

# Anti-Corruption Compliance Guidelines

Managed by : Legal Affairs Office

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**Objective** POSCO FUTURE M intends to observe the highest legal and ethical standards in all its businesses and operations. The objective of these guidelines is to enforce global anti-corruption laws and standards upon business and operation of POSCO FUTURE M and its subsidiaries around the world.

**Procedure**

**1. Global Anti-corruption Standards**

POSCO FUTURE M employees shall observe global anti-corruption legal and ethical standards laid down in the Foreign Corrupt Practices Act, 1977(FCPA) of the United States, the Bribery Act, 2010 of the United Kingdom, the OECD Convention on Combating Bribery of Foreign Public Official in International Business Transactions(OECD Convention) and the UN Global Compact.

FCPA prohibits any company(U.S or non-U.S) listed on a national securities exchange in the United States from making a corrupt payment to any non-U.S foreign government officials and prescribes keeping of accurate records and implementation of adequate internal controls. In Particular, POSCO being a listed company on New York Stock Exchange(NYSE) has to abide by the FCPA. The Bribery Act prohibits the U.K companies and any non-U.K entities doing business in the U.K from making a corrupt payment to any non-U.K foreign government officials, counterparts etc.

The OECD Convention is the first international convention which has made a corrupt payment to foreign government officials a criminal offence. The Republic of Korea has enacted and implemented the Anti-bribery Law against the payment of bribery toward foreign public officials in international business transactions as a national implementing legislation for OECD Convention.

The UN Global Compact regulates all kinds of corrupt practices of corporate entities.

POSCO FUTURE M employees shall observe not only the global anti-corruption laws and standards but also the local anti-corruption laws and regulations of the country where they conduct business. For instance, in the Republic of Korea, some of the local laws and regulations include Penal Code, Additional Punishment Law on Specific Crimes, Additional Punishment Law on Specific Economic Crimes, and Prohibition Law on Corrupt Solicitation and Bribery etc.

In case that a behavior has violated the global anti-corruption laws and standards or local laws, it shall not be exempted from legal obligations, even if it has been done in accordance with the social or business customs.

If there is a conflict or inconsistency between the global anti-corruption laws, standards, local laws and these guidelines, the strictest one shall prevail.

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## 2. Prohibition & Restrictions on Convenience

### ① Principles

No POSCO FUTURE M employee shall provide or receive anything of value as convenience to or from any interested party, including foreign or local government officials, counterparts etc., with corrupt intention to obtain or retain any business benefits. In this regard, the anything of value includes, but not limited to:

- Securities such as stocks and bonds, real estate, meal, gift, sports, entertainment;
- Transportation, accommodation etc.;
- Any rights to use or discount on goods or services;
- Any political contributions; or
- Any exemptions or concessions for liabilities, employment, privileges, or any tangible or intangible benefits

PROVIDED THAT it may be allowed to provide or receive a generally accepted convenience if it is necessary to conduct the ordinary business for sales promotion, conclusion of a contract or promotion of mutual business understanding etc., subject to the following

- Convenience is ordinary and reasonable;
- Convenience is not frequent within specific time period; and
- Expense for convenience is recorded accurately in the books of account of the concerned company.

It should be noted, however, that even in the situation where it is unavoidable to provide any convenience beyond the reasonable level, the concerned employees of POSCO FUTURE M shall seek clarifications from the Legal Affairs Office before taking any actions.

### ② Meals, Gifts etc.

Whenever a POSCO FUTURE M employee provides any meal or gift to an interested party as a token of courtesy in order to promote amity, he or she shall ensure that:

- The value of such meal or gift is nominal compared to the salary level of the receiving party,
- The meal or gift is provided only at necessary points of time with clear justification and is not provided frequently within specific period.

- The cost of convenience such as meal does not exceed the value of Korean Won 100,000 and that of the gift does not exceed the value of Korean Won 50,000. If meal or gift exceeds such limits, employees must obtain approval from their department head in advance. And if they have inevitably given or taken meal or gift that exceeds the limits, they must report to the Legal Affairs Office. But when such provision mentioned above is for public officials etc. included in 'The Improper Solicitation and Graft Act', POSCO FUTURE M employees should abide by the related laws and POSCO FUTURE M's code of ethics.

### ③ Convenience

Whenever a POSCO FUTURE M employee provides any convenience to any interested party, that POSCO FUTURE M employee shall ensure that:

- He or she shall not provide or receive convenience such as transportation, accommodation etc. beyond a generally accepted level except for the convenience which is provided equally to all attendees of an event.
- The convenience is of reasonable level and directly or indirectly related to sales promotion, conclusion and implementation of a contract or promotion of mutual business understanding etc.
- The convenience is not provided to anyone other than interested parties themselves (family, friends etc.)
- The expense for convenience is not paid to the interested parties but is paid directly to the service providers such as airlines, hotel etc.

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## 3. Prohibition & Restrictions on Facilitating Payment

No POSCO FUTURE M employee shall make any facilitating payment to any domestic and foreign government officials in order to gain any favor.

The facilitating payment is relatively small in amount, provided or intended to be provided to a government official who is involved in routine work, in order to expedite a legitimate business decision or other transaction, which may include:

- Collecting and processing administrative documents like registration, visa etc.
- Customs clearance, loading or unloading of products etc.
- Opening telephone line, supply of electricity or water etc.

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## 4. Agents, Joint Venture etc.

### ① Agents

The agent is a person who works on behalf of the company with regard to obtaining business, customs clearance, license approval, and tax affairs, etc. Global anti-corruption laws and standards prohibit the agent from making any payment of money or providing any valuables to any interested party, including foreign or local government officials, counterparts etc. on behalf of company or its subsidiaries with the corrupt intent. Therefore, all employees while working through such agents shall exercise their duties and responsibilities in such a manner as all business activities shall not result into violation against any global anti-corruption laws and standards.

Before signing a contract with an agent, the concerned POSCO FUTURE M employee shall consider the following items. If at least one item is corresponding to agents, conclusion of contract shall be decided based on the evaluation of Agent Contract Checklist(#1) as attached herein.

- Record of past and present improper practice of the agent (involvement in bribery or suspect of any corrupt practices).
- Relations between the agent and government officials (agent recommended by government, holding agent's shares by government officials) etc.

- Request for unusual and complicated method of payment (prepayment, third party payment, etc.).
- Incompleteness and inaccuracy of information provided by the agent.

When entering into a contract with an agent, the concerned POSCO FUTURE M employee shall incorporate the following items in the contract:

- Roles and responsibilities of the agents with regard to observing global legal and ethical standards,
- Payment standard and method to agents,
- Right of company to terminate the contract with the agent in case that he or she violates the global anti-corruption laws and standards,
- Right of company to initiate investigations in case that there is reasonable concern that the agent may violate the global anti-corruption laws and standards.

After executing contracts with the agents, POSCO FUTURE M employees shall make the agent comply with the global anti-corruption laws and standards, and in case of finding out any violations thereof, POSCO FUTURE M employees shall report immediately to the Legal Affairs Office to make the company take appropriate measures such as rectifying the violations or terminating the contracts with the agent.

Whenever there is any question or concern with regard to the violation of global anti-corruption laws and standards in agent contraction, the concerned POSCO FUTURE M employee shall contact the Legal Affairs Office for clarification.

## ② Joint Ventures

As global anti-corruption laws and standards prohibit that joint venture companies or partners make any payment of money or provide anything of value with the corrupt intention to any interested parties, i.e. domestic or foreign government officials or counterparts, this guidelines shall equally apply to the joint venture companies or partners of POSCO FUTURE M and its subsidiaries.

## ③ Others

The guidelines for the agents and joint venture companies or partners shall mutatis mutandis apply to all counterparts (customers, vendors etc.) for each agents and joint venture companies or partners.

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## 5. Accounting Record & Management

The global anti-corruption laws and standards provide keeping a system of accounting controls to record and monitor the execution of business transactions to ensure that all such transactions are accurately recorded. POSCO FUTURE M employees shall keep bills, invoices and other related payment documents that are generated while performing business for proper accounting, and any payment or possession of assets which is not recorded in the books of company is hereby strictly prohibited.

In addition to maintaining books and records, all businesses shall be performed as per the following procedures via internal accounting management system of the company:

- All transactional expenses shall be executed after approval from a person with proper authority,
- All transactions shall be recorded as per internal accounting standard to obtain the approval from a person with proper authority,
- Assets of company shall be utilized only after approval from a person with proper authority,

- Regularly perform due diligence on assets of the company and make appropriate efforts to match with books and records.
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## **6. Education Program**

POSCO FUTURE M employees shall implement and attend the anti-corruption education programs in accordance with the guide from Legal Affairs Office, and submit records of attendance to the Legal Affairs Office

POSCO FUTURE M employees shall attend the regularly conducted anti-corruption education programs, and a record of attendance shall be maintained and submitted to the relevant department

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## **7. Whistle Blow & Protection for Whistle Blower**

POSCO FUTURE M employees shall report to the Legal Affairs Office when they get to know or have a reason to believe that a violation of global anti-corruption laws and standards or these guidelines.

The company shall fully protect such whistle blower who reports violation of global anti-corruption laws and standards or these guidelines to the Legal Affairs Office and hereby prohibit revealing identity, retaliation, tracking of such whistle blower or giving him or her any type of disadvantage.

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## **8. Reward & Punishment**

POSCO FUTURE M may reward employees of conspicuous merit in achieving the objectives of these guidelines as per the rules of internal reward and punishment.

POSCO FUTURE M may punish employees who violate global anti-corruption laws and standards and these guidelines as per the rules of employment and the rules of internal reward and punishment, which may including dismissal, discharge, suspension, salary reduction etc.

POSCO FUTURE M shall not be responsible for any fine, cost, etc. if a civil or criminal penalty is imposed on its employee for violation of global anti-corruption laws and standards.