

Anti-bribery management system regulations

Version 1.0

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SK chemicals*


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Chapter 1 General provisions

Article 1 (Purpose)

The purpose of these regulations is to stipulate and manage the basic direction and responsibilities of the anti-bribery management system in connection with each company regulation in order to ensure the effective and efficient implementation and suitability of the anti-bribery management system, and establish the standards for the responsibilities and authorities of each department necessary to prevent corruption during the performance of duties.

Article 2 (Scope)

The relevant regulations, including these regulations, will be applied to the tasks necessary for the establishment, execution, operation, and continuous improvement of the Company's anti-bribery management system that reflects the requirements of the anti-bribery management system (ISO 37001), legal/regulatory requirements, and the requirements of stakeholders and the Company.

Article 3 (Responsibilities and authorities)

① Board of directors

1. Confirming anti-corruption policies and establishment of the anti-bribery management system
2. Approving management strategies and policies affecting the anti-bribery management system
3. Periodically reviewing operational results and information related to anti-corruption
4. Reasonably supervising the CEO's implementation and effectiveness of the anti-bribery management system
5. Reviewing the consistency of management strategies and anti-corruption policies
6. Giving instructions for allocating and distributing resources necessary for the effective operation of the anti-bribery management system

② CEO

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1. Approving anti-corruption policies
2. Establishing/executing/maintaining/reviewing the management system including policies and goals according to corruption risks
3. Reviewing and communicating the effectiveness of the results of operating the anti-bribery management system
4. Assigning and approving the responsibilities and authorities of each department related to the anti-bribery management system
5. Checking internal/external issues and risk evaluation results
6. Integrating the anti-bribery management system and approving related regulations
7. Allocating sufficient and appropriate human and material resources for the effective operation of the anti-bribery management system
8. Reviewing whether the anti-bribery management system is adequate to achieve the goal
9. Directing and supporting human resources that can contribute to the effectiveness of the anti-bribery management system
10. Promoting an appropriate anti-corruption culture and continuous improvement within the organization
11. Supporting the roles of all executives/managers of the Company according to their scope of responsibility
12. Ensuring that anti-corruption whistleblowers are not subject to retaliation, discrimination or disciplinary action
13. Periodically reporting the operation details, results, and problems of the anti-bribery management system to the board of directors

③ Anti-corruption department


1. Identifying internal/external issues related to anti-corruption
2. Identifying stakeholders and their demands
3. Establishing and operating the system according to the scope of application for anti-corruption
4. Identifying and analyzing anti-corruption risks, and collecting, reviewing and reporting the evaluation results
5. Identifying anti-corruption compliance obligations and sharing related information

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6. Reporting the results of the anti-bribery management system operation to the board of directors and the CEO
7. Developing and planning anti-bribery management system policies
8. Reporting the results of noncompliance with the anti-bribery management system
9. Monitoring the implementation of each department according to the corruption risk action plan and reviewing its effectiveness
10. Reviewing the adequacy of anti-corruption goals and achievement plans by department
11. Qualifying capability/eligibility required to perform anti-corruption duties
12. Establishing and implementing anti-corruption education and training plans
13. Promoting and communicating anti-corruption culture and behavior
14. Selecting anti-corruption communication subjects and determining communication methods
15. Leading investigations and handlings of corruption
16. Developing anti-corruption performance indicators and monitoring implementation status
17. Conducting anti-corruption internal audits and reporting results
18. Collecting and reviewing anti-corruption performance and management review data and reporting it to the CEO and board of directors
19. Reviewing the setting of anti-corruption performance indicators, aggregating performance indicator results, and providing feedback
20. Requesting corrective action by inspecting and monitoring implementation of anti-corruption
21. Checking the implementation of corrective actions and evaluating their effectiveness
22. Overseeing the design and implementation of the anti-bribery management system
23. Providing advice and guidance to members on issues related to the anti-bribery management system
24. Ensuring that the anti-bribery management system complies with the requirements of ISO 37001

④ Purchasing Department

1. Selecting and concluding contracts with suppliers

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2. Registering, and regularly evaluating and monitoring suppliers
 3. Investigating/requesting handling/sanctioning in regards to the corruption of suppliers
- ⑤ Finance/accounting department
1. Managing and controlling financial transactions
 2. Controlling financial payment plans
 3. Periodically conducting financial due diligence
 4. Establishing and controlling accounting standards
 5. Designing, operating, evaluating and reporting the internal accounting management system
- ⑥ HR Department
1. Verifying the degree of anti-corruption compliance when hiring
 2. Verifying anti-corruption compliance following the department transfer
 3. Disciplining people who do not comply with anti-corruption regulations
 4. Rewarding the contribution to the performance of the anti-bribery management system
- ⑦ Each department
1. Identifying internal/external issues related to anti-corruption
 2. Complying with anti-corruption obligations and identifying stakeholder demands
 3. Evaluating anti-corruption risks, managing goals and executing improvement activities
 4. Complying and implementing according to the Company's anti-corruption policy and company rules
 5. Performing tasks and conducting internal/external communication according to the responsibilities and authorities defined in the division of duties
 6. Completing training according to the training plan and reporting the results
 7. Recognizing and participating in anti-corruption culture
 8. Taking corrective action for noncompliance and inconsistency with anti-corruption

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Article 4 (Understanding organization situation)

① Identifying internal/external issues

1. The anti-corruption department should reflect the negative issues and stakeholder demands by identifying stakeholder demands and expectations and internal/external issues during the annual inspection/evaluation of the anti-corruption self-correction system.
2. The issues and stakeholder demands are identified by referring to the sustainability report and business plan.
3. Internal issues are the Company's major strategies, policies, systems, company regulations, organization culture, members' behavioral patterns, changes in work methods, etc., and include influential factors of uncertainty during work.
4. External issues include external factors that can affect the Company's management, such as changes in national policies, laws, socio-economic conditions, and audit directions and sanctions by supervisory authorities.
5. The following items should be included when identifying internal/external issues related to anti-corruption.
 - A. Delegated decision-making authority with regard to business structure and business performance within the Company's business scope
 - B. Current or expected location and field of operation within the business scope of the Company
 - C. The complexity, nature and scale of the Company's business activities and operations
 - D. The Company's business area and business model
 - E. Affiliates and entities under the control of the Company
 - F. Relevant authorities and bodies that control the Company
 - G. Business partners while the Company is conducting its business
 - H. The nature of the interaction and the extent of the business relationship with the public officials related to the Company's business
 - I. Applicable laws, regulations, contractual restraints and legal and moral obligations related to the business

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② Stakeholder demands and expectations

1. Stakeholders related to the anti-bribery management system are customers, shareholders, employees, partners, and related external organizations, and may be added or changed according to internal/external issues.
2. When identifying stakeholder demands, each department should include all mandatory requirements, expectations, and voluntary expressions of will from stakeholders.

Article 5 (Scope and boundary of the anti-bribery management system)

- ① Scope: Green chemical business (development, manufacturing and service of copolyester resins, engineering plastics, adhesives and coating agents)
- ② Boundary: Head Office and Ulsan Plant

Article 6 (Anti-bribery management system)

- ① These regulations establish, document, implement, maintain, and continuously review an anti-bribery management system that includes necessary processes and interactions of those processes in accordance with the requirements of the anti-bribery management system, and establish a management system as shown in the list of related documents (Annex 1) in preparation for anti-bribery management system requirements for improvement if necessary, and ensure that a management system, which prevents corruption and includes countermeasures, is established.
- ② These regulations define the implementation of the management system in accordance with the requirements of the anti-bribery management system and detailed implementation items not specifically defined in the company regulations to identify and evaluate corruption risks, and ensure that a implementable management system, including methods planned to prevent, detect, and respond to corruption, is established.

Article 7 (Corruption risk evaluation)

- ① The anti-corruption department annually identifies/evaluates corruption risks in consideration of internal issues and stakeholder demands and then notifies each relevant

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department, and each department submits a revised opinion reflecting the nature of work and potential situations in which noncompliance may occur during work and evaluates the final corruption risk after consulting with the anti-corruption department. Detailed procedures for identification and evaluation of corruption risks comply with Annex 2.

- ② In addition to the regular risk evaluation once a year, irregular evaluations are conducted as necessary in the following cases:
1. Launch of a new product or change to an existing product
 2. Significant strategic or organizational changes
 3. Changes in the external environment, such as market conditions
 4. Changes to anti-corruption obligations (company rules and related laws)
 5. Occurrence of a significant anti-corruption compliance violation
 6. Establishment or revision of laws and systems
 7. When risk evaluation is required through due diligence and internal review
- ③ The department in charge of the anti-bribery management system and each department shall review the inspection items, inspection methods, and improvement plans for corruption risks on the checklist of the selected and evaluated self-regulated anti-corruption system, and perform improvement activities for the relevant risks.
- ④ The anti-corruption department regularly evaluates the effectiveness of each department's action plan once a year or when necessary, and reports the results to the CEO and the board of directors.

Chapter 3 Leadership

Article 8 (Board of directors and chief executive officer)

The leadership of the board of directors and the CEO must be exercised according to the standards set forth in Article 3 of these regulations (Responsibilities and authorities).

Article 9 (Composition of the anti-corruption organization)

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The anti-corruption organization appoints an anti-corruption officer for each department, if necessary, to carry out the work for the operation and management of the Company's anti-bribery management system according to the company-wide organization chart.

Article 10 (Anti-corruption policy)

- ① The board of directors and the CEO establish and promulgate anti-corruption policies that all executives and employees can agree to.
- ② The Company's anti-corruption policy is the code of ethics.
- ③ When establishing an anti-corruption policy, the anti-corruption department conducts reviews so that the policy includes the following:
 1. Will to prevent corruption
 2. Requiring compliance with anti-corruption laws applicable to the Company's business
 3. Appropriateness for the Company's business objectives
 4. Providing a framework for establishing anti-corruption goals
 5. Including commitment to satisfy the requirements of the anti-bribery management system
 6. Encouraging employees to raise concerns without fear of retaliation
 7. Including the expression of the will for continuous improvement of the anti-bribery management system
 8. Describing the authority and independence of the head of the anti-corruption department
 9. Describing the consequences of noncompliance with the anti-corruption policy
- ④ The anti-corruption policy is documented and notified to members of the Company and related stakeholders.

Article 11 (Roles, responsibilities and authorities of the organization)

- ① Active participation and supervision of the board of directors and the CEO is an essential element of an effective anti-bribery management system.

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- ② The CEO assigns roles/responsibilities and authorities related to anti-corruption to each department according to the organization chart and work division table, and ensures that tasks are performed, communicated and understood.
- ③ All employees and departments must understand the anti-corruption policy and the order of application of corruption risks according to business performance, and clearly recognize how they are applied to their duties.

Article 12 (Anti-corruption compliance function and compliance officer)

- ① The CEO appoints the head of the anti-corruption department and assigns responsibilities and authorities regarding the following matters:
 1. The CEO describes the responsibilities and authorities of the anti-corruption department to ensure that the anti-corruption officer has sufficient resources and appropriate eligibility, status, authority and independence.
 2. The head of the anti-corruption department reports directly to the board of directors and the CEO if any issues or concerns need to be raised in relation to the anti-bribery management system.
 3. If necessary, the CEO may assign part or all of the anti-corruption compliance function to external experts. In this case, the CEO must ensure that the people concerned have the responsibility and authority for the delegated function.

Article 13 (Delegation of decision-making)

- ① If necessary, the CEO can delegate the decision-making authority related to the anti-bribery management system to the head of the anti-corruption department.
- ② When delegating authority, the CEO establishes and maintains the work standards for appropriately delegating the decision-making process and the level of authority of decision makers so that there is no conflict of interest, and periodically reviews the results of the delegated tasks and receives reports on them.

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Chapter 4 Planning

Article 14 (Actions to address corruption risks and opportunities)

- ① The anti-corruption department establishes action plans to address corruption risks and opportunities according to the results of the corruption risk evaluation, and ensures that the established action plans are implemented.
- ② Opportunities are positive situations related to anti-corruption that should be reflected in the establishment of action plans.
- ③ When establishing a risk-based action plan, the anti-corruption department should consider the following:
 1. Reasonable assurance that the anti-bribery management system can achieve its objectives
 2. Activities to prevent/reduce undesirable effects related to the anti-corruption policy and objectives
 3. Methods of monitoring the effectiveness of the anti-bribery management system
 4. Ways to achieve continuous improvement
- ④ The anti-corruption department establishes a plan for improvement actions to address corruption risks and opportunities in the corruption risk self-correction system inspection/evaluation table, and distributes it to relevant departments to ensure that it is carried out.
- ⑤ Each department carries out the action plan for the risks of the anti-bribery management system, including all requirements of the relevant regulations and these regulations, according to the established improvement action plan.
- ⑥ The anti-corruption department checks the internal audit and, if necessary, the action plans for corruption risks and opportunities of the self-correction system to check the corruption risk improvement actions, and ensure that the effectiveness of the actions against risks are re-evaluated after execution.

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Article 15 (Anti-corruption goals and planning to achieve the goals)

- ① The anti-corruption department sets and notifies company-wide goals related to anti-corruption, and each department establishes anti-corruption goals and plans to achieve them. At this time, the anti-corruption department sets improvement goals including risk identification, analysis, and evaluation results, compliance support results, audit results, and management requirements, and establishes a plan to achieve the goal for each risk.
- ② When setting goals, the anti-corruption department must ensure that the goals are implemented after including and considering the following:
 1. The goals should be consistent with the anti-corruption policy.
 2. Issues, stakeholder demands and corruption risk should be considered
 3. The goals must be measurable and achievable.
 4. They must be communicated/monitored and updated as needed.
- ③ Anti-corruption goals must include target values and implementation plans, and the achievement and progress of goals are aggregated and managed during the annual inspection/evaluation of the anti-corruption self-correction system.
- ④ The anti-corruption department should set anti-corruption goals for each department based on the identified risks of each department, produce the evaluation results every year, report them to the CEO, and communicate them internally.
- ⑤ When establishing a plan to achieve anti-corruption goals, the following must be included:
 1. Targets to achieve
 2. Required resources
 3. Person in charge/time of completion
 4. Method of evaluating and reporting results
 5. Person in charge of imposing sanctions or penalties

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- ⑥ Each department's goal and goal achievement plan must be clearly set in the anti-corruption self-correction system inspection/evaluation table at an executable level, and the anti-corruption department checks it during internal audit and monitoring.

Chapter 5 Support

Article 16 (Resources)

- ① Determine the resources required for the establishment, development, implementation, evaluation, maintenance and continual improvement of the anti-bribery management system suitable for the size and work complexity of the Company, and determine the resources required for implementation of these regulations and related regulations.
- ② All the management, including the CEO, must effectively allocate necessary human, material, and financial resources to achieve anti-corruption goals and ensure that they are executed in accordance with relevant regulations.
- ③ Resources include the securing of sufficient personnel and operational technology necessary for the operation of the anti-bribery management system, anti-corruption organization, workspace, office equipment for operation and management, software and financial support.

Article 17 (Capability/eligibility)


- ① To achieve the performance of the anti-bribery management system, work capability and eligibility must be determined including the following:
1. All personnel who perform tasks that affect the performance of the anti-bribery management system must have the necessary capability/eligibility for performance of the tasks.
 2. The Company must provide appropriate training and job experience to ensure that personnel performing the work of the anti-bribery management system have the necessary capability/eligibility, and evaluate the effectiveness of the training.

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3. Those who require capability/eligibility include the head of the anti-corruption department, internal auditors, report investigators, anti-corruption managers in each department, and all other personnel determined by the CEO.
4. Personnel related to capability/eligibility manage training results and related records in accordance with the capability/eligibility standard table (Annex 3) so that they can be confirmed.

Article 18 (Employment process)

- ① All employees of the Company are hired according to the recruitment management regulations and code of ethics, and the following standards/procedures must be implemented:
 1. All members are required to comply with the anti-corruption guidelines, the compliance and anti-bribery management system, and sign the ethical management pledge so that disciplinary action can be taken in case of noncompliance.
 2. All employees are required to complete anti-corruption training programs on a regular basis.
 3. Appropriate disciplinary actions are taken according to the reward and punishment regulations for employees who violate the anti-corruption policy.
 4. It must be ensured that there is no retaliation, discrimination or disciplinary action against any employee (e.g., threats, isolation, demotion, transfer, dismissal, harassment, etc.) such as following:
 - A. Retaliation and disciplinary action for refusal to participate in all related activities that are reasonably judged to be highly likely to violate anti-corruption regulations in the performance of duties
 - B. Retaliation and disciplinary action for reporting a concern in good faith or based on a reasonable belief about an attempted, committed, or suspected violation of the anti-corruption policy or the anti-bribery management system
 5. To ensure compliance with anti-corruption regulations by personnel in charge of tasks with high corruption risks determined in the corruption risk evaluation, all departments must comply with the following:

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- A. When hiring or transferring personnel, review the appropriateness according to the personnel regulations prior to hiring/transfer/promotion to ensure compliance with the anti-corruption policy and the anti-bribery management system.
- B. In order to prevent corruption of the relevant persons, they must take the ethics compliance oath, and manage anti-corruption compliance according to the code of ethics, code of ethics practice guidelines and related regulations.

Article 19 (Education and training)

- ① All employees must have the capability/eligibility to achieve anti-corruption goals, and the head of the anti-corruption department and the person in charge of each department must complete training, have job experience, managerial skills/knowledge, etc. to meet the capability/eligibility requirements.
- ② The goal of the anti-corruption education program is to equip all employees with the capability to practice anti-corruption while performing their duties.
- ③ The anti-corruption department must ensure that the anti-corruption education and training plan is included in the company-wide education and training plan. When establishing an anti-corruption education and training plan, the following must be included and periodically updated:
 - 1. Anti-corruption policies, regulations and the anti-bribery management system and compliance obligations
 - 2. Corruption risks and the damage to organizations and their members caused by corruption
 - 3. Business-related situations in which corruption may occur and how to recognize them
 - 4. How to recognize and respond to solicitations or bribes
 - 5. How to help prevent/avoid corruption and recognize key corruption risk indicators
 - 6. How to contribute to the effectiveness of the management system for anti-corruption
 - 7. Business impact and potential consequences of noncompliance with the anti-bribery management system requirements
 - 8. How and to whom all concerns can be reported


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9. Information on available education and training and resources

- ④ Appropriate anti-corruption awareness and education and training according to changes in corruption risks and internal/external situations must be implemented according to the plan.
- ⑤ The anti-corruption department carries out the education and training plan after receiving approval from the CEO, reflecting the degree of related issues and risks and new relevant information every year.
- ⑥ If the Company's business is performed by external stakeholders, anti-corruption education and training should be conducted for the relevant personnel and stakeholders, if necessary.
- ⑦ Education and training must be conducted through the code of ethics and related regulations, and relevant personnel who need education and training must be included, and results must be reported.

Article 20 (Communication)

- ① There must be a communication related to anti-corruption according to the performance of each department's work related to the anti-bribery management system, and when determining the need for communication, the following must be clarified:
 1. What to communicate: Example) Results of noncompliance, applicable laws, audit results, goal achievement results, risk action results, etc.
 2. When to communicate: Example) Board of directors, Human Resources committee
 3. Who to communicate with: Example) Department heads, management, the board of directors, etc.
 4. How to communicate: Example) Meetings, in-house broadcasting, website and groupware, etc.

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- ② The anti-corruption policy must be shared with all members of the organization and business associates, and major corruption risks must be directly communicated to business associates, and disclosed when necessary.

Article 21 (Management of documented information)

- ① Regulations necessary for an effective anti-bribery management system must be in place, and document management must be used in conjunction with documents required by the anti-bribery management system and company rules. Documented information includes the following and can be added as needed:

1. Anti-corruption policy
2. The anti-bribery management system's goals, detailed goals, and the content of promotion plan
3. Details of distribution of works that with the roles and responsibilities for anti-corruption assigned
4. Records of anti-corruption responsibilities and duties
5. Anti-corruption risks and evaluation and action plans
6. Records of anti-corruption noncompliance
7. Annual anti-corruption promotion plan
8. Results of training performance and individual education and training results

- ② When establishing and revising all documents, the following must be clearly identified and the details are in accordance with company rules and management regulations:

1. Identification and contents of documents (i.e., title, establishment and revision date, author, references, and establishment and revision number), document format (example: language, software version, graphics) and media (example: paper, electronic)
2. Review and approval of the adequacy and sufficiency of documents must be approved in accordance with the company rules and management regulations.

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- ③ Documents required by the anti-bribery management system must be managed as follows:
1. They must be stored in a way that is easy to use as needed wherever and whenever, accessible, and appropriate.
 2. They must be properly protected to maintain confidentiality and prevent improper use.
- ④ For document management, the following must be done:
1. Distribution, access, search and use
 2. Storage and preservation in consideration of securing ease of use when necessary
 3. Revision management (example: management of revision numbers)
 4. Retention, disposal and scrapping
 5. The roles of third parties in the creation and management of documents
- ⑤ Documents from external sources determined to be necessary for the planning and operation of the anti-bribery management system should be identified and managed appropriately.
- ⑥ As documents may be prepared for the purpose of seeking legal advice, they may be subject to legal authority.

Chapter 6 Operation

Article 22 (Operation plan and management)

- ① All departments must establish, implement, and manage plans necessary to fulfill their anti-corruption duties. Actions against and management of risks should be implemented according to the following standards:
1. Setting execution standards and management methods for work processes
 2. Managing whether the process is executed as planned according to related regulations

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- ② Actions should be taken to prevent corruption risks and reduce nonconformity. Changes in laws and economic conditions should also be reviewed.
- ③ If part of the Company's business is outsourced, it must be ensured that anti-corruption work is performed in accordance with purchasing and contract management regulations.

Article 23 (Due diligence)


- ① Corruption risks to stakeholders should be identified if applicable according to the performance of duties. To check the corruption risk, sufficient information must be secured and inspected in advance. Due diligence should be updated at regular intervals to ensure that changes and new information are properly reflected. As a result of inspection, if additional on-site verification is required, site visits are made, and detailed due diligence evaluation criteria must be implemented in accordance with relevant business regulations.
- ② In relation to due diligence activities, the following should be considered in the evaluation of relevant stakeholders:
 1. Nature and complexity of the business (example: direct and indirect sales, discount level, contract conclusion and bidding process)
 2. Investment and payment agreement
 3. Scope of organization's participation and available resources
 4. Level of management and visibility
 5. Work-related persons and other related third parties (including public officials)
 6. Relations between organizations belonging to Paragraph 5 and public officials
 7. Eligibility and qualifications of related members
 8. Customer reputation
 9. Local community
 10. Market reputation or media coverage
- ③ Due diligence for external associates/companies may include the following:

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1. Surveying and consulting external associates/companies
2. Searching articles related to corruption of shareholders and CEOs of external associates/companies
3. Searching related information from appropriate governments, courts and international sources
4. Whether it is a subject to contract restrictions/prohibitions disclosed by national, local governments, or international organizations
5. Consulting other appropriate organizations regarding the ethical reputation of external associates/companies
6. Designating external experts/organizations if necessary to support due diligence
7. Explanation of the external associates/companies regarding unfavorable information

Article 24 (Financial management)

- ① The financial management department must perform corruption risk management tasks in accordance with relevant regulations.
- ② Depending on the size of financial transactions, the financial management department's duty may include the following:
 1. Separating planning and approval of payments so that they cannot be done by the same person
 2. Ensuring that payment is approved by a person with the appropriate authority in accordance with the arbitrary decision criteria
 3. Ensuring that the work performed is approved in accordance with the relevant approval procedures
 4. Ensuring that payment approval is reviewed and confirmed by at least 2 persons
 5. Attaching appropriate supporting documents in regard to payment approval
 6. Banning the use of cash and implementing effective cash management methods
 7. Ensuring that the classification and description of payments in the account books are accurate and clear
 8. Conducting periodic management reviews for significant financial transactions

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9. Conducting periodic and independent audits and regularly changing auditors

Article 25 (Non-financial management)

- ① Non-financial management is to ensure that the non-financial aspects of procurement, operation, commercial and other business activities are properly managed.
- ② In order to reduce the corruption risks related to the performance of the Company's business, the possibility of involvement in corruption as a procurement, operation, commercial and other non-financial management method should be evaluated for the following items through due diligence in accordance with relevant regulations before making a contract.
 1. Necessity and legality of services provided to the Company by business associates
 2. Whether the service is performed properly
 3. Whether all costs paid to business associates are reasonable and proportionate considering the services provided
 4. Concluding contract only after a fair and transparent competitive bidding involving at least three competitors, if possible
 5. At least two members evaluating the bid and requesting contract conclusion approval
 6. Separating duties that allows contract approvers and contract requesters to be different and to be in a department or function that is different from the department or function that manages contracts or approves completion of contract business
 7. Requesting at least two signatures for documents (inspection notice, etc.) that approve the initial approval of contract conditions, approval of changes, or work or supply performed under the contract
 8. Performing a higher level of supervision for transactions with high potential corruption risks
 9. Protecting bid integrity or other price-sensitive information by allowing only appropriate members to access the information
 10. Providing appropriate tools and forms to support relevant business members


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Article 26 (Execution of anti-corruption management by controlled organizations and external associates)

- ① Controlled organizations refer to internal organizations and subsidiaries that are controlled by the Company, and external associates refer to customers, BPs, and government agencies.
- ② All departments conducting business must choose between implementing the anti-bribery management system or implementing their own anti-corruption management in accordance with these regulations.
- ③ For moderate or higher corruption risks identified through corruption risk evaluation or due diligence, if the anti-corruption management of external associates beyond the control of the Company is helpful in mitigating related corruption risks, the Company should carry out the following procedures for external associates:
 1. Determining whether external associates have management measures to prevent corruption risks
 2. If the external associates do not have anti-corruption management measures or it is impossible to prove whether or not they have them
 - A. Where practicable, requiring external associates to implement anti-corruption management measures in relation to relevant transactions, projects or activities; or
 - B. If it is not possible to request external associates to implement management measures to prevent corruption, reflecting in consideration of the corruption risk management method in regard to the relationship with the external associates when evaluating risks and establishing action plans

Article 27 (Declaration of commitment to anti-corruption)

As a result of the risk evaluation, for business associates with moderate or higher corruption risks, the Company must implement procedures requiring the following, to the extent practicable:

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- ① In the event of corruption by, on behalf of, or for the benefit of an external stakeholder in relation to a related transaction, project, activity or relationship, the Company must reflect it in the contract so that it is possible to terminate the relationship with the business associate.
- ② If the requirements cannot be met, the corruption risk of a business associate must be reflected during risk evaluation and managed according to relevant regulations.

Article 28 (Gifts, entertainment, donations and similar benefits)


- ① All members of the Company must comply with and implement the procedures set forth in company rules and related laws to prevent corruption arising from the offer, provision, or acceptance of gifts, entertainment, donations, and similar benefits.
- ② All members of the Company must be aware that giving or receiving gifts, entertainment, donations and other benefits to or from stakeholders related to work may be considered as a bribe by a third party (such as a judicial agency or a media company), even if neither party intended it as a bribe, so conduct business while avoiding all possible gifts, entertainment, donations, and other benefits.
- ③ Job-related benefits include the items below and the like:
 1. Gifts, entertainment and hospitality
 2. Political and charitable contributions
 3. Travel by client representatives or public officials
 4. PR expenses and training expenses
 5. Sponsorship or community philanthropy
 6. Club membership
 7. Personal favor
 8. Provision of confidential and privileged information

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- ④ With respect to gifts and entertainment, the limits and frequency of gifts and entertainment must be managed when conducting business, including the following:
1. A total ban on all gifts and entertainment; or
 2. Gifts and entertainment are allowed on a limited basis, but they must be limited according to the following factors:
 - A. Maximum costs (may vary by region and type of gift and entertainment)
 - B. Frequency (even small gifts and entertainment can accumulate to large amounts if repeated)
 - C. Timing (example: Not immediately before, during, or immediately after bidding negotiations)
 - D. Reasonableness (considering the region, field, and age of the giver and recipient)
 - E. Recipient's identity (example: contract approver, person in charge of issuing permits and certificates, etc.)
 - F. Mutually beneficial relationship (gifts/entertainment cannot be received beyond the limits permitted by the Company)
 - G. Legal and regulatory environment (prohibited/controlled by region or organization)
- ⑤ Approval must be obtained from appropriate managers prior to the giving of any gift or entertainment of more than a specified value or frequency.
- ⑥ Gifts or entertainment of more than a specified value or frequency must be given publicly and effectively documented (example: entered in the account book or ledger), and supervised.

Article 29 (Management of nonconformity (insufficiency) of anti-corruption)

In relation to the performance of the Company's business, if it is impossible to control and manage the corruption risks for external stakeholders with the Company's internal system, or if the relevant business associate does not execute activities to reduce corruption risks, the following must be performed:

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- ① Taking measures to mitigate risks according to the nature of the task and terminating, suspending, stopping or canceling it as soon as possible
- ② Postponing or refusing to proceed with a new transaction, project, activity or relationship in regard to the relevant business associate

Article 30 (Raising an issue/concern)

- ① If the issues/concerns related to noncompliance with anti-corruption and corruption are raised, the whistleblower protection and handling procedures must be implemented according to the report handling guidelines.
- ② When members and external associates become aware of attempted corruption, or suspect actual corruption, or discover violations or vulnerabilities related to the anti-bribery management system, they are encouraged to report it to the anti-corruption officers or appropriate members directly or through appropriate means based on good faith and reasonable conviction according to the report handling guidelines.
- ③ Except where necessary for conducting the investigation, reports must be treated confidentially to protect the identity of the reporter and other members included or referenced in the report.
- ④ Anonymous reports are allowed, and members who report are protected and disadvantages resulting from such reports are prohibited.
- ⑤ If members are faced with concerns or situations that may involve them in corruption, it must be ensured that they can receive advice.

Article 31 (Corruption investigation and countermeasures)

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In case of noncompliance and corruption-related incidents of the Company, the head of the anti-corruption department must execute the following items according to the report handling guidelines.

- ① If there is reasonable suspicion of a violation of the anti-corruption policy or the anti-bribery management system, then an appropriate investigation shall be conducted objectively according to relevant regulations.
- ② In consideration of objectivity and fairness, the right to investigate is granted to the persons selected in advance.
- ③ All department heads and members of the Company must cooperate with the investigation.
- ④ The progress and results of the investigation must be reported to the CEO and the board of directors.
- ⑤ All investigations must be conducted confidentially and the results of the investigation must be kept confidential.
- ⑥ During the internal inspection, an inspector cannot inspect one's own department, and in such a case, a third party shall be selected to perform the inspection.
- ⑦ Appropriate corrections and corrective actions shall be implemented according to the investigation results.


Chapter 7 Performance evaluation

Article 32 (Monitoring, measurement, analysis and evaluation)

- ① When monitoring according to anti-corruption operations, the anti-corruption department and the person in charge of the relevant department decide the following:
 1. Monitoring and measurement targets
 2. Monitoring officer
 3. Effective and appropriate monitoring, measurement, analysis and evaluation methods
 4. When to perform monitoring and measurement
 5. When to analyze and evaluate the monitoring and measurement results
 6. Who and how information is reported

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- ② All monitoring, measurement, and analysis results must be confirmable through records.
- ③ To evaluate the performance and effectiveness of the anti-bribery management system, compliance checks, internal audits, accounting audits, and management reviews are performed.
- ④ The anti-corruption department and the relevant department conduct planned and periodic monitoring to achieve the performance of the anti-bribery management system. Monitoring can be conducted through internal audits and when necessary.
- ⑤ Monitoring is the collection of information to measure the effectiveness and operational performance of the anti-bribery management system, and should include or refer to the following:
1. Monitoring the effectiveness of the anti-bribery management system (during internal audit)
 2. Effects of education and training (plans checked through internal audit and when needed)
 3. Effects of operation and management (when evaluating the anti-corruption self-correction system)
 4. Degree of effective performance of responsibilities to achieve anti-corruption obligations (during internal audit)
 5. General evaluation of anti-corruption obligations (during internal audit)
 6. Results and effects of actions against previously identified anti-corruption failures (during internal audit)
 7. If the investigation of anti-corruption violation reports is not conducted (when the report is handled)
 8. Anti-corruption compliance performance monitoring elements (when evaluating the anti-corruption self-correction system)
 9. Noncompliance with anti-corruption (evaluation and internal audit of the self-correction system, accounting audit, etc.)
 10. If anti-corruption requirements are not met (during internal audit)

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11. Failure to achieve anti-corruption obligations and goals (during internal audit)
12. Anti-corruption culture status (internal audit)
13. Established performance indicators (when evaluating the self-correction system)
14. Rate of legal and regulatory issues (during compliance check)
15. Anti-corruption noncompliance rate (during management review)
16. Evaluation of impacts arising from fines, other penalties, and various expenses as a result of noncompliance with anti-corruption (during compliance check and management review)
17. Time taken to report and take corrective action (when handling reports)
18. Risks of anti-corruption noncompliance over time (when evaluating the self-correction system)
19. Trends in anti-corruption noncompliance (during management review)

Article 33 (Internal audit)

- ① Internal audits should be conducted at least once a year to identify the suitability and effectiveness of the anti-bribery management system. It must be ensured that an internal audit is conducted to determine whether the anti-bribery management system falls under the following conditions:
 1. Self-requirements for the anti-bribery management system
 2. Requirements of the specifications of the anti-bribery management system
 3. Whether the anti-bribery management system is effectively implemented and maintained
 4. Compliance with legal and regulatory requirements
- ② In addition to regular internal audits, internal audits can be conducted at any time when necessary, such as changes in laws or important incidents.
- ③ The internal audit of the anti-bribery management system is conducted mainly for the departments/tasks where the following risks are high based on the results of risk evaluation:
 1. Corruption or suspicion of corruption

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2. Violation of the anti-corruption policy or the anti-bribery management system regulations
 3. Business associates' noncompliance with anti-corruption requirements
 4. Items requiring the improvement of the anti-bribery management system
- ④ Internal auditors for the audit of the anti-bribery management system are qualified and managed according to capability/eligibility criteria.
 - ⑤ When developing an anti-corruption internal audit plan, the following must be considered:
 1. Frequency and method of internal audit, responsibilities and requirements
 2. Importance and results of previous audits
 3. Internal audit criteria and scope of individual audits
 4. For objective and fair internal audit, the internal auditors must be selected by ensuring that they do not audit their own business areas
 - ⑥ Internal auditors must use the anti-bribery management system internal audit checklist provided by the department in charge to record the internal audit results and observations of the audited department during the internal audit.
 - ⑦ The observations of the anti-bribery management system internal audit are classified into major nonconformity, minor nonconformity, and improvement recommended, and are recorded on the internal audit checklist.
 - ⑧ Major nonconformity is the omission or total noncompliance of the procedure, minor nonconformity is the partial noncompliance of the procedure, and improvement recommendation is the improvement needed for work effectiveness but is not considered a nonconformity.
 - ⑨ The internal audit checklist provided by the department in charge can be added and utilized for each audited department during each audit.
 - ⑩ The internal audit department issues a corrective action request for each nonconformity when it occurs as a result of the internal audit.
 - ⑪ Internal auditors record non-conformities in the corrective action request form during the audit, and after the audit is over, the nonconformity corrective action request is prepared and submitted to the department in charge.

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- ⑫ The department in charge of the anti-bribery management system records the scheduled corrective action completion date of the audited department in the nonconformity corrective action request, and on the corrective action completion date, the internal auditor checks the result directly and notifies the department in charge.
- ⑬ The internal auditor or other related personnel reissues additional audit or corrective action requests if the effectiveness of corrective actions or recurrence prevention measures is not proven when corrective actions are checked.
- ⑭ When the internal audit is completed, the department in charge of the internal audit of the anti-bribery management system must prepare an internal audit report including the nonconformity corrective action request, corrective action plan, and observations of the audited department, and report it to the CEO after review by the head of the department in charge.

Article 34 (Management review)

- ① The department in charge of the anti-bribery management system identifies the continuous adequacy, validity, and effectiveness of the anti-bribery management system at least once a year and reports it to the board of directors and the CEO.
- ② The anti-corruption department collects the business operation results of all departments during the management review and ensures that the following items are included in the management review:
 - 1. Actions taken in the previous management review
 - 2. Changes in internal/external issues related to the anti-bribery management system
 - 3. The results of the management review should include decisions related to continual improvement opportunities and the need for changing the anti-bribery management system, and should include the following trends:
 - A. Nonconformity and corrective action
 - B. Monitoring and measurement results
 - C. Results of internal and external audits
 - D. Report on corruption
 - E. Report investigation results

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- F. Corruption risks determined by the anti-corruption self-correction system
 - G. Effectiveness of actions to handle corruption risks
 - H. Opportunities for continuous improvement of the anti-bribery management system
- ③ The management review report is submitted for review to the board of directors after being reviewed by the CEO, and the results are recorded in the minutes in accordance with the regulations of the board of directors.
 - ④ The board of directors and the CEO should periodically review the anti-bribery management system.
 - ⑤ The head of the anti-corruption department should continuously evaluate the following with regard to the anti-bribery management system:
 1. Effective management of corruption risks
 2. Whether the execution was effective

Chapter 8 Improvement

Article 35 (Corrective action)


- ① In the event of nonconformity or noncompliance with anti-corruption requirements during business performance, all departments must take immediate actions and, if applicable, manage such instance of nonconformity or noncompliance as follows:
 1. Managing non-conformities and taking corrective actions
 2. Processing the results
- ② In order to prevent the recurrence of a nonconformity and noncompliance, corrective actions must be evaluated and implemented to eliminate the causes.
 1. Reviewing and analyzing non-conformities
 2. Determining the causes of non-conformities
 3. Determining whether similar non-conformities exist or could potentially occur
 4. Taking necessary actions

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5. Reviewing the effectiveness of corrective actions
 6. Revising the anti-bribery management system when necessary
- ③ In the event of a major nonconformity, corrective actions are executed according to the corrective action request, considering the impact on the entire anti-bribery management system.

Article 36 (Continuous improvement)

- ① All employees of the Company must make continuous efforts to improve the suitability, validity, and effectiveness of the anti-bribery management system.
- ② Collected/analyzed/evaluated information of stakeholders/issues/risks, etc., and information included in the report on the anti-corruption action results should be used as a basis for improving anti-corruption performance.

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Addendum

Article 1 (Enforcement date)

These regulations are enforced from May 12, 2023.

Annex 1. List of documents related to the anti-bribery management system requirements

The requirements of the anti-bribery management system		Department in charge	Related documents
4. Organization's situation	4.1 Understanding the organization and its situation	Anti-corruption department	Anti-bribery management system regulations
	4.2 Understanding stakeholder needs and expectations		
	4.3 Determining the scope of the anti-bribery management system		
	4.4 Anti-bribery management system		
	4.5 Corruption risk evaluation		
5. Leadership	5.1 Leadership and expression of will	Department in charge of the board of directors HR department	Board of directors regulations Audit committee regulations Organization and division of work regulations Anti-bribery management system regulations
	5.2 Anti-corruption policy	Anti-corruption department	Code of ethics
	5.3. Roles, responsibilities and authorities of the organization	HR department	Organization and division of work regulations

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6. Planning	6.1 Actions to handle risks	Anti-corruption department	Anti-bribery management system regulations
	6.2 Anti-corruption goals and plans to achieve goals	Anti-corruption department	Code of ethics Code of ethics practice guidelines
7. Support	7.1 Resources	Anti-corruption department	Compliance control regulations Anti-bribery management system regulations
	7.2 Capability and eligibility	Anti-corruption department HR department	Anti-bribery management system regulations Personnel regulations Report handling guidelines Reward and punishment regulations
	7.3 Awareness and education and training	Anti-corruption department	Compliance control regulations
	7.4 Communication	Department in charge of the board of directors HR department	Board of directors regulations Audit committee regulations Human Resources committee regulations ESG committee regulations
	7.5 Documented information	Department in charge	Company rules and management regulations
8. Operation	8.1 Operation planning and management	Anti-corruption department	Compliance control standard
	8.2 Due diligence	HR department Purchasing department Contract department	Personnel regulations Contract management regulations Purchasing management regulations Reward and punishment regulations
	8.3 Financial management	Anti-corruption department Accounting department	Internal accounting management regulations Fund management regulations Corporate card usage guidelines



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	8.4 Nonfinancial management	Purchasing department Contract department	Contract management regulations Purchasing management regulations
	8.5 Execution of anti-corruption management by controlled organizations and business associates	Anti-corruption department Purchasing department Contract department	Code of ethics Code of ethics practice guidelines Contract management regulations Purchasing management regulations
	8.6 Declaration of commitment to anti-corruption	Anti-corruption department	Code of ethics
	8.7 Gifts, entertainment, donations and similar benefits	Anti-corruption department	Code of ethics Code of ethics practice guidelines
	8.8 Management of insufficient anti-corruption management	Internal audit department	Anti-bribery management system regulations Internal audit regulations
	8.9 Raising issues/concerns	Report handling department	Report handling guidelines
	8.10 Corruption investigation and countermeasure	HR department Anti-corruption department	Reward and punishment regulations
9. Performance evaluation	9.1 Monitoring, measurement, analysis and evaluation	Anti-corruption department	Anti-bribery management system regulations
	9.2 Internal audit	Anti-corruption department	Anti-bribery management system regulations
	9.3 Management review	Anti-corruption department	Anti-bribery management system regulations Board of directors regulations
	9.4 Anti-corruption officer review	Anti-corruption department	Anti-bribery management system regulations
10. Improvement	10.1 Nonconformity and corrective action	Anti-corruption department	Anti-bribery management system regulations
	10.2 Continuous improvement	Anti-corruption department	Anti-bribery management system regulations

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Annex 2. Corruption risk evaluation process

① Evaluation target

SK chemicals Green Chemical business headquarters and Ulsan

② Evaluation procedure and method

Every year, the anti-corruption department evaluates corruption risks according to the anti-corruption self-correction system checklist and standards notified in advance when inspecting/evaluating the anti-corruption self-correction system.

③ Identification and evaluation of risks

1. The anti-corruption department considers internal/external issues and stakeholder demands within the scope of each department's major duties and evaluates the risk for the first time with the negative issues reflected in the risk, then notifies all departments. Each department further supplements and modifies the method of managing the risks evaluated for the first time and related matters, establishes a detailed plan for improvement according to the risks, and then notifies the department in charge of such matters.
2. When evaluating risks, past incidents/accidents and noncompliances must be included.
3. When evaluating risks, they are determined on quantitative grounds by applying the frequency (Table 1) and severity (Table 2) indicators, but if quantitative judgment is difficult, they are determined by qualitative judgment.

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(Table 1) Frequency of risk

Step	5	4	3	2	1
Possibility of occurrence	Always	Monthly	Semi-annually	Annually	Every other year or less frequently

(Table 2) Severity of risk

Step	Degree of damage	Physical damage	Scope of sanctions
5	Critical	KRW 1 billion or more	Severe legal penalties for the Company
4	Very severe	KRW 1 billion or less	Legal penalties for the Company
3	Severe	KRW 100 million or less	Criminal punishment of violators/Internal discipline (Dismissal)
2	Average	KRW 50 million or less	Internal discipline (Demotion, suspension)
1	Minor	KRW 5 million or less	Internal discipline (Salary reduction, reprimand)

4. Degree of risk is determined by multiplying risk frequency and severity (Table 3).

5. The degree of risk is divided into 3 stages of H/M/L, but if the severity is 4 or higher, it must be classified and managed as at least stage M.

A. H (high): 15 or higher, but all cases with a severity of 5 are included

B. M (middle): 8 or higher, but all cases with a severity of 4 are included

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C. L (low): Lower than 8

(Table 3) Determining the degree of risk

Classification		Frequency				
		1	2	3	4	5
Severity	1	1(L)	2(L)	3(L)	4(L)	5(L)
	2	2(L)	4(L)	6(L)	8(M)	10(M)
	3	3(L)	6(L)	9(M)	12(M)	15(H)
	4	4(M)	8(M)	12(M)	16(H)	20(H)
	5	5(H)	10(H)	15(H)	20(H)	25(H)


6. The anti-corruption department consults about/adjusts the evaluation results with each department and establishes action goals/measures.

7. In principle, regular risk evaluation is conducted once a year. In addition, partial evaluation and supplementation can be conducted when necessary.

8. Validation of the risk action plan

A. Each department executes risk-based action plans within the scheduled timeline.

B. The execution result of the risk action plan is confirmed through an annual internal audit and anti-corruption self-inspection by the anti-corruption department, and matters requiring additional actions are improved through corrective action activities.

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Annex 3. Table of capability/eligibility standards

Classification	Capability/eligibility standards		Reviewer	Approver
Internal auditor	Experience	- 3 or more years of work experience	Head of anti-corruption department	Compliance officer
	Education and training	- Those who have completed the internal auditor course training		
Anti-corruption department officer	Experience	- 3 or more years of work experience - 1 or more years in ethical management field	Head of anti-corruption department	Compliance officer
	Education and training	- Those who have completed 3 or more hours of ethical management training		
Anti-corruption officer in each department	Experience	- 3 or more years of work experience	Head of anti-corruption department	Compliance officer
	Education and training	- Those who have completed 3 or more hours of ethical management training		
Report investigator	Experience	- A person designated by the compliance officer - A person who is not related to the whistleblower/reported subject	Head of anti-corruption department	Compliance officer
	Education and training	- A person who has completed 3 or more hours of report duty-related training		