

# **PRACTICE GUIDELINES FOR CODE OF ETHICS**

## **CHAPTER 1 GENERAL PROVISIONS**

**ARTICLE 1 【PURPOSE】** The purpose of the guidelines is to set details for the implementation of the Code of Ethics of SK Securities Co., Ltd. (hereinafter referred to as the "Company") in accordance with the Ethics Management Committee Regulations.

**ARTICLE 2 【DEFINITION OF TERMS】** The definitions of terms used in the guidelines are as follows:

1. Stakeholder: All individuals, corporations, and other organizations, both internal and external, whose rights and interests are affected by the actions and decisions of employees related to their duties.
2. Money and Valuables: Money (cash, gift certificates, securities, vouchers, etc.), goods, etc.
3. Entertainment: Meals, parties, golf, and other forms of entertainment.
4. Convenience: Support for transportation, accommodation, sightseeing, and events other than entertainment.
5. Normal Level: The level of common relevance that employees or ordinary people can understand on the grounds of common sense. The degree to which the beneficiary can handle the job fairly and without burden.

**ARTICLE 3 【SCOPE OF APPLICATION】** The guidelines are applied to all employees of the Company.

## **CHAPTER 2 GUIDELINE FOR ACTIONS OF EMPLOYEES**

**ARTICLE 4 【FAIR EXECUTION OF DUTY】** ① All employees of the Company must decide on their behavioral performance regarding their duties and observe relevant policies, regulations, procedures and guidelines.

② Employees shall clearly recognize the authority and responsibilities given to him/herself, make decisions that are consistent with the Company's goals, predict and manage the risks that may arise from their decisions and actions, and maintain a sense of responsibility for any problems that may arise.

③ Employees shall not conceal violations of related laws, policies, regulations, procedures, guidelines, etc. conducted by him/herself and other employees.

④ In the event of any accident or possible occurrence of an accident during work, it shall be immediately reported to the department head or division head (hereinafter referred to as the "supervisor") and the supervisor shall report to the secretariat.

⑤ Employees shall refuse an unfair job instruction of the supervisor that is inconsistent with the relevant laws and regulations, and the Company's policies, regulations, procedures and guidelines, and report such fact to the secretariat if necessary.

- ⑥ All accounting procedures of the Company must be prompt and accurate in accordance with generally accepted accounting principles and Company regulations and shall be disclosed periodically. Employees shall not engage in false recording, forgery, alteration, or damage.
- ⑦ Employees shall actively and faithfully respond to various disclosure requests by disclosing management details and business activities to key stakeholders.
- ⑧ Employees who are in charge of procurement of the Company shall actively engage in purchasing ethics by actively finding companies that supply quality goods needed by the Company and improving the procurement management process. In any case, the mentioned employees shall not receive any benefit such as entertainment from the counterparties.

**ARTICLE 5 【RESPONSIBILITIES AND OBLIGATIONS TO CUSTOMERS】** ① All employees of the Company shall recognize customer-oriented management as the highest priority and strive to provide the best financial services for the benefit of customers. All duties to customers shall be carried out transparently and fairly.

② Information about customers shall be strictly secured and shall not be used for the personal benefit of employees.

**ARTICLE 6 【OBLIGATIONS IN SALES ACTIVITIES AND CUSTOMER ENGAGEMENT】** ① The following “5 do’s and 5 don’ts” shall be strictly complied with in carrying out sales activities:

1. A thorough inspection of identity shall be conducted, especially when opening futures or option accounts.
  2. When opening an account for high-risk transactions such as futures, option transactions, and credit transactions, the customer must be provided with a manual and be fully explained of the instructions, and he/she shall sign as evidence of such explanation.
  3. Investment recommendation shall be made in light of customer's property status, investment objectives, investment experience or knowledge.
  4. Entrustment of trading shall be received from a lawful trading buyer, and if the person other than the holder is designated as the right holder, a clear commitment shall be submitted in writing.
  5. When a transaction is concluded, it must be notified without delay to the customer in accordance with the method agreed with the customer.
  6. Account documents and statements shall not be filled in or signed on behalf of a customer, and one shall not contain a customer’s seal, securities (security) cards, trade books, etc.
  7. A customer shall never be assured of prevention of loss or guarantee of profit, in the form of a memorandum, written guarantee, agreement, or any document of that sort.
  8. Engagement in unlawful business activities such as arbitrary trading, illegal trading, illegal self-sale, preemptive payment, or subscription is strictly prohibited.
  9. Unfair transactions such as ticker manipulation, use of undisclosed information, or defaulting payments and faulty orders shall not be entrusted.
  10. Non-employees or unqualified persons shall not conduct investment consultation and sales activities, and employees shall not use unjustifiable titles (e.g. chief, branch manager, director, etc.) that may mislead customers.
- ② Employees shall not spread unrecognized rumors or false facts, and shall not intentionally hide or manipulate data.

- ③ If an employee lacks the sufficient knowledge or cannot respond due to other unavoidable reasons when answering phone calls, the employee shall transfer the call to a staff member who can respond correctly.
- ④ Customers should always feel respected with the sincere attitude of employees, and employees shall be familiar with job-related financial expertise so that customers can feel confident during consultation.

#### ARTICLE 7 【MUTUAL RESPECT BETWEEN EMPLOYEES AND DEPARTMENTS】 ①

Privacy of all employees shall be respected and employees shall not behave in ways that may verbally, physically, or visually displease each other.

② Employees shall not discriminate others on the basis of academic background, religion, gender, place of origin, age, marital status, political opinion, social status or physical disability, and shall not cause any discomfort in public/private occasions by mentioning academic backgrounds or employees' current department.

③ All departments and their respective duties have no disparity in their importance and contribution, and they are interdependent. Employees shall strive to create a work environment that disarms superiority among the departments and have mutual trust and respect.

④ Employees shall not report false or exaggerated information for the benefit of individuals or departments, nor intentionally omit, conceal, or monopolize important information.

ARTICLE 8 【PROTECTION OF COMPANY ASSETS】 ① In a case where a critical and urgent situation arises or is likely to arise with respect to the safety of Company assets, it shall be reported promptly in accordance with the Company's internal reporting system and appropriate measures shall be taken.

② The Company's name and all assets shall only be used for business purposes and shall not be used for personal purposes without a justifiable reason.

③ Internet connection using the Company's LAN shall only be used for the purpose of business, and improper use such as malicious chatting, gambling, and access to obscene sites is strictly prohibited.

④ The cost of meetings not related to the duties of the Company shall be borne by the participating employees.

⑤ The budget of departments shall be used efficiently in accordance with the purpose and standards so that unnecessary waste does not occur.

#### ARTICLE 9 【PROHIBITION OF INFORMATION LEAKAGE AND SECURITY】 ①

Information on Company operations, performance, strategies, projects, business relations, customer relations, employees, and any undisclosed information encountered during the performance of the job shall only be used within the scope of normal work activities and not leaked outside.

② If a third party intends to obtain internal confidential information of the Company or appears to be carrying out suspicious activities, it shall be immediately reported to the supervisor and to the secretariat.

③ Access of third parties into the office and computers shall be restricted, and leakage of documents, memos, copies, and faxes related to the job to third parties shall be prevented.

④ Documents, diskettes and files containing important information should not be copied or

misappropriated.

- ⑤ Employees shall not talk about sensitive or confidential matters related to Company duties in public places such as elevators, corridors, restaurants, restrooms, and public transportation.
- ⑥ Confidential matters of the Company shall not be shared with family, relatives or friends.
- ⑦ Information acquired on the job shall not be provided to others or used for personal benefit after retirement.
- ⑧ Head office sales officers·employees shall not use information that they have obtained on their job to private parties, such as leakage of information to third parties or trading of securities.

**ARTICLE 10 【PUBLIC RELATIONS POLICY AND MEDIA RELATIONS】** ① Information related to the Company shall only be disclosed to the press and the general public by authorized personnel.

- ② If a third party intends to obtain Company information and an employee has not been granted the right, the information shall not be shared, and authorized personnel shall be informed of this.
- ③ Employees shall not spread false rumors, or any matter that hinders a sound organizational atmosphere.

**ARTICLE 11 【CONFLICT OF INTEREST】** ① Employees shall avoid situations where personal interests may conflict with the interests of the Company, and shall disclose potential conflicts of interest to supervisors and the secretariat when conflicts of interest are expected.

- ② Employees shall avoid personal investments for assets which may influence their performance for the Company's business. If such investment has been made before joining the Company, employees shall report the fact to the supervisor and the secretariat.
- ③ If financial interests between properties owned by an employee, his or her family members, relatives or acquaintances and the Company arise, employees shall report them to the secretariat.
- ④ If an employee's duties against a company has direct or indirect interests with the employee, his/her family members, relatives or acquaintances, the employee shall report it to the secretariat.

**ARTICLE 12 【OFFERING AND RECEIVING OF BENEFITS】** ① In any case including weddings, funerals, holidays, etc., benefits such as money and valuables, entertainment, and convenience that may interfere with the fairness of job performance from stakeholders shall not be provided. Cases of meals or expenditures for congratulations and condolences within the normal levels may be exceptions.

- ② Employees shall not offer benefits such as money and valuables, entertainment, and convenience beyond the normal level to any related organization or stakeholder. However, in the case of providing benefits to investors or counterparties in accordance with the standards set forth by the Financial Services Commission, and in compliance with Article 4-18 of the "Regulations on Financial Investment Business" (standards on the provision and acceptance of profits by investment traders and investment brokers) and Chapter 5 (Provision and Acquisition of Property Benefits) of the "Regulations on Business Conduct and Services of Financial Investment Companies," offering and receiving may be accepted.

#### ARTICLE 13 【PROHIBITION OF MUTUAL BENEFIT OFFERING BETWEEN EMPLOYEES】

- ① Employees shall not receive benefits such as money and valuables, entertainment, and convenience among themselves. However, in cases of birthdays, weddings, funerals, and motivations management, such act will be considered as exceptions to the extent permitted by societal agreement.
- ② Employees shall not excessively congratulate (i.e. gifting of flowers) each other in the case of promotions and transfers.
- ③ Lending, joint guarantees and mutual guarantees among employees are prohibited.

#### ARTICLE 14 【PROHIBITION OF UNFAIR ACTS BASED ON POSITION AND JOB】 ①

- Employees shall not demand or be promised of employment after retirement from a stakeholder whom he/she have been acquainted with in the course of his/her employment.
- ② Employees shall not engage in personal business contracts with stakeholders, or carry out transactions such as lease assets or cash loans.
- ③ A supervisor shall not ask or instruct his/her subordinates for unreasonable money and valuables or personal affairs.

#### ARTICLE 15 【PREVENTION OF SEXUAL HARASSMENT AND UNSOUND WORK ENVIRONMENT】 ①

Employees shall refrain from sexual harassment such as sexual acts or expressions regardless of location (workplace/private space).

- ② Employees shall not force other employees to pour drinks, sing, or dance during a get-together.
- ③ Employees shall avoid making unnecessary physical contact, sexual comments or analogy to other employees.
- ④ Employees shall not make comments that emphasize fixed gender roles.
- ⑤ Except for the unavoidable cases in the office, alcohol shall not be allowed during work hours and excessive drinking should be avoided so as not to interfere with the performance of work the next day.

ARTICLE 16 【ANTI-MONEY LAUNDERING】 Employees shall be cautious so that the employees themselves and the Company are not being used in the course of illegal money laundering, and transactions suspected to be related to money laundering activities shall be reported in a prescribed procedure and method.

ARTICLE 17 【COMMUNITY SERVICE】 All employees, as exemplary members of the society, shall take lead in volunteering.

### CHAPTER 3 SELF-REPORTING OF RECEIPT OF MONEY AND VALUABLES, ENTERTAINMENT, CONVENIENCE, ETC.

ARTICLE 18 【REPORTING】 ① If an employee has inevitably received benefits such as

money and valuables, entertainment or convenience beyond the normal level from a stakeholder, a report of receipt of money and valuables, entertainment or convenience (Annex 1) shall be prepared and reported voluntarily to the secretariat within 3 days from receipt, regardless of whether or not the benefits have been returned.

② In the case of providing benefits to investors or counterparties in accordance with the standards prescribed by the Financial Services Commission, the provision and acceptance shall be in accordance with Article 4-18 of the Regulations on Financial Investment Business (standards on the provision and acceptance of profits by investment traders and investment brokers) and Chapter 5 (Provision and Acquisition of Property Benefits) of the “Regulations on Business Conduct and Services of Financial Investment Companies.”

**ARTICLE 19 【RETURNING】** ① In the case of receiving money and valuables from a stakeholder in relation to an employee’s duties, he/she shall return it to the provider in principle. In the case of entertainment or convenience, the corresponding fair value shall be returned to the provider in cash.

② The return must be made in the name of the employee who received it, and a return document (return slip, other evidence for the return, etc.) shall be provided to the secretariat by attaching it to the report for receipt of money and valuables, entertainment or convenience. In cases where it could be considered impolite to return, or it is impossible to return since it has been sent anonymously, the goods shall be reported to the secretariat by enclosing it in the report for receipt of money and valuables, entertainment or convenience.

③ If there is a concern about corruption, deterioration or damage due to time lapse, any goods received shall be donated to social welfare facilities in the name of the provider, and the receipt shall be submitted to the secretariat as an attachment to the report for receipt of money and valuables, entertainment or convenience.

④ The secretariat shall regularly report to the Ethics Management Committee on the status of the processing of the report for receipt of money and valuables, entertainment or convenience.

## CHAPTER 4 REPORTING OF VIOLATIONS

**ARTICLE 20 【VIOLATIONS SUBJECT TO REPORTING】** Violations subject to reporting shall be as follows:

1. Violations of the Company's Code of Ethics and the Guidelines
2. Directing or enforcing a violation
3. Giving disadvantages to a whistleblower
4. Other acts that may cause damage or loss to the Company

**ARTICLE 21 【REPORTING】** In cases where any of the following subparagraphs is held true, it may be reported to the secretariat. If illegal acts or unfair practices that could have a material effect on the Company have been recognized, it shall be reported without delay, and if not reported, the concerned person may be at a disadvantage.

1. Employees who found a violation

2. Customers, trading partners and their employees who have found a violation or been adversely affected due to the violation
3. Employees, customers, trading partners and their employees who have been disadvantaged for reporting a violation

**ARTICLE 22 【METHODS FOR REPORTING】** ① Any person who reports a violation can freely report it through various methods such as the website, mail or e-mail, telephone, direct visit, etc.

② The secretariat shall post information on where one can report a violation on the Company website.

③ Report of the violation can be made in one's real name or anonymously, and the subject of reporting shall be clarified, and witnesses or evidence shall be presented along with a description of specific circumstances.

④ In the case of anonymous reporting, the secretariat shall determine whether the report is effective only if the secretariat judges that the information conveys sufficient reliability.

**ARTICLE 23 【PROCESSING OF REPORTS】** ① The secretariat shall establish and operate a reporting office to receive and process reports of violations, and shall have staff members dedicated to receiving and processing reports.

② The secretariat shall directly investigate the reported contents or request the investigation to its own audit department, and the internal audit department requested to investigate shall notify the secretariat of the results of the investigation.

③ The secretariat shall report the violation to the Ethics Management Committee if it is confirmed as factual and the matter is serious.

④ The Ethics Management Committee reviews the report of the secretariat and requests the Human Resources Committee for disciplinary actions depending on the severity of the violation.

⑤ If it is confirmed that the content of a report is false and the reporter is deemed to have known of this, the secretariat shall report to the Ethics Management Committee in accordance with the severity of the case and request the human resources committee for disciplinary action against the false reporter.

⑥ The secretariat shall inform the reporter of the results of the investigation and treatment. However, if the report was made anonymously or if it is deemed beneficial for the Company to not inform the reporter, the Company can choose not to inform.

**ARTICLE 24 【PROTECTION OF REPORTER】** ① The Company shall keep confidentiality of the identity of the person reporting a violation, and shall not impose disadvantages to the person due to reporting, testifying, or providing data.

② No action shall be made to discover the identity of the reporter, and in the case of leakage, the secretariat shall investigate and report the incident to the Ethics Management Committee and can request disciplinary action for the leaker.

③ When a reporter requests transfer of departments, change of positions, etc. in order to avoid inconvenience or disadvantages, the reporter shall be respected and all possible measures shall be taken.

④ The secretariat may request the relevant department to take measures to restore the

situation if the reporter is disadvantaged by his/her reporting activity.

⑤ The Company shall provide the same protection measures and the same status as the reporter for those who cooperate with the investigation by means of testimony, data submission or other methods other than the person reporting the violation.

⑥ An auditor shall carry out investigations on the principle of protection of whistleblowers as the first priority in carrying out the investigation, and must comply with the following items:

1. The auditor may not disclose or suggest any information or content related to the reporter without the consent of the reporter.
2. All information related to the reporter shall be read only by an authorized person and kept so that security is strictly maintained. However, paper documents received by post/fax shall be stored in a separate storage place where a lock is installed.
3. If the identity of the informant or the content of the report is disclosed in the course of investigation, disciplinary action shall be taken in accordance with relevant regulations. However, exemption may be possible for the following exceptions.
  - Matters that can cause serious personal safety accidents and business interruption
  - Important scandals, leakage of the Company's confidential information, alteration or modification of data, press releases, etc.
4. The head of the ethical management department is responsible for educating and managing the security management guidelines related to the report investigation.

**ARTICLE 25 【RELIEVING OF DISCIPLINARY ACTIONS AND AWARDS】** ① The Company may relieve or exempt a person who reports a violation related to him or her from self-discipline.

② The Ethics Management Committee may suggest a corresponding award to a reporter if a significant contribution has been made to the Company, such as prevention of illegal acts, cost reduction, management risk avoidance, etc., by reporting the act of violation.

## CHAPTER 5 ETHICS TRAINING

**ARTICLE 26 【ETHICS TRAINING】** ① The secretariat shall conduct ethics training sessions at least once a year so that all employees can familiarize themselves with the ethical management system, Code of Ethics, job-related laws, regulations, and job procedures.

② The secretariat shall establish an annual ethics education plan and consult with the human resources department to be reflected in the Company-level education plan.

**ARTICLE 27 【REQUIRED TRAINING CONTENTS】** The main contents that shall be included in the ethics education of employees are as follows:

1. Major laws and regulations related to job functions: The Financial Investment Services and Capital Market Act (hereinafter referred to as the "Capital Market Act"), the Enforcement Decree of the Capital Market Act, the Regulations on Financial Investment Business and the Regulations on Business Conduct and Services of Financial Investment Companies, the Act on Real Name Financial Transactions and Guarantee



of Secrecy, Laws and Regulations related to anti-money laundering, the Use and Protection of Credit Information Act, the Act on the Aggravated Punishment, etc. of Specific Economic Crimes, the Monopoly Regulation and Fair Trade Act, the Anti-Corruption Act, the Act on the Prohibition of Discrimination against Gender and Remedy Against Infringement of their Rights, internal regulations, etc.

2. Internal control standards and risk management
3. Code of Ethics and the Guidelines
4. Work ethics as financial professionals

**ARTICLE 28 【EMPLOYEES SUBJECT TO TRAINING】** ① All employees shall be subject to training, and if necessary, training shall be provided specifically for each job and position.

② The secretariat may send letters of cooperation to and hold meetings with customers and trading partners for them to understand and participate in the Company's ethical management system.

## CHAPTER 6 EVALUATION

**ARTICLE 29 【SUBJECT AND METHOD OF EVALUATION】** ① The secretariat shall evaluate the level of awareness and activities of employees based on the Code of Ethics and the Guidelines.

② The secretariat shall establish and evaluate using a separate ethical management practice evaluation guideline which consists of evaluation items, the weight of each evaluation item, and evaluation period.

③ The secretariat shall evaluate the level of consciousness of employees through appropriate methods such as questionnaire surveys and collection of job report data of related departments, and record violations of the Code of Ethics.

**ARTICLE 30 【REFLECTION OR EVALUATION RESULTS】** ① Based on the evaluation results pursuant to Article 29, the Ethics Management Committee may provide preferential treatment to exemplary practitioners, including rewards and training.

② The Ethics Management Committee may take necessary measures such as conducting ethics training and recommending personnel measures for violators of the Code of Ethics, etc. in accordance with the evaluation result pursuant to Article 29.

## ADDENDUM

1. [ENACTMENT] The guidelines are effective from September 1, 2004.
2. [ENACTMENT] The guidelines are effective from May 7, 2007.
3. [ENACTMENT] The guidelines are effective from August 1, 2009.
4. [ENACTMENT] The guidelines are effective from March 4, 2016.