

# **LG COMPLIANCE GUIDELINES**

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# GETTING STARTED

## WHY WE HAVE A GUIDELINES

LG is a global operating company. Because of this, our employees are exposed to a wide variety and a large number of laws and regulations. Of course, it is difficult for every employee to be familiar with all or even most of these laws and regulations. Further, we operate in many geographical locations, each with its own culture. We seek to operate consistently and in compliance with applicable laws and regulations across all of our market segments and locations and remain respectful of local customs. This Code is a key tool that helps all of us to meet these very significant challenges.

## WHO THE GUIDELINES APPLIES TO

The LG Compliance Guidelines is intended for LG CHEM and all overseas subsidiaries of LG CHEM.

## WHAT IS EXPECTED OF US

You are expected to:

- Demonstrate commitment to the Company's core values in all of your work activities, and help make the Company a great place to work so that all of us can achieve the best for our customers and other stakeholders.
- Follow the laws and regulations in the countries where you work.
- Adhere to Company policies and procedures that relate to your work.
- Seek guidance when unsure of the proper action in any situation.
- Raise concerns about suspected violations of the Guidelines or other Company policies.

If you manage other employees, you are expected to:

- Ensure that employees are aware of this Guidelines and their responsibilities under this Guidelines.
- Assist employees with any questions or concerns regarding the Guidelines or its application in daily work.
- Personally demonstrate compliance leadership by following the Guidelines and talking with employees about this Guidelines's application in your own daily work.

If you have a question about the Guidelines or how it applies to your job:

- Consult your manager, who is in the best position to help you with a question regarding your job. If your manager is not available, contact your legal staff.

## **ADDRESS CULTURAL DIFFERENCES**

When you visit or move to another country, learn about your new environment. Seek to understand the local culture and customs. Be aware that laws and regulations may differ from those of your home country. If you notice conflicts that likely will affect your business activities, discuss these matters with your manager to determine an appropriate resolution.

## **NON-COMPLIANCE**

There are serious consequences for non-compliance.

Violations of laws and regulations have serious sanctions, both for the Company and for the individuals involved. Non-compliance can lead to criminal penalties, administrative fines, civil and punitive damages, seizure of profits, exclusion from contracts, termination of business relationships, attempted extortion, and harm to our image and negative perceptions by the capital market. In addition, individuals also may face serious consequences such as fines or imprisonment, claims for damages and sanctions under labor law.

If you believe that the Company is at risk to not meeting the Guidelines's standards:

- First, talk to your manager about this issue.
- Then contact the person in the legal department or designated compliance department for your company and inform this person of the situation.

## **REPORT POTENTIAL RETALIATION**

The Company does not tolerate and will address retaliation against anyone who in true sincerity reports a non-compliance issue. Retaliation can take many forms, from unfair impact on one's employment to general harassment. If you believe that you or someone else has been retaliated against for this action, immediately report the matter to the Human Resources Department.

Please be noted that the Company will take a disciplinary action in accordance with the Company policies against a manager or an employee who commits any of the followings:

- Non-compliance with this Guidelines
- Induce a third party not to comply with this Guidelines
- Retaliate against anyone who in true sincerity reports a non-compliance issue

There is no good excuse for a compliance violation.

Be aware of the following excuses:

- “My boss told me to do it even though I knew it was wrong.”
- “I did it for the good of our customers.”
- “I did it to meet Company objectives or goals.”

# HONESTY AND INTEGRITY FOR OUR CUSTOMERS

“Customer first” is at the heart of everything we do. We strive to create real value to our customers by always considering our customers’ perspectives and realizing our customers’ high expectations in all our business activities. Demonstrating our standards of quality, keeping our promises and continuously innovating better products are all ways we instill confidence with our customers that they can rely on our products and services. We must continue to show unfaltering integrity and honesty in all our actions and build a relationship of trust that our customers can truly depend on.

## SCENARIO

A new product is attracting attention for its quality design. It could be a hit if the Company can highlight another key factor. While the product delivers just over a 5 % increase in performance, no other special differentiation seems to exist. Our competitors regularly “mark-up” advertised performance by a small amount. You figure that the Company can compete better if, for instance, we advertise that the product has a 10 % performance increase. You do not expect anyone to be able to measure or feel the difference, anyway.

How do you create the right value?



## RESPONSIBLE MARKETING

Our Company wins and maintains long-term customer relationships based on the quality and value of its products and services. So, it is critical that we market them responsibly and sell on their legitimate features and benefits. Our customers trust our word because we demonstrate integrity and honesty in our marketing activities. We create value for our customers because we provide the information they need to make the best purchasing decisions. It is never worth the risk to our well-won reputation to engage in any irresponsible marketing practices.

## OUR STANDARD

Help ensure that Company marketing activities are responsible, especially if you work directly with developing or reviewing marketing communications.

## YOU NEED TO KNOW

Marketing communications include, among other things:

- Advertisements and promotional items
- Product labelling and descriptions
- Survey materials, test results or competitor or product/service comparisons
- Intranet message board advertisements and other communications that may not be necessarily directed towards our customers

Employees who work with marketing communications, in a sales role or whose jobs involve development or review of advertising, product labeling or promotion or any other communications to our customers are expected to know and understand applicable Company standards, policies and procedures.

Our marketing communications have a wide audience and will be scrutinized by consumers, competitors and government agencies. It is never worth risking our reputation by engaging in improper marketing activities.



## RESPONSE

Just because competitors are doing something does not mean it is right for us. More important, we have to ask whether our actions demonstrate our core values of creating real value for our customers and respect for them. Even though the exaggeration might not be noticeable, still it is an attempt to sell our products based on false information. Our customers expect us to be honest about the value we deliver to them, regardless of what they might expect from our competitors.

## **THE RIGHT WAY**

- Ensure that any changes in Company products or services are promptly and accurately communicated to relevant departments.
- Ensure that marketing communications, product label information, packaging and promotional materials are accurate when stating manufacture or source data, such as country of origin or assembly. This is to ensure that our products are both correctly advertise and labeled.
- Verify that marketing materials developed by advertising firms or other outside organizations comply with laws and Company policies.
- Do not allow any Company marketing materials to contain information that is deceptive, misleading or that omits important information that could otherwise help customers make good purchasing decisions.
- Avoid comparisons with competitors or their products/services:
  - That cannot be substantiated by objective, factual data.
  - Where the comparison is presented based on conditions that are unfair to the competitor or the product/service.
- Do not allow marketing to be publicly distributed that makes claims (such as regarding product/service performance, product/service superiority or market share) not yet supported by testing or other reliable data.
- Never use as an excuse for improper marketing that an outside organization developed the materials.

## **BE AWARE**

- Use caution with exaggerations used in marketing. An embellishment may be appropriate as a marketing device, but it never should give our customers a false impression about characteristics of our products/services or conflict with factual data.
- Market a Company product/service more on its strengths than on the weakness of a competing product/service. We want to lead the market by designing, manufacturing and marketing the best products/services, and this idea should be our focus. We should expect our competitors to closely scrutinize any advertisements that mention their products/services. To be fair to them we must remain extra careful about how we address their products/services.

## SCENARIO

Although our new product is compliant with mandatory safety regulations, you have lingering doubts about whether the product is absolutely safe. A complete product design overhaul seems very costly at this point, so you consider addressing these “lingering doubts” on the warning label.

How do you create the right value?



# PRODUCT/SERVICE SAFETY

Safety and reliability are the most basic qualities of customer value we deliver through our products/services. Our dedication to safe design, quality manufacture and after-sales service offers us an opportunity to distinguish ourselves and demonstrates our concern for our customers' welfare. An important part of innovation involves greater safety of a product/service. Through our commitment to customer safety, we build trust in our products/services and show that we truly value our customers.

## OUR STANDARD

Support all efforts to ensure that our Company's products/services are safe. Raise any questions or concerns with raw materials, product design, manufacturing, marketing, product use or customer service to ensure that products/services are safe for our customers. No business objective, including design, marketability or cost justifies compromising the safety of a Company product.

## YOU NEED TO KNOW

Product/service safety is a critical concern for us. We risk significant penalties for failing to take proper safeguards or responses to safety problems, including regulatory sanctions, lawsuits and damage to the Company's reputation.

We understand that creating customer value is not just about avoiding the repercussions of liability. It represents our commitment to actively identify opportunities to eliminate safety issues and thus enhance the overall quality of our products. This is why the Company maintains numerous processes that support product safety. End-to-end processes focus on product safety, including design (to address foreseeable consumer use), procurement, manufacturing, product testing, quality control and marketing. After the sale, the Company continues to monitor product use for any signs of safety problems and takes necessary measures to ensure customer safety.

## RESPONSE

Warning labels that clearly identify all reasonably foreseeable hazards are an important and necessary part of ensuring our products are safe for our customers. But we first and foremost have a duty to design and manufacture our products well enough that they meet our Company's standards and our customers' expectations for safety. Of course, any changes late in the development stage have significant ramifications. So, this is a good opportunity to get colleagues in other departments involved in the decision. We need to be strongly convinced that our products not only meet safety standards but also that they do not pose a safety risk.



## **THE RIGHT WAY**

- Follow all Company policies and procedures for product design, procurement and manufacture that may impact product safety.
- Report questionable or faulty raw materials, designs or parts that may lead to poor quality or unsafe products.
- Raise any product/service safety issue, preferably as early in the design process as possible and, in any case, as soon as you become aware of it.
- Never compromise product/service safety to meet another business objective. If a conflict arises between these goals, report the matter to your manager.
- Do not avoid or allow others to avoid any quality control step since this may lead to insufficient testing to ensure product safety.
- Do not allow suppliers to avoid compliance with the Company's sourcing requirements. This may lead to sub-standard or defective raw materials or components that we put into our end products.
- Never disregard suggested product/service safety issues just because they were raised at a later stage in the product development process.

## **BE AWARE**

- Watch for any recurring or repeating safety incidents that involve our products. The safety of our customers overrides any other consideration. It is our duty to issue a recall if we suspect our products have any inherent design issues or widespread manufacturing defects.
- Also be aware that several countries have regulations that obligate manufactures and distributors to immediately report to the governing authority any safety defects or deficient warning labels that they discover.
- A product/service that has met all mandatory safety regulations and standards still may not be safe for our customers. Our products/services also must meet our Company's safety standards. Mandatory safety regulations represent the minimum level of product/service safety. Any product/service that does not meet these required safety standards almost always will be considered as unsafe.
- Listen carefully to others' concerns and consider the long-term impacts. A colleague's question or concern about product design, manufacturing or labeling may have product safety implications.
- Even if your specific job does not involve product/service testing, quality control or a similar activity, you still are responsible for product/service safety. Raise with the appropriate product/service safety person any difficulties that you encounter in using Company products/services that may indicate a potential safety problem.

## SCENARIO

You just developed innovative new functionality which likely will make its product very popular in a dull and complacent market. Because this functionality is new, regulations are not clear about whether it should be included in the product's testing conditions. Since this new functionality consumes a lot of power, you realize that testing results likely will be better with the functionality turned off.

How do you create the right value?



## HIGH PRODUCT/SERVICE STANDARDS

Reliability, durability and safety of our products and services are at the heart of our business. We enrich our customers' lives through quality products/services that stand up under rigorous consumer use. The excellence of our design and manufacture that our customers experience every day demonstrates our commitment to delivering enduring customer value. To meet this objective, we set standards and follow numerous regulations designed to protect the consumer. This challenges us to design, produce and market products/services that meet the high quality and safety levels that we embrace.

## OUR STANDARD

Ensure that all products/services comply with regulatory requirements and internal Company standards for reliability, durability and safety. Raise any concerns, no matter how small, so that the Company can stand by its commitment of producing the industry's next, most compliant products.

## YOU NEED TO KNOW

Product/service specifications address such issues as:

- Overall product/service safety and internal standards for reliability and stability
- Electromagnetic compatibility
- Environmental requirements, such as hazardous materials content, recycling labeling and energy saving
- Design considerations for minors, the elderly and the disabled
- Other requirements to ensure quality and compatibility with other products or services

Our products/services affect many customers around the world. Because of this, non-compliance with product/service standards regulations has severe consequences, such as consumer lawsuits, brand damage, Company reputational damage, civil penalties, costly recalls, class action litigation, to name a few.

Our high standards are recognized not only in our products/services themselves, but also through the conduct in which we seek such recognition. This means practicing the utmost integrity and professionalism when seeking validation and certification of our products'/services' quality. Employees who are responsible for Quality & Standards assurance are expected to be familiar with our Standards Operation Principles, and demonstrate these principles when testing quality of our products/services and verifying product/service compliance. Also, make certain to involve local experts to help ensure that the Company understands and follows local regulatory requirements.

## RESPONSE

As a Company that focuses on innovative design and features to drive customer value, our products sometimes involve situations where the law is unclear. Our focus always should be on delivering the quality our customers would expect from our products regardless of what the 'letter of the law' states. This means we should have the professionalism to seek clarity from regulatory authorities, even if the answer is disadvantageous to the Company. Since we expect our customers to use this new functionality in the product's everyday use, it is good practice to ask the regulatory agency whether the testing parameters also should be interpreted to include this new functionality.



## **THE RIGHT WAY**

- If your job involves product/service testing and quality, ensure that all evaluated products/services meet both specified quality/testing measures and overall quality/testing objectives for reliability, quality, durability and safety.
- Ensure that products, product parts or components manufactured by our suppliers meet designated specifications.
- Monitor new product/service regulations in your area and promptly communicate them to product/service development or product/service standards personnel.
- Ask your manager or contact the regulatory authority if you are not sure what standard or testing protocol applies to our products or services.
- Do not substitute for already tested and specified materials or components without following Company procedure for doing so.
- Never allow false or insufficient product/service testing to take place. This would include:
  - Falsifying or selectively including only advantageous test data.
  - Conducting tests under incomplete testing conditions.
  - Circumventing proper test protocols.

## **BE AWARE**

- Watch for changing regulatory rules regarding product/service standards. Always seek to understand these important requirements. Question Company operations until you are sure that the Company produces fully compliant products or services.
- Stay alert for complaints from consumer groups, regulatory authorities or competitors regarding product/service standards compliance or labeling errors.
- Be alert for changes with a supplier regarding its design, contracting or manufacturing processes. These changes may adversely impact the materials that they send to us, causing problems in our own processes.
- Carefully consider any major deviation from the basic model when designing variation models of our products. Always make sure that these changes are properly communicated. Check whether these changes necessitate separate compliance review for the variation model.

## **RESPONSIBLE PRODUCT REFURBISHMENT**

In the course of serving our customers, we refurbish return products and service products. Because these refurbished products look and work perfectly, it may seem that there is no reason not to repackage and resell these as new products. However, you should know that:

- Even though our refurbished products are functionally identical to new products, in legal terms they are still considered to be “used” products and thus cannot be sold under the premise that they are new products. Make sure customers buying our refurbished products clearly understand that they are buying “refurbished” products.
- Most customers expect their service products to be repaired with new parts. If this is not the case, then it is prudent to state this fact in the product warranty as to prevent any likelihood of misunderstanding from our customers.

## SCENARIO

You work in customer relations and one of your responsibilities involves analyzing data collected from our call centers to help make better quality products/services. An overseas marketing department needs raw customer data from your area to develop marketing strategy for a new product/service launch. You know that our call centers get consent from callers before asking questions: you wonder if it is all right to give this data to the marketing department.

How do you create the right value?



# PRIVACY AND DATA PROTECTION

As our global business operations expand, we depend more on our customers' personal information in our many business activities. While technology has increased access to and speed of exchanging an individual's personal information, this also has increased risk of misuse. Our customers rely on us to protect personal information they share with the Company from unintended use and disclosure. By demonstrating integrity and validating our customers' trust, we further encourage sharing of personal information to help create better value for our customers.

## OUR STANDARD

Learn and follow laws and Company policy that relate to responsible collection, handling and sharing of our customers' personal information.

## YOU NEED TO KNOW

Personal Data is defined as symbols, text, images, audio/video and other data that can be used, either by itself or in tandem with other information, to identify any living person. This means that personal data includes, at a minimum, the following:

- Personal identification such as social security numbers and driver's license numbers.
- Various non-unique information such as age, marital status, religion, profession and even interests or hobbies.

We treat personal data as Company confidential information to protect it from unauthorized disclosure.

See also "Information Security and Confidentiality" on page 64.



## RESPONSE

Developing effective marketing strategies is an important priority. So is responsibly handling personal information and following relevant laws. Consent to use personal data generally is limited to a specific purpose. We need to respect these limitations before we share personal data. This demonstrates integrity in how we deal with our customers. The Company also may have certain legal responsibilities regarding sending personal data across country borders, especially data originating in the European Union.

## **THE RIGHT WAY**

- Only access, use and maintain personal information provided to the Company for a legitimate business purpose. Follow restrictions regarding how the Company is permitted to use this information.
- Follow Company procedures for sharing personal information with outside parties or across borders (especially regarding the E.U.). Make sure this is done only when necessary and that the data provider specifically consents to this transfer beforehand.
- Safeguard personal information that you acquire or access as you would safeguard Company confidential information. For instance, do not leave files or records with this information unsecured, and do not provide it to colleagues without a legitimate business need for it.
- Respect the data provider's rights to his or her personal information. This includes the right to view, modify, destroy and revoke consent to using any personal information the Company has been entrusted with.
- Report instances where personal information has been improperly disclosed, lost or modified.
- Do not share, disclose, modify or damage personal information without the provider's consent, as required.
- Never transfer personal information outside of the country where it was collected unless you are sure that local country law allows it.
- Do not accept personal information from our business partners without understanding the consented use-purpose of this information.
- Do not leave unnecessary or non-work-related personal information on your computer. If the information is work-related, immediately erase this information as soon as the work is completed.

## **BE AWARE**

- Not all personal information is obtained through obvious channels like Company websites. Even ordinary business documents and material that we handle every day without another thought may include personal information. It is good practice to erase or make anonymous any personal information when sharing these documents inside or outside the Company.
- Look out for:
  - Names and contact information of customers, employees or our partners' employees included in everyday business exchanges with our channel partners and vendors.
  - Research questionnaires, customer claim logs and other data used for marketing insight and quality assurance.
  - Personal information or data in products that customers return to the Company, such as cellular telephones or computers.
  - Sensitive information or data which would invade privacy of the data subject including, not limited to, racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership or genetic data, biometric data or health or data concerning a natural person's sex life or sexual orientation.

# THE BEST ORGANIZATION FOR OUR EMPLOYEES

We firmly believe that people are our most important asset and that respect for individual creativity and initiative is the cornerstone of value creation. Respect-based management embodies these beliefs and ensures a positive workplace where innovation can thrive. We best serve our customers and our many other stakeholders when we show respect to our fellow employees and support a safe, fair and diverse workplace.

## SCENARIO

Two of your subordinate employees, a man and a woman, are eligible for promotion to a management position. Both have the same seniority and similar experience and education. The employee with the better performance record is a woman. Your department has never had many women, and none in a management position. You wonder whether a woman can handle this responsibility in a department that is not used to a woman manager.

How do you create the right value?



## FAIR EMPLOYMENT

We believe that respect-based management extends equally to all with whom we work. When we make fair and equitable employment decisions and ensure equal opportunity, we can more easily attract, retain and develop individuals, as well as foster diverse ideas and abilities. This practice helps us to create an enjoyable, respectful workplace and encourages the innovation and creativity that serves our customers and other stakeholders.

## OUR STANDARD

Consider only legitimate business issues and individuals' capabilities and performance when making employment-related decisions.

## THE RIGHT WAY

- Make all employment decisions regarding recruitment, hiring, compensation, benefits, education, promotion, assignment or reassignment and social and recreational programs based on the Company's needs and an individual's qualifications.
- If you make employment decisions, ensure that you clearly understand a job's documented requirements to help avoid decisions based on irrelevant or improper considerations.
- If you interview prospective employees, know what questions are improper or potentially illegal to ask because they may suggest employment discrimination. For instance, in many countries you should not ask about a candidate's religious beliefs or if a candidate is married or has children. If unsure, consult with your human resources representative or legal staff for assistance.
- Never discriminate against another individual based on improper considerations that do not relate to the job. Improper considerations can include the following:
  - Age, race, color, gender, religion, nationality or national origin, sexual orientation, disability, other non-job-related characteristics

## RESPONSE

You are right to be concerned about your department's future success. Likewise, you should be concerned about your subordinates' success and their contribution to the Company. Respect-based management compels us to treat individuals based on their qualifications and talents and to disregard immaterial issues. Further, our commitment to serve our customers should lead us to select the individual who can help us achieve this goal. Select the best person for the job, and then help that individual effectively succeed in his or her new role.



## **BE AWARE**

- Be cautious if someone suggests that only a person of a specific gender, age or background is qualified to perform a certain job. In some cases, a position may have certain requirements, such as the ability to lift heavy materials. Such a requirement should be part of the formal job description and make sense given the position's activities. But a job description should not discriminate against one of the improper considerations listed under "THE RIGHT WAY".
- Be suspicious of recommendations to hire a contractor or other outside party based on improper considerations. The Company's commitment to equal opportunity applies to all people who serve the Company.
- Some business units, departments or work groups may have different policies on workplace practices such as sick days or maternity leave. These variations may be due to local laws and practices. In all cases, these policies should be in writing and meet local legal requirements.
- Remember that "diversity" relates not only to a person's background but also to his or her perspective and ideas. Actively encourage diversity in all forms to help the Company foster an environment of creative solutions and innovation.

## SCENARIO

You have been assigned as the new manager of a small workgroup. While you are getting to know your new subordinates, you notice some people who casually make jokes and other comments that are clearly not appropriate in the workplace. However, none of your new subordinates seem to think this behavior is a problem. Some even say that this is how they bond together as a team. You are hesitant to change a team culture that seems to work well.

How do you create the right value?



# RESPECTFUL WORKPLACE INTERACTIONS

We value a workplace where all employees are considerate of others and where each person shows respect for one another in daily interactions. These interactions give colleagues the comfort to introduce new ideas, constructively challenge current thinking, and work knowing that others will appreciate their contributions. A cordial workplace creates opportunity for individuals to make a difference – leading us to innovate for our customers, better serve all of our stakeholders and find greater professional and personal fulfillment.

## OUR STANDARD

Interact with colleagues and others with respect and consideration, and avoid behaving toward others in a way that may be viewed as offensive or hostile. Further, you should never harass abuse or intimidate a colleague or other employee.

## YOU NEED TO KNOW

Improper conduct may involve disparagement of an individual due to this person's age, race, color, gender, religion, nationality or national origin, sexual orientation, disability or other personal characteristic.

It can involve:

- What you say to others, such as in comments or jokes, or even the way you say it.
- Physical or visual contact or gestures.
- Use of technology, such as by sending inappropriate telephone or text messages or emails or accessing inappropriate websites.

Improper conduct also includes sexual harassment, or unwelcome sexually oriented actions, comments or suggestions. These actions may tie to an employment condition (for example, compensation, promotion, job assignment) or to a person's willingness or unwillingness to participate in a sexual situation or relationship. It also may include conduct that creates an uncomfortable work environment for others.

Report concerns: If you observe or experience any form of harassment, you should report it to your manager or your human resources representative. The Company will investigate promptly all reports and take appropriate corrective action. The Company strictly prohibits any form of retaliation against anyone for making a sincere report of suspected misconduct.

## RESPONSE

As a manager, you have a unique responsibility to foster a respectful workplace. This not only means handling individual misconduct, but also includes building an atmosphere where inappropriate conduct is not tolerated in any form. It is important to recognize that no one can ever be certain whether someone truly feels harassed or disparaged by inappropriate conduct. This is why we must focus on whether a certain conduct is "inappropriate", rather than whether it is accepted by others. The fact that everyone is used to inappropriate conduct does not mean that it is acceptable in your group.



## **THE RIGHT WAY**

- Demonstrate respect and consideration in how you interact with colleagues and others.
- Be sensitive to how others may perceive what you say or do.
- Report possible harassment or other improper behavior that you witness to your manager or the appropriate human resources representative.
- If you manage others, be especially cautious of improper behaviors of yourself and employees under your charge.
- Do not behave in a way that others may consider offensive, harassing, intimidating, abusive or hostile, including:
  - Communicating with others, telling jokes or using terms that are disparaging.
  - Making physical or visual gestures that disparage others.
- Do not use telephones, email, computers, internet access or other technology to display or communicate inappropriate content.
- Do not act in a way that may create a hostile work environment or that makes another person believe that he or she must submit to sexual conduct for employment considerations.

## **BE AWARE**

- Remember that others can overhear or otherwise hear about what you say. Even in private conversations with a friend, avoid making inappropriate comments that may be considered offensive.
- Each region and country has its own customs and forms of proper conduct. If you travel or work in locations outside of your home country, seek to understand and be sensitive to these differences. Be aware that what is appropriate in your home country may not be proper elsewhere.
- Understand that your managerial position or seniority may affect others' acceptance of your conduct. Always be cautious in what you say and do to people of more junior status.
- Be aware of the appropriateness of your actions with others at Company functions. This goes for both men and women.

## SCENARIO

During your few years at the Company, you have never seen anyone become sick or injured because of work. Also, because your country's laws do not require stringent safety precautions and the risk of regulatory penalties are low, you wonder about the possibility of skipping some of the rules that seem excessive considering the local standards.

How do you create the right value?



## A HEALTHY AND SAFE WORKPLACE

Great workplace opportunities occur when we make health and safety a priority. Our commitment to respect-based management means embracing ownership of our workplace by showing regard for the welfare of others who share our workplace and for ourselves. Because our colleagues' welfare is at stake, we do not stop at compliance with laws; our responsibility and goal always are for rigorous health and safety. By standing behind our commitments, we can prevent all accidents and injuries. Health and safety are high priorities, and we should never compromise them for any other Company objective.

## **OUR STANDARD**

Always act, and encourage colleagues to act, with good workplace health and safety in mind and according to proper health and safety laws, rules and principles.

## **YOU NEED TO KNOW**

The Company is committed to continuously improving its health and safety performance by setting policies and procedures to foster strong workplace health and safety that meet industry standards and all related local legal and regulatory requirements. These efforts address risks that may harm employees or our business partners, impair property or damage the Company's reputation as a responsible Company. We seek to promote good practices throughout the supply chain and in the products and services that we offer to our customers.

To realize these objectives, each business's management has the duty to encourage and sufficiently train employees to meet the Company's health and safety expectations.



## **RESPONSE**

Company environmental safety and health manual and code represent our commitment to health and safety wherever we work. It is important that you adhere to these rules, no matter how small or inconsequential they seem. Remember that even the most insignificant rule has a purpose.

## **THE RIGHT WAY**

- Report workplace accidents, injuries and any unsafe situations.
- Use protective equipment as required.
- Attend required health and safety training.
- Accurately record data and report on operations that impact health and safety.
- Work with suppliers and other business partners to promote health and safety for us and for them throughout both our workplaces.
- Never compromise workplace health and safety to meet other business objectives, even high priority objectives. Instead, immediately discuss the conflict with your manager.
- Do not begin an activity if you are unsure of the required procedures that safeguard health and safety.

## **BE AWARE**

- Workplace accidents often occur to employees who have been with the Company for a number of years, not just to new employees. So, always remain vigilant about safety to protect yourself and others. Do not become a poor example for others.
- When working with suppliers or other business partners, know the health and safety practices you must follow in their workplace operations.
- Remain vigilant about your current condition (such as lack of rest, use of medications) that may risk your or others' health or safety. Accidents happen when you least expect and become too complacent about safety. Talk to your manager if you feel unfit to work in your current condition.

# FAIR DEALING FOR OUR BUSINESS PARTNERS & THE MARKET

Successfully serving our customers depends on our ability to attract and build relationships with our many customers, suppliers, channel partners and contractors around the world. Fairness, equal opportunity, and ‘winning by the rules’ are values that guide our actions, both in our dealings with our partners and our business conduct in the market. We are committed to these values. By demonstrating our commitment to fairness and equal opportunity, we build relationships of mutual respect and trust. And when we acknowledge success only when it was achieved fairly, we ensure a business environment that rewards the innovation and creativity that serves our customers.

## SCENARIO

When you interviewed an employee from a competing company for a potential job, she showed you materials involving her current work. The materials appeared to be the competition's confidential information, which would really help your department to compete. It was not your fault that she showed you this information. So, you wonder whether you can ask her to leave the materials behind "so you can better evaluate her."

How do you create the right value?



# RESPONSIBLY GATHERING COMPETITIVE INFORMATION

Understanding our markets is vital to serve our customers. We assess competitive and other market information to identify our customers' interests and needs and how we should develop or enhance our products and services. Through these efforts, we demonstrate our integrity by showing respect for our competitors' rights and the rules of fair competition that protect them. By showing that we can win by the rules, we uphold our reputation for excellence and performance.

## OUR STANDARD

Only use or gather information about the competitive environment from legitimate sources and which you have a right to access.

## THE RIGHT WAY

- Rely on published or widely-available sources for competitive information. Examples include research reports, newspapers and marketing materials, to name a few.
- Make sure parties that provide you with competitive information understand that we only will accept information that is obtained legally.
- Have conversations with current or potential customers about their needs as long as the information that they provide to us is not confidential, unless we are authorized to know about their confidential information.
- Tell new employees that they must abide by the terms of any legitimate confidentiality agreements or similar obligations they have with former employers or other third parties.
- If you hire a person who formerly worked for a competitor, do not solicit confidential competitive information from that person.
- Do not accept competitor information directly from a competitor. Not only would this be an illegitimate way to gather competitive information, information sharing with a competitor also could suggest that an improper agreement exists between competitors. See also “Dealing with Competitors” on page 39.
- Never lie or misrepresent yourself to obtain competitive information.
- Do not use a research agency, consulting firm or other third party to engage in conduct that is not permissible for you or the Company to do.
- Do not ask or accept from a business partner any information about our competitors that you know was given to them in confidence.

## RESPONSE

We compete on the basis of our hard work, innovative ideas and our ability to understand our customers’ needs, not based on information that we are not permitted to obtain. It may be appropriate to discuss certain matters with a new employee, such as this person’s work experience and general professional knowledge. But you should never ask someone to disclose confidential information belonging to another company or break a duty to keep certain information confidential. If you have been exposed to a competitor’s confidential information, contact the Company’s legal staff to prevent any suggestion that you improperly gathered confidential information.



## **BE AWARE**

- Think before you ask for or accept any information about a competitor from an agent, retailer, distributor or consultant working for the Company and who previously has worked for a competitor. Seek guidance from your legal staff.
- Use caution with an agent, retailer, distributor or other third party that is not willing to discuss the ways that they collect competitive information. This may suggest that the source uses questionable practices.
- If any information about a competitor shows up unexpectedly from an anonymous source, be cautious. Before reviewing the material, seek guidance from legal staff.

## SCENARIO

You found on your desk a package of confidential material belonging to a business partner. You realize that quite often our partners share information about their plans and products to promote new lines of business between our companies. The information will be very helpful as you plan a new product launch.

How do you create the right value?



## PROPER USE OF OTHERS' INFORMATION

Integrity toward our business partners means keeping our promises and showing respect for our partners' rights and business interests. Just as we expect others to respect our Company's confidential information rights, we aim to do the same for information belonging to our customers, channel partners, suppliers and other business partners.

## OUR STANDARD

Demonstrate care in acquiring, using and sharing information belonging to others, and follow proper use guidelines in doing so.

## THE RIGHT WAY

- Be cautious about accepting a potential competitor's confidential information because doing so may cause a conflict as to who first originated a certain idea.
- Ask customers and business partners about use conditions when they provide their confidential information to us for business use.
- When sharing others' information, make sure that it is identified as belonging to the owner.
- Do not forget to always have a confidentiality agreement in place before accepting confidential information. When in doubt, check with your legal staff.
- Do not use information identified as another's confidential information without understanding its proper use guidelines or restrictions.



## RESPONSE

It is a good idea to check with legal staff if you do not know the source of the information or do not have any indication of the rights we have to use it. Accepting confidential information may require that the Company also follow certain obligations towards the partner, and we may not be willing to accept these terms. While the information may have been properly obtained and we may have the right to use it, it shows integrity and respect for our business partner when we verify the conditions and rights.

## **BE AWARE**

- Know conditions of use the Company agrees to when accepting a business partner's confidential information. Make sure the Company can meet these terms and that the terms do not impose unexpected restrictions on our business activities, such as restricting the Company from pursuing a similar product or business concept.
- Be cautious about any information that does not appear to be publicly available, does not belong to the Company and does not indicate its ownership. This may be a sign that it has not been obtained properly from another company. Do not simply assume that colleagues already have investigated these guidelines.

## **FAIR COMPETITION**

We recognize the importance of a competitive marketplace that encourages companies to innovate to best serve our customers' and society's interests. Adherence to fair competition rules that enable strong and competitive markets is essential for maintaining our capability to innovate and deliver value to our customers. When we follow these laws, not only do we better our society, we help our Company and our business partners to deliver better customer value. We are committed to following the fair competition laws in all of the countries where we operate. In this way, our commitment to fair competition not only builds trust among our business partners and consumers, it helps us become a stronger and more innovative company, as well.

## YOU NEED TO KNOW

Understand that fair competition laws are quite complex and vary by jurisdiction. It can be difficult to determine what is or is not a violation of these rules. Some countries have implemented rules that extend the reach of their laws beyond their borders, and many have increased enforcement actions and penalties. If your job involves sales, marketing, R&D, production planning, equipment or materials sourcing or negotiations with our channel partners or suppliers, you especially are expected to understand the Company's Fair Competition policy and how it applies to your work.

In general, fair competition rules restrict or prohibit:

- An agreement or understanding among competitors, or between a Company and its customers, channel partners or suppliers, that unfairly restricts competition.
- A company from abusing its position in the supply chain or market to gain an unfair advantage over other companies, especially smaller business relations.
- A potential merger, acquisition, joint venture or other alliance that may inhibit fair competition without prior government or regulatory review and approval.

Individuals who violate fair competition rules face heavy criminal penalties including harsh imprisonment terms and very large fines. This applies to all individuals involved in these acts. The consequences also are devastating to the Company as they may result in huge corporate fines, major class action lawsuits and restrictions on how we conduct business in the applicable country. For these reasons, the Company is very cautious about business activities that may run afoul of these rules.

Use the following guidelines to avoid problems:

1. Exercise independent business judgment – Make decisions based on your objective evaluation of a situation and careful consideration of the available facts and options.
2. Inform your legal staff if you receive suggestions for unlawful conduct from a competitor.
3. Seek assistance when unsure of the right action to take.
4. Inform your legal staff of any communications from law enforcement authorities. Do not submit any documents or material without the legal staff's approval.

## SCENARIO

One of the Company's channel partners is asking us to sell at a very low price. This buyer will not budge and claims that our competitor also has sold at this price and even suggested this price in the first place. Unless a significant and troublesome change occurred in the market that you are not aware of, you think that it is highly unlikely the competitor would have suggested this price. You consider verifying this price with the competitor just to ensure the channel partner's story.

How do you create the right value?



## FAIR COMPETITION : DEALING WITH COMPETITORS

We want to be respectful of our competitors and avoid situations that suggest improper interactions. In general, relationships among competitors can cause problems with fair competition. Our first duty is to serve our customers. We serve them by supporting the rules that encourage our continued innovation and success in a strong, competitive market.

## OUR STANDARD

Do not enter into any contract, agreement or formal, informal or implied understanding with a competitor without legal staff approval. Seek proper guidance before encouraging the Company to follow a competitor's activities. Regulators may misinterpret this move as anti-competitive.

## YOU NEED TO KNOW

Improper agreements do not have to be exclusively about consumer price. Agreements can be about anything that may influence price or customer choice, such as:

- Price fixing – Agreeing on any form of pricing for channel partners or customers, including, for example, use of pricing formulas, discounts or rebates, or agreeing on pricing to pay to suppliers.
- Bid rigging – Agreeing on how to bid for customer or channel partner business, such as by agreeing on what price or other conditions to put in a bid proposal. Typically, this is done so that a competitor wins one customer opportunity and another wins the next opportunity.
- Operation, production or distribution agreements – Agreeing on levels or other limitations of production or distribution of products, or agreeing on other operational activities.
- Market, territory or customer allocation – Agreeing to divide markets, territories or customers so that competition is reduced in each situation.
- Group boycotts – Agreeing not to do business with certain individual or groups of customers, distributors or suppliers, for instance, until that group agrees to more favorable pricing or other conditions.

Agreements do not have to be fulfilled or even been made sincerely to be illegal. Even failed attempts to reach an agreement that any party had no intention to keep still can be viewed as a conspiracy to violate fair competition law.

## RESPONSE

Exchanging pricing information with a competitor is never the right solution; what's more, it is illegal in many countries. We should compete based on our own pricing decisions and, more important, on the real value that our products and services provide to our customers. We do need to understand our pricing competitiveness using data that we obtain legally.



## **THE RIGHT WAY**

- Avoid gatherings of competitors that do not have a specific business purpose or a set agenda of legitimate discussion topics.
- When the discussion among a legitimate gathering of competitors starts to involve prices or other risky subjects:
  - Explicitly declare that this discussion is against Company policy.
  - Leave the discussion and make sure that your declaration and departure are recorded.
  - Immediately inform your legal staff of the situation.
- Do not exchange specific information with a competitor without legal staff approval or a general “blanket” approval for regular information exchanges. For example, do not exchange:
  - Pricing
  - Product output
  - Customer lists
  - Sales territories
  - Credit terms

## **BE AWARE**

- Avoid any discussion, exchange of information or other communication with a competitor. Even the most innocent interactions can be misinterpreted and risk our Company’s reputation.
- Certain activities between competitors, such as joint ventures or research programs, may be appropriate when the objective is to serve a customer in a way that either Company can not do alone. But always seek legal staff guidance before even the first discussion regarding such an arrangement with a competitor.

## SCENARIO

Our Company is a certain supplier's sole customer. During the relationship, we have had quite a few disagreements which the supplier may have perceived as injustices. Nonetheless, the relationship is not working well for the Company, and you want to discontinue the relationship.

How do you create the right value?



## FAIR COMPETITION : DEALING WITH CHANNEL PARTNERS AND SUPPLIERS

Fair competition involves how we interact with competitors and our suppliers, channel partners, contractors and other business partners. Our relationships ultimately should focus on serving our customers and working effectively with our business partners, not unfairly restricting fair trade. In order to do so, we strive to build mutual trust and collaboration with our business partners by ensuring equal opportunity for our business partners and demonstrating fairness and transparency in all our business transactions.

## **OUR STANDARD**

Demonstrate fairness and integrity in all our business relations with our channel partners, suppliers and other business partners. Use caution when suggesting retail prices to our channel partners or setting purchasing terms and conditions with our suppliers.

## **YOU NEED TO KNOW**

Improper activities that concern our business partners may include:

- Refusals to deal – not doing business with a potential or former partner without a legitimate reason. Such efforts may suggest an attempt with a competitor to allocate customers.
- Unfair exploitation of a superior dealing position – using the Company’s superior position over a supplier or channel partner to pressure unfair prices, refuse or delay execution of payment, impose sales targets, reestablish business terms, interfere in management or other unfair activities.
- Price or subsidy discrimination – Setting prices for certain channel partners outside of a regularly-applied pricing structure and without appropriate reason. Providing non-financial support also may apply here.
- Exclusive dealing with certain partners or territories – Setting terms that unreasonably restrict our partners’ freedom of doing business. This includes dealing only on the condition that our partner does not deal with a competitor and setting exclusive sale territories.
- Resale price maintenance – requiring a channel partner to sell the Company’s products at a certain price, discontinuing sales to that partner because of its pricing decision, or penalizing a channel partner for not maintaining resale prices based on another partner’s complaint.
- Tying and bundling arrangements – requiring that a partner sell to or buy from the Company for the Company to do the same with the partner, either as a wholesale arrangement or for specific unrelated products.
- Predatory pricing – Setting unfairly low prices to channel partners or customers, such as below cost, or purchasing at unfairly high prices from suppliers, to drive out competitors.



## RESPONSE

The Company has the right to choose its own business partners. Also, we want to make reasonable efforts to help our business partners succeed. As long as we make these decisions based on factual data and good judgment, we likely will not run afoul of fair competition rules. Make a sincere effort to convince the supplier that this decision was made on a fair and reasonable basis. Also, ensure that you can document your decision based on the supplier's performance. It is good practice to review this situation with your legal staff before breaking ties with the supplier.

## THE RIGHT WAY

- Before making new procurement pricing standards and other decisions about how the Company will deal with business partners, review the Company global Procurement Policy "Goodbook" to ensure the proposed plans will not result in unfair deals with our business partners.
- Review with legal staff new marketing, promotional or pricing strategies that may cause the Company to differentiate among business partners.
- Clearly communicate our reasons, standards or criteria for making decisions when these decisions involve significant changes in pricing, volume or other terms of our business relations. Make sure our partners understand that the Company makes these decisions on a fair and objective basis.
- Use fair and objective criteria when making decisions that involve competing business partners or when terminating business with an existing business relationship. Also, ensure that you can provide documentary evidence that can support that such a decision has been made reasonably and legitimately.
- Never force our channel partners to sell at specific retail prices. Recommended retail prices can be suggested, but any threat or implication to cut off deals, incentives or apply penalties can run afoul of fair competition laws.
- Do not meet with two or more channel partners at the same time to discuss issues that may infringe on competition, such as channel partner selection or division of territories.
- Do not enter into any agreement or understanding that may violate the spirit of fair competition without reviewing the matter first with legal staff.

## **BE AWARE**

- Any contracts, agreements or understandings the Company makes with its partners may include terms that could cause the Company to violate its standards or other legal requirements.
- Sometimes the Company's business partners also may be its competitors. In these situations, fair competition standards become even more difficult to apply, and you should consult with legal staff.
- Especially note instances where a smaller partner significantly depends on our business. In these cases, it is much more likely that actions that work against the partner may be considered as abuse of our position in the supply chain.
- If you refuse potential business with a particular business partner without good reason, fair competition authorities and the rejected organization may suspect that the Company is conspiring to allocate customers or is abusively trying to strengthen its dominant position.

## SCENARIO

After talking with a channel partner, you are convinced that a competitor is about to raise prices. You figure that this may be a good sign that the Company also can raise its prices. You consider writing a recommendation to your manager that “the Company should raise its prices because you understand that the competition is raising its own prices.”

How do you create the right value?



## FAIR COMPETITION : CAREFUL COMMUNICATION

The Company demonstrates its commitment to fair competition also through its internal and outbound communications. What we say and write sets a tone for how we compete and reflects the hard efforts we make to ensure our actions do not violate fair competition rules. We are committed to avoiding even the appearance of a fair competition violation. Always consider fair competition in how you communicate about Company activities.

## OUR STANDARD

Always use care in Company oral and written communications related to fair competition issues, and never indicate that the Company is interested in arrangements that involve unfair competition.

## YOU NEED TO KNOW

Company communications come in many forms, all of which can help to support or harm the Company's reputation. These communications include, for example:

- Written memos, emails, and notes on paper tablets and instant messages.
- Formal presentations to partners, customers, suppliers, management and colleagues.
- Statements made at a partner meeting, industry gathering or press interview, and even casual conversation.

## RESPONSE

It is legal and proper for sales staff and other employees to get market information from third party sources, like a research agency. What is improper is obtaining that information directly from a competitor or a partner. When communicating about such sensitive information, you should be clear about the source of the information so that no question exists regarding how you obtained it. In this instance, your memo to your manager suggests that you obtained it improperly – directly from the competitor. You should obtain the information from proper sources and identify the source of information on the document.



## **THE RIGHT WAY**

- Consider fair competition standards when communicating about the Company and its activities, either orally or in writing.
- Assume that all Company communications may be reviewed by legal authorities when you communicate by documents such as emails, thus avoid misleading language that could give the wrong impression about the Company's competitive activities.
- Avoid comments about industry trends, such as pricing, that could suggest that the Company has reached an understanding with competitors.
- Identify the source of any competitive information in what you write to demonstrate that it was obtained properly.
- Never disparage competitors or their products or services. Any product or service comparisons must be factual and be supported by evidence. See also "Responsible Marketing" on page 7.
- Do not use terms that may give the wrong impression about our approach to dealing with competitors. terms to watch include the following:
  - "Drive out competitors"
  - "Hurt the competition"
  - "We will dominate the market"
  - "Cooperate with competitors"
  - "We share a common understanding" with competitors

## **BE AWARE**

Adhere to legal orders or other requirements to retain Company communications related to a lawsuit, regulatory request or other legal action, even if Company retention procedures have marked the material for destruction. Improper destruction of these communications can cause the Company real harm.

See also "Good Record keeping and Retention" on page 74.

## SCENARIO

One of the Company's products has sold fantastically well overseas due to a hit advertisement campaign using a recognized celebrity. Since the celebrity is recognized in your country as well, you feel sure that reusing these advertisements where you work will be an inexpensive and effective way to boost sales. You know that the Company has licensed the celebrity's publicity rights, so all you would have to do is rework the advertisements to fit your country's language and style.

How do you create the right value?



# RESPECT FOR OTHERS' INTELLECTUAL PROPERTY

Competing fairly means showing respect for others' rights to their intellectual property. Just as we expect others to respect our own intellectual property, we show fairness when we respect others' intellectual property and exercise caution when developing our own ideas. In a high technology company where good ideas must develop quickly for a company to remain competitive, how we show concern for others' intellectual property rights truly demonstrates our commitment to these principles.

## OUR STANDARD

Show respect for others' intellectual property rights. Use this information or material only when we have the right to do so, such as with permission from the owner.

## THE RIGHT WAY

- Research whether materials, information, media (such as pictures, audio and video) or other concepts that we acquire or plan to use may be owned by another party. If so, identify requirements for using this information.
- Make sure you understand the conditions and terms of intellectual property the Company has licensed for our use.
- Do not use a design, technology, media or information that is owned by another company or individual without obtaining permission to use it.
- Never use or share another's trade secrets that you or the Company has not obtained legally.

## RESPONSE

We want to show respect for and honor others' intellectual property rights – this includes not only our competitors, but our business partners, as well. This would involve researching what we can and cannot do according to the understanding we have made with our business partners. In this case, it is important to know that almost all publicity licenses have limitations on geographical area. We build trust with our partners by being diligent and cautious when using their intellectual property rights.



## **BE AWARE**

- Watch out for whether components provided by our suppliers for use in our end-products may use technology that is another party's intellectual property.
- Be cautious of pictures, audio, video and other media on the Internet that seem like free-use material at first glance. Do not assume that these are available without license for use.
- Also, be cautious when using open-source code. Although open-source code can generally be copied and/or incorporated into our software products, remember that, in truth, such usage is only allowed subject to specific licensing conditions (such as opening our own source code).
- Understand that materials colleagues circulate by email may be another party's intellectual property and, therefore, restricted in how they can be used and shared. Generally consider articles, research reports and other published documents as another's intellectual property.

See also "Protection of Company Intellectual Property" on page 68.

## SCENARIO

A shipment of important raw materials has been held in customs for several weeks. The customs authorities have not given any explanation for the delay. And despite your efforts, you find it difficult to contact the official in charge to resolve the problem. Then, you are approached by a “customs broker” who confidently claims he can get the shipment cleared tomorrow if you leave everything up to him.

How do you create the right value?



## NO BRIBES OR IMPROPER PAYMENTS

Our commitment to Jeong-do Management and “Winning by the rules” requires that we demonstrate the highest standards of integrity and transparency in our business transactions to our customers, business partners and our community. In doing so, we must all conduct our operations in a fair and transparent way, and never use bribes or other improper means to advance our business objectives.

## OUR STANDARD

No matter where in the world we conduct our business, do not offer or promise bribes or make solicitations for improper business advantages.

## YOU NEED TO KNOW

'Bribery' is the offer, promise or giving of money or anything of value to a government official with the intention of corruptly influencing such official to obtain or retain business or to otherwise secure any improper business advantage.

- 'Government Official' refers not only to representatives of a government agency, but also include employees and agents of state-owned enterprises, representatives of political parties, candidates for political office and officers of public/charitable organizations considered equivalent to government entities (also, note that even when the recipient is not a government official, it is still often considered illegal to give money or anything of value with the intent of corruptly influencing his or her official duty)
- 'Things of Value' include not only monetary payments, gifts, meals and entertainment, but can also include reimbursement of expenses, discounts when purchasing our products or services, promises of employment or even personal favors
- 'Business Advantages' include privileges/accommodations in matters of customs, tax, entry visas, government approvals, and also acquisition of new business opportunities through government bids and etc.

Bribery is a serious criminal offence in every country we operate, and penalties can be severe for both the individual and the Company. Not only do countries punish domestic corruption, they also vigorously prosecute bribery occurring overseas through the application of extraterritorial jurisdiction. For example, countries like the US have imposed severe US anti-corruption penalties to non-US companies based on a single wire transfer that went through a US situated bank or an email that went through a US situated server. Even if it is considered customary to give bribes in the country in which you operate, you should never think it is allowed or safe to do so.

Even if our agent or an employee of a joint venture engages in bribery, the Company can also be held responsible if we knew or should have known about it.

## RESPONSE

When considering hiring brokers, consultants or other 3rd parties to resolve legal or administrative issues with the local government, you should be wary of whether they may use bribes or other improper means. It is important to remember that we will be held responsible not only for our own actions but also the actions of 3rd parties who act on our behalf.



## THE RIGHT WAY

- When hiring a 3rd party agent, consultant or establishing a joint venture company, you must clearly define a certain role and purpose of such agent, consultant or partner of the joint venture. More intensive monitoring should be needed when our agents, consultants or partners are the officers of government agencies or public organizations.
- Followings should be required for preventing the risk concerning bribes offered by the Company's contractor such as a vendor, agent, consultant or partner of joint venture ("contractor").
  - Request the contractor a confirmation on abiding by anti-corruption laws and regulations and insert a clause which imposes the obligation to abide by anti-corruption laws and regulations on the contractor to an agreement with the contractor.
  - Conduct due diligence on items such as the reputation, relationship with governmental organization, previous history regarding bribes of the contractor.

The agreement or transaction with the contractor should be immediately terminated whenever contractor's violation of anti-corruption laws and regulations is found.
- Inexpensive promotional items and modest, occasional meals and entertainment can be provided as a gesture of courtesy and partnership. However, such meals, gifts or entertainment:
  - Must be indisputably reasonable such that it would not be considered lavish, nor make the recipient feel obligated to repay the gesture
  - Must be provided in an open and transparent manner as to avoid any likelihood of being misunderstood as an improper payment
- In reimbursing a government official's travel or other expenses, only offer to pay actually incurred expenses that were necessary for the performance of legitimate government relations operations such as product promotion events etc.

## **BE AWARE**

- You should monitor whether the contractor is engaging in bribery or other improper activities for the benefit of the Company. Be cautious of:
  - Contractors who have been recommended by or have family relations with the official in charge; Partners who have no notable qualifications other than that he has prior acquaintance with the specific official in charge
  - When the contractor wishes to keep his service agreement secret or when he refuses to agree to anti-bribery provisions.
  - Unreasonably large commission fees or expense claims; Vague or suspicious invoices; Poorly documented expense claims
  - When the contractor (or official in question) demand expenses to be paid to an unrelated 3rd country, 3rd party or in cash or other untraceable funds for no particular reason
  - When engaging in deals that require heavy government involvement (such as real estate or security transactions), the official in question demands to deal only through the contractor
- Even when making a charitable contribution to a private organization, if the head of the organization is considered to be (equivalent to) a state official or the contribution is made by the request of a government official, this could also be considered as bribery in certain situations.

# CARING FOR OUR COMMUNITIES

An important part of our Company's success comes from our good neighbors. The communities in which we live and work provide us with employees, a nurturing environment and the respect that are so central to our prosperity. In turn, we will continue acting as a good corporate neighbor. We commit to remain responsive to our communities' expectations and actively set and achieve goals and standards to improve the lives of our neighbors.

## SCENARIO

One of the Company's long-time waste processing firms has approached you with a proposal to expand your business arrangement. While the services are more comprehensive, the price they are requesting seems almost too good to be true. However, you know this deal will be a big cost saver, and even if there is something questionable going on, it would be the other firm and not the Company doing anything wrong. So, you consider the deal.

How do you create the right value?



## ENVIRONMENTAL PROTECTION

The Company has consistently demonstrated a commitment to protect the environment. We appreciate that a single problem today can have a long-term, wide-ranging impact on local communities tomorrow. Our care for our communities and the natural environment compels us to think carefully about environmental protection. The Company is committed to act responsibly with regard to how our operations impact the environment, and to help ensure that our supply chain does the same.

## OUR STANDARD

Conduct all Company operations in a way that demonstrates our commitment to environmental protection, especially regarding our suppliers' products and manufacturing operations.

## YOU NEED TO KNOW

The Company is strongly committed to environmental protection, including its eco-design, eco-labeling, green Program and life Cycle assessment initiatives. The Company reports annually in its Sustainability report on the progress of its environmental initiatives against its goals.

Our responsibility towards the environment should be recognized according to the Company global Standards, even if local regulations do not meet our level of commitment. Environmental regulations are constantly developing and environmental damage lasts a very long time. This means that even if our environmental impact is legally permitted today, it eventually will be judged by the much more stringent standards of tomorrow.

Main items commonly required regarding environmental protection are as follows.

- Efficient use of resources
- Compliance with environmental laws and regulations of each country (ex. RoHS, REACH)
- Compliance with domestic environmental laws and regulations
- Reducing emission of greenhouse gas
- Recycling and managing used materials
- Reducing energy consumption
- Prohibition on use of conflict minerals

## RESPONSE

Managing costs is more than just about short-term benefits. Our environmental responsibility extends throughout the supply chain and to our local communities to ensure that our business as a whole does not adversely impact them. This is why we should be concerned about questionable deals or activities by our partners that could damage our Company and our stakeholders in the long run.



## **THE RIGHT WAY**

- Raise any environmental concerns regarding any aspect of product/service development you are involved with to your manager.
- If you manage operations that impact the environment, follow Company programs and procedures to:
  - Set measurable objectives to reduce operations' impact on the environment.
  - Monitor and verify progress with achieving these objectives, such as by evaluating environmental performance data.
- Monitor changes in local environmental regulations. Make sure these changes are promptly communicated to an appropriate environment, safety and health staff so that the Company has sufficient time to make adjustments to our products/services and operations.
- Do not allow new or changes to Company operations to deviate from Company objectives regarding environmental protection.
- Do not disregard questionable activities by a supplier, contractor or even channel partner just because they are not part of the Company. Notify your manager or appropriate Company environment, safety and health staff if a business partner's operations that serve the Company violate legal or regulatory environmental requirements.

## **BE AWARE**

All aspects of the Company's product/service design, raw material sourcing, manufacture, marketing, distribution and disposal impact environmental protection. Even if your job does not directly relate to one of these activities, consider how your work influences any of them and the Company's responsibility to the environment.

Remain aware of our business partners' environmental compliance. While a partner may be certified as eco-friendly, the Company still should consider monitoring its business operations or the products it delivers to us to ensure that it upholds its certification.

## SCENARIO

Your department imports a lot of high technology products that do not fall neatly in traditional classification categories. You always submit your ideas on how these items should be classified to the local government customs office. But usually it takes them several weeks to reply. This slows down your work group's imports. Since the customs office often approves your ideas anyway, you consider whether there is much point in waiting several weeks for their approval before finalizing a product's import documents.

How do you create the right value?



# RESPONSIBLE INTERNATIONAL TRADE

As a global company, our international trade activities affect not only our customers but also the communities around the world where we conduct our trade operations. Understanding and following the local regulations that protect each country's security and international rights is one way we show care for the communities that support our business wherever we work.

## OUR STANDARD

If your work involves moving any materials or products among countries, know the import, export, embargo or boycott requirements of the countries that you deal with. Also know any specific restrictions for taking sensitive equipment out of a country or transmitting sensitive information to anyone who is not a citizen of that country.

## YOU NEED TO KNOW

Employees who work closely with imports or exports especially need to know and understand trade requirements and other Company policies and procedures to ensure compliance with international trade laws. Trade controls involve the following:

- Imports involve documentation accuracy, country of origin labeling, product classifications and value declarations (even for items without a cash value, such as unmarketable product components or technologies).
- Exports typically involve approval to ship to another country. Export controls also may cover moving technical data or computer software out of a country, such as on a laptop computer, and even sharing certain sensitive knowledge and technology with an employee who is not a citizen of that country. The Company does have several strategic technologies that are subject to export restriction.
- Embargoes or boycotts address restriction of trade with certain countries, companies or individuals.

## RESPONSE

Using unsanctioned customs classifications likely will violate regulatory requirements. If this occurs, the import may face suspension rather than just a delay. Also, these incidents lead customs inspectors to increase their oversight of the Company, making it even harder to move products through customs in the future. Taking into consideration delays due to regulatory uncertainty is one example of our commitment to caring for our communities. Developing an import operations procedure that assumes a few weeks lead time would be the best way to demonstrate this commitment.



## **THE RIGHT WAY**

- Check with your manager or the appropriate international trade support staff if you are unsure of the correct documentation or entries on export or import documents.
- Know the intended and final destination of all materials identified for export.
- Do not simply take a customer's word about the accuracy of completed export/import documentation. The Company may be liable for any incorrect statements.
- Never provide sensitive technical or proprietary data to a person who is not a citizen of your country, unless you are sure that this person is permitted to receive it.

## **BE AWARE**

- Be cautious of outdated, incomplete, incorrect or poorly-completed export or import documentation. These can lead to sanctions, including prohibitions or restrictions on export and import rights. This matter can severely hurt the Company's ability to conduct trade. So, it is better to check than cause the Company to risk significant damage due to penalties or restrictions.
- Watch for attempts by individuals in other countries to purchase Company products through channels that are illegitimate in their countries.
- Be cautious of individuals who seem unwilling to provide accurate, complete and timely information regarding exports or imports. While the situation may be innocent, it also may suggest an effort to deceive the Company or regulators.

# SUPERIOR RETURNS FOR OUR SHAREHOLDERS

Value for our stakeholders is the result of successfully serving and winning the confidence of our customers and our shareholders. We can provide great financial returns to our shareholders when we continue to serve our customers to enhance the Company's long-term success. In doing so, we have a responsibility to respect and protect Company assets that our shareholders have entrusted to our care and to provide to our shareholders the information they need to make informed investment decisions. Respect, integrity and service to our customers are how we make our Company an investment that our shareholders are proud of.

## SCENARIO

The Company has hired an outside it firm to build a research database for our laboratories. It will be much more efficient for both the Company and the developers if they could have full access to our existing research data from their own offices during the project. There are only a few outside people working on the project, so you think that having confidentiality agreements with each person will sufficiently protect the Company.

How do you create the right value?



# INFORMATION SECURITY AND CONFIDENTIALITY

Company confidential information plays a central role in how we effectively serve customers and work with business partners. We maintain our competitive advantage by keeping certain information confidential or proprietary and protecting this information from security threats. Preventing unwanted disclosure is vital to leverage this information's effectiveness. If you have access to the Company's confidential or other sensitive information, take steps to properly use and safeguard it. These actions will help to protect this valuable Company property and help the Company to stay competitive.

## **OUR STANDARD**

Understand and follow Company policies for using, sharing and safeguarding the Company's confidential and proprietary information. Take personal responsibility for maintaining information security and preventing unauthorized disclosure of Company confidential information in your possession.

## **YOU NEED TO KNOW**

It is important that you understand and follow Company information Security Policies that protect our confidential and other valuable information assets from unauthorized disclosure and outside threats. These include:

Personnel security and legal measures to protect our confidential information from unauthorized disclosure by current or former employees and our business partners.

- Document security and confidentiality.
- Physical security to control unauthorized access to our facilities and use of electronic storage media.
- Computer and network security to protect the Company from outside security threats.

Company confidential information is not limited to material that is marked as "Confidential". It involves all Company information that needs to be controlled in order to protect our management interests. Our Company uses the following way to classify company information:

- Secret – Core technology or management information that would critically damage the Company if disclosed. 'Secret' class information cannot be shared with any employee or outsider who is not an original holder, except under strict approval procedures.
- For Internal Use Only – All work products that we create in our daily business activities are primarily classified as 'for internal use only'. This means that the information and materials we create during our work can be shared on a 'need to know' basis with our colleagues, but it is not intended for disclosure to others outside the Company without approval and legal protection measures.



## RESPONSE

For the other organization to easily access Company information, a confidentiality agreement is a good first step. However, you should also consider the sensitivity of the information that the other organization will have access to. Some Company information is so sensitive that no way exists for us to meaningfully recover the damage improper disclosure can do, regardless of whether we use legal measures to resolve these incidents. This is one reason why it is important to be aware of Company information security and confidentiality rules. If you have questions, talk with your manager about these important issues.

## THE RIGHT WAY

- Follow Company information security procedures for sharing Company information with others. This involves obtaining appropriate approval and executing a confidentiality agreement with the recipient.
- When sending confidential information to an outside party by email, “carbon copy” (cc) the person who approved this transmission, such as your manager or project leader.
- Maintain physical security of Company facilities, especially when you host guests to the Company workplace. Also follow Company rules for using storage media and recording equipment inside Company premises.
- Protect your work computer from intrusion. Always maintain assigned system security software and settings and keep them updated.
- Do not leave Company confidential information unattended or where others can easily access it, such as on your desk or in an unsecured file cabinet.
- Do not take work material home or send it to a non-Company email or internet storage account without following Company procedures for doing so.
- Do not discuss confidential or other sensitive Company information with friends or acquaintances.
- Do not discuss confidential details of your job when applying for a position in another company, both during your employment and even after your employment ends.

## **BE AWARE**

- Carefully think about the kind of Company information you share with a business partner. Even if you have a confidentiality agreement in place, consider the potential consequences of disclosure and be cautious about the sensitivity of information shared.
- Understand the sensitivity of any Company information you work with, and handle and store it appropriately. Lock away everything that is not public information.

See also:

- “Privacy and Data Protection” on page 17.
- “Proper Use of Others’ Information” on page 34.
- “Protection of Company Intellectual Property” on page 68.

## SCENARIO

After years of research, the Company finally is about to revolutionize the industry with a truly innovative product design. The Company already has applied for design right registration in a few key countries. One of our competitors is about to launch a similar product very soon. To combat this threat, you consider whether the Company should launch the new product in other countries before completing the design right registration there.

How do you create the right value?



# PROTECTION OF COMPANY INTELLECTUAL PROPERTY

The Company's intellectual property – embodied in its product designs, technologies and information – is important to the Company's success. We only can serve our customers well over the long term when we protect the Company's intellectual property rights that provide us with a competitive edge in innovative products. Just as we carefully use others' designs and copyrighted works, it is paramount that we carefully protect and use the Company's intellectual property.

## OUR STANDARD

Safeguard Company intellectual property from improper use and, specifically, trade secrets from improper disclosure of any kind.

## YOU NEED TO KNOW

Intellectual property consists of:

- Designs, technologies, inventions and other materials and information that are protected by patents, design patents, trademarks and copyrights.
- Trade secrets, such as product/service designs and technologies, provide the Company a competitive advantage in remaining secret. A trade secret must never be disclosed internally or externally without specific authorization.

## RESPONSE

You should assume that others will copy our design in countries where we have not obtained registration. While we certainly want to put innovative products quickly into the marketplace, we also need to protect our designs and other intellectual property from misappropriation. This is a major business decision, and you should raise situations like this with senior management.



## **THE RIGHT WAY**

- Understand what is considered to be Company intellectual property and help to safeguard it by using patents, trademarks and copyrights.
- Seek advice and report to your manager or appropriate intellectual Property staff if you help the Company to develop new concepts, designs or technologies that likely should be protected as intellectual property.
- Never disclose any confidential information that may be considered as a trade secret without proper Company authorization and sufficient contractual measures to protect against others who may exploit this information.

## **BE AWARE**

- Suppliers or other business partners may provide the Company with designs, technologies, research results or other information that likely should be protected as intellectual property. Ask questions about this material and determine beforehand who has or will have ownership rights to it. In certain instances, we may not want to accept the information if we are working on similar intellectual property if accepting it may compromise our own efforts.
- Watch for where an individual or another company is using the Company's intellectual property without permission or proper labeling.

## SCENARIO

A colleague and friend of yours recently transferred to another team. You two continue to communicate often by email regarding both business and personal matters. You find her to be a good listener about your complaints regarding your work with a certain channel partner that she used to manage.

How do you create the right value?



# PROPER ELECTRONIC COMMUNICATION

Certain technology resources speed communications and business processes, enabling us to make quicker progress and better respond to customers' and others' needs. Computers, communications systems and other electronic resources can better link our operations around the globe and across many time zones and tie together our efforts with suppliers and channel partners. When improperly used, these same resources also can risk our operations and damage our reputation. As these technologies continue to improve rapidly, we need to better harness their benefits while managing their risks. Also, we need to remain respectful to others when using these resources.

## **OUR STANDARD**

Always use Company electronic communications systems responsibly, generally limit use of these systems to business purposes, and protect these resources from improper access or use.

## **YOU NEED TO KNOW**

Electronic communication involves, among others:

- Communicating on Company-issued cellular and land-based telephones.
- Sending email on your Company email account.
- Using instant message, SMS or MMS services sponsored by the Company.
- Using Company information systems such as computer hardware and peripheral devices, software and network equipment.

The Company has the right to and does inspect use of its electronic equipment, such as communications across and data stored on them. This includes non-business data. The Company also can use data on these systems at its discretion, including disclosing it to others or deleting this data. You should not expect privacy in using these Company resources, even for personal communications.

## **RESPONSE**

Many employees are both colleagues and friends. While Company electronic resources primarily are intended for Company business, certain minimal personal use is all right. But remember the dangers of using these resources. Communications with colleagues can be sent easily to unintended persons and, once sent, cannot be erased. Personal use of Company electronic resources should be minimal, never interfere with Company business and not involve inappropriate content.



## **THE RIGHT WAY**

- Limit use of Company electronic resources to business purposes. Incidental personal use should be minimal and not interfere with your work activities.
- Keep all communications using Company resources professional and respectful, even when communicating with Company friends. Always consider that electronics communications can be easily recreated and forwarded to unrelated third parties.
- When sending email or other text-based communications, proofread your message before you send it. Avoid putting yourself and the Company in a difficult position because of a simple editing mistake or a phrase that can be interpreted the wrong way.
- Do not use Company resources to access or download data:
  - Owned by others that you do not have a right to obtain.
  - That may be considered discriminatory, harassing, offensive or hateful.
  - That may include malicious content, like a virus, that could harm our information systems.
- Never use Company resources to send inappropriate messages that are sexually explicit, clearly discriminatory or contain other content that is hateful.
- Do not use the email “carbon copy” (cc) feature indiscriminately. Ensure that it is important to include others in a communication before you copy them on an email. Use a “need to know” test before including someone in the cc field.

## **BE AWARE**

All communications used on Company electronic resources are the Company’s property and must be handled like Company confidential information, unless the information’s ownership is clearly indicated (such as a supplier’s product design).

## SCENARIO

You receive a “Document Preservation Notice” from the Company’s legal staff concerning some lawsuit in the U.S. that you were not aware of. The retention period of the indicated document had expired last month and the original was destroyed. But you still have a copy in your possession. You wonder whether you should destroy the copy according to Company document retention policy or follow the document Preservation Notice.

How do you create the right value?



# GOOD RECORD KEEPING AND RETENTION

The Company’s records provide important information about our operations. These records allow us to review objectives and strategies, determine resources and measure results, all of which help us to improve how we serve and work with all of our stakeholders. We rely heavily on our records’ accuracy and integrity in making decisions. Therefore, it is imperative that we carefully work with and maintain these vital Company resources.

## **OUR STANDARD**

Follow Company policies and procedures in developing, maintaining and destroying Company records.

## **YOU NEED TO KNOW**

A Company record is widely defined as information or media that documents any aspect of Company business operations. This would include, for example:

- Documents we use to communicate and make business decisions, such as reports, approvals and correspondence.
- Materials related to transactions with other parties, such as receipts, invoices and contracts.
- Records of facts or events such as logs, test results and statements.
- Other media that we use to preserve information about Company business operations.

There are many cases where laws and regulations require the Company to maintain certain documentation accurately for a certain period.



## **RESPONSE**

In this instance, the document Preservation notice takes precedence. No one must destroy a Company record under a legal preservation order, and the Company should suspend all document destruction procedures for related records. This step is critically important to demonstrate to legal authorities the Company's commitment to working with them. Because of the risk of legal sanctions for not following such an order, this step also safeguards the Company's reputation and financial assets.

## **THE RIGHT WAY**

- Comply with all laws, regulations and Company policies regarding retention and records management. For instance, environmental regulations in some countries require that we retain transaction records and delivery logs of our waste treatment outsourcing operations for a certain number of years.
- When a record has completed its life-cycle, make sure you destroy any physical copies of the record that may be in your possession and delete any electronic copies you may have inside your work computer.
- Never alter, delete or destroy any applicable records where record destruction procedures have been suspended due to a legal order or regulatory request. Check with your legal staff if you are unsure.
- Do not forget to transfer your prior work records to your replacement when you change work assignments.

## **BE AWARE**

Be aware of document preservation notices the Company's legal staff may issue from time to time. In many cases, lawsuits hinge on the existence of records. So, complying with these notices is critical to help prevent legal losses.

## SCENARIO

A colleague told you that she heard the Company's Board was briefed the previous day on a major initiative that likely will strongly impact the Company's future earnings. Since you did not hear this news from the Board itself, you do not know whether this story is true. You think about mentioning it to another colleague to see if it appears to be correct.

How do you create the right value?



# RESPONSIBLY HANDLING INSIDE INFORMATION

Certain sensitive business information has a key role in our success. Our stakeholders trust us to sufficiently safeguard this sensitive Company information. Misusing inside information for individual profit, or disclosing this information to others, can severely damage this trust and hurt the Company's and an individual's reputation for integrity. Misusing inside information of other companies also puts us and the Company at risk.

## OUR STANDARD

Carefully safeguard any inside information belonging to the Company, a customer or a business partner. Do not trade the Company's securities based on this information, and do not provide it to others without authorization.

## YOU NEED TO KNOW

Inside information is any confidential information significant enough that, if made public, may affect the price of the Company's securities. This may involve, for example:

- Financial or operational results or trends in these results.
- Major business decisions and events such as establishing a large-scale business arrangement with a new partner or losing a major buyer.
- Pending mergers, acquisitions, joint ventures or other business alliances.
- Capital increases, decreases and other significant changes to the Company's financial structure.



## RESPONSE

First, you should not discuss the matter with anyone else since such important information is likely to be sensitive and confidential – or inside information. Also, you should tell your colleague who shared the story with you to be cautious of what she repeats to others since all employees have a duty to safeguard this information from disclosure. If inside information gets out to others who use it improperly, it could damage the Company's reputation and lead to significant penalties for any employee who shared the information.

## **THE RIGHT WAY**

- Safeguard any inside information belonging to the Company or a business partner from unauthorized disclosure. Report any unauthorized disclosure of this information to legal counsel.
- Do not buy or sell a company's securities if you have inside information about that company.
- Do not provide inside information to others who could use it as a basis to trade the relevant company's securities.

## **BE AWARE**

It is sometimes necessary for the Company to share results of operations and other significant Company information with employees. Consider whether this is inside information. If so, do not disclose this information to others outside the Company unless you are sure the Company has made this information public.

## SCENARIO

A friend, who is a news reporter, asked you “off the record” to confirm a rumor about the Company’s financial status. You do not work in finance and do not have any idea about the Company’s actual financial situation. You feel comfortable stating that you heard the same rumor, but that it is only a rumor.

How do you create the right value?



## CAREFUL PUBLIC DISCLOSURE

Proper disclosure of Company information can serve our business interests and tell the great story of our Company. These disclosures help customers and the public to appreciate what we do for them and all of our stakeholders. Proper public disclosure also helps the Company to attract and encourage shareholder investment. Further, the Company has a legal duty to make public and is committed to providing information to the market on material events that may affect the Company’s stock price.

## OUR STANDARD

Understand that certain important information about our business operations and financial status must be kept confidential to all outsiders until publicly disclosed.

## YOU NEED TO KNOW

- Understand and follow the Company's information security standards. Keep material information discussed in management meetings and other high-level executive discussions in confidence unless the Company has disclosed this information to the public.
- Inform any regulator, reporter or outside attorney who requests information concerning Company operations that we want to help and will contact the right person to provide assistance.
- Do not talk with a news reporter, whether or not for attribution, without first seeking guidance from the Company's Public relations department.
- Do not indicate that you are representing the Company if you are providing a personal opinion, such as at a business meeting or on an internet discussion board.

## RESPONSE

Too often, unfounded rumors have a way of becoming 'accepted fact' – in employees' minds and even in the press. The Company seeks to communicate appropriate and accurate information about its operations to meet certain legal requirements and to sustain its shareholders' and other stakeholders' trust. So, it is important to allow the Company to communicate this information according to established procedure, and not for employees to circulate rumors that may be untrue.

## BE AWARE

Any situation that, if disclosed, may materially affect the Company's operations or may materially move its stock price should be informed to your manager so the Company can determine in time whether it should make a public disclosure.

