promise.

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| Question |
| 4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector? |
| Score |
| 1 |
| Comments |
| <p>There is evidence that the company has a policy which includes controls to assess and regulate employment and offers of employment or consultancy engagement to recently departed public officials and politicians.</p> <p>However, the company receives a score of '1' because the evidence does not indicate that senior approval is required for the initiation of employment discussions with former or current public officials, or that the company undertakes a conflict of interest review and imposing restrictions on activities if risks are identified.</p> |
| Evidence |
| <p>[26] Legal Risk – Conflict of Interest (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Conflict of Interest</p> <p>[...]</p> <ul style="list-style-type: none"> • When hiring a retired public officials as a director or employee of the company, only the retired public officials who can legally work in accordance with the Public Service Ethics Act stipulating the restrictions on the employment of the retired public officials and the restriction on duties performed by retired public officials shall be recruited. • The Company shall not enter into any contract to receive advice or consulting services from politicians. |

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| Question |
| 4.4. Does the company report details of the contracted services of serving politicians to the company? |
| Score |
| 2 |
| Comments |
| The company publishes a clear statement that it does not contract advisory or consulting services from politicians. |
| Evidence |
| <p>[26] Legal Risk – Conflict of Interest (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ The Company shall not enter into any contract to receive advice or consulting services from politicians.</p> |

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

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| Question |
| 5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions? |
| Score |
| 2 |
| Comments |
| Based on publicly available information, the company prohibits all corporate political contributions. There is evidence to indicate that this statement applies to all circumstances and clearly prohibits any contributions made in the company's name. |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 02/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.3] Article 9. Contribution</p> <p>1.Making of political contribution under the Company's name is prohibited.</p> <p>[25] Legal Risk - Political contribution (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ -Major Legal Risk</p> <p>[...]</p> <p>Political Contribution / Contribution to non-profit organizations Political Contribution</p> <p>Making of political contribution under the Company's name is prohibited.</p> |

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| 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 clearly states that it does not make political contributions and is therefore exempt from scoring on this question. |
| Evidence |
| No evidence found. |

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| 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 |
| 1 |
| Comments |
| <p>There is evidence that the company has a clear policy covering both charitable donations and sponsorships, to ensure that such donations are not used as vehicles for bribery and corruption. There is evidence this includes specifying criteria for donations and procedures for senior sign-off.</p> <p>However, the company receives a score of ‘1 because there is no evidence that the company publishes full details of all charitable donations made, such as details of the name, amount and country of the recipient entity.</p> |
| Evidence |
| <p>[25] Legal Risk - Political contribution (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Contribution to non-profit organizations</p> <p>Since the contribution to non-profit organizations can be used as a method of circumventing the anti-bribery laws or other laws, the following matters shall be confirmed:</p> <ul style="list-style-type: none"> ① whether the non-profit organization is a valid organization; ② whether illegal bribery to government officials is disguised as contribution to non-profit organization; and ③ whether the contribution to non-profit organization is used as a way of funding illegal activities in violation of international or U.S. anti-money laundering laws. <p>※ All contribution (donations, sponsorships, etc.) must be checked and confirmed by the Compliance Officer before providing to the other party.</p> <div style="text-align: center; background-color: #f0f0f0; padding: 5px; margin: 10px 0;"> <p>Contribution pre-Check Record</p> </div> <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.3] Article 9. Contribution</p> <p>[...]</p> <p>2. Since the contribution to non-profit organizations can be used as a method of circumventing</p> <p>[p.4] the anti-bribery laws or other laws, the following matters shall be confirmed:</p> <ul style="list-style-type: none"> (i) whether the non-profit organization is a valid organization; (ii) whether illegal bribery to government officials is disguised as contribution to non- profit organization; and (iii) whether the contribution to non-profit organization is used as a way of funding illegal activities in violation of international or U.S. anti-money laundering laws. |

[3] Code of Ethics (Document)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.3] 6. Responsibilities toward Country and Society

6-1 The Company shall contribute to the economic development of the country by creating employments through steady growth and by providing quality goods and services.

6-2 As a member of the community, the Company shall perform its social responsibilities by

[p.4] actively participating in and assisting educational, cultural, welfare programs.

6-3 The Company shall comply with relevant laws and regulations, including those related to environmental protection, prevent pollution by environmentally friendly management, and actively participate in environmental preservation.

5.2 Lobbying

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| Question |
| 5.2.1 Does the company have a policy and/or procedure covering responsible lobbying? |
| Score |
| 2 |
| Comments |
| There is evidence that the company has a clear policy not to engage in any lobbying activities. There is evidence that this policy applies to all employees, board members and consultant lobbyists. |
| Evidence |
| <p>[25] Legal Risk - Political contribution (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Lobbying</p> <p>The Company shall not engage in any lobbying activities, either formally or informally, in contact with politicians through consultant lobbyists as well as board members and management.</p> |

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| 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 clearly states that it does not engage in lobbying activities and is therefore exempt from scoring on this question. |
| Evidence |
| No evidence found. |

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| Question |
| 5.2.3 Does the company publish full details of its global lobbying expenditure? |
| Score |
| N/A |
| Comments |
| The company clearly states that it does not engage in lobbying activities and is therefore exempt from scoring on this question. |
| Evidence |
| No evidence found. |

5.3 Gifts and Hospitality

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| 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 on the giving and receipt of gifts and hospitality with clear procedures designed to ensure that such promotional expenses are not used as vehicles for bribery and corruption. There is evidence that this policy establishes financial limits for the different types of promotional expense that employees may encounter. There is also evidence that the policy addresses the risks associated with gifts and hospitality given to and/or received from domestic and foreign public officials.</p> <p>However, the company receives a score of ‘1’ because the approval procedures for different types of promotional expenses are not clear from the available evidence. There is also no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p> |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Article 3. Definitions</p> <ol style="list-style-type: none"> 1. “Valuables” shall mean, collectively, cash, securities (including gift certificates and membership), and other valuables with economic value. 2. “Entertainment” shall mean an act of providing or receiving of meals, drinks, attendance at sporting events, entertainment or performance at the provider’s costs or at the costs of the other party or a third party. 3. “Convenience” shall mean an act of providing or receiving transportation, accommodation, sightseeing, or assistance for the economic benefits. 4. “Interested Party” shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction. 5. “Customary Level” shall mean generally acceptable level which is understandable for reasonable person and a level at which the recipient may conduct transactions fairly without being obliged. <p>[p.2] Article 7. Restriction on Provision of Entertainment and Convenience</p> <p>1. Providing the Valuable as bribery to the Interested Party in exchange for favorable treatment is not allowed. Nevertheless, providing certain Convenience during the course of business</p> <p>[p.3] is allowed; provided that the following rules and procedures shall be followed for providing the Convenience:</p> <ol style="list-style-type: none"> (i) Convenience shall be provided in compliance with the upper limit and standards as set forth in each relevant country’s laws, regulations, or the code of ethics for public officials; (ii) Convenience shall comply with local cultures and practices; (iii) Convenience shall be provided at reasonable and appropriate level; (iv) Convenience shall not be provided to particular Interested Party too frequently or repeatedly; and (v) the expenses for Convenience shall be supported by receipts, invoices, specifications, or other means and shall be accurately recorded in the books of the Company. |

2. If the Employees receive the Entertainment such as meals from the Interested Party, such Entertainment shall be within the Customary Level as necessary for the formation of relationship.
3. The Employees shall not receive Convenience such as transportation or accommodation at the Interested Party's costs; provided that provision of Convenience at the Customary Level, such as transportation services provided to all attendees at an event hosted by the Interested Party shall exempted.
4. In case where the Employees, under extraordinary circumstances, receive Entertainment or Convenience in excess of the Customary Level, such officer or employee shall report to the Compliance Officer, Audit Department or Voluntary Compliance Director.

[6] Compliance Campaign (Webpage)

Accessed 02/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/>

We do not make an improper solicitation

No one shall solicit any public official or relevant person performing his or her duties, directly or through a third party, to do any of the following improper acts:

We do not offer the financial and other advantages

No one shall offer, promise to offer, or express any intention to offer, any unacceptable financial or other advantage to any public official or relevant person, or to his or her spouse.

14 types of prohibited improper solicitations

- Handling or manipulating admission, grades, or performance tests at schools
- Exerting influence over authorization, permission
- Intervening in the personnel management such as appointment or promotion
- Intervening in selecting or rejecting contract winners
- Abnormal transaction practices of goods and services produced and provided by public institutions
- Intervening in assessments and judgments
- Intervening in the appointment or rejection of a person who will participate decision-making process of public institutions
- Intervening in assignment or provision of subsidies or investment
- Intervening in investigation, judgment, etc of a case
- Handling matters related to military service in violation of Acts
- Mitigating or remitting administrative dispositions or punishments
- Intervening in selecting winners of award or prize granted
- Excluding subject matter or ignoring discovered violations of administrative guidance, control, etc
- Disclosing duty-related information on tender, auction, etc

Exceptions

- Exceptions to improper solicitations are (a) requesting certain actions in accordance with Acts and standards; (b) publically requesting a certain action; (c) inquiring public institutions on the completion or progress of a certain duty through legitimate procedures and activities.

Offering & Receiving unacceptable financial and other advantages means:

- Offering & Receiving financial advantages exceeding KRW 1 million at a time or KRW 3 million in a year regardless of duty-relatedness
- Offering & Receiving financial advantages not exceeding KRW 1 million in connection with the receiver's duty
- A Public official's spouse Offering & receiving prohibited advantages in connection with public official's duty
- Offering & receiving an honorarium for an outside lecture exceeding the limits under the Presidential decree

Exceptions

- Exceptions are (a) financial advantages provided by close relatives, (b) financial advantages provided by a long-time friend to the public official in need of help due to disease or disaster, or (c) souvenirs or promotional goods distributed to many and unspecified persons.

Compliance Checklist for Anti-Corruption

✓ Relevance of the duties of the public officials

- Whether the business of the company is related to the duty that the public officials are legally responsible for
- Whether the business of the company is related to the duties of public officials in charge of the practice
- Whether the business of the company is related to the work of a public officials who may influence a decision maker
- Whether the business of the company is closely related to the duties of the public officials under the law

※ If any of the above items applies, the provision of any financial or other advantages to the public officials in charge is strictly prohibited.

✓ Exceptions

- Food, the value of which is less than 30,000 won, gift, the value of which is less than 50,000 won, congratulatory or condolence money less than 50,000 won for purposes of social relationships, rituals, or aid
- Money, goods, etc., provided uniformly in a normally accepted range by an organizer of an official event related to the duties of a public officials, etc. to all participants thereof, in the form of transportation, accommodation, food and beverages, etc.
- Souvenirs, promotional goods, etc. to be distributed to multiple unspecified persons, or awards or prizes given in a contest, a raffle, or a lottery
- Money, goods, etc. permitted by the other Acts, subordinate statutes, standards, or societal rules and norms

※ In the event of such exception, the provision of money or goods to public officials is permitted.

✓ Public officials directly involved in the company's business

- Public officials handling the company's complaints
- Public officials responsible for disposing of the company's profits or disadvantages, such as cancellation of authorization, authorization, suspension of business, imposition of fines
- Public officials responsible for investigating, auditing, supervising, inspecting, regulating, and administering the company
- Public officials responsible for conscription, and mobilization related to the company
- Public officials responsible for contracting with the company
- Public officials who are responsible for making decisions that are beneficial or disadvantageous to the company as a result of policy, business decisions or enforcement

※ If any of the above items applies, the provision of any financial or other advantages is strictly prohibited.

Compliance Letter
Sang-Joon Park / Compliance Officer

Compliance to anti-corruption laws is not a discretion, but a strict legal obligation.

The Improper Solicitation and Graft Act, which is better known to us as the Kim Young-ran Act, has been in effect since September 28. The law prohibits improper solicitation and money transfers to public officials. We must meet our standards of conduct for this purpose of legislation. In this article, I would like to explain the Act for directors and employees of the company.

[...]

If you offer the financial or other advantages, you will be penalized regardless of whether you are benefiting.

Next, the company's directors and employees shall not provide any money to the public officials in connection with their duties, at which time the consideration will not be questioned. Furthermore, a person shall be punished with criminal penalties if he provides money that exceeds 1 million won at a time or exceeds 3 million won in fiscal year total, regardless of any connection to their duties and regardless of any pretext such as donation, sponsorship, gift, etc. On the other hand, there is no penalty provision for providing money of less than 1 million won at a time and less than 3 million won in each fiscal year, if not related to the duties of public officials. However, we must recognize that the courts have a very wide range of the duties of public officials.

In exceptional cases, however, any of the following shall be allowed to offer to the public officials: ① food, the value of which is less than 30,000 won, gift, the value of which is less than 50,000 won, congratulatory or condolence money less than 50,000 won for purposes of social relationships, rituals, or aid ② money, goods, etc., provided uniformly in a normally accepted range by an organizer of an official event related to the duties of a public officials, etc. to all participants thereof, in the form of transportation, accommodation, food and beverages, etc. ③ souvenirs, promotional goods, etc. to be distributed to multiple unspecified persons, or awards or prizes given in a contest, a raffle, or a lottery. However, it should be noted that the public officials who is directly involved in the job are not allowed to be provided with the money of 30,000 won and 50,000 won as described above. No person shall offer, promise to offer, or express any intention to offer any prohibited money, goods to any public officials or to his/her spouse.

Anti-corruption laws also apply to people other than public officials.

6. Supply Chain Management

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| 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>Based on publicly available information, there is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships. It is clear that the procurement department is the main body responsible for oversight of the company's supplier base.</p> <p>However, the company receives a score of '1' because there is no evidence that it assures itself of the procurement department's involvement at least every three years through clearly stated means, such as an audit or other assurance process.</p> |
| Evidence |
| <p>[19] Procurement (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Establishment of new supplier relationships The procurement department of the Company is responsible for establishing all new supplier relationships, and for providing oversight of the Company's supplier base.</p> <p>The procurement is made through an electronic procurement system managed by the procurement department for efficiency, transparency and compliance of work (Quotation, Bidding, Contract, etc). The procurement department evaluates the suppliers every year according to the evaluation criteria disclosed in the electronic procurement system.</p> |

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| 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>Based on publicly available information, there is evidence that the company conducts due diligence on all of its suppliers. This includes evidence that third parties are required to complete a due diligence questionnaire before engaging with the company, which is understood to include suppliers. There is evidence that the questionnaire includes a question regarding ultimate beneficial ownership, and that the company might be willing to review or terminate its relationship with third parties where risks identified in the due diligence cannot be mitigated.</p> <p>However, there is no evidence to suggest that highest risk suppliers are subject to enhanced due diligence. Furthermore, there is no evidence that due diligence is repeated at least every two years or whenever there is a change in the business relationship.</p> |
| Evidence |
| <p>[20] Poongsan Business Partner Code of Conduct (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.3] Due Diligence Process</p> <p>Poongsan conducts appropriate, risk-based due diligence when selecting business partners. All business partners must undergo and successfully complete anti-bribery due diligence prior to engagement. The business partners are required to cooperate with Poongsan’s due diligence process and will accurately complete all questionnaires, including timely providing requested documentation and transparent information related to company ownership and affiliated parties.</p> <p>[...]</p> <p>Applicability The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.</p> <p>[21] Third Party Due Diligence Questionnaire (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Third Party Due Diligence Questionnaire The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company’s relationship with Poongsan.</p> <p>Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.</p> <p>[24] Third Party Questionnaire (Document) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.4]</p> |

3. Ownership and management

- a. If a company, are your shares publicly traded?
 Yes No
- b. If shares are publicly traded, please attach a copy of your most recent public filing showing the company's shareholders, partners, or owners. If this filing does not list shareholders, please identify, to the extent consistent with privacy laws, all major (greater than 5%) shareholders (public and non-public) and their ownership percentage.

- Materials attached
- c. If not publicly traded, give the names, nationalities, and ownership percentage of all shareholders, partners, or beneficial owners. Note: If any direct owner is a company, list the ultimate beneficial owner and any intermediate entities or persons. Holders of passive ownership interests, if any, must be included.
- d. Give the names, nationalities, and relevant experience of:
 - All other employees who will be performing services under the proposed contract of otherwise working in connection with Poongsan business:

- Materials attached.

[p.6] I affirm that all information submitted in response to this Questionnaire, including information in any attachments or exhibits, is complete and accurate. I understand that Poongsan will rely on the above information in determining whether to enter into any contractual agreement or other arrangement with me/my company, and that any false or misleading information provided would be grounds for the immediate termination of any such contractual agreement or other arrangement. I understand the requirements of applicable anti-bribery laws and Poongsan's prohibition on all forms of corruption, and certify that neither I nor/my company have taken, or will take, any action in connection with the proposed relationship with Poongsan that would violate any such law or prohibition.

[p.7] I authorize Poongsan and its employees or contractors to conduct due diligence regarding myself, my organization, its shareholders, or owners to the extent legally permissible and as Poongsan deems appropriate. I understand that this due diligence may include verification of education, employment/work history, criminal history information, and that Poongsan will undertake reasonable efforts to ensure any information it gathers is kept confidential. I expressly consent to the transfer of information provided in response to this Questionnaire, including any personally identifiable information, and further agree to forever release, discharge, and hold harmless Poongsan, its agents, directors, employees, subsidiaries, affiliates, and representatives from any claims, damages, losses, liabilities, costs, and expenses (including any attorney and/or legal fees) or any other charge or complaint filed, arising from any legally appropriate due diligence efforts undertaken and the use of any information gathered during such efforts.

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| 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 ensures that its suppliers have adequate anti-bribery and corruption policies and procedures in place. It is explicitly stated that all suppliers must have, at minimum, policies that prohibit bribery, and cover conflicts of interest and gifts and hospitality. There is evidence that the company ensures this by requiring that its suppliers adhere to the Poongsan Business Partner Code of Conduct. There is also evidence that the company asks for evidence of anti-bribery policies as part of its Third Party Due Diligence Questionnaire, which is required when engaging with third parties. It is understood that this includes suppliers.</p> <p>However, the company does not explicitly state that all suppliers must address whistleblowing. Furthermore, it is unclear whether assurance is conducted when there is a significant change in the business relationship.</p> |
| Evidence |
| <p>[20] Poongsan Business Partner Code of Conduct (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.1] Anti-Corruption</p> <p>Poongsan is committed to conducting its business free from extortion, bribery and all unlawful, unethical, or fraudulent activity. Poongsan business partners must not offer, give, promise or authorize any bribe, gift, loan, fee, reward or other advantage to any government official or employee, any customer, any Poongsan employee or any other person to obtain any business or improperly influence any action or decision. Poongsan business partners must comply with all applicable international anti-corruption laws and regulations, including the Improper Solicitation and Graft Act of Korea and the U.S. Foreign Corrupt Practices Act.</p> <p>Conflicts of Interest Poongsan business partners must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of Poongsan. Poongsan business partners must not offer or provide gifts or excessive hospitality or entertainment to any Poongsan employee or client or their families to obtain or retain business or to influence a decision. Poongsan employees and their family members may not hold any significant economic interest in any entity that does business with Poongsan and business partners are required to avoid such relationships with Poongsan employees.</p> <p>[p.3] Monitoring and Compliance Poongsan may audit compliance with this policy or appoint a third party to conduct an audit. Any violations will be reported to the Poongsan business partner's management for their attention and, if appropriate, corrective action. It is the intention of Poongsan to terminate its relationship with any business partner who does not comply with this Code of Conduct or, upon discovery of noncompliance, does not commit to a specific plan to achieve compliance.</p> <p>Applicability The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.</p> <p>[p.4] Program for Compliance with this Code Poongsan business partners will strive to maintain a program or system related to the topics of this Code if one does not already exist in a respective business partner's current structure. Such a program or system should be designed to ensure conformity with this Code. The aim should be to mitigate operational risks related to this Code. The underlying principle is to facilitate continuous improvement.</p> |

[22] Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws

This Poongsan Business Partner Code of Conduct defines the minimum requirements that our business partners shall respect and comply with when conducting business with Poongsan. We include these minimum requirements in our contracts with business partner.

We encourage our business partners to go beyond these standards, particularly where local laws and regulations are either weak or seldom enforced.

We reserve the right to reasonably modify requirements should changes arise in the Compliance Program.

[21] Third Party Due Diligence Questionnaire (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

Third Party Due Diligence Questionnaire

The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company's relationship with Poongsan.

Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.

[24] Third Party Questionnaire (Document)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

[p.4] j. Does your company have a code of conduct or written guidelines, manuals, policies and procedures addressing compliance and ethical business practices and the prevention of bribery?

- No
- Yes. Please provide a copy of the code of conduct and/or any such guidelines, manuals, policies and procedures.
- Materials attached

[p.6] I affirm that all information submitted in response to this Questionnaire, including information in any attachments or exhibits, is complete and accurate. I understand that Poongsan will rely on the above information in determining whether to enter into any contractual agreement or other arrangement with me/my company, and that any false or misleading information provided would be grounds for the immediate termination of any such contractual agreement or other arrangement. I understand the requirements of applicable anti-bribery laws and Poongsan's prohibition on all forms of corruption, and certify that neither I nor/my company have taken, or will take, any action in connection with the proposed relationship with Poongsan that would violate any such law or prohibition.

[2] Practical Guideline for Code of Ethics (Document)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.1] Article 2. Applicability

This Guideline is applicable to the Company and the Company's officers and employees (individually, an "Employee" and collectively, the "Employees").

Article 3. Definitions

[...]

4. "Interested Party" shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.

[p.4] Article 12. Compliance related to Interested Parties

1. The Employees of the Company shall explain the Company's anti-bribery policy to the Interested Party and ensure that the Interested Party complies with such policy.
2. In case where the Employees transact with the public officials or the officers and employees of public corporations through a third party such as an agent, the following verifications and due diligence procedures shall be conducted and the result thereof shall be recorded in writing and the records shall be kept:

[p.5] i) information regarding the person who recommended the third party, relationship with the public official, whether political contribution was made, and any history of the violations of the Anti-Bribery Laws; and
ii) the role of the third party, considerations to be paid for the services and whether such consideration is reasonable amount.

3. The Employees shall execute a written contract for any contract with a third party who transacts with the public officials or the officers and employees of public corporations and such contract shall stipulate the followings:

- (i) the third party's obligation for the compliance with the Anti-Bribery Laws;
- (ii) the obligations and responsibilities of the third party (including the scope of service and conditions for fees); and
- (iii) the Company's right to terminate the contract and seek indemnification from the third party if the third party violates the Anti-Bribery Laws and the anti-bribery provisions of the contract.

4. The Employees who is responsible for the contract with the third party shall periodically check the third party's compliance with the anti-bribery provisions of the contract and shall keep the records of such inspection.

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| 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 |
| 1 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company takes steps to ensure that the principles of the Poongsan Business Partner Code of Conduct is required of sub-contractors throughout the supply chain. However, this is in the form of a simple statement and it is unclear how the company does this in practice.</p> <p>Although there is also evidence that the company asks for details about subcontractors and their activities in its Third Party Due Diligence Questionnaire, it is not clear whether the company uses this information to ensure that they have adequate anti-bribery and corruption programmes in place.</p> |
| Evidence |
| <p>[20] Poongsan Business Partner Code of Conduct (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.3] Applicability</p> <p>The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.</p> <p>[21] Third Party Due Diligence Questionnaire (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Third Party Due Diligence Questionnaire The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company’s relationship with Poongsan.</p> <p>Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.</p> <p>[24] Third Party Questionnaire (Document) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.2] p. Will any other company or individual be used, hired, or subcontracted by you or your company to perform work on Poongsan’s behalf or in connection with the proposed business relationship with Poongsan? Note: This includes your company’s subsidiaries, affiliates, partnerships, joint ventures, consultants, intermediaries, public relations agencies, marketing agencies, logistics providers, freight forwarders, customs brokers other than company employees.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, are there any anticipated interactions with government entities (government departments, ministries, agencies, legislatures, political parties, or government-owned companies) or any officials of such entities (such as employees, representatives, elected or appointed officials) on Poongsan’s behalf or in connection with your business with Poongsan? Note: Interaction may include direct or in-person contact, telephone or electronic communications, filing papers, obtaining documentation such as licenses, visas or permits, or paying duties or fees.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes to the question above, please describe those interactions and identify the individual or company likely to have them and a description of the role/function such individuals or companies will perform.</p> |

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| 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 to indicate that the company publishes any data on ethical, bribery or corruption-related investigations or disciplinary actions involving its suppliers. |
| Evidence |
| No evidence found. |

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

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| Question |
| 7.1.1 Does the company have a clear policy on the use of agents? |
| Score |
| 1 |
| Comments |
| <p>There is evidence that the company has a policy covering the use of agents, which addresses the corruption risks associated with their use and outlines a number of restrictions and controls to mitigate these risks.</p> <p>The company, however, receives a score of '1' because it does not commit to establishing and verifying that the use of agents, is in each case necessary to perform a legitimate business function. The company also does not specify that its policy applies to subsidiaries and joint ventures.</p> |
| Evidence |
| <p>[27] Legal Risk – Third Party / Agent (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Legal Risk</p> <p>[...]</p> <p>-Major Legal Risk</p> <p>[...]</p> <p>Third Party /Agent</p> <p>Third Party</p> <p>All officers and employees of the Company shall explain the Company's anti-bribery policy to the Interested Party and ensure that the Interested Party complies with such policy.</p> <p>[...]</p> <p>All divisions or departments of Poongsan (including all subsidiaries and joint ventures) can not use the agent or other third parties in the course of business if he/she is involved in the risk of corruption.</p> <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/Article 12. Compliance related to Interested Parties</p> <p>1.The Employees of the Company shall explain the Company's anti-bribery policy to the Interested Party and ensure that the Interested Party complies with such policy.</p> <p>2.In case where the Employees transact with the public officials or the officers and employees of public corporations through a third party such as an agent, the following verifications and due diligence procedures shall be conducted and the result thereof shall be recorded in writing and the records shall be kept:</p> |

- (i) information regarding the person who recommended the third party, relationship with the public official, whether political contribution was made, and any history of the violations of the Anti-Bribery Laws; and
- (ii) the role of the third party, considerations to be paid for the services and whether such consideration is reasonable amount.

3.The Employees shall execute a written contract for any contract with a third party who transacts with the public officials or the officers and employees of public corporations and such contract shall stipulate the followings:

- (i) the third party's obligation for the compliance with the Anti-Bribery Laws;
- (ii) the obligations and responsibilities of the third party (including the scope of service and conditions for fees); and
- (iii) the Company's right to terminate the contract and seek indemnification from the third party if the third party violates the Anti-Bribery Laws and the anti-bribery provisions of the contract.

4.The Employees who is responsible for the contract with the third party shall periodically check the third party's compliance with the anti-bribery provisions of the contract and shall keep the records of such inspection.

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| 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 on its third parties and agents. There is also evidence that third parties are required to complete a due diligence questionnaire before engaging with the company, which is understood to apply to agents and intermediaries. There is some evidence that suggests that the company commits to not engaging with third parties where risks identified in the due diligence cannot be mitigated.</p> <p>The company receives a score of ‘1’ because there is no evidence that agents and highest risk intermediaries are subject to enhanced due diligence. Furthermore, it is not clear from the available evidence that due diligence is repeated at least every two years and/or when there is a significant change in the business relationship.</p> |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Article 3. Definitions</p> <p>[...]</p> <p>4. “Interested Party” shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.</p> <p>[p.4] Article 12. Compliance related to Interested Parties</p> <p>[...]</p> <p>2. In case where the Employees transact with the public officials or the officers and employees of public corporations through a third party such as an agent, the following verifications and due diligence procedures shall be conducted and the result thereof shall be recorded in writing and the records shall be kept:</p> <p>[p.5] (i) information regarding the person who recommended the third party, relationship with the public official, whether political contribution was made, and any history of the violations of the Anti-Briber Laws; and (ii) the role of the third party, considerations to be paid for the services and whether such consideration is reasonable amount.</p> <p>[20] Poongsan Business Partner Code of Conduct (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.3] Due Diligence Process</p> <p>Poongsan conducts appropriate, risk-based due diligence when selecting business partners. All business partners must undergo and successfully complete anti-bribery due diligence prior to engagement. The business partners are required to cooperate with Poongsan’s due diligence process and will accurately complete all questionnaires, including timely providing requested documentation and transparent information related to company ownership and affiliated parties.</p> <p>[...]</p> <p>Applicability The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.</p> |

[21] Third Party Due Diligence Questionnaire (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

Third Party Due Diligence Questionnaire

The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company's relationship with Poongsan.

Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.

[24] Third Party Questionnaire (Document)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

[p.6] I affirm that all information submitted in response to this Questionnaire, including information in any attachments or exhibits, is complete and accurate. I understand that Poongsan will rely on the above information in determining whether to enter into any contractual agreement or other arrangement with me/my company, and that any false or misleading information provided would be grounds for the immediate termination of any such contractual agreement or other arrangement. I understand the requirements of applicable anti-bribery laws and Poongsan's prohibition on all forms of corruption, and certify that neither I nor/my company have taken, or will take, any action in connection with the proposed relationship with Poongsan that would violate any such law or prohibition.

[p.7] I authorize Poongsan and its employees or contractors to conduct due diligence regarding myself, my organization, its shareholders, or owners to the extent legally permissible and as Poongsan deems appropriate. I understand that this due diligence may include verification of education, employment/work history, criminal history information, and that Poongsan will undertake reasonable efforts to ensure any information it gathers is kept confidential. I expressly consent to the transfer of information provided in response to this Questionnaire, including any personally identifiable information, and further agree to forever release, discharge, and hold harmless Poongsan, its agents, directors, employees, subsidiaries, affiliates, and representatives from any claims, damages, losses, liabilities, costs, and expenses (including any attorney and/or legal fees) or any other charge or complaint filed, arising from any legally appropriate due diligence efforts undertaken and the use of any information gathered during such efforts.

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| Question |
| 7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries? |
| Score |
| 1 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company has formal procedures in place to establish the beneficial ownership of third parties prior to engaging them, which is understood to include agents and intermediaries. There is evidence that suggests that the company will not engage with third parties where beneficial ownership cannot be established.</p> <p>However, the company receives a score of ‘1 because there is no evidence that the company commits to independently verify the beneficial ownership information provided by high risk agents, nor that the company checks this information at least every two years and/or when there is a significant change in the business relationship.</p> |
| Evidence |
| <p>[21] Third Party Due Diligence Questionnaire (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Third Party Due Diligence Questionnaire The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company’s relationship with Poongsan.</p> <p>Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.</p> <p>[24] Third Party Questionnaire (Document) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.4]</p> <p>3. Ownership and management</p> <p>a. If a company, are your shares publicly traded? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>b. If shares are publicly traded, please attach a copy of your most recent public filing showing the company’s shareholders, partners, or owners. If this filing does not list shareholders, please identify, to the extent consistent with privacy laws, all major (greater than 5%) shareholders (public and non-public) and their ownership percentage.</p> <div style="border: 1px solid black; height: 20px; width: 500px; margin-bottom: 5px;"></div> <p><input type="checkbox"/> Materials attached</p> <p>c. If not publicly traded, five the names, nationalities, and ownership percentage of all shareholders, partners, or beneficial owners. Note: If any direct owner is a company, list the ultimate beneficial owner and any intermediate entities or persons. Holders of passive ownership interests, if any, must be included.</p> <p>d. Give the names, nationalities, and relevant experience of:</p> <ul style="list-style-type: none"> ● All other employees who will be performing services under the proposed contract of otherwise working in connection with Poongsan business: <div style="border: 1px solid black; height: 20px; width: 500px; margin-bottom: 5px;"></div> <p><input type="checkbox"/> Materials attached.</p> <p>[p.6] I affirm that all information submitted in response to this Questionnaire, including information in any attachments or exhibits, is complete and accurate. I understand that Poongsan will rely on the above information in</p> |

determining whether to enter into any contractual agreement or other arrangement with me/my company, and that any false or misleading information provided would be grounds for the immediate termination of any such contractual agreement or other arrangement. I understand the requirements of applicable anti-bribery laws and Poongsan's prohibition on all forms of corruption, and certify that neither I nor/my company have taken, or will take, any action in connection with the proposed relationship with Poongsan that would violate any such law or prohibition.

[p.7] I authorize Poongsan and its employees or contractors to conduct due diligence regarding myself, my organization, its shareholders, or owners to the extent legally permissible and as Poongsan deems appropriate. I understand that this due diligence may include verification of education, employment/work history, criminal history information, and that Poongsan will undertake reasonable efforts to ensure any information it gathers is kept confidential. I expressly consent to the transfer of information provided in response to this Questionnaire, including any personally identifiable information, and further agree to forever release, discharge, and hold harmless Poongsan, its agents, directors, employees, subsidiaries, affiliates, and representatives from any claims, damages, losses, liabilities, costs, and expenses (including any attorney and/or legal fees) or any other charge or complaint filed, arising from any legally appropriate due diligence efforts undertaken and the use of any information gathered during such efforts.

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| 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 |
| 2 |
| Comments |
| There is evidence that the company’s anti-bribery and corruption policy applies to agents and intermediaries acting for or on behalf of the company. The company states that agents and intermediaries who deal with public officials or employees of public corporations are subject to anti-bribery and corruption clauses in their contracts, which includes clear termination rights. |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ [p.1] Article 2. Applicability</p> <p>This Guideline is applicable to the Company and the Company’s officers and employees (individually, an “<u>Employee</u>” and collectively, the “<u>Employees</u>”).</p> <p>Article 3. Definitions</p> <p>[...]</p> <p>4. “<u>Interested Party</u>” shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.</p> <p>[p.4] Article 12. Compliance related to Interested Parties</p> <p>1.The Employees of the Company shall explain the Company’s anti-bribery policy to the Interested Party and ensure that the Interested Party complies with such policy.</p> <p>2.In case where the Employees transact with the public officials or the officers and employees of public corporations through a third party such as an agent, the following verifications and due diligence procedures shall be conducted and the result thereof shall be recorded in writing and the records shall be kept:</p> <p>[p.5] i) information regarding the person who recommended the third party, relationship with the public official, whether political contribution was made, and any history of the violations of the Anti-Bribery Laws; and</p> <p>ii) the role of the third party, considerations to be paid for the services and whether such consideration is reasonable amount.</p> <p>3.The Employees shall execute a written contract for any contract with a third party who transacts with the public officials or the officers and employees of public corporations and such contract shall stipulate the followings:</p> <ul style="list-style-type: none"> (iv) the third party’s obligation for the compliance with the Anti-Bribery Laws; (v) the obligations and responsibilities of the third party (including the scope of service and conditions for fees); and (vi) the Company’s right to terminate the contract and seek indemnification from the third party if the third party violates the Anti-Bribery Laws and the anti-bribery provisions of the contract. |

4. The Employees who is responsible for the contract with the third party shall periodically check the third party's compliance with the anti-bribery provisions of the contract and shall keep the records of such inspection.

[22] Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws

This Poongsan Business Partner Code of Conduct defines the minimum requirements that our business partners shall respect and comply with when conducting business with Poongsan. We include these minimum requirements in our contracts with business partner.

We encourage our business partners to go beyond these standards, particularly where local laws and regulations are either weak or seldom enforced.

We reserve the right to reasonably modify requirements should changes arise in the Compliance Program.

[20] Poongsan Business Partner Code of Conduct (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

[p.1] Anti-Corruption

Poongsan is committed to conducting its business free from extortion, bribery and all unlawful, unethical, or fraudulent activity. Poongsan business partners must not offer, give, promise or authorize any bribe, gift, loan, fee, reward or other advantage to any government official or employee, any customer, any Poongsan employee or any other person to obtain any business or improperly influence any action or decision. Poongsan business partners must comply with all applicable international anti-corruption laws and regulations, including the Improper Solicitation and Graft Act of Korea and the U.S. Foreign Corrupt Practices Act.

Conflicts of Interest

Poongsan business partners must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of Poongsan. Poongsan business partners must not offer or provide gifts or excessive hospitality or entertainment to any Poongsan employee or client or their families to obtain or retain business or to influence a decision. Poongsan employees and their family members may not hold any significant economic interest in any entity that does business with Poongsan and business partners are required to avoid such relationships with Poongsan employees.

[p.3] Monitoring and Compliance

Poongsan may audit compliance with this policy or appoint a third party to conduct an audit. Any violations will be reported to the Poongsan business partner's management for their attention and, if appropriate, corrective action. It is the intention of Poongsan to terminate its relationship with any business partner who does not comply with this Code of Conduct or, upon discovery of noncompliance, does not commit to a specific plan to achieve compliance.

Applicability

The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.

[p.4] Program for Compliance with this Code

Poongsan business partners will strive to maintain a program or system related to the topics of this Code if one does not already exist in a respective business partner's current structure. Such a program or system should be designed to ensure conformity with this Code. The aim should be to mitigate operational risks related to this Code. The underlying principle is to facilitate continuous improvement.

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| 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 |
| Although there is evidence that the company conducts checks in relation to whether payments to agents are reasonable, there is no evidence that the company's incentive structures for agents include measures to mitigate potential bribery and corruption risks. |
| Evidence |
| <p>[2] Practical Guideline for Code of Ethics (Document) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/</p> <p>[p.1] 4. "Interested Party" shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.</p> <p>[p.4] Article 12. Compliance related to Interested Parties</p> <p>[...]</p> <p>2. In case where the Employees transact with the public officials or the officers and employees of public corporations through a third party such as an agent, the following verifications and due diligence procedures shall be conducted and the result thereof shall be recorded in writing and the records shall be kept:</p> <p>[p.5] [...] (ii) the role of the third party, considerations to be paid for the services and whether such consideration is reasonable amount.</p> |

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| 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. |

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| 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, bribery or corruption-related investigations or the associated disciplinary actions involving its agents. |
| Evidence |
| No evidence found. |

7.2 Joint Ventures

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| 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>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering into a joint venture. It is clear that the company's due diligence includes checks on the ultimate beneficial ownership of the partner company.</p> <p>However, there is 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. Furthermore, 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>[23] Joint Ventures (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Due Diligence Poongsan conducts risk-based anti-bribery and corruption due diligence prior to entering into a joint venture in accordance with the Third Party Due Diligence Questionnaire.</p> <p>[21] Third Party Due Diligence Questionnaire (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Third Party Due Diligence Questionnaire The purpose of this Questionnaire is to obtain important background information necessary for appropriate compliance approval in connection with you or your company's relationship with Poongsan.</p> <p>Please complete this form and submit it together with all related documents to your contact department of Poongsan. Your cooperation in completing this form is important to us and is greatly appreciated.</p> <p>[24] Third Party Questionnaire (Document) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.4]</p> <p>3. Ownership and management</p> <p>a. If a company, are your shares publicly traded? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>b. If shares are publicly traded, please attach a copy of your most recent public filing showing the company's shareholders, partners, or owners. If this filing does not list shareholders, please identify, to the extent consistent with privacy laws, all major (greater than 5%) shareholders (public and non-public) and their ownership percentage.</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p><input type="checkbox"/> Materials attached</p> <p>c. If not publicly traded, five the names, nationalities, and ownership percentage of all shareholders, partners, or beneficial owners. Note: If any direct owner is a company, list the ultimate beneficial owner and any intermediate entities or persons. Holders of passive ownership interests, if any, must be included.</p> <p>d. Give the names, nationalities, and relevant experience of:</p> <ul style="list-style-type: none"> • All other employees who will be performing services under the proposed contract of otherwise working in connection with Poongsan business: <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p><input type="checkbox"/> Materials attached.</p> |

[p.6] I affirm that all information submitted in response to this Questionnaire, including information in any attachments or exhibits, is complete and accurate. I understand that Poongsan will rely on the above information in determining whether to enter into any contractual agreement or other arrangement with me/my company, and that any false or misleading information provided would be grounds for the immediate termination of any such contractual agreement or other arrangement. I understand the requirements of applicable anti-bribery laws and Poongsan's prohibition on all forms of corruption, and certify that neither I nor/my company have taken, or will take, any action in connection with the proposed relationship with Poongsan that would violate any such law or prohibition.

[p.7] I authorize Poongsan and its employees or contractors to conduct due diligence regarding myself, my organization, its shareholders, or owners to the extent legally permissible and as Poongsan deems appropriate. I understand that this due diligence may include verification of education, employment/work history, criminal history information, and that Poongsan will undertake reasonable efforts to ensure any information it gathers is kept confidential. I expressly consent to the transfer of information provided in response to this Questionnaire, including any personally identifiable information, and further agree to forever release, discharge, and hold harmless Poongsan, its agents, directors, employees, subsidiaries, affiliates, and representatives from any claims, damages, losses, liabilities, costs, and expenses (including any attorney and/or legal fees) or any other charge or complaint filed, arising from any legally appropriate due diligence efforts undertaken and the use of any information gathered during such efforts.

[20] Poongsan Business Partner Code of Conduct (Webpage)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/>

[p.3] Due Diligence Process

Poongsan conducts appropriate, risk-based due diligence when selecting business partners. All business partners must undergo and successfully complete anti-bribery due diligence prior to engagement. The business partners are required to cooperate with Poongsan's due diligence process and will accurately complete all questionnaires, including timely providing requested documentation and transparent information related to company ownership and affiliated parties.

[...]

Applicability

The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.

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| 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 |
| 2 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company states that it accounts for anti-bribery and corruption considerations when entering into a joint venture. The company states that it will only enter into joint ventures if anti-bribery and corruption clauses are included in the contract, at minimum prohibiting foreign and domestic bribery and facilitation payments. There is evidence that the company takes steps to detect, control and prevent breaches through auditing compliance with anti-bribery and corruption principles, and that it may terminate relationships with business partners found not to be compliant with these principles.</p> |
| Evidence |
| <p>[23] Joint Ventures (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Anti Corruption Policies for Joint Ventures Poongsan requires to establish and implement anti-bribery and corruption policies and procedures in all joint ventures.</p> <p>Poongsan explicitly commits that it will only enter into joint ventures if anti-bribery and corruption clauses are included in the contract, at minimum prohibiting foreign and domestic bribery and facilitation payments.</p> <p>Joint Ventures Code of Conduct</p> <p>Joint Ventures must comply with all applicable international anti-corruption laws and regulations, including the Improper Solicitation and Graft Act of Korea, the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, as applicable.</p> <p>Joint Ventures shall strive to maintain a program or system related to the code of conduct. Such a program and system should be designed to ensure conformity with the Poongsan Business Partner Code of Conduct.</p> <p>Poongsan may audit compliance with the Poongsan Business Partner Code of Conduct.</p> <p>[22] Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws</p> <p>This Poongsan Business Partner Code of Conduct defines the minimum requirements that our business partners shall respect and comply with when conducting business with Poongsan. We include these minimum requirements in our contracts with business partner.</p> <p>We encourage our business partners to go beyond these standards, particularly where local laws and regulations are either weak or seldom enforced.</p> <p>We reserve the right to reasonably modify requirements should changes arise in the Compliance Program.</p> <p>[20] Poongsan Business Partner Code of Conduct (Webpage) Accessed 03/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ [p.1] Anti-Corruption</p> <p>Poongsan is committed to conducting its business free from extortion, bribery and all unlawful, unethical, or fraudulent activity. Poongsan business partners must not offer, give, promise or authorize any bribe, gift, loan, fee, reward or other advantage to any government official or employee, any customer, any Poongsan employee or any</p> |

other person to obtain any business or improperly influence any action or decision. Poongsan business partners must comply with all applicable international anti-corruption laws and regulations, including the Improper Solicitation and Graft Act of Korea and the U.S. Foreign Corrupt Practices Act.

Conflicts of Interest

Poongsan business partners must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of Poongsan. Poongsan business partners must not offer or provide gifts or excessive hospitality or entertainment to any Poongsan employee or client or their families to obtain or retain business or to influence a decision. Poongsan employees and their family members may not hold any significant economic interest in any entity that does business with Poongsan and business partners are required to avoid such relationships with Poongsan employees.

[p.3] Monitoring and Compliance

Poongsan may audit compliance with this policy or appoint a third party to conduct an audit. Any violations will be reported to the Poongsan business partner’s management for their attention and, if appropriate, corrective action. It is the intention of Poongsan to terminate its relationship with any business partner who does not comply with this Code of Conduct or, upon discovery of noncompliance, does not commit to a specific plan to achieve compliance.

Applicability

The Poongsan Business Partner Code of Conduct applies to all Poongsan business partners including but not limited to our distributors, resellers, solution and consulting partners, suppliers, vendors, and service providers. We require Poongsan business partners to demand their next tier of partners to acknowledge principles of this Code.

[p.4] Program for Compliance with this Code

Poongsan business partners will strive to maintain a program or system related to the topics of this Code if one does not already exist in a respective business partner’s current structure. Such a program or system should be designed to ensure conformity with this Code. The aim should be to mitigate operational risks related to this Code. The underlying principle is to facilitate continuous improvement.

[2] Practical Guideline for Code of Ethics (Document)

Accessed 03/10/2019

<http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/>

[p.1] Article 3. Definitions

[...]

4. “Interested Party” shall mean government officials, employees of public corporations and other public institutions, customers, counterparties, business partners, joint venture partners, representatives, agents and consultants whose rights or benefits can directly or indirectly be affected by the transaction.

[p.4] Article 12. Compliance related to Interested Parties

1. The Employees of the Company shall explain the Company’s anti-bribery policy to the Interested Party and ensure that the Interested Party complies with such policy.

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| 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 |
| Based on publicly available information, it is unclear whether the company commits to take an active role in preventing bribery and corruption in all of its joint ventures. The company does not discuss any practical measures that it has in place to counter bribery and corruption risks. |
| Evidence |
| <p>[23] Joint Ventures (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ Anti Corruption Policies for Joint Ventures Poongsan requires to establish and implement anti-bribery and corruption policies and procedures in all joint ventures.</p> <p>Poongsan explicitly commits that it will only enter into joint ventures if anti-bribery and corruption clauses are included in the contract, at minimum prohibiting foreign and domestic bribery and facilitation payments.</p> <p>Joint Ventures Code of Conduct</p> <p>Joint Ventures must comply with all applicable international anti-corruption laws and regulations, including the Improper Solicitation and Graft Act of Korea, the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, as applicable.</p> <p>Joint Ventures shall strive to maintain a program or system related to the code of conduct. Such a program and system should be designed to ensure conformity with the Poongsan Business Partner Code of Conduct.</p> <p>Poongsan may audit compliance with the Poongsan Business Partner Code of Conduct.</p> |

8. Offsets

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| 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 |
| 1 |
| Comments |
| <p>Based on publicly available information, there is evidence that the company recognises the corruption risks associated with offset contracting. The company's export department and its Compliance Officer are involved in the management of offset obligations.</p> <p>However, it is not clear that they are responsible for monitoring the company's offset activities throughout the lifecycle of each project and there is no evidence that all employees within the team receive tailored anti-bribery and corruption training. Furthermore, there is little evidence of other policies and processes to address the risks associated with offset contracting.</p> |
| Evidence |
| <p>[28] Legal Risk – Offsets (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ Offsets</p> <ul style="list-style-type: none"> • When the company makes an offsets contract with a foreign company, the contents and procedures of the transaction should be fair and transparent. In particular, the terms of the transaction should be faithfully reviewed and audited based on the risk of anti-corruption. • If a third party such as an agent or a consultant is used, it should be ensured that the risk of anti-corruption by a third party does not occur through faithful due diligence based on the risk of anti-corruption. • The export department shall report to the Compliance Officer the terms of the transaction and the due diligence of the third party for the review and implementation monitoring of the offsets contract. |

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| 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>Based on publicly available information, there is evidence that the company conducts risk-based anti-corruption due diligence on third parties engaged as part of its offset activities. However, there is no evidence that the company refreshes this due diligence continuously or when there is a significant change in the business relationship or nature of the partner.</p> <p>Furthermore, there is little evidence to indicate that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on other aspects of its offset obligations, such as checks on beneficial ownership and/or conflict of interest associated with the beneficiaries. There is also no evidence that the company seeks to assure itself of the legitimacy of the investment.</p> |
| Evidence |
| <p>[28] Legal Risk – Offsets (Webpage) Accessed 07/10/2019 http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/Offsets</p> <ul style="list-style-type: none"> • When the company makes an offsets contract with a foreign company, the contents and procedures of the transaction should be fair and transparent. In particular, the terms of the transaction should be faithfully reviewed and audited based on the risk of anti-corruption. • If a third party such as an agent or a consultant is used, it should be ensured that the risk of anti-corruption by a third party does not occur through faithful due diligence based on the risk of anti-corruption. • The export department shall report to the Compliance Officer the terms of the transaction and the due diligence of the third party for the review and implementation monitoring of the offsets contract. |

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| 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. |

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| 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 indirect offset obligations and/or contracts. |
| Evidence |
| No evidence found. |

9. High Risk Markets

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| 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 to indicate that the company acknowledges the corruption risks of operating in different markets, nor that it has a risk assessment procedure in place to identify such risks. |
| Evidence |
| No evidence found. |

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

1

Comments

The company publishes a list of its fully consolidated subsidiaries. For each entity, the company discloses its percentage ownership and the country of incorporation. This list is published alongside a statement that it is accurate to the best of the company's knowledge at the time of publication. There is evidence that this list is current and updated on at least an annual basis.

The company receives a score of '1', however, because for each entity it does not include clear information on their countries of operation. Additionally, the list provides details of the company's subsidiaries but it is not clear that this represents all of the company's holdings, including joint ventures and non-fully consolidated holdings.

Evidence

[37] 2019 Business Report – Korean (Webpage)
 Accessed 07/05/2020
<http://www.poongsan.co.kr/kor/download/normal.php?c=B62DACAAD5F8309455404186B652A43929089ACE021134E726C624669BF1281296573B3F939DB259F386C805E349CC94F31B5BDE6F77E5F5C6A0C20ED58D6589>
 [p.16]

회사, 회사 및 자회사 또는 회사의 자회사의 타회사에 대한 출자 현황

(2019년 12월 31일 기준)

| 타회사 명칭 | 투자 및 출자회사 | 다른 회사에 출자한 | | 당사에 출자한 타회사의 | |
|--------------------------------|------------------------------|------------|---------|--------------|-----|
| | | 소유주식수 | 지분율 | 소유주식수 | 지분율 |
| (주)풍산FNS | 당사 | 144,000 | 100.00% | - | - |
| (주)피엔티 | 당사 | 239,999 | 60.00% | - | - |
| 엘아이지풍산프로텍(주) | 당사 | 560,000 | 40.00% | - | - |
| PMX Industries, Inc. | 당사 | 4,740,000 | 100.00% | - | - |
| Poongsan(H.K) Ltd. | 당사 | 1,170,000 | 100.00% | - | - |
| Siam Poongsan Metal Co.,Ltd. | 당사 | 14,149,998 | 100.00% | - | - |
| Poongsan(Shanghai) Co.,Ltd. | 당사 | - | 100.00% | - | - |
| Poongsan(M) SDN BHD | 당사 | 7,250,000 | 100.00% | - | - |
| Poongsan Japan Corporation | 당사 | 24,000 | 100.00% | - | - |
| Poongsan America Corporation | 당사 | 8,200,000 | 100.00% | - | - |
| PMC Ammunition, Inc. | Poongsan America Corporation | 100,000 | 100.00% | - | - |
| Poongsan(Lianyungang) Co.,Ltd. | 당사 | - | 100.00% | - | - |
| Poongsan(Shenzhen) Co.,Ltd. | Poongsan(H.K) Ltd. | - | 100.00% | - | - |

Translation:

[p.16]
 Investments of the company, its subsidiaries and other holdings of the company

As of December 31 2019

| Name of Company | Type of investment | Shareholding information | |
|------------------------------|--------------------|--------------------------|----------------------|
| | | Number of Shares | Percentage ownership |
| Poongsan FNS Co., Ltd. | Subsidiary | 144,000 | 100% |
| PNT Inc. | Subsidiary | 239,999 | 60% |
| Ljipungsan Protech Co., Ltd. | Subsidiary | 560,000 | 40% |
| PMX Industries, Inc. | Subsidiary | 4,740,000 | 100% |

[Table continues, listing a total of 13 companies.]

[32] Annual Report 2018 (Document)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/files/annual-reports/Poongsan2018.pdf>

[p.51]

POONGSAN CORPORATION

HEAD OFFICE

Poongsan Bldg., 23, Chungjeong-ro, Seodaemun-gu, Seoul
 Phone : 82-2-3406-5114
 Fax : 82-2-3406-5400
<http://www.poongsan.co.kr>

DOMESTIC AFFILIATES

Poongsan FNS Corporation
 893, Deugandae-ro, Nonsan-si, Chungcheongnam-do
 Phone : 82-41-740-5500
 Fax : 82-41-741-7780

PNT Corporation
 94, Sanam-ro, Ulju-gun, Ulsan
 Phone : 82-52-231-9981
 Fax : 82-52-239-9940

OVERSEAS AFFILIATES

PMX Industries, Inc.
 5300, Willow Creek Drive S.W., Cedar Rapids, Iowa 52404, U.S.A
 Phone : 1-319-368-7700
 Fax : 1-319-368-7701

Poongsan (H.K.) Ltd.
 Unit1907B 19/F Exchange Tower 33 Wang Chiu Road Kowloon Bay Kowloon, Hongkong
 Phone : 852-2735-6330
 Fax : 852-2730-7396

Poongsan (Shenzhen) Co., Ltd.
 8 Dahualu, Yanchuanshequ, Songgang, Baoan, Shenzhen, China
 Phone : 86-755-3323-8916
 Fax : 86-755-3323-8912

Poongsan (Shanghai) Co., Ltd.
 Room 1325, No.289, Wujin Road, Hongkou District, Shanghai, 200080, China
 Phone : 86-21-5868-0881
 Fax : 86-21-5868-0882

Poongsan (Lianyungang) Co., Ltd.
 20-3, Jinqiao Road, Dapu Industrial Park, Lianyungang City, Jiangsu, China
 Phone : 86-518-8108-9568
 Fax : 86-518-8108-9778

Poongsan (M) SDN BHD
 No. 16, Jalan Anggerik Mokara, 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor, Malaysia
 Phone : 60-3-5122-0001
 Fax : 60-3-5122-0002

Poongsan America Corporation
 601 South Figueroa St. Suite No.4600, Los Angeles, CA 90017, U.S.A
 Phone : 1-213-236-0300
 Fax : 1-213-236-0308

PMC Ammunition, Inc.
 10777 Westheimer Road, Suite 1101 Houston, Texas 77042, U.S.A
 Phone : 1-281-407-5655
 Fax : 1-281-407-5654

POONGSAN HOLDINGS CORPORATION

HEAD OFFICE

Poongsan Bldg., 23, Chungjeong-ro, Seodaemun-gu, Seoul
 Phone : 82-2-2278-6700
 Fax : 82-2-2278-6790

OVERSEAS OFFICE

Taiwan Office
 RM708, 21Century Bldg., No.207 Tun Hwa North Road, Taipei, Taiwan
 Phone : 886-2-2545-5311/2
 Fax : 886-2-2546-0081

California Office
 456 Oakmead Parkway Sunnyvale, CA 94085, U.S.A
 Phone : 1-408-733-1910
 Fax : 1-408-733-1922

DOMESTIC PLANTS

Changwon Plant
 670, Gongdan-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do
 Phone : 82-55-239-0700
 Fax : 82-55-267-0701

Busan Plant
 230, Seonsuchon-ro, Haeundae-gu, Busan
 Phone : 82-51-520-8900
 Fax : 82-51-522-0117

Indonesia Office

Graha CIMB Niaga 26th Fl. Jl. Jend. Sudirman Kav.58 Jakarta Selatan, 12190, Indonesia
Phone : 62-21-8067-1236
Fax : 62-21-8067-1237

Saudi Arabia Office

Villa #26, Abdullah bin Khamis Street, Olaya Tahila Street, Riyadh, 11497, KSA
Phone : 966-11-462-4040
Fax : 966-11-462-4040

Siam Poongsan Metal Co., Ltd.

38/14 Moo 5, Laemchabang Industrial Estate, T. Tungsukhla, A. Sriracha, Chonburi 20230, Thailand
Phone : 66-38-400-056
Fax : 66-38-490-328

Poongsan Japan Corporation

ACN Yotsuya Building 3rd floor 2-4-1, Yotsuya, Shinjuku-ku, Tokyo, 160-0004, Japan
Phone : 81-3-5269-6570
Fax : 81-3-5269-6571

(Kawaguchi Office)
Angyo-Kitaya 628, Kawaguchi, Saitama 334-0054, Japan
Phone : 81-48-297-6931
Fax : 81-48-297-6933

DOMESTIC AFFILIATES

Poongsan Special Metal Corporation

57, Anaji-ro, Gyeyang-gu, Incheon
Phone : 82-32-540-7114
Fax : 82-32-540-7400

Poongsan Neotiss Co., Ltd.

134, Pyeongtaekhang-ro, 156beon-gil, Poseung-up, Pyeongtaek-si, Gyeonggi-do
Phone : 82-31-371-3200
Fax : 82-31-371-3209

Poongsan Metal Service Corporation

134, Pyeongtaekhang-ro 156beon-gil, Pyeongtaek-si, Gyeonggi-do
Phone : 82-31-650-7500
Fax : 82-31-650-7511

Poongsan Hwadong

351, Hyoryeong-ro, Seocho-gu, Seoul
Phone : 82-2-3471-4586
Fax : 82-2-597-8741

[29] Status of Affiliate Company Shares (Webpage)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/files/annual-reports/Poongsan2018.pdf>

| Name | Location | Products | Capital Fund | Shares | Ratio(%) |
|-----------------------------------|-----------|--|---------------------------|------------|----------|
| Poongsan FNS Corp. | Chungnam | Fuzes & Timers Safety & Arming Devices Sensors | 720 Million won | 144,000 | 100 |
| PNT Corp. | Ulsan | Tin-plating product | 2,000 Million won | 239,999 | 60 |
| PMX Industries, Inc. | USA | Copper & Copper Alloy Sheets & Strips | US\$474 million | 4,740,000 | 100 |
| Poongsan(H.K.) Ltd. | Hong Kong | Copper & Copper Alloy Sheets & Strips | H.K \$117,000 thousand | 1,169,999 | 100 |
| Siam Poongsan Metal Co., Ltd. | Thailand | Copper & Copper Alloy Sheets & Strips | THB 1,415,000 thousand | 14,149,994 | 100 |
| Poongsan(Shanghai) Co., Ltd. | China | Copper & Copper Alloy Sheets & Strips | CNY 25,692 thousand | - | 100 |
| Poongsan(M) SDN BHD | Malaysia | Copper & Copper Alloy Sheets & Strips | US\$2,371 thousand | 7,249,998 | 100 |
| Poongsan Japan Corporation | Japan | Copper & Copper Alloy Sheets & Strips | JPY 490 million | 24,000 | 100 |
| Poongsan America Corporation | USA | Scrap, Raw materials | US\$8.2 million | 8,200,000 | 100 |
| Poongsan Lianyungang Co., Ltd. | China | Copper & Copper Alloy Sheets & Strips | CNY 25,692 thousand | - | 100 |

[30] Domestic Affiliates (Webpage)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/about-poongsan/affiliates/domestic/>

Domestic Affiliates

PNT CORPORATION

PNT Corporation is a joint venture established in May 2001 with Nippon Mining & Metal Corporation, one of the largest non-ferrous metal companies in Japan. The Company specializes in the plating processing for copper products to improve the quality and increase the sales of tin-plated strips widely used in various industries such as electric, electronics and information technology, PNT receives brass strips from Poongsan Corporation and meets the demand for tin-plated strips both by Poongsan and Nippon Mining & Metal Corporation.

Product

Tin-plated copper alloy strips

Location

94, Sanam-ro, Ulju-gun, Ulsan 689-892, Korea
Phone : 82-52-231-9981
FAX : 82-52-239-9940

POONGSAN FNS CORPORATION

Poongsan FNS Corp. was established in 1973 to produce precision machinery products. In particular, it specialized in fuse products and sensors for the defense sector, while developing and producing nuclear fuel assembly (WH-type top and bottom nozzle) parts and specialty tools for the civilian sector. Poongsan had acquired Poongsan FNS Corp. in March of 2004 to marry its traditional ammunition production expertise to Poongsan FNS's precision fuse manufacturing to develop state-of-the-art ammunition. Additionally, Poongsan FNS entered the aerospace industry by forming industry-education cooperation agreements with the Agency for Defense Development and the Korea Institute of Science & Technology, enabling research, development and production of precision machinery parts.

Product

Fuse products, accelerometers for inertia navigational systems, and core products for top and bottom nozzle assembly

Location

893, Deugan-daero, Nonsan-si, Chungcheongnam-do 320-822, Korea
Phone : 82-41-740-5500
FAX : 82-41-741-7780

POONGSAN NEOTISS

Poongsan Neotiss was established in July of 2004 as a joint venture between Poongsan and worldwide titanium and stainless steel welding company Neotiss to produce titanium and stainless steel tubes. In response to the steeply rising demand for titanium tubes, Poongsan Neotiss invested in production facilities to dramatically increase productivity. In addition, product diversification and ensuing stabilization of business operations was achieved through the completion of production facilities for stainless steel tubes. Poongsan's global vision of marrying its tube-manufacturing technology to Neotiss's material procurement and worldwide marketing created new synergies and economies of scale. Such would help meet the rising demand for titanium and stainless steel tubes, projected from the worldwide construction in new desalination plants, replacement of aging facilities, as well as new power plant construction and upgrading of industrial materials

Product

Welded Titanium tubes and stainless steel tubes

Location

134, Pyeongtaekhang-ro 156beon-gil, Poseung-eup, Pyeongtaek-si, Gyeonggi-do 17960, Korea
Phone : 82-31-371-3200
FAX : 82-31-371-3209

POONGSAN METAL SERVICE CORPORATION

Poongsan Metal Service Corporation specializes in copper and copper alloy's, as well as the physical distribution of our slitting services. Founded in February 2007 to provide customers with a diverse range of products in a prompt manner, PMSC located in a Poseung industrial zone. With its modern slitting equipment, processes and supplies Poongsan's copper and copper alloy sheets, strips; and it also manages warehousing of copper and copper alloy tubes and bars.

Product

Copper & copper alloy sheets, strips, tubes, bars, wires.

Location

134, 156beon-gil Pyeongtaekhang-ro, Pyeongtaek-si 451-764, Korea
 Phone : 82-31-650-7500
 FAX : 82-31-650-7511

POONGSAN SPECIAL METAL CORPORATION

Poongsan Special Metal Corporation is where Poongsan's copper products were first made. Today, Poongsan Special Metal concentrates principally on the production of non-copper products, stainless steel strips, high nickel alloys, clad metals, precious metals and coin blanks by increasing production capacity and aggressively investing in the production of ultrathin spring materials, Poongsan Special Metal offers products of unmatched performance to the light and thinplate markets.

Product

Stainless steel strips, high nickel alloys, clad metal strips, commemorative coin blanks

Location

157, Anaji-ro, Gyeyang-gu, Incheon 407-717, Korea

POONGSAN HWADONG

Poongsan Hwadong, which was established on March 27 in 1972, was merged into Poongsan group in January 2012. It has been supplying the coins and bank notes in Korea. Since Poongsan Hwadong was appointed as a distributor of commemorative coins for the 1988 Seoul Olympic Games, as the authorized dealer of more than 20 major WorldMint Bureaus, it has been exclusively distributing commemorative coins for Olympic Games, FIFA World Cups and many other major events of the world in Korea, solidifying its position in coin market.

Product

Coins, Bank Notes and Medals

Location

1606-1, Seocho-dong, Seocho-gu, Seoul, Korea, 137-877
 Phone : 82-2-3471-4586~7
 Fax : 82-2-597-8741

[31] Overseas Affiliates (Webpage)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/about-poongsan/affiliates/overseas/>

PMX INDUSTRIES, INC.

Incorporated in 1989, PMX Industries is a fabricated rolled-copper alloy plant with an annual production capacity of 120,000 tons of copper and copper alloy strip. PMX has earned a reputation as an important and reliable supplier of commercial coinage and, most recently, a larger market share of ammunition strips.

Meanwhile, PMX continues to focus on high-value materials for electrical and electronic applications as well as their new EPA-approved MicroGuard materials designed for touch surfaces in hospitals, schools, public and residential buildings.

To support its groundbreaking MicroGuard program, PMX has patents pending on five new alloys - including C66910 that looks like stainless steel, but is in fact a copper alloy that kills bacteria within two hours. The PMX Sales, Marketing and Production Teams are working closely together to develop and promote such cutting-edge products that meet the changing needs of our clients.

Product

Copper and copper alloy strips and strips for coins

Location

5300, Willow Creek Drive S.W., Cedar Rapids, Iowa 52404, U.S.A
 Phone : 1-319-368-7700
 Fax : 1-319-368-7701

POONGSAN (H.K.) LTD.

Recognizing the importance of a distribution base for the Chinese and the Southeast Asian markets, Poongsan established an affiliate company in Hong Kong. Through this affiliate, Poongsan continues to explore new markets and increase exports. At present, Poongsan Hong Kong also operates its own slitting center in China for processing rolled copper sheets and strips. This slitting center offers on-site technical service and prompt delivery to end-users in the region.

Product

Copper and copper alloy sheets and strips, leadframe alloy, copper tubes, brass rods and stainless steel strips

Location

Unit1907B 19/F Exchange Tower 33 Wang Chiu Road Kowloon Bay Kowloon, Hong Kong
 Phone : 852-2-735-6330
 Fax : 852-2-730-7396

POONGSAN (SHENZHEN) CO., LTD

Poongsan Shenzhen was established in October 2005 to promote Poongsan products throughout China. It also operates its own slitting center to process rolled products locally; supplies copper alloy sheets, strips, stainless steel strips and leadframe alloys; and offers its customers reliable quality, on-time delivery and customer service.

Product

Copper and copper alloy sheets and strips, leadframe alloy, copper tubes, brass rods and stainless steel strips

Location

8 Dahualu, Yanchuanshequ, Songgang, Baoan, Shenzhen, China
 Phone : 86-755-3323-8916 Fax : 86-755-3323-8912

POONGSAN (SHANGHAI) CO., LTD

Poongsan established an office inside the Shanghai Free Trade Zone in order to gain access to the Chinese copper market in 2002. Since its inception, Poongsan Shanghai has steadily grown its sales of high-value fabricated copper products to the high-tech and automotive industries. Poongsan Shanghai also operates its own slitting center to process rolled products locally. It supplies copper ACR tubes, brass rods and stainless steel strips to local customers throughout China as well as to U.S. and Japanese companies with operations in China.

Product

Copper and copper alloy sheets and strips, leadframe alloy, copper tubes, brass rods and stainless steel strips

Location

Room 1325, No.289, Wujin Road, Hongkou District, Shanghai, 200080, China
 Phone : 86-21-5868-0881
 Fax : 86-21-5868-0882

SIAM POONGSAN METAL CO., LTD.

Established in October 2000, Siam Poongsan Metal is the only manufacturer of rolled copper and copper alloy products in Southeast Asia. Products manufactured at Siam Poongsan range from sheets and strips and coin blanks to other copper and copper alloy products. Siam Poongsan is a major supplier of coin blanks to the Thai government. With its completely integrated copper and copper alloy production facilities - from melting and casting to slitting - Siam Poongsan has contributed significantly to the development of the Southeast Asian region by providing alternative sources of fabricated materials for key industries. As a result, it has become a recognized and reliable supplier of copper and copper alloy products to Thailand and throughout the region. Siam Poongsan is

aggressively working to expand its facilities in order to meet the anticipated increase in demand for fabricated copper products in Southeast Asia.

Product

Copper and copper alloy sheets and strips, coin blanks

Location

Laemchabang, Chonburi, Thailand

POONGSAN JAPAN CORPORATION

In April 2002 Poongsan Japan Corporation was established in Kawaguchi City, Japan to address the demanding product specifications and service required by the Japanese market. Poongsan Japan processes and sells phosphor bronze, copper, brass and tin-plated strips and high-value copper rolling products. Through prompt delivery, consistent and reliable quality assurance, and effective customer service, Poongsan Japan continues to grow its domestic market share copper rolling products as well as copper tubes and stainless steel strips.

Product

Copper and copper alloy sheets and strips, leadframe alloy, copper tubes, brass rods and stainless steel strips

Location

Head Office

Rune Yotsuya Building 3rd floor 2-4-1, Yotsuya, Shinju-ku, Tokyo, 160-0004, Japan

Phone : 81-3-5269-6570

Fax : 81-3-5269-6571

Kawaguchi Office

Angyo-Kitaya 628, Kawaguchi, Saitama 334-0054, Japan

Phone : 81-48-297-6931

Fax : 81-48-297-6933

POONGSAN (M) SDN BHD

Poongsan (M) SDN BHD, which also operates its own slitting center, was established in November 2001 to promote Poongsan products throughout Malaysia, Singapore and other ASEAN countries. It sells copper and copper alloy sheets and strips as well as stainless steel strips, offering its customers reliable quality, on-time delivery and customer service.

Product

Copper and copper alloy sheets and strips, leadframe alloy, copper tubes, brass rods and stainless steel strips

Location

No. 16, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460, Shah Alam, Selangor Malaysia

Phone : 60-3-5122-0001

Fax : 60-3-5122-0002

POONGSAN AMERICA CORPORATION

Incorporated in 2002, Poongsan America plays a critical role in supplying Poongsan Corporation with copper and copper alloy scraps, machinery and spare parts, chemicals and other sub-materials. Poongsan America also promotes Poongsan products to overseas customers, especially throughout the Americas.

Location

601 South Figueroa St. Suite No.4600 Los Angeles, CA 90017, USA

Phone : 1-213-236-0300

Fax : 1-213-236-0308

POONGSAN (LIANYUNGANG) CO. LTD.

Poongsan (Lianyungang) Co. Ltd.

20-3, Jinqiao Road, Dapu Industrial Park, Lianyungang City, Jiangsu, China

Phone : 86-518-8108-9568

Fax : 86-518-8108-9778

PMC AMMUNITION, INC.

PMC Ammunition, Inc.

10777 Westheimer Road, Suite #1101, Houston, TX 77042 U.S.A

Phone : 1-281-407-5655

Fax : 1-281-407-5654

[35] Locations (Webpage)

Accessed 07/10/2019

<http://www.poongsan.co.kr/eng/about-poongsan/locations/>

Locations

HEAD OFFICE

Location

Poongsan Bldg., 23, Chungjeong-ro, Seodaemun-gu, Seoul 120-837, Korea

Phone : 82-2-3406-5114

Fax : 82-2-3406-5400

<http://www.poongsan.co.kr>

[...]

OVERSEAS OFFICES

Taiwan Office

RM708, 21Century Bldg., No.207 Tun Hwa North Road, Taipei, Taiwan

Phone : 886-2-2545-5311/2

Fax : 886-2-2546-0081

Indonesia Office

Graha CIMB Niaga 26th Fl. Jl. Jend. Sudirman Kav.58 Jakarta Selatan, 12190, Indonesia

Phone : 62-21-8067-1236

Fax : 62-21-8067-1237

Question

9.3 Does the company disclose its beneficial ownership and control structure?

Score

1

Comments

There is evidence that the company publishes information on the entities with significant holdings in the company, but this information is disclosed its corporate reports and not in a central public register. It is noted that the company is a publicly listed company on the Korea Stock Exchange, but it does not have voting shares admitted to a regulated market specified in the guidance.

Evidence

[37] 2019 Business Report – Korean (Webpage)
 07/05/2020
<http://www.poongsan.co.kr/kor/download/normal.php?c=B62DACAAD5F8309455404186B652A43929089ACE021134E726C624669BF1281296573B3F939DB259F386C805E349CC94F31B5BDE6F77E5F5C6A0C20ED58D6589>
 [p.15]

대주주 현황

(단위 : 주, %)

| 주 주 명 | 소유주식수 | 소유비율 | 회사와의 거래관계 | 비 고 |
|----------|------------|-------|--------------|--------------|
| (주)풍산홀딩스 | 10,652,545 | 38.01 | 기계장비, IT용역 외 | 최대주주 및 특수관계인 |
| 국민연금공단 | 3,914,229 | 13.97 | 없음 | - |
| 신영자산 | 440,330 | 1.57 | " | - |
| 트러스톤 | 310,277 | 1.11 | " | - |
| 삼성자산 | 305,244 | 1.09 | " | - |

Translation:

[p.15] Major Shareholders

| Shareholder Name | Shares held | Percentage | Description of Activities/Services | Notes |
|-----------------------------------|-------------|------------|--|---------------------|
| Poongsan Holdings Co., Ltd. | 10652545 | 38.01 | Mechanical equipment, IT service, etc. | Largest Shareholder |
| National Pension Service | 3914229 | 13.97 | | |
| Shinyoung Asset Management Co Ltd | 440330 | 1.57 | | |
| Truston | 310277 | 1.11 | | |
| Samsung Assets | 305244 | 1.09 | | |

[33] Stock Exchange (Webpage)

Accessed 07/10/2019

<https://www.bloomberg.com/quote/103140:KS>

103140:KS Korea SE

Poongsan Corp [COMPANY INFO](#)

21,500.00 KRW -200.00 -0.92% ▼

| OPEN | PREV CLOSE | VOLUME |
|------------|--------------------------|--------------------------|
| 21,750.00 | 21,700.00 | 37,133 |
| MARKET CAP | DAY RANGE | 52 WEEK RANGE |
| 602.522B | 21,400.00 - 21,800.00 | 20,000.00 - 33,200.00 |

| |
|---|
| 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 or customers. |
| Evidence |
| No evidence found. |

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 | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/ceo-message/ |
| 02 | Document | Practical Guideline for Code of Ethics | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ |
| 03 | Document | Code of Ethics | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/code-of-ethics/ |
| 04 | Webpage | Compliance System | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 05 | Document | Compliance Guideline Operating Manual | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/# |
| 06 | Webpage | Compliance Campaign | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance-campaign/ |
| 07 | Webpage | Overview | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 08 | Webpage | Legal Risk | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 09 | Webpage | Auditing Committee | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/leadership/auditing-committee/ |
| 10 | Webpage | Entity Level Control | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ |
| 11 | Webpage | Operation on the Internal Control System | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ |
| 12 | Webpage | Reporting procedure of Internal Control System | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ |
| 13 | Webpage | Internal Accounting Control | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ |
| 14 | Document | Compliance Guideline | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 15 | Webpage | Ethics Hotline | 02/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ |
| 16 | Webpage | Training and Education | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/# |
| 17 | Webpage | Protection of Whistleblower | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ |
| 18 | Webpage | Report now | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/ethics-hotline/ |
| 19 | Webpage | Procurement | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |

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| 20 | Webpage | Poongsan Business Partner Code of Conduct | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |
| 21 | Webpage | Third Party Due Diligence Questionnaire | 03/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |
| 22 | Webpage | Poongsan Business Partner Code of Conduct For Integrity and Compliance with Laws | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |
| 23 | Webpage | Joint Ventures | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |
| 24 | Document | Third Party Questionnaire | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/partnership-management/ |
| 25 | Webpage | Legal Risk - Political contribution | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 26 | Webpage | Legal Risk – Conflict of Interest | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 27 | Webpage | Legal Risk – Third Party / Agent | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 28 | Webpage | Legal Risk – Offsets | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/compliance/ |
| 29 | Webpage | Status of Affiliate Company Shares | 07/10/19 | http://www.poongsan.co.kr/eng/investor-relations/management-info/status-of-affiliate-company-shares/ |
| 30 | Webpage | Domestic Affiliates | 07/10/19 | http://www.poongsan.co.kr/eng/about-poongsan/affiliates/domestic/ |
| 31 | Webpage | Overseas Affiliates | 07/10/19 | http://www.poongsan.co.kr/eng/about-poongsan/affiliates/overseas/ |
| 32 | Document | Annual Report 2018 | 07/10/19 | http://www.poongsan.co.kr/eng/files/annual-reports/Poongsan2018.pdf |
| 33 | Webpage | Stock Exchange | 07/10/19 | https://www.bloomberg.com/quote/103140:KS |
| 34 | Webpage | Open Ownership Register | 07/10/19 | https://register.openownership.org/search?utf8=✓&q=Poongsan+Corporation |
| 35 | Webpage | Locations | 07/10/19 | http://www.poongsan.co.kr/eng/about-poongsan/locations/ |
| 36 | Webpage | Continuous Monitoring System | 07/10/19 | http://www.poongsan.co.kr/eng/sustainability/ethics/internal-control-and-monitoring/ |
| 37 | Document | 2019 Business Report - Korean | 07/05/20 | http://www.poongsan.co.kr/kor/download/normal.php?c=B62DACAAD5F8309455404186B652A43929089ACE021134E726C624669BF1281296573B3F939DB259F386C805E349CC94F31B5BDE6F77E5F5C6A0C20ED58D6589 |