

## **LS ELECTRIC'S Code of Ethics and Conduct**

LS ELECTRIC Co., Ltd. ("LS ELECTRIC" or "Company") pursues autonomous management based on the principles of autonomy and responsibility pursuant to the LS Partnership management philosophy and Charter in all its business fields.

LS ELECTRIC intends to constantly develop as the world-best company by pursuing the common interests of all stakeholders based on mutual trust and cooperation, while respecting the order of the free market economy and its dominant principle of free and fair competition.

Therefore, we hereby adopt and pledge to practice this Code of Ethics and Conduct ("Code") as criteria for determining the right actions and judgment values to which all LS ELECTRIC's officers and employees should adhere.

### **General Principles**

#### **Chapter 1 Responsibilities and Duties toward Customers**

#### **Chapter 2 Fair Competition**

#### **Chapter 3 Fair Transactions**

#### **Chapter 4 Basic Ethics of Officers and Employees**

#### **Chapter 5 Responsibility toward Officers and Employees**

#### **Chapter 6 Responsibility toward the Nation and Society**

### **Targets of Application**

- This Code shall apply to LS ELECTRIC and all the affiliated or subsidiary companies over which LS ELECTRIC exercises management rights among those invested by LS ELECTRIC.
- This Code shall apply to overseas corporations over which LS ELECTRIC exercises management rights in consideration of the local statutes at the same time.
- LS ELECTRIC shall induce its third-party partners (invested companies, partner companies, distributors, consultants, agents, intermediaries, etc.) to actively comply with this Code by fully understanding those of its provisions which are applicable to them.

### **Organization and Operation of Ethics Committee and Secretariat**

- The "Ethics Committee" shall be composed of members of the HR Committee as the supreme decision-making body concerning matters related to the practice of this Code.
- The "Ethics Committee Secretariat" shall be formed to conduct administrative matters related to compliance with the Code.
- The Ethics Committee Secretariat shall provide the necessary education and information to ensure that all departments systematically comply with the Code while streamlining the overall systems required for autonomous compliance with the Code.
- The Ethics Committee Secretariat shall adopt and operate various rules and procedures to enable all LS ELECTRIC's officers, employees, partner companies or customers to report any violation or potential violation of the Code or the related regulations.
- The Ethics Committee Secretariat shall make an authoritative interpretation, complete with a review by the Ethics Committee, as required whenever any question or ambiguity arises with regard to the officers' or employees' application or interpretation of the Code or matters related to business operations and other important issues.

### **Duties of Officers and Employees**

- All the officers and employees of the Company shall comply with and practice the Code, the related regulations and guidelines.
- All the officers and employees of the Company shall promptly report to their superiors or the Ethics Committee Secretariat pursuant to the given procedures in the event that either they or a third party violate or are forced to violate the Code.

- All the officers and employees of the Company shall address to their leader or the Ethics Committee Secretariat any questions pertaining to violation or fear of violation on the understanding that they cannot in any way be exempted from the Code of ethics or the related regulations on the grounds that they are unaware of them.
- The Company's leader shall take in or support the necessary actions so that the Company's officers or employees are not influenced by any illegal pressure or requests in making decisions on business issues.

### **Chapter 1 Responsibilities and Duties toward Customers**

LS ELECTRIC shall secure the unconditional trust of its customers by incessantly creating and providing values that are helpful to them, while always respecting their opinion in the belief that they are the true basis of its business.

#### Provision of faithful information

- LS ELECTRIC shall provide only truthful information to its customers. It shall not circulate or provide any false information.
- LS ELECTRIC shall faithfully provide its customers with information concerning matters for which care should be exercised in responding to the customers, and shall provide clear and precise information on the use of its products to ensure they are fully intelligible to the customers.

#### Responding to customers

- Promises made to customers shall be kept without fail.
- Best quality products and services shall be provided to the customers. It shall be ensured that the customers' dissatisfaction is not incurred by the sale or provision of defective products or poor services.
- Prompt and accurate responsive actions shall be taken to resolve customers' legitimate return of a defective product or request for services.

#### Protection of customers' interests

- The customers' assets shall be protected in a manner identical to that established and implemented for the Company's assets and shall not be used without obtaining their approval in advance.
- The customers' confidential information shall be protected and shall not be disclosed or used for unauthorized purposes without obtaining their approval in advance.
- No unethical acts that may cause harm to the customers' interests shall be committed.

### **Chapter 2 Fair Competition**

LS ELECTRIC shall comply with the pertinent local statutes in all its business operations around the world.

#### Fair competition

- Legitimate collection and utilization of information
  - Information related to competition shall be collected via legitimate methods free from social denunciation.
  - Information collected concerning competition shall be utilized for legitimate purposes.
- Legitimate securing of competitive advantage
  - Tangible or intangible assets belonging to the competition shall not be stolen or infringed without advance authorization.
  - The competitive advantage of the Company shall be secured by legitimate methods and without maligning the competitors or taking advantage of their weaknesses.
- Prohibition of illegitimate collusion
  - No damages shall be inflicted on the customers through illegitimate collusion with competitors over selling prices, conditions and market allocation.
  - No organization shall be organized with vendors belonging to the same industries or business lines for the purposes of forging an illegitimate alliance or engaging in collusion. LS ELECTRIC shall not participate in any such organization.

#### Respect of pertinent statutes and business practices

- LS ELECTRIC shall compete using legitimate methods while respecting the pertinent statutes and business practices in the relevant territories.
- Compliance with the law regarding the prevention of bribing overseas (Foreign Corrupt Practice Act)

- LS ELECTRIC's officers and employees shall fully familiarize themselves and comply with the OECD Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions and the Act on the Prevention of Bribery of Foreign Government Officers in Connection with International Business Transactions, which prohibit promising or providing or expressing the intention to bribe foreign government officials directly or indirectly in order to obtain illegitimate gains in connection with international business transactions.

### **Chapter 3 Fair Transactions**

All transactions shall be conducted based on the principle of free competition in an environment where equal opportunities are ensured for participation. Win-win development shall be pursued on a long-term basis by promoting mutual trust and cooperative relations through transparent and fair trading.

Selection of the Company's business partners("Business Partners") through a fair procedure

- Regulations and systems concerning the "procedure for selecting the Business Partners" shall be established and implemented so that the Business Partners may be selected and registered subject to fair assessment criteria.
- The "procedure for selecting the Business Partners" shall include specific items and methods of assessment that are set up in consideration of the characteristics of business transactions.
- Pressure or illegitimate requests shall be entirely excluded from the procedure of selecting the Business Partners.

Fair transactions and assessment

- The fairly assessed results of transactions shall be notified to the Business Partner and shall be reflected in all subsequent transactions.
- Sound opinions presented with the aim of improving transactions shall be duly reflected in business processes.
- Approval shall always be obtained from the Business Partners to use technologies or other assets belonging to the Business Partners.
- Fair compensation shall be made for damages inflicted on the Business Partners as a result of a mistake made by the Company.
- The Company shall not commit any of the following unfair acts that are prohibited under the statutes related to fair trade.
  - Acts of forcing the Business Partners that is unwilling to buy a product;
  - Acts of unfairly prohibiting the Business Partners from conducting transactions with a competitor or limiting the range or targets of its transactions;
  - Acts of determining unfair prices, including unilaterally raising selling prices or lowering buying prices without consultation with the Business Partners;
  - Acts of rejecting a legitimate return or unfairly rejecting or delaying the acceptance of goods that have been ordered;
  - Acts of neglecting legal obligations concerning payment terms
  - Acts of discontinuing business relations or remarkably reducing business volumes with an account without legitimate reasons;
  - Acts of determining unfair business terms by discriminating against a specific account;
  - Other unfair acts that are prohibited under other pertinent statutes.

Maintenance of clean trading order

- LS ELECTRIC shall not accept or request unfair financial gains, including articles of monetary value, entertainment or other conveniences from the Business Partners.
- LS ELECTRIC shall not make any illegitimate request based on such special relations as those of blood and/or school ties, and shall not exercise external pressure using a business-related position in connection with business deals.
- Information or technologies belonging to the Business Partners that have been acquired in the course of transactions shall not be used to obstruct the Business Partner's business operations.

Support to partners

- Standards for supporting or fostering the Business Partners shall be established and implemented.

- The standards for fostering the Business Partners shall specify the qualifications required of the Business Partners who are eligible for support by the Company and shall include specific operational criteria for technical support or managerial guidance.
- Earnings generated through technical support or managerial guidance shall be shared in a fair manner.

#### **Chapter 4 Basic Ethics of Officers and Employees**

LS ELECTRIC's officers and employees shall establish a right sense of value with a fair creed and shall perform their given mission on the basis of continued self-development and the fair performance of their duties.

Maintenance of dignity as LS ELECTRIC's officers and employees

- LS ELECTRIC's officers and employees shall not commit any immoral or unethical acts that may damage their honor or integrity.
- LS ELECTRIC's officers and employees shall not commit any acts that may generate distrust or damage the sound organizational atmosphere, including the fabrication or dissemination of rumors.

Honest and fair reporting

- LS ELECTRIC's officers and employees shall not mislead or frustrate their superiors' or the relevant departments' decision-making by manipulating documents or figures or by making false reports.
- LS ELECTRIC's officers and employees shall make reports such as are necessary for performing business fairly and honestly.

Protection of Company assets

- LS ELECTRIC's officers and employees shall immediately report and take adequate actions regarding a serious event that they may fear or are certain will cause losses to the Company's assets.
- LS ELECTRIC's officers and employees shall not use the Company's assets illegally or illegitimately.
- The Company's confidential information shall be kept secure pursuant to the pertinent regulations. External disclosure of any of the Company's confidential information shall be approved in advance.
- The Company's confidential information shall be disclosed only to duly authorized persons.

Evasion of conflicts of interest with the Company

- LS ELECTRIC's officers and employees shall not commit acts that may interfere with their fair performance of duties, including the acceptance of gratuities.
- LS ELECTRIC's officers and employees shall not directly operate or invest in an outside business that may have conflicting interests with the Company.
- LS ELECTRIC's officers and employees shall not be employed concurrently by a business that has competing relations with the Company or shall not provide consulting or advice that may conflict with the Company's profit.
- LS ELECTRIC's officers and employees shall report to and obtain advance approval from the Company when they are offered employment by another company or when they intend to virtually perform duties similar to those they perform for LS ELECTRIC.
- LS ELECTRIC's officers and employees shall not trade in or induce others to trade in the Company's stock using internal information.
- LS ELECTRIC's officers and employees shall not select, or exercise influence on behalf of, businesses run by members of their immediate family or other relatives as the Company's vendor or to deal with the Company.

Prevention of sexual harassment in the workplace

- LS ELECTRIC's officers and employees shall always be prudent in their speech or actions, remembering that they may cause mental or physical harm or discomfort to others.
- LS ELECTRIC's officers and employees shall abstain from causing any impediments to company life or personal integrity through acts of sexual harassment, regardless of their rank or position.

#### **Chapter 5 Responsibility toward Officers and Employees**

LS ELECTRIC shall respect all its officers and employees as human beings, treat them fairly based on their ability and performance, and endeavor to enable them to fully demonstrate their creativity.

Development of human resources

- LS ELECTRIC shall establish a desirable image regarding its employees and implement policies aimed at developing their capabilities.

- LS ELECTRIC shall establish and actively support the institutions or systems needed to enable its officers and employees to develop into autonomous and creative human beings.
- LS ELECTRIC shall assign duties to its officers and employees in consideration of their desires, aptitudes and capacities and shall help them to develop their abilities throughout the performance of their duties.

#### Fair treatment

- LS ELECTRIC shall grant fair opportunities for its officers and employees to advance their capacity without discrimination based on their schooling, gender, age or place of origin.
- LS ELECTRIC shall ensure fair remuneration is made by fairly evaluating their aptitudes, capacities and performance.

#### Health and safety

- LS ELECTRIC shall take the appropriate actions to ensure the health and safety of its officers and employees in performing their duties.
- In particular, LS ELECTRIC shall implement the necessary safety measures at workplaces that are exposed to specific hazards.

#### Respect of individuals' opinions

- LS ELECTRIC shall protect the privacy of individuals unless it impedes the work atmosphere or public morals.
- LS ELECTRIC shall develop the systems and atmosphere required to enable its officers or employees to make constructive suggestions or recommendations or to freely express their distress.
- LS ELECTRIC shall not force its officers or employees to participate in specific religious or political party activities and shall respect each individual's religious or political opinions.

### **Chapter 6 Responsibility toward the Nation and Society**

LS ELECTRIC shall protect the shareholders' interests and contribute to the people's affluent life and social development by growing into a sound business based on the pursuit of rational business operations.

#### Rational business stages

- LS ELECTRIC shall respect society's sense of ethical value, shall not commit any acts that may hurt the national economy or generate a sense of alienation, and shall undertake business activities that match the people's sentiment.

#### Protection of shareholders' rights and interests

- LS ELECTRIC shall faithfully disclose its information to its shareholders by respecting their right to know about the company.
- LS ELECTRIC shall not unilaterally infringe the interests of its minority shareholders to protect the interests of its major shareholders.

#### Contribution to national and social development

- LS ELECTRIC shall fairly grant opportunities for employment to anyone without discrimination based on their schooling, gender or place of origin.
- LS ELECTRIC shall faithfully file its tax returns and pay the due taxes.
- LS ELECTRIC shall endeavor to accommodate and resolve legitimate demands made by the various tiers of society and local residents.

#### Protection of the environment

- LS ELECTRIC shall comply with all the statutes related to environmental protection and shall endeavor to undertake environmentally-friendly business activities.
- LS ELECTRIC shall secure and operate pollution-prevention facilities and deploy the relevant personnel to prevent contamination of the environment.