

Code of Conduct for Korea National Oil Corporation



**Korea
National Oil Corporation**



" Our corporation must create clean and transparent climate of business and establish our own culture and business practices suitable for an oil corporation as soon as possible in order to overcome immediate challenges and to achieve further success "

- In New Year's Address By CEO -



Kang Young-won, CEO of Korea National Oil Corporation

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Chapter 1 General Provisions

Article 1 【Purpose】 The purpose of this code of conduct (hereafter referred to as the " Code ") is to prescribe the standards of conduct to be observed by the officers/employees (hereafter referred to as " Officials/Employees") of Korea National Oil Corporation(hereafter referred to as the "Corporation") in accordance with Article 8 of the Act on Anti-corruption and the Establishment and Operation of the Anti-corruption & Civil Rights Commission to prevent corruption and foster sound climate of public service.

Article 2 【Definitions】 The terms used in this Code are defined as follows:

- ① The term " Duty-related Person" means an individual or an organization that falls under the following who are related to the work of Officers/Employees. (An Officer/Employee who acts in his private capacity, shall be deemed an individual)
- 1) Any individual or organization that is under a petition or is obviously going to petition to the Corporation regarding civil affairs.
 - 2) Any individual or organization that is subject to authorization, permit, inspection, audit, control, administrative guidance, etc.
 - 3) Any individual or organization that will be at a direct advantage or disadvantage by a decision, appraisal, examination, assessment, mediation, etc.)
 - 4) Any individual or organization that executes or is obviously going to execute a contract with the Corporation.

- 5) Any individual or organization that demands the Corporation to take certain actions; or has substantial interests related to the exercise or non-exercise of authority in the work of the Officers/Employees.
 - 6) Any individual or organization that is otherwise related to the work determined by the president.
- ② The term "Duty-Related Officer/Employee" means other Officers/Employees who fall under any of the following and are at a direct advantage or disadvantage in relation to the performance of duties of Officers/Employees
- 1) A subordinate Officer/Employee who takes orders in relation to the performance of duties of Officers/Employees
 - 2) Officers/Employees responsible for duties involving personnel management, budget, audit, awards or evaluation, etc. and Officers/Employees directly related to these duties
 - 3) The officers/Employees to be delegated or entrusted to, in the event the Corporation delegates or entrusts business.
 - 4) Any other Officer/Employee determined by the President
- ③ The term " Gift" means goods, securities, lodging certificates, membership certificates, admission tickets and other equivalent items without any consideration(including where such consideration is substantially low compared to the market price or transaction practices
- ④ The term " Entertainment" means providing food, drink, golf rounds or conveniences such as traffic and accommodation

Article 3 【Scope of Application】

This Code shall apply to all the Officers (except for a non-standing officer) and Employees(including non-permanent employees) of the Corporation

Article 4 【Obligation to Comply and Liability】

- ① All Officers/Employees shall be aware of and comply with this Code, and shall be liable for the breach of this Code.
- ② The president can make Officers/Employees submit a written pledge to follow the code of ethics and code of conduct in the form of Appendix 1 or a written pledge to follow anti-corruption agreements in the form of Appendix 2 to the code of conduct official to secure anti-corruption and foster transparent climate of public service.

Chapter 2 Fair Performance of Duties

Article 5 **【Exclusion of Preferential Treatment】**

Officers/employees in performing his duties shall not give any preferential treatment or discriminatory treatment to a specific person on the grounds of regionalism, blood relationship, alumni affiliation, religion, etc.

Article 6 **【Prohibition of Arrangement, Solicitation, etc.】**

- ① Officers/Employees shall not arrange, solicit, etc. which impedes a fair performance of duties of other officer/employee, for his or others' unjust profit.
- ② Officers/Employees, in relation to the performance of their duties, shall not introduce a Duty-related Person to another Duty-related Person or public organization employees as referred to in Article 2 of the Act on Anti- corruption and the Establishment and Operation of the Anti-corruption & Civil Rights Commission for his or others' unjust profit.

Article 7 **【Prohibition of Solicitation for Personnel Affairs】**

- ① Officers/Employees shall not have other persons make a solicitation to the person in charge of personnel affairs in order to unjustly influence personnel affairs, such as his own appointment, promotion, transfer, etc.

- ② Officers/Employees shall not unjustly intervene in the personnel affairs of other Officers/Employees, such as appointment, promotion, transfer, etc., by taking advantage of his position

Article 8 【Evasion of Duties Involved in One's Own Interest】

- ① When Officers/Employees conclude that it is difficult to make an impartial performance of his duties since his duties are related to interests of individuals or organizations that fall under any of the following sub-paragraphs, he shall deal with his duties after consultation with his immediate superior or the Officers/Employees in charge of the affairs relating to the code of conduct designated by the provisions of Article 34 (hereinafter referred to as the " Code of Conduct Official") whether or not to refrain from his duties, etc.

1. Oneself, his lineal ascendants, descendants, and spouse, his spouse's lineal ascendants and descendants
2. Kinship within the fourth degree
3. The organization or the agent of the organization that the officers/Employees previously worked for

- ② The immediate superior or the Code of Conduct Official who has received a request for consultation as referred to in paragraph (1) shall file a report with the president if he concludes that it would be inadequate for the relevant Officer/Employee to continue his duties. Provided that, where the immediate superior has the authority to temporarily re-allocate the duties of the relevant Officer/Employee, he may re-allocate the relevant duties, and not file a report with the president.

- ③ The president who has received a report as referred to in paragraph (2) shall take proper measures, such as relocation of the Officer/Employee, so that the duties can be fairly dealt with.

Article 9 【Handling Instructions Impeding Fair Performance of Duties】

- ① Officers/Employees shall not make an instruction that impedes fair performance of duties in violation of laws and regulations for his or others' profit.
- ② In the event of paragraph 1, a subordinate who receives an instruction that hinders fair performance of duties may decide not to follow such an instruction by vindicating the causes to the relevant superior in the form of Appendix 3.
- ③ Notwithstanding a non-performance of the instruction as referred to in paragraph (2), when the same instruction is continued, the subordinate shall promptly file a report with the president or consult with the Code of Conduct Official.
- ④ The Code of Conduct Official, who has made a consultation as referred to in paragraph(3), confirms the contents of the instruction, and if he admits that a revocation or alteration of the instruction is necessary, he shall file a report with the president.
- ⑤ The president who has received a report as referred to in paragraph (3) or (4), shall take proper measures, such as making a revocation or alteration of the instruction, when he deems it necessary. The president shall take an adequate measure, such as disciplinary punishment, etc. against the superior who makes the same instruction repeatedly in spite

of non-performance of the instruction which would hinder fair performance of duties as referred to in paragraph (2).

- ⑥ No discrimination or disadvantageous measures shall be taken against the Officer/Employee on account of non-performance of the instruction as referred to in paragraphs (1) and (2).

Article 10 【Prohibition of Use of Budget Beyond Purpose】

An Officer/Employee shall not cause any property loss to the Corporation by using the budget for performance of duty, such as travel expenses, business promotion expenses, etc. for any usages beyond purpose.

Article 11 【Handling Unjust Requests from Politicians, etc.】

- ① When an Officer/Employee has been subject to a compulsion or solicitation for unfair performance of duties by a public official, politician or political party, etc, he shall deal with his duties after filing a report with the president or consulting with the Code of Conduct Official.
- ② The president who has received a report or Code of Conduct Official who has made a consultation as referred to in paragraph(1) shall take adequate measures so as to have the relevant Officer/Employee make a fair performance of duties.

Chapter 3 Prohibition of Giving and Receiving Improper Gain

Article 12 【Prohibition of Engaging in Improper Gain, etc.】

- ① Officials/Employees shall not obtain or have others obtain improper gain by using their positions.
- ② Officers/Employees shall not use or have others use their or the Corporation's position to obtain improper gain for themselves or others.

Article 13 【 Prohibition of Using or Making Profit on Public-Owned Property for Personal Purpose 】

An employee shall not, without a justifiable cause, use or make profit on official vehicles, any goods which are provided for business or office use, or other Corporation-owned properties, such as movable or immovable properties for personal purposes

Article 14 【Restriction on Transactions, Utilizing Duty-related Information, etc.】

Officials/Employees shall not make a property trade or an investment relating to securities such as stocks, or immovable properties, etc. by utilizing undisclosed information which is acknowledged in connection with the performance of his duties, or help make a property trade or an investment by offering such information to others.

Article 15 **【Restriction on Giving and Receiving Money, Goods, etc.】**

- ① Officials/Employees shall not receive any money, immovable properties, gifts and entertainment(hereinafter referred to as the "Money, Goods, etc.") from Duty-related Person ; provided, that the cases falling under any of the following sub-paragraphs shall not apply:)
1. Money, Goods, etc. offered under a justifiable cause, such as a performance of obligations
 2. Food, drinks or convenience offered within the scope of common practices under unavoidable reasons in performing one's duties (provided, however, that the above shall not exceed 30.000 Won.)
 3. Transportation, lodging or food or drinks that are uniformly offered by the sponsor to the participants in official events that are duty-related
 4. Souvenirs or promotional goods for distribution to unspecified persons
 5. Money, Goods, etc. offered openly in order to help an Official/Employee who is under difficult situation due to disease, disaster, etc.
 6. Money, Goods, etc. provided under the allowance of the president to facilitate the performance of duties.
- ② Officials/Employees shall not receive Money, Goods, etc. from Duty-related Officers/Employees. Provided, that the case falling under any of the following sub-paragraphs shall not apply:

1. Cases under paragraph(1)-1 above
 2. Gifts worth a small amount offered within the scope of common practices. (provided, however, that the gifts shall not exceed 30.000 Won.)
 3. Money, goods, etc. offered openly at employees' mutual aid society, etc.
 4. Money, goods, etc. offered by the superior to subordinates for the purpose of enhancing the morale such as to give consolation, encouragement, reward, etc.
- ③ Officers/Employees shall not receive Money, Goods, etc. in connection with the duties at that time from a person who was then a Duty-related Person, or who was then a Duty-related Officer/Employee; Provided, that cases falling under any subparagraph of paragraphs (1) and (2) shall not apply.

Article 16 【Prohibition of Offering Money, Goods, etc.】

Officers/Employees shall not provide Money, Goods, etc. to a duty-related public official or politician for the benefit of the Corporation, except for the Money, Goods, etc. set forth in the proviso of Paragraph (1) of Article 15.

Article 17 【Restriction on Giving and Receiving Money, Goods, etc. by Spouse, etc.】

Officers/Employees shall prevent his spouse or lineal ascendants or descendents from receiving Money, Goods, etc. whose receipts are prohibited under the provisions of Article 15.

Article 18 [Prohibition of Borrowing Money, etc.]

- ① Officers/Employees shall not borrow or lend money, and rent a real estate without compensation(including where such compensation is significantly low compared to the market value or transaction custom) from a Duty-related Person(excluding a kinship within the fourth degree; hereafter the same shall apply in this Article) or Duty-related Officer/Employee. Provided, however, this shall not apply when a loan is made on ordinary terms and conditions from a financial institution under Article 2 of the Act on Real Name Financial Transactions and Guarantee of Secrecy.
- ② Notwithstanding the provisions of paragraph (1), an Officer/Employee who intends to borrow or lend money and rent real estate without any compensation from a Duty-related Person or Duty-related Officer/Employee for unavoidable reasons, shall report it to the president in the form of Appendix 4.

Article 19 [Execution and Performance of Agreements in an Anti-corrupt Manner]

- ① Officers/Employees shall perform duties related to bidding, execution and performance of agreements, etc. administered by the Corporation, in a fair and transparent manner pursuant to the procedures set forth in the applicable laws and regulations.
- ② Officers/Employees shall not demand prohibited Money, Goods, etc. or make unreasonable demands such as forcing unfair terms of transactions or interfering in management, by taking advantage of their superior position in trading, in bidding, executing and performing agreements under paragraph(1) above.

Chapter 4 Transparency of Information and Financial Management

Article 20 [Justifiable and Transparent Acquisition and Management of Information]

Officers/Employees shall acquire all information in a justifiable manner and record and report it accurately, and shall not manipulate or destroy such information for the benefit of a specific person or organization.

Article 21 [Transparent Accounting Management]

Officers/Employees must manage accounting accurately and transparently on the basis of the facts in accordance with relevant laws and generally accepted accounting principles, etc.

Article 22 [Prohibition of Leaking Information]

Employees shall not leak important information acquired through their performance of duties to any third parties without the prior permission or approval of the president.

Article 23 [Transparent Disclosure of Information]

Officers/Employees responsible for information disclosure shall respond to the requests by the media and general public for disclosure of management information, in a sincere and honest manner in accordance with the applicable laws and regulations, in order to secure transparency of management and build external creditworthiness.

Chapter 5 Establishment of Sound Climate in Public Offices

Article 24 **【Reporting Outside Lectures, etc.】**

- ① Except where approved pursuant to other laws, Officers/Employees shall file a report with the president in the form of Appendix 5 beforehand, if he intends to plan a seminar, public hearing, forum, presentation, symposium, education, lecturing or speech (hereinafter referred to as the "Lecture"), which are not directly related to the performance of his duties.
- ② The president may approve the Lecture under paragraph (1) above if he determines such Lecture will not **hinder** the duties of the relevant Officer/Employee and has no risk of leakage of confidential information related to his duties.
- ③ The compensation for the Lecture under paragraph(1) shall not exceed the ordinary standard that is conventionally applied by the requesting party for such Lecture.

Article 25 **【 Establishment of Sound Culture for Condolences and Congratulations】**

- ① Officers/Employees shall take the initiative and set examples in establishing a sound culture of condolences and congratulations.
- ② Officers/employees shall not give notification regarding congratulations or condolences to a Duty-related Person. Provided, that cases falling under any of the following sub-paragraphs shall not apply:

1. Notification to kinship
 2. Notification to officers/employees in the organization where the Officers/Employees previously worked.
 3. Notification to many unspecified persons by means of newspapers or broadcasting.
- ③ Officers/Employees shall not give or receive Money, Goods, etc. that exceed 50,000 won, in relation to congratulations and condolences. Provided, that cases falling under any of the following sub-paragraphs shall not apply:
1. Money, Goods, etc. given or received between an Officer/Employee and his relatives in connection with congratulations or condolences
 2. Money, Goods, etc. provided to an Officer/Employee by a religious organization or a social organization, etc. to which he or she belongs in accordance with its articles of association or regulations, etc. of such organizations, in connection with congratulations or condolences.
 3. Money, Goods, etc. for congratulations and condolences determined by the president, etc.

Article 26 【Restriction on Golf and Acts of Speculative Nature】

- ① Officers/Employees should not play golf with Duty-related Persons in connection with performance of their duties such as construction works, service, bidding for purchase of goods and contracts. Provided, that, however, in the event the Officer/ Employee plays golf under unavoidable reasons, he should report it in advance, and if he has a special reason which makes it difficult to report it beforehand, he must make a report immediately afterwards.

- ② Reports pursuant to the provisions of paragraph(1) shall be filed to the Code of Conduct Official in the form of Appendix 6 and the Code of Conduct Official should inform the president of the contents of such report and manage it in the form of Appendix 7.
- ③ Officers/Employees shall not engage in acts of a speculative nature such as mah-jong, flower cards, cards with Duty-related Persons for the purpose of economic gain.

Article 27 【Prohibition of Forming Private Organizations, etc.】

Officers/employees shall not organize a clique or private organization on the basis of blood relationship, regionalism , or alumni affiliation within the Corporation.

Article 28 【Prohibition of Sexual Harassment】

Officers/Employees shall not commit any of the following acts that may cause sexual temptation or sexual shamefulness.

1. Touching or contacting certain parts of the body
2. Making obscene jokes or having obscene or vulgar talks.
3. Making sexual comparison or evaluations with respect to another Officer/Employee's appearance.
4. Posting or showing obscene photographs, pictures, etc.
5. Forcing another Officer/Employee to serve drink or dance at mess dining, etc.; or
6. Any acts that may otherwise cause sexual shamefulness in light of socially accepted customs

Chapter 6 supplementary provisions

Article 29 【Education】

- ① The president shall establish and execute education plans for Officers/Employees to observe relevant regulations such as anti-corruption and this Code.
- ② Education as set in the provision of Article 1 shall be conducted at least once a year, and the education to new employees shall be conducted upon employment.

Article 30 【Consultation Regarding Whether Violation or Not】

- ① When it is obscure whether or not this code was violated in performing his duties, the Officer/Employee shall deal with it after making a consultation with Code of Conduct Official.
- ② The president shall take necessary measures, such as installing exclusive telephones or consultation rooms, etc. so as to make the consultations pursuant to the provisions of paragraph (1) held smoothly.

Article 31 【Report and Confirmation of Violation】

- ① Anyone who becomes aware that an Officer/Employee violated this Code may report such violation to the Code of Conduct Official, the president, or the Anti-corruption and Civil Rights Commission.
- ② A person who files a report pursuant to the provisions of paragraph (1) shall indicate the personnel matters of himself and violators and the

details of violations through such vindicable means as in the forms of Appendix 8, in writing or by electronic email, etc. Provided, that Money, Goods, etc. unavoidably received from an outsider shall be reported voluntarily through such vindicable means as in the form of Appendix 9, in writing, or by email, etc,

- ③ The Code of Conduct Official shall confirm the violation reported under paragraph(1) and then report it to the president, attaching a vindication submitted by the Officer/Employee concerned.

Article 32 [Guarantee of Status of Reporting Person]

- ① The president and the Code of Conduct Official shall guarantee confidentiality with regard to the reporter and the details of the report under Article 31, and make sure that the reporter will not be subject to discrimination or any disadvantage due to his report.
- ② When a reporter has, notwithstanding the provisions of paragraph (1), been subject to any discrimination or disadvantage, he may request the Code of Conduct Official, the president, or the Anti-corruption and Civil Rights Commission to take protective measures and relieve such disadvantages, etc. and the president or the Code of Conduct Official shall take appropriate measures which are necessary thereof.
- ③ If a person's wrongdoing has been discovered due to his own report pursuant to the provision of Article 31, the disciplinary measure, etc. for such person shall be subject to exemption or leniency.
- ④ The provisions of paragraph 1 through 3 shall apply mutatis mutandis to the cases of consultation and report, etc. by this Code

Article 33 [Handling of Prohibited Money, Goods, etc.]

- ① Officers/Employees who have received Money, Goods, etc. in violation of the Code shall immediately return, to the offering party, the excessive portion of the prescribed standards, or the Money, Goods, etc. prohibited. In this case, the Officer/Employee concerned may request a refund of the expenses for the return to the president by attaching documentary evidence in the form of Appendix 10.
- ② With respect to the Money, Goods, etc. to be returned under the provision of paragraph (1), if they are subject to loss, decay, deterioration, or if the name or address of the offering party is not obvious, or if there is a reason that makes it difficult to return them to the offering party, such fact shall be reported to the Code of Conduct Official or the president.
- ③ The Code of Conduct Official or the president who receives a report under paragraph (2) above, can handle the Money, Goods, etc. in accordance with any of the following standards:
 1. The Money, Goods, etc. having no economic value due to decay or deterioration, etc. shall be destroyed.
 2. The Money, Goods, etc. having concerns over decaying or deterioration shall be donated to social welfare facilities or non-profit organizations, etc.
 3. It shall be donated to social welfare facilities or non-profit organizations, etc. in accordance with procedures such as public notification on internet websites except as otherwise provided for by other laws other than sub-paragraph 1 and sub-paragraph 2.
 4. Any other standards determined by the president.

- ④ The Code of Conduct Official shall, with respect to Money, Goods, etc. handled pursuant to Paragraph(3) above, record and manage the identities of the persons who have provided and received such Money, Goods, etc. , details of such Money, Goods, etc., the date and time of provision and the result of handling thereof, in the file dealing with Money, Goods, etc. under the form of Appendix 11 and give a notice to the person who has provided the Money, Goods, etc; provided, however, that the notification to the providing person may not be given if the accurate address of the providing person is unavailable.

Article 34 【Designation of Code of Conduct official】

- ① The director in charge of auditing affairs and the director in charge of ethic management shall be the Code of Conduct Official to facilitate the operation of the Code.
- ② The director in charge of auditing affairs shall perform the work which falls under one of the following sub-paragraphs:
1. The matters regarding checks and evaluations as to whether the Code is complied with
 2. The matters regarding reporting, acceptance and handling of violations of this Code and protection of reporting persons.
- ③ The director in charge of ethics management shall perform the work which falls under one of the following sub-paragraphs:
1. The matters regarding education and consultation with respect to this Code
 2. The other matters necessary for the operation of this code.

- ④ The director in charge of auditing affairs and the director in charge of ethic management shall not disclose any secrets learned in the process of his work under the provisions of paragraphs (2) and (3).
- ⑤ The director in charge of ethical management shall maintain and manage the details of consultations of the Code in the form of Appendix 12 and the director in charge of audit affairs shall maintain and manage reporting consultations, reporting, acceptance and handling of violations of this Code in the form of Appendix 13 and Appendix 14.

Article 35 【Investigation of Compliance】

- ① The Code of Conduct Official shall check periodically, at least once a year, the status of compliance and observance of this Code by Officers/Employees.
- ② The Code of Conduct Official may, in addition to the periodical checks under Paragraph(1) above, conduct from time-to-time checks at other times vulnerable to corruption such as vacation seasons, before or after festive holidays.
- ③ The Code of Conduct Official shall report to the President the results of the checks under the provisions of the paragraphs (1) and (2) above.

Article 36 【Disciplinary Measures, etc.】

- ① The president shall take necessary measures including disciplinary actions against the Officers/Employees in violation of the Code.

② The types, procedures, effects, etc. of the disciplinary measures under Paragraph (2) above shall be as set forth in the disciplinary regulations of the Corporation; provided, however, that where disadvantageous treatments, etc. have been made to a reporter, in violation of Article 31 shall be subject to aggravated disciplinary measures.

Article 37 【Awards】

With respect to Officers/Employees who contributed to the performance and development of the Code, the president shall give awards to such Officers/Employees by having it reflected in their personnel evaluation, etc.

Article 38 【Operation of the Code】

The president may establish and execute details necessary for the operation of the Code.

Addendum

① This code shall become effective on February 23, 2009.