

# Hanon Systems Ethics Charter and Policies



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# Hanon Systems Ethics Charter

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## 1. Preface

At Hanon Systems and our affiliates (collectively, “the Company”), we strive to maintain a corporate culture respectful of firm ethical principles and compliance with all applicable laws, rules and obligations.

We recognize that a firm sense of ethics and compliance among our executives, managers and employees (collectively, “Employees”) in the execution of their duties is the foundation to our success and continued growth as a world-class company. Our core ethical values are stated below as our Ethics Charter.

## 2. Respect, Duties and Responsibilities to Customers and Shareholders

The Company’s existence, including its medium to long-term growth and development, depends on its customers. Employees shall always respect customer opinion, and shall provide services and conveniences that are useful and valuable to the customer, in order to gain the continual trust of the customer. Employees should work to create long-term, sustainable profitability for the Company’s shareholders and respect their right to request and receive truthful and accurate information.

## 3. Accuracy in Accounting and Financial Reporting

All Employees must record all transactions accurately in the Company’s books and records and must not make or cause another to make any false or misleading entries in the Company’s accounts or financial statements.

## 4. Respect for Individual and Human Resource Development

Employees shall respect each other as equals. Supervisors shall treat subordinates fairly and rationally based on individual capability and performance. Employees shall make every effort to help the Company grow through their continual professional self-development and creative efforts.

## 5. Fair Dealings and Respect of Vendors

All transactions with the vendors shall take place based on the principles of free competition where equal participation of qualified vendors is encouraged, and the Company shall build mutual trust based on fair and transparent transactions to pursue medium to long-term business relationships.

## 6. Pursuit and Establishment of Transparent Business Relationships

We shall conduct all business with transparency and strive to provide mutual benefit to our customers and business partners, including vendors. We shall refrain from accepting any unlawful favor that can infringe upon the fairness of transactions and not receive or provide any unlawful gain.

## 7. Respect for Confidential and Proprietary Information of the Company and Business Partners

Employees shall not misuse or misappropriate any confidential or proprietary information of the Company or its business partners or use such information to enrich themselves or others. Further, Employees shall not engage in any securities transactions based on such information acquired in the course of their duties at the Company.

## 8. Compliance with Applicable Trade and Competition Laws

Employees shall comply with the laws of all countries where the Company operates, respect the applicable generally accepted business practices and customs, and engage in fair and transparent business activities based on the principle of free market competition in order to become a competitive company that sets a global example.



## 9. Contribution to the Community

The Company commits to driving positive change that brings value to its people, customers, environment and the communities where it operates. At the same time, the Company strives to maintain outstanding professional, operational and environmental standards in the development of cutting-edge, high-quality products, and works to understand and incorporate the stakeholder interests into the business strategy to build a positive and sustainable future for all involved.

To realize these principles, all Employees must comply with the Company's global Ethics Policies, which are enacted separately and shall be provided to every Employee.



## Hanon Systems Global Ethics Policy

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The following Ethics Policies for Hanon Systems and its affiliates (collectively, “Hanon” or the “Company”) apply to all senior executives, managers and employees worldwide (collectively, “Employees”, and individually, “Employee”). Managers and employees are expected to review and abide by these policies.

### Respect, Duties and Responsibilities to Customers and Shareholders

#### Clause 1 – Customer-First Mindset and Respect for Customers

1. Always respect the work guideline suggested by customers, and always pay attention to the customer’s opinion and consider such opinions as the most important criteria in making decisions and actions in conducting work.
2. Since customer success is directly connected to the company’s success, employees shall continuously work to develop high-quality products and technologies that satisfy customers, and make every effort to provide these solutions at reasonable price.
3. Customer requests shall be handled swiftly and accurately, with due respect to the nature of the customer’s request.

#### Clause 2 – Responsibility to be Sincere with Customers

1. Truthful and accurate information about the Company’s products and services must be told to customers, and the Company’s employees shall strive to fulfill commitments made to customers.
2. When receiving a customer’s phone call while the person in charge is not immediately available, it shall be sincerely and promptly handled with actions taken so the person in charge can follow-up with the customer as soon as possible.
3. When receiving a customer complaint, replacement request, etc., regarding a product or service, the customer shall be treated with sincerity and in a way not to offend. The concern shall be properly and quickly addressed, and the outcome must be reported to the customer.

#### Clause 3 – Protection of Customer Rights, Information and Property

1. Employees should actively provide information the customer needs to know or that can benefit the customer’s interest.
2. When using the customer’s property, it shall be protected as if it were the Company’s property and shall not be used without the customer’s prior approval, nor shall it be misappropriated for use other than the purpose intended by the customer.
3. When there are any facilities for the customer both in and out of the Company, Employees shall refrain from using such facilities so the customers experience no discomfort from using the facilities.
4. Any customer information shall be handled with caution to protect the confidentiality of the customer’s information and any proprietary interest the customer has in its information. Also, when obtaining such information, it shall not be disclosed without the customer’s prior consent or used for other purposes.
5. All customer-related activities shall ensure customer safety.

#### Clause 4 – Accuracy in Accounting, Financial Transactions and Disbursements, and Financial Statement Preparation

1. The Company shall endeavor to protect shareholder interests through rational investment and sound management that creates long-term, sustainable profitability.
2. The Company shall respect the shareholder’s right to know, including justified requests, proposals and official decisions, and shall not engage in any activity that decreases the shareholder’s gain without the shareholder’s consent.

3. The Company's financial statements shall be prepared in accordance with internationally accepted accounting principles. No Employee shall make or cause another to make any misrepresentation or false or misleading statement in the Company's financial statements.
4. No Employee shall conceal any material information from any internal or external auditor, and all employees shall cooperate fully with all requests for information from any internal or external auditor, and provide truthful and complete information in response to such requests.
5. No Employee shall make or cause another to make any false or artificial entries or omit any significant information in any books or records for any reason, nor shall any Employee be party to the creation of any false or misleading document that supports the disbursement or receipt of funds.
6. No undisclosed or unrecorded accounts, funds or assets shall be established for any purpose.
7. The use of any funds or other assets, or the providing of any services, for any purpose which is unlawful under any law is strictly prohibited.

## **Respect for Individuals and Human Resource Development**

### **Clause 5 – Acting in an Ethical Manner**

1. Employees shall conduct work honestly and diligently at all times, and with pride as an employee of Hanon Systems.
2. Employees shall abide by Hanon's Ethics policies at all times and shall represent Hanon professionally, ethically and with integrity before customers, vendors and other third-parties.
3. When conducting Company work, Employees shall strictly distinguish their personal interests from the Company's interests and their duties at work and shall not use or obtain Company products, samples and expenses without authorization.
4. When conducting Company business or while on Company property, Employees shall treat others equally without discrimination based on educational background, blood relation, gender, religion, place of origin, age, disability, marital status, sexual orientation, nationality and ethnicity.
5. Employees shall perform their responsibilities accurately and transparently.

### **Clause 6 – Realization of the Company Goals and Compliance to the Mission**

1. Employees shall understand the Company's management principles and vision, share the goals and values pursued by the Company and carry out the mission assigned to each employee diligently and in accordance with the Company's policies.
2. Employees shall conduct Company work lawfully and in accordance with all applicable laws, rules and regulations, and shall respect and abide by the terms of all contracts agreed with other parties.
3. Each Employee shall be aware of his or her respective authority and responsibility, and shall make decisions and take actions within this authority pursuant to the Company's goals.
4. Employees shall forecast and manage any risks that may occur during decision-making and work processes, and shall resolve existing problems with a sense of responsibility.
5. Information related to decision-making shall be converted into data, kept for the designated retention period defined by the relevant policy or by law, and shall not be damaged or concealed without authorization.
6. Decision-making documents shall contain clear and plain terminology so that all Employees can easily comprehend the rationale for the decision. In the event reviews and/or cooperation from other departments are necessary, Employees shall refer to the Delegation of Authorities of the Company and comply with such regulations.

### **Clause 7 – Respect for Employees, Cultivation of Employee Skills, and Fair Treatment of Employees**

1. Managers shall respect Employees as equal individuals and make every effort to create an atmosphere that enables employees to feel pride and ownership in the Company.
2. Managers shall carry out and support the training needed in order to cultivate Employees as independent, creative and competent professionals.
3. Managers shall give equal opportunity to Employees based on aptitude and ability, and apply a fair standard to evaluate abilities and performance, and shall not discriminate based on race, ethnicity, place of origin, nationality, religion, blood relation, gender, gender identity, age, disability or marital status.
4. The Company shall not tolerate any conduct by any Managers or Employees that creates any type of hostile work environment for any individual or results in harassment or discrimination against any individual.
5. Managers shall make every effort to create an atmosphere that enables Employees to think uniquely and act independently, free from harassment or discrimination of any kind, and shall respect Employee privacy.
6. Managers shall strive to establish a mature organizational culture that enables Employees to make suggestions freely and to articulate any concerns.

### **Clause 8 – Prohibiting Sexual Harassment at the Workplace**

1. There shall be no tolerance for sexual harassment in the workplace.
2. Avoid obscene jokes with co-workers, and do not make comments or gestures that may invoke sexual humiliation to others.
3. Do not read or view obscene or pornographic internet sites, media, literature or magazines at work.
4. Do not make any sexual comments, expressions or insinuation to co-workers.
5. Avoid any unwanted, uninvited, romantic or intimate physical contact with any person at the workplace, and do not emphasize any sexual differences that can make others feel uncomfortable.

## **Fairness in Dealing with Vendors and Third-Parties**

### **Clause 9 – Guarantee of Equal Opportunity**

1. The Company provides equal opportunity for all qualified vendors to participate in a tender offer.
2. When evaluating vendors, establish clear evaluation criteria and use every effort to be fair by strictly following the evaluation criteria.
3. Vendor selection shall be carried out rationally based on objective and fair criteria such as qualification, experience, quality of work, compliance with technical standards and ability to meet the delivery deadline.

### **Clause 10 – Fair Transactions with Third-Parties**

1. All Company transactions must be conducted fairly, rationally and at an arms' length basis.
2. All signed contracts with vendors shall comply with the generally approved contract forms.
3. When modifying any transaction condition with the vendor, it must be agreed with the vendor in advance and signed confirmation must be received. Undisclosed verbal side-agreements with vendors are prohibited.
4. Do not engage in any unfair act during transactions with vendors.
5. When a transaction with a regular vendor is severed, clear notification to the affected vendor is required citing the reason for the severance in writing to secure objectivity and viability.

### **Clause 11 – Prohibition of Unlawful Gifts**

1. Employees shall not accept gifts, cash, checks, securities, gift certificates or/and memberships from any vendor, customer or other third-party who has existing, pending or potential business with the Company for any reason, including any holiday, special occasion or business trip. However, this shall not apply in case of the souvenir that contains a vendor's symbol or logo, and that is of a level that is acceptable in accordance to the societal norm (within 50,000 Won (50 USD) per item).
2. Employees shall not receive any treat, entertainment or excessive meal from any vendor or customer.
3. Employees shall not engage in illegal entertainment (illegal gambling activities) with vendor or customer executives and employees.
4. Except for official company events, Employees shall not have a vendor or customer pay for any costs incurred during events with vendors or customers (golf, tennis etc.).
5. Employees shall pay for their expenses, such as for accommodation expenses, meals, etc., when traveling on business and accompanied by vendors or customers.

### **Clause 12 – Pursuit of Mutual Development**

1. Because the vendor's competitiveness leads to the Company's competitiveness, Employees shall provide active support, guidance, technical training and information so vendors can improve their competitiveness in terms of technology and quality.

### **Clause 13 – Respect and Courtesy toward Vendors**

1. When interviewing or calling the vendor's executives and employees, Employees shall treat them with courtesy and consideration. Employees shall be mindful that vendors are an extension of the Company and shall maintain the attitude of mutual respect when dealing with the vendors that are dispatched to the Company or visiting the Company, including when traveling on a business trip with them.
2. If any work with vendors is expected to cause the vendor inconvenience or dissatisfaction, Employees must handle the issue with a service mindset according to the set procedure.
3. Commitments made to vendors shall be fulfilled promptly, and employees shall attempt to avoid making vendors wait for a long period when visiting the Company. Ask for understanding in advance if a commitment cannot be fulfilled or if the vendor has to wait for a long time.
4. Employees shall respect vendor opinions and suggestions, and shall be considerate so the vendor can propose suggestions actively.

## **Compliance with Anti-Bribery, Fair-Competition and Insider Dealing Laws**

### **Clause 14 – Compliance with the Laws**

1. Employees shall comply with all laws and regulations in all countries where the Company conducts business, and respect local business practices and customs.
2. Employees working in another country or as an international service employee (ISE) shall understand and respect the applicable laws, customs and culture of the country, and maintain professional etiquette and dignity in representing Hanon as an international organization.
3. As a global company, the Company shall comply with Organization for Economic Cooperation and Development (OECD)'s "Convention on Combating bribery in International Business Transaction," "Act on Combating Bribery of Foreign Public Official in International Business Transaction" of Korea, and the "Foreign Corrupt Practices Act (FCPA)" of United States of America and all other anti-corruption laws that prohibit bribery and corruption in international business transactions. All Employees are expected to review and abide by the Company's global anti-bribery and anti-corruption policies.



### **Clause 15 – Prohibition on Insider Dealing**

1. Employees who possess insider information of the Company or its vendors, customers, business partners or competitors by virtue of their employment with the Company shall neither acquire nor sell the securities and derivatives of such other parties, nor shall they be permitted to share such information with third parties.

### **Clause 16 – Respect for the Free Competition Centered Market Order**

1. The Company shall respect free market principles and observe applicable fair competition laws. Employees shall not engage in any anti-competitive business dealings or practices. Employees shall refrain from any discourse on or making of arrangements with competitors related to sales prices to other companies or competitive restrictions such as the imposition of quotas or the allocation of customers. Employees shall further refrain from the use of unfair, deceptive or dishonest business practices.
2. The Company will compete lawfully in good faith and engage competitors based on mutual respect. The Company shall not infringe upon the competitor's gain and shall not use the competitor's weakness in an unlawful manner.
3. The Company shall not engage in bribery and excessively lavish business entertainment.

### **Clause 17 – Collection and Use of Lawful Information**

1. The Company shall collect and use information in a lawful manner in accordance to the laws and business transaction customs, and shall not unlawfully acquire or use competitor's confidential and proprietary information.
2. The Company shall not compare itself with competitors, or slander or defame competitors through advertising, press releases, statements to the media, or on social media sites.

## **Contribution to the Nation and to the Local Community**

### **Clause 18 – Contribution to the Social Development**

1. The Company shall contribute to the development of society by creating jobs and reporting/paying due taxes faithfully, and shall fulfill the responsibility and obligation as a member of the society as a good corporate citizen.
2. The Company shall provide equal employment opportunity to everyone without unjustifiable discrimination based on educational background, blood relation, gender, religion, place of origin, age, disability, marital status, nationality and ethnicity.

### **Clause 19 – Prohibition of Participation in Politics**

1. The Company shall not engage in politics.
2. The Company shall respect Employees' political views, and Employees can express such political views as individuals, and support candidates and political parties of their choice. However, Employees shall ensure this type of political activity is not disruptive of the workplace, or misinterpreted as Company's position or action, and shall respect other Employees' rights to their own political views, including their right not to express their political views.
3. The Company shall not, directly or indirectly, provide illegal donations or pay expenses to any candidate of any election, political party or/and political committee.

### **Clause 20 – Development of Corporate Social Responsibility**

1. The Company shall guarantee and encourage Employee rights to participate in social community services in order to contribute to the development of society.
2. The Company shall provide systemic support to Employees when they engage in social community activities, and disaster prevention and response activities.

### **Clause 21 – Protection of Environment**

1. The Company shall make every effort to protect nature and preserve the environment by developing environmentally friendly products and investing to improve the environment.
2. The Company shall comply diligently with environment standards in the countries where it operates, and shall not conduct business activities that violate environmental protection laws and regulations.
3. The Company will minimize the use of materials or raw materials that can damage the environment. If such materials are required to be used, the company shall do its best to prevent water and atmospheric pollution through well-prepared safety management and inspections.
4. The Company shall strive to strengthen its sense of fellowship with local communities to preserve the environment and shall share the environment issues within the Company with its Employees.

## **Pursuit of and Establishment of Transparent Management**

### **Clause 22 – Fair Work Execution**

1. Employees shall not take advantage of their work-related superior and dominant position to accept any monetary gain, unjustified demand or compensation from interested parties that can obstruct fairness.

Examples of acts that can obstruct fairness:

- A) Unjustified demand using superior position: acts of demanding payment for business entertainment, golf, payment of business trip, demand for the payment of the card or/and credit, special consideration for a job position, and demanding to purchase products and services;
  - B) Act of intentionally delaying work with the purpose of receiving unlawful compensation from the vendors;
  - C) Act of notifying in advance when hosting events with the purpose of receiving unlawful gain from the interested parties;
  - D) Act of requesting unlawful gain from vendors when purchasing parts or goods; and
  - E) Act of requesting unlawful gain, either explicitly or implicitly by taking advantage of interested parties' weakness.
2. Employees shall comply with the laws and principles of fair transaction when interacting with other affiliates of the Company.

### **Clause 23 – Prohibition of Unethical Dealings**

1. Employees shall not engage in unethical acts such as giving or receiving bribes, cash loans, illegal orders, unlawful job placement, special requests, special favors and other acts that may be criticized by society and can disrupt others from working fairly.

Examples of unethical and illegal acts:

- A) Act of receiving cash, gift certificates and other securities from interested parties;
- B) Act of entering into the following types of contractual relationship with the interested parties by themselves or through relatives;
  - Co-working at a company that has a conflict of interest, without the Company's prior approval;
  - Loans, provisions of collateral and guarantees, and leasing of real estate and movable properties;
  - Acquisition of the interested parties' shares, and joint investments; and
  - Unlawful requests for employment of family members and/or relatives
- C) Act of requesting or helping interested parties to be engaged in unlawful dealings with the Company or the vendors

**Clause 24 – Compliance to Socially Accepted Standards**

1. Employees shall not provide or receive items for congratulations and/or condolences that exceed 50,000 Won (50 USD) to or from people whom they met through company business, unless they are relatives or were pre-existing friends.
2. Employees shall not accept any souvenir or gift from interested parties that exceeds socially accepted standards (within 50,000 Won (50 USD) per item), and any act of receiving these through a spouse, and/or relatives shall be considered the same as the Employees receiving such souvenir or gifts themselves.
3. Employees shall not receive business entertainment or conveniences from interested parties that exceeded normally accepted level (within 50,000 Won (50 USD) per item). Even when the amount is within the normally accepted level, continual and repetitive acceptance is prohibited.

Examples of accepting excessive, business entertainment and conveniences:

- A) The act of being provided with a meal or drink from the interested parties that exceeds normally accepted standard; When conveniences exceed normally accepted standards is received from interested parties: paying for domestic and overseas concert, trip, sports and entertainment;
- B) Gambling that can damage mutually healthy relationship: illegal gambling, wager golf, poker and other speculative entertainment; and
- C) Accepting any services of a sexual nature.

Examples that outline scope of allowed conveniences:

- A) Transportation and accommodation provisions for executives and employees of other companies in an official business trip or visit; and
- B) Temporary use of stationary and a communication device, lunch box and other small amount gifts

**Clause 25 – Prohibited Gifts and Monetary Dealings among Employees**

1. Employees are prohibited from providing gifts to other employees since this may damage conducting work in a fair manner. However, the following shall be allowed to vitalize the organization;
  - A) Gift presented by superiors to subordinates
  - B) Gift presented on birthday or exchange of gift to commemorate the day of joining the Company that is not burdensome and that is purchased by sharing the cost fairly among department members.

Example cases when gifts are not allowed:

- I. Gift by subordinates to superiors; and
- II. Gift shared between departments

2. Monetary dealings between Employees are strictly prohibited at all times because if Employees do not pay back the money, this can aggravate the co-worker relationship and damage the working ambience, which in turn can obstruct Company work. Moreover, interested parties can abuse this as a weakness resulting in loss of fairness in conducting work. For the purpose herein, monetary dealings shall refer to lending, loan or financial guarantees, or joint and severally liable guarantees.

**Clause 26 – Restriction on the Personal Use of Information-Technology (“IT”) System**

1. Employees shall not use the Company’s IT system to play games, watch obscene or pornographic materials, or gamble; and shall not spread rumors or post anti-social information or defame any third party.
2. Employees shall not utilize the Company IT system during working hours for excessive Internet surfing, investment in stocks, chatting, entertainment, or small-talk in a topic that is not directly related to work.

3. Illegal acquired or pirated software shall never be used on the Company's IT system.
4. The Company's IT system shall not be used by any Employee to promote his or her own or others' side job or business or any personal political activity.
5. Depending on the circumstances, the Company's IT system may be used for personal use, but such information that is sent, received, or stored may not be protected for privacy for those not protected by the relevant local privacy laws. Moreover, all the documents, including all documents and emails on the Company's information system, belong to the Company, and these materials can be reviewed at any time by the Company or its agent, including its legal counsel.
6. When using the Company's IT system, Employees shall use all precaution to avoid accessing any emails, attachments to emails or internet sites that may contain unsafe software viruses. Employees shall always abide by the Company's IT security regulations and shall never override any IT safety systems or firewalls implemented by the Company.

#### **Clause 27 – Prohibition of Personal Gain Using the Company Assets**

1. Employees shall not use the Company's personnel and material resources for personal reasons.
2. Employees shall not use the Company's internal information gained directly or indirectly during the course of the work to unlawfully enrich themselves or others.

Examples of cases of unlawful enrichment:

- A) Act of providing undisclosed internal information in exchange for compensation; and
  - B) Act of using undisclosed internal information to invest in stocks or to obtain other unlawful gain
3. Even when Employees retire from the Company, they shall not provide to others or use the intellectual property rights, information and technology of the Company gained during the course of work.
  4. Employees shall not engage in personal business for profit or get a second job that can disturb the Company's work.

Example cases of violations of this policy involving profitable business:

- A) Getting a second job or establishing a company to make profit that can have an influence on the Company's work without obtaining the prior approval from the Company; and Investing in a vendor that is related to the Company in its own name or indirectly through a spouse/relative's name
5. The Company's budget shall be spent rationally and effectively in line with the purpose and standard, and shall not be used for any purpose that is not related to the work.

Example cases of budget misuse:

- A) Act of spending that is not related to work (unapproved or excessive business entertainment costs, meeting costs or business trip cost for personal entertainment); and
- B) Act of using a corporate card for personal use

#### **Clause 28 – Protection of Customer and Company Information**

1. The Company's confidential information or information that requires security shall not be unlawfully disclosed externally, and such confidential information obtained during the course of work shall not be disclosed even after leaving the Company without the Company's prior approval.

Example cases of disclosing Company information:

- A) Act of lecturing, disclosing or providing Company's confidential information at meetings, outside lectures and seminars without the Company's prior approval; and
  - B) Act of using the customer information for personal reasons without the Company's prior approval
2. The following Company information may severely affect the Company if disclosed, and shall not be disclosed without the Company's prior approval.

Examples of important Company information:

- A) Management information: Company revenue and profit plan, non-notified revenue and profit performances, production cost structure, cost reduction plan with the customers, other non-notified financial/accounting information;
  - B) Technical information: Company new technology, product and facility/research facility information, technical data, product test data, information on the comparison among other competitors and others;
  - C) Matters publicly disclosed IR (investor relations): information channel to disclose company matters(IR Supervision Team);
  - D) Information related to the HR, labor and management;
  - E) Media and public relations information: channel to contact the media and stakeholder public relations members (Communication Team); and
  - F) Other information that can affect or stimulate customer relations, competitors, communities and society.
3. Customer information can affect the Company either directly or indirectly, and shall not be disclosed to a third party.
  4. Confidential information of vendors shall not be disclosed to the unauthorized persons.
  5. Employees shall not recklessly or intentionally distort, falsify or damage the Company's reputation, goodwill or information, and shall not disclose false information, rumors or speculation about the Company or any of its Employees.

Example cases of distorting the Company's reputation, goodwill or information:

- A) Act of distorting Company-related information arbitrarily or spreading false information;
- B) Act of falsely reporting to management after distorting information related to customers, vendors and the Company;
- C) Act of distorting, falsifying, damaging or manipulating work information and related data to conceal one's own mistake or misdeed; and
- D) Act of spreading groundless rumors, exaggerating, maligning or slandering other Employees.

**Clause 29 – Management of Company's Safety and Risk Prevention**

1. Employees shall make every effort to ensure the Company's operations are conducted safely and to prevent any injuries or accidents at the Company's work places.
2. Use of illegal drugs or alcohol during working hours is prohibited at all business sites.

**Clause 30 – Suggestions for Leadership**

1. Employees can make suggestions and deliver their opinion freely to Company leaders, and can confer about the work related issues, and shall not be disadvantaged in any way as a result of such acts.
2. Employees can deliver opinions to Company leadership by email, a visit to the HR/Labor Management Supervision Team for consultation, by phone or a fax.
3. Superiors must create an environment that enables Employees to present opinions freely to the Company leadership.
4. When an Employee makes a suggestion and after the concern is discussed, feedback must be provided and measures for improvement must be taken into consideration at the management level.



## Supplementary Provision

### Clause 1 – Time for Enforcement

1. Company's rule of ethics shall be revised and enforced starting from Aug. 14, 2017.
  - Contents: factor in the matters following the ethics charter/policy revision

### Clause 2 – Reporting Violation and Protection of Information

1. Superiors shall not cascade directions that are not in line with the laws or Company regulations, or unlawful orders that obstruct fairness in work execution. Subordinates shall not follow such orders if directed. When a subordinate judges that a certain order is unlawful, he or she shall call on the unjust nature of the order to the superior. However, if the subordinate is persecuted or if the issue is not improved, the subordinate should consult the Legal Department.
2. When Employees have questions or doubts when acting on the rule of ethics, or if they detect potential violation of the ethics standard due to an act committed by the Company or individuals, this must be reported immediately to the Ethics Hotline.

Inquiry and place for notification:

- Ethics Hotline (see appendix 1 of this policy),  
or email: [ethics@hanonsystems.com](mailto:ethics@hanonsystems.com)
3. The Company shall make every effort to protect Employees and ensure they will not be disadvantaged in any way when Employees report on ethical violations. The Company will not tolerate any act of reprisal against any Employee that reports in good faith any suspected or actual violation of the Company's policies or applicable laws and regulations. This means that no act of reprisal will be permitted, including termination, demotion or constructive demotion. Any such reprisal constitutes ground for disciplinary action, including termination.

### Clause 3 – Relations with Other Regulations

1. When the Company's rule of ethics is violated, compliance with the rules of employment and collective agreements are considered.
2. Employees on international assignment (ISE) shall comply with the relevant policies and location's standards in addition to this Ethics Guideline of the Company.
3. When separate Company policies are implemented or updated regarding anti-corruption laws, trade regulations (sanction) and other special domains, and in the event of any conflict between the contents of these Ethics Policies and such specific applicable company policies, the latter shall prevail, and these Ethics Policies shall be maintained as a regular regulation in all other respects.



## Appendix 1 to the Hanon Systems Ethics Policy

### Hanon Systems Ethic Hotline Service

1. Phone Contact:

COUNTRY	FREEPHONE NUMBER
Brazil	0800 891 8807
Canada	1888 268 5816
China (North – China Netcom)	10800 852 2112
China (South – China Netcom)	10800 152 2112
China (Whole)	400 120 3148 (Local Rate Number)
Czech Republic	800 142 428
France	0800 900240
Germany	0800 182 3246
Hungary	06800 14863
India	000 800 440 1286
Japan	00531 78 0023
Korea (South)	00308 442 0074
Malaysia	1800 885 530
Mexico	01800 123 0193
Netherlands	0800 022 9026
Portugal	800 880 374
Russia	810 800 260 81044
Slovakia	0800 004461
Thailand	001 800 442 078
Turkey	00800 4488 29578
United Kingdom	0800 374199
USA	1877 533 5310

2. Email Contact: [hanonsystems@expolink.co.uk](mailto:hanonsystems@expolink.co.uk)  
 Web Contact: <https://wrs.expolink.co.uk/hanonsystems>
3. The hotline service is provided by a Hanon Systems independent external provider based in the UK with a wide range of global experience in this subject. For more information please see [www.expolink.co.uk](http://www.expolink.co.uk)
4. The conversation is possible in all local languages of Hanon locations within Europe
5. The contact is possible 24 hours on 7 days a week
6. You can decide at the beginning of the contact if your contact will be handled anonymously or not (except for Portugal where anonymous reporting is not permitted by law)
7. Just the case itself, the time of contact and the location of the case will be forwarded to the Hanon Systems Head of Legal Department and to the Head of Internal Audit



## Hanon Systems Anti-Bribery and Corruption Policy

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The following policy applies to all senior executives, managers and employees worldwide (collectively, “Employees”, and individually, “Employee”) of Hanon Systems and its affiliates (collectively, “Hanon” or the “Company”). Managers and employees are expected to review and abide by this policy.

### 1. Policy

Hanon Systems and its affiliated companies (“Hanon”) strictly prohibits engaging in or tolerating bribery or any other form of corruption by a director, officer, employee, or any other person working for or on behalf of Hanon (referred to herein as “You”).

You must not give or promise, directly or indirectly, money or anything of value to any person for the purpose of obtaining or retaining business for Hanon or obtaining an unfair preference to another in the competitive purchase of goods or commercial services.

You also must not solicit or accept, directly or indirectly, money or anything of value from any person for the purpose of assisting that person in improperly obtaining or maintaining a business relationship with Hanon or for an unfair preference to another in the competitive purchase of goods or commercial services.

### 2. Scope of the Policy

This policy applies to dealings with government officials, business partners, and employees. In many cases, local prohibitions and requirements regarding government and other public officials will be stricter than those applicable to non-government business partners and employees. When dealing with government officials, You must be aware of any such special requirements and prohibitions applicable to such officials.

This policy prohibits conveying anything of value to a government official either directly by You or indirectly through agents, contractors, intermediaries, franchisees, or other third parties, including bribes, kickbacks or any other form of improper benefit for the (legal or illegal) performance of the recipient’s performance of his/her duties. Providing aforementioned benefits to the government official’s family members also is prohibited.

This policy also prohibits You from soliciting or accepting anything of value from any person, directly or indirectly, that may influence your judgment or performance of any duty or conducting any responsibility related to your representation of or obligation to Hanon.

This policy applies even if a person, including a government official, demands or suggests the payment. If You receive a demand or suggestion, no payment should be made and You should immediately report it to your This policy also covers the circumstances under which gifts, meals, entertainment and other forms of hospitality may be appropriate. As described below, it is important to recognize that the law and rules for giving or receiving such items may be different for a government official than they are for a private person. Also, even if receiving or giving such items is generally allowed under this policy, they should never be given or received with such frequency that it appears that an effort is being made to avoid restrictions under local law or this policy.

### 3. Definitions

You must be familiar with and understand the meaning of the following:

The phrase “anything of value” is not limited to money or cash. It includes travel, gifts, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job and internship offers (including to a person’s relative), transportation, the payment or reimbursement of debts, and other payments.





A “government official” is defined broadly and includes:

- Any person engaged in public duty in a government agency, including any elected or appointed official or employee of a government, at any level;
- Any person acting in an official capacity for a government, government agency, or state-owned enterprise (for example, someone who has been given authority by a government entity to carry out official responsibilities); and
- Any political party, official of a political party; and
- Any judge, notary.

#### **4. Accounting**

Hanon is required to maintain books and records that, in reasonable detail, accurately and fairly reflect all transactions and dispositions of Hanon assets. Hanon also requires accounting for transactions in sufficient detail so that improper payments cannot be hidden from detection and review. You must comply with the following requirements:

- You shall not make or cause another to make any false or artificial entries or omit any significant information in any books or records for any reason, nor shall you be a party to the creation of any false or misleading documents that support the disbursement or receipt of funds.
- No undisclosed or unrecorded accounts, funds or assets shall be established for any purpose.
- The use of any funds or other assets, or the providing of any services, for any purpose that is unlawful is strictly prohibited.

#### **5. Gifts**

You may not give or receive gifts in connection with Hanon’s business except in accordance with this policy.

You may give or receive a gift without prior approval from the Legal Department only if all of the following circumstances are met:

- the gift is appropriate under legitimate and generally accepted local law and custom;
- the gift is permitted by the rules of the recipient’s employer;
- the item is of nominal value (examples include cups, hats, shirts, USB drives, calendars and notebooks that bear a company or other official logo). The cost of which does not exceed an equivalent of 50,000 KRW / \$50 USD;
- the recipient has not received more than one gift per calendar year; and
- the expenses related to the gift are supported by receipts, approved in accordance with Hanon’s policies, and accurately recorded in Hanon’s books and records.

All other gifts must be approved by the Legal Department in advance, in writing.

#### **6. Business Entertainment and Hospitality**

Hanon recognizes that normal business entertainment and hospitality, including meals and refreshments, are accepted practices, but they are subject to limitations on what may be accepted or offered.

Before You offer or receive any business entertainment or hospitality, including meals and refreshments, You should think about the situation and ask yourself: Does it legitimately support our business? Is it reasonable, proportionate and customary? Could it be viewed as an attempt to improperly influence a business decision or government action? Would this embarrass You or Hanon’s business?

You may give or receive business entertainment or hospitality, including meals and refreshments, without prior approval from the Legal Department only if all of the following conditions are met:

- the main purpose of the meeting at which the meal, refreshments or entertainment is provided is discussion of specific projects or opportunities or education regarding Hanon’s products, and the meeting is attended by appropriate Hanon representatives;

- the meal, refreshments or entertainment is permitted by local law and custom, as well as the rules of the recipient’s employer; and
- the cost of the meal, refreshments or entertainment is:
  - less than 50,000 KRW/\$50 USD or the equivalent in another currency for a government official; and
  - less than 100,000 KRW/\$100 USD or the equivalent in another currency for a private person.

All other business entertainment or hospitality, including meals and refreshments, must be approved by the Legal Department in advance, in writing.

## 7. Sponsored Travel by Customers, Suppliers and Other Business Partners

In appropriate circumstances, with advance written approval from the General Counsel, Hanon may pay reasonable and bona fide expenditures, such as travel and lodging expenses, incurred by or on behalf of an actual or potential business partner where the expenditures are directly related to the promotion, demonstration, or explanation of Hanon’s products or services or Hanon’s performance of a contract with such business partner.

## 8. Use of Agents, Distributors, Consultants, and Other Third Parties

Hanon occasionally engages third parties to act on its behalf, including agents, distributors, consultants, contractors, finders, business partners, or other third parties (referred to in this policy as “Agents”). It is vitally important that Hanon know who they are and what they are doing on the Company’s behalf. Agents also must understand that they are required to comply with Hanon’s standards for preventing bribery and corruption.

Before entering in an agreement with an Agent, “due diligence” must be conducted. This typically should include collecting information about the potential Agent to determine if he or she is qualified for the position, whether he or she has personal or professional ties to any government official or official or candidate of any political party, the number and reputation of the Agent’s clientele, and his or her reputation with clients and business associates. A due diligence checklist is included as Appendix 1.

Every agreement with an Agent must be in writing and approved in advance in writing by the Legal Department. The agreement must clearly specify the services to be provided by the Agent and the terms of payment. The agreement also must contain provisions: (i) requiring that the Agent comply fully with this policy and all applicable laws, rules and regulations, including anti-corruption laws; (ii) affording Hanon appropriate monitoring and audit rights, including rights to access to books and records of the Agent; (iii) prohibiting the Agent from hiring any government official, immediate family member of a government official, or any official or candidate of a political party in connection with any representation or work to be done on behalf of, or services to be provided to, Hanon; and (iv) allowing Hanon to terminate the relationship in the event of non-compliance with any anti-corruption-related undertaking. Finally, the agreement should require that, at the time it is executed, and whenever otherwise requested by Hanon, the Agent will sign a certification in the form attached hereto as Appendix 2.

Finally, You must be alert to and report to your supervisor any “red flags” or warning signs involving an Agent. Examples of “red flags” include unusual payment patterns or financial arrangements, requests for payments to off-shore bank accounts, prior allegations or charges of corruption, a refusal by the Agent to sign a Certification of Compliance with this policy, unusually high commissions, lack of transparency in expenses and accounting records, apparent lack of qualifications or resources on the part of the Agent to perform the services offered, and whether the Agent has been recommended by an official of the potential government customer.

## 9. Employee Hiring

Hanon hires only reputable and qualified employees. Persons should not be hired or extended internships because of their affiliation with a government official, customer or vendor, or upon suggestion of a government official, customer or vendor. Reasonable anti-corruption due diligence must be conducted prior to retaining an employee. New employees must receive anti-corruption training consistent with their job

functions as soon as they commence formal employment at Hanon, and must be required to certify their understanding of and compliance with this policy.

## **10. Political and Charitable Contributions**

Hanon is committed to complying with all applicable laws on political and charitable contributions. Hanon makes charitable contributions only to legitimate charities and only as authorized by applicable law. Charitable contributions offered or given in return for any improper or favorable treatment are prohibited.

You may not make a direct or indirect political or charitable contribution (including the use of company property, equipment, funds or other assets) of any kind in the name of Hanon, or by using company funds, without written advance approval from the Legal Department. If such approval is provided, such contributions shall be made by check on Hanon's account to the order of the political candidate or party or charitable organization involved, or by such other means as will readily enable Hanon to verify, at any given time, the amount and origin of the contribution and to ensure maximum transparency.

You are permitted to make personal political or charitable contributions provided they are not made in violation of law. However, Hanon will not pay or reimburse for such payments, and any such payments shall be made for personal reasons unrelated to Hanon's business.

## **11. Facilitating, "Speed" or "Grease" Payments**

Although some anti-bribery laws permit payments to government officials in limited circumstances for the purpose of facilitating or expediting the administrative performance of routine governmental actions, Hanon strictly prohibits such payments by its directors, officers, employees and Agents. If You encounter a situation in which you believe a facilitating payment is necessary, You must consult with the Legal Department before making the payment.

## **12. Training**

Hanon recognizes the importance of providing training to directors, officers and employees who are likely to interact with government officials or business partners. Hanon will provide, and You are required to undertake, appropriate training on this policy and the related legal issues on an annual basis if your job responsibilities include these types of interactions.

## **13. Responsibility for Policy and Periodic Review**

The General Counsel is assigned overall responsibility for this policy; however, every director, officer and employee of Hanon has a responsibility to follow the policy and to be alert to potential violations by others.

The General Counsel shall ensure that (i) Hanon undertakes periodic risk assessments in relation to each business area and country in which Hanon operates and (ii) this policy is reviewed and evaluated on an annual basis, or more frequently if necessary, to ensure that the policy is aligned with and addresses those risks.

## **14. Raising Questions and Reporting Concerns**

Any questions about this policy or its application to any particular set of facts should be referred to the Legal Department.

If You see or hear about a potential violation of this policy by a director, officer, employee, or Agent in connection with Hanon's business, You should immediately report the conduct to your supervisor, your Human Resources representative, or the Legal Department.

If for any reason you are uncomfortable speaking about your concerns with any of the persons set forth above, you may communicate your concerns on an anonymous basis by calling the Hanon Systems Ethics Hotline (see Appendix 3 of this policy).

All potential violations reported through the Hanon Systems Ethics Hotline regarding anti-corruption issues

will be referred to General Counsel to begin the investigation process.

Hanon will not tolerate retaliation against anyone who in good faith raises concerns about possible violations of this policy and no adverse employment action will be taken against You for reporting possible violations of this policy or anti-corruption laws.

## **15. Responding to Reports of Violations of this Policy**

When Hanon receives information regarding a possible violation of this policy or any applicable anti-corruption laws, it will undertake a review of the matter in a manner that is appropriate based on the nature of the possible violation, the source and nature of the information concerning the possible violation, and the identity and position of the person(s) who may have been involved in the possible violation. If necessary, Hanon also may engage outside experts and consultants to assist and advise it in reviewing and responding to the reported violations. At the conclusion of its review of any reported violation of this policy or any applicable anti-corruption laws, Hanon will take appropriate action, if necessary, including disciplining responsible individuals and modifying internal policies and procedures, to prevent a recurrence of similar misconduct.

## **16. Disciplinary Action for Failure to Comply**

All Hanon directors, officers and employees who fail to comply with this policy or any applicable anti-corruption laws, will be subject to disciplinary action, up to and including termination.



## Appendix 1 to the Hanon Systems Anti-Bribery and Corruption Policy

### Third Party Due-Diligence Checklist

The following checklist provides an illustrative, but not exhaustive, list of steps that shall be used to evaluate agents, distributors, consultants, contractors, finders, business partners, or other third parties (referred to herein as an “Agent”):

- Complete the Anti-Bribery and Corruption Due Diligence Questionnaire (the “Questionnaire”) for the Agent. (Do not use this checklist for the retention of a distributor, as there are different procedures that apply to the retention of a distributor.);
- Obtain and check references from prior parties that have worked with the Agent;
- Conduct an in-person interview with the Agent, preferably at his or her place of business;
- Depending on the nature of the work the Agent will perform for Hanon, the following additional steps may be undertaken in consultation with the Legal Department:
  - Search public records regarding all relevant persons and entities identified in the Questionnaire (e.g., employees, owners, officers, or directors of the Agent).
- The records should be searched for any criminal record or bankruptcies for the relevant persons and to determine that no relevant persons are on lists of designated or denied persons, terrorist watch lists, or similar designations
  - Search corporate records to determine the ownership and place(s) of incorporation of the Agent’s business.
  - Commission a background check utilizing a private investigator, outside counsel, or an outside forensic accounting firm, as appropriate.

## Appendix 2 to the Hanon Systems Anti-Bribery and Corruption Policy

### Certification of Compliance

I acknowledge that I have reviewed Hanon’s Anti-Bribery and Corruption Policy and understand that I have an obligation to fully adhere to these policies and principles. In particular, I acknowledge and affirm that:

In conducting my responsibilities on behalf of Hanon, I agree that I have not and will not, and will ensure that no person acting on my behalf or at my direction will offer, promise, pay, or give, or authorize the offer, promise, payment, or giving of, any financial or other advantage, including money or anything of value, whether by direct or indirect means, to any person for the purpose of obtaining or retaining business.

I also certify that I have no knowledge that I, or anyone acting on my behalf or at my direction, has engaged or is engaging in such activities.

I understand that Hanon may terminate its relationship with me if I fail to follow the requirements listed in this Certification or in my agreement with Hanon.

By: \_\_\_\_\_  
[Name]

Date: \_\_\_\_\_



## Appendix 3 to the Hanon Systems Anti-Bribery and Corruption Policy

### Hanon Systems Ethic Hotline Service

1. Phone Contact:

COUNTRY	FREEPHONE NUMBER
Brazil	0800 891 8807
Canada	1888 268 5816
China (North – China Netcom)	10800 852 2112
China (South – China Netcom)	10800 152 2112
China (Whole)	400 120 3148 (Local Rate Number)
Czech Republic	800 142 428
France	0800 900240
Germany	0800 182 3246
Hungary	06800 14863
India	000 800 440 1286
Japan	00531 78 0023
Korea (South)	00308 442 0074
Malaysia	1800 885 530
Mexico	01800 123 0193
Netherlands	0800 022 9026
Portugal	800 880 374
Russia	810 800 260 81044
Slovakia	0800 004461
Thailand	001 800 442 078
Turkey	00800 4488 29578
United Kingdom	0800 374199
USA	1877 533 5310

- Email Contact: [hanonsystems@expolink.co.uk](mailto:hanonsystems@expolink.co.uk)  
Web Contact: <https://wrs.expolink.co.uk/hanonsystems>
- The hotline service is provided by a Hanon Systems independent external provider based in the UK with a wide range of global experience in this subject. For more information please see [www.expolink.co.uk](http://www.expolink.co.uk)
- The conversation is possible in all local languages of Hanon locations within Europe
- The contact is possible 24 hours on 7 days a week
- You can decide at the beginning of the contact if your contact will be handled anonymously or not (except for Portugal where anonymous reporting is not permitted by law)
- Just the case itself, the time of contact and the location of the case will be forwarded to the Hanon Systems Head of Legal Department and to the Head of Internal Audit



## Hanon Systems Economic Sanctions Policy

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The following policy applies to all senior executives, managers and employees worldwide (collectively, “Employees”, and individually, “Employee”) of Hanon Systems and its affiliates (collectively, “Hanon” or the “Company”). Managers and employees are expected to review and abide by this policy.

### Policy and Purpose:

Hanon Systems is committed to conducting its international business in accordance with high ethical standards and all applicable laws. Several countries where Hanon Systems and its owned or controlled entities (collectively, “Hanon”) operate impose restrictions on business dealings with certain other countries, governments, companies, or individuals due to national security, law enforcement, or foreign policy concerns. To the extent that such economic sanctions laws apply to Hanon, a failure to comply with them may result in severe civil or even criminal penalties to Hanon or to its directors, officers, or employees. Hanon Systems has put this Economic Sanctions Policy (the “Policy”) in place to ensure the Hanon companies comply with all applicable restrictions.

This Policy uses, as its frame of reference, the economic sanctions laws of the United States, which are among the most detailed in the world. Hanon Systems is a global company that is headquartered in Korea that must comply with Korean sanctions laws and regulations, as well as other sanctions laws and regulations applicable to it and its owned or controlled entities. Although Hanon Systems is not a U.S. company, Hanon has substantial U.S. operations, including U.S. affiliates, and deals in U.S.-origin products, which can extend the reach of U.S. jurisdiction to its non-U.S. operations. Hanon also employs a number of persons who are U.S. citizens or U.S. permanent residents (*i.e.*, green card holders) and therefore must comply with U.S. sanctions laws and regulations regardless of whether they are living inside or outside the United States. Additionally, even Hanon employees who are not U.S. nationals, but are posted in the United States must comply with U.S. law while they are in the United States. For these reasons, Hanon Systems has determined it is appropriate to frame this Policy by reference to U.S. law.

Hanon Systems recognizes that there may be circumstances when it is legal for it or one of the Hanon companies to engage in a transaction even though U.S. law would prohibit a U.S. company from engaging in a similar transaction. Hanon Systems is willing to consider such opportunities; but, a transaction of this type may be carried out only if approved by the General Counsel in accordance with this Policy and any procedures adopted to implement this Policy. In the absence of such approval, such a transaction must be treated in the same way it would be treated if Hanon were a U.S. company bound by the restrictions of U.S. economic sanctions law.

U.S. sanctions laws are implemented primarily by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), as well as by other U.S. government agencies, including the U.S. State Department’s Office of Terrorism Finance & Economic Sanction Policy. These laws, together with implementing regulations, prohibit a broad range of commercial and financial transactions involving certain countries and governments, as well as various sanctioned entities and individuals. Sanctioned persons (including governments, entities, and individuals) are identified on lists, including the Specially Designated Nationals and Blocked Persons (“SDN”) list, the Foreign Sanctions Evaders (“FSE”) list, the Sectoral Sanctions Identifications (“SSI”) list, and other U.S. and international sanctions lists. Entities owned or controlled, directly or indirectly, by listed individuals and entities also are subject to sanctions. In this Policy, listed persons (including governments, entities, and individuals) and entities owned or controlled by listed persons are referred to collectively as “Sanctioned Entities.”

In general, all transactions with sanctioned countries or Sanctioned Entities within the meaning of U.S. law are prohibited by this Policy. The only exception to this prohibition is a transaction that the General Counsel has reviewed and authorized in writing after determining that (i) it is not prohibited by any applicable sanctions laws or regulations, or (ii) it is permitted on the basis of licenses or other authorizations issued by authorities administering each applicable sanctions regime (for example, a general license or specific license issued by OFAC). Engaging in prohibited transactions, including transactions subject to U.S. sanctions laws and regulations that are not covered by an OFAC-issued general license or specific license, can result in

substantial civil and even criminal penalties for Hanon as well as its directors, officers, and employees in their individual capacities. With these risks in mind, this Policy is designed to ensure compliance with all applicable sanctions laws and regulations.

This Policy applies to all Hanon employees, officers, directors, agents, consultants, or any other persons acting on their behalf for any Hanon-owned or -controlled entity (hereinafter "Hanon Personnel"). Hanon Personnel must comply with the screening and other procedures discussed in this Policy, as well as local policies and procedures issued in furtherance of this Policy, and must obtain prior written approval from Hanon's General Counsel before engaging in any transaction, directly or indirectly, with a Sanctioned Entity or with or in a sanctioned country or territory. Hanon Personnel must obtain prior written approval from Hanon's General Counsel before engaging in any transaction under any sanctions license or authorization, including an OFAC general license or specific license. This Policy covers any business activities relating to transactions or planned transactions with Hanon, directly or indirectly, including without limitation those involving Hanon's prospective and actual customers, suppliers, and other counterparties (hereinafter "Business Partners"). Violations of this Policy will result in disciplinary action, up to and including termination.

## Background on U.S. Economic Sanctions:

Because U.S. economic sanctions law is used as the frame of reference for this Policy, it is important to understand several basic points about how that law works.

U.S. economic sanctions operate by prohibiting U.S. persons from engaging in commercial and/or financial transactions with various countries and Sanctioned Entities. The term "U.S. persons" includes: (1) U.S. citizens and permanent residents (green card holders), no matter where they are located; (2) corporations and other entities established under the laws of the United States or any U.S. jurisdiction; and (3) foreign persons, entities, and corporations located inside the United States. In certain cases, U.S. sanctions also may apply to various non-U.S. persons on an extraterritorial basis. For the purposes of this Policy, all Hanon Personnel are presumed to be U.S. persons and therefore subject to U.S. sanctions laws and regulations. Only a written determination by the General Counsel may overrule that presumption.

Most sanctions programs prohibit U.S. persons from engaging in any dealings with sanctioned countries or Sanctioned Entities that involve property or interests in property. OFAC defines the term "property" broadly to include nearly anything of value, such as goods, services, or money. The term "interest in property" is equally broad, covering securities, contracts, and even agreements that may be contingent on the future suspension of U.S. sanctions.

## Country-Based Sanctions

The United States maintains comprehensive country-based sanctions against Cuba, Iran, Sudan, Syria and the Crimea region of Ukraine. Most commercial and financial dealings with persons in these countries or territories are prohibited (as are dealings with their respective governments). Similar programs prohibit many transactions with North Korea. Accordingly, Hanon and Hanon Personnel shall not engage in any transactions with these countries, their governments, or any persons located in these countries, without prior permission from the General Counsel.

## List-Based Sanctions Pertaining to Foreign Governments

In addition to comprehensive sanctions, the United States imposes list-based sanctions on current and former governments of certain countries. Countries where such programs currently apply include **Belarus, Burma, the Democratic Republic of Congo, Iraq, Ivory Coast (Cote D'Ivoire), Liberia, Libya, Russia, Somalia, Ukraine, Yemen and Zimbabwe**. Although these sanctions do not prohibit dealings with these countries *per se*, having such dealings carries a heightened risk of carrying out prohibited transactions with Sanctioned Entities. For this reason, Hanon and Hanon Personnel shall not undertake dealings with persons in these countries (including prospective and actual Business Partners) without first: (1) screening all involved parties and intermediaries against OFAC's lists of Sanctioned Entities; and (2) obtaining prior written authorization from the General Counsel.



## List-Based Sanctions Pertaining to Activities of Concern

The United States also maintains programs targeting Sanctioned Entities involved in activities that undermine U.S. foreign policy objectives and/or threaten U.S. national security. Examples include terrorist syndicates, narcotics traffickers, weapons proliferators, human rights violators and criminal organizations.

Hanon Personnel shall screen any prospective Business Partners against OFAC's lists of Sanctioned Entities *before* engaging in business activities with such Business Partners. Hanon shall not engage in any transaction with a prospective Business Partner that is on such a list without prior written authorization from the General Counsel.

## Extraterritorial Sanctions

In addition to the programs described above, the United States maintains programs designed to deter non-U.S. companies from doing business with sanctioned countries and Sanctioned Entities. Unlike sanctions programs addressed to the conduct of U.S. persons, these extraterritorial sanctions are addressed to the conduct of non-U.S. persons. While they do not prohibit such conduct, they make it more difficult for persons that engage in such conduct to access the U.S. market. These extraterritorial sanctions are complex and change frequently.

The existence of these sanctions programs reinforces the importance of Hanon's adhering to the requirements described in the preceding sections of this Policy.

## Licensing and Certification

The General Counsel may approve a transaction with a Sanctioned Entity or with or in a sanctioned country or territory after determining that no applicable sanctions regime prohibits the proposed transaction or that the proposed transaction is licensed or authorized by all relevant authorities (for example, by a general license or a specific license issued by OFAC). Because U.S. sanctions programs are complicated and change frequently, Hanon's General Counsel maintains more detailed guidance regarding licenses and other recurring compliance issues. When sanctions-related issues arise, it is the responsibility of all Hanon Personnel to review and comply with this Policy, and to seek appropriate guidance from the General Counsel.

In addition to these requirements, Hanon Personnel shall strictly observe any terms, conditions or limitations established by any licenses that apply to Hanon, as determined by the General Counsel. Questions regarding compliance with any OFAC licenses should be directed to the General Counsel.

**Relevant Hanon Personnel shall periodically certify their compliance with this Policy in a manner to be prescribed by the General Counsel.**

## Monitoring and Reporting

If you suspect any potential or actual violations of law or corporate policies, it is your obligation to report it. To report suspected violations, contact the Hanon Systems Ethics Hotline (see appendix 1 of this policy).



## Appendix 1 to the Hanon Systems Economic Sanctions Policy

### Hanon Systems Ethic Hotline Service

1. Phone Contact:

COUNTRY	FREEPHONE NUMBER
Brazil	0800 891 8807
Canada	1888 268 5816
China (North – China Netcom)	10800 852 2112
China (South – China Netcom)	10800 152 2112
China (Whole)	400 120 3148 (Local Rate Number)
Czech Republic	800 142 428
France	0800 900240
Germany	0800 182 3246
Hungary	06800 14863
India	000 800 440 1286
Japan	00531 78 0023
Korea (South)	00308 442 0074
Malaysia	1800 885 530
Mexico	01800 123 0193
Netherlands	0800 022 9026
Portugal	800 880 374
Russia	810 800 260 81044
Slovakia	0800 004461
Thailand	001 800 442 078
Turkey	00800 4488 29578
United Kingdom	0800 374199
USA	1877 533 5310

2. Email Contact: [hanonsystems@expolink.co.uk](mailto:hanonsystems@expolink.co.uk)  
Web Contact: <https://wrs.expolink.co.uk/hanonsystems>
3. The hotline service is provided by a Hanon Systems independent external provider based in the UK with a wide range of global experience in this subject. For more information please see [www.expolink.co.uk](http://www.expolink.co.uk)
4. The conversation is possible in all local languages of Hanon locations within Europe
5. The contact is possible 24 hours on 7 days a week
6. You can decide at the beginning of the contact if your contact will be handled anonymously or not (except for Portugal where anonymous reporting is not permitted by law)
7. Just the case itself, the time of contact and the location of the case will be forwarded to the Hanon Systems Head of Legal Department and to the Head of Internal Audit

