



SK hynix

COMPLIANCE GUIDEBOOK



Message from the CEO

SK hynix China refers to SK hynix Semiconductor (Shanghai) Co. Ltd., SK hynix Semiconductor (China) Ltd., SK hynix (Wuxi) Semiconductor Sales Ltd., SK hynix Semiconductor (Chongqing) Ltd., other SK hynix companies registered in mainland China, and the branches, offices, subsidiaries, factories located in mainland China of the aforesaid companies and SK hynix Inc. (collectively and individually, the “Company”).

This guidebook provides guidelines for SK hynix China employees’ compliance with China’s anti-trust laws, anti-bribery laws, and personal information privacy protection (collectively, “Guidelines” and individually, “Guideline”).

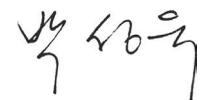
As these Guidelines are part of a continuing program to increase awareness of China’s compliance with Chinese laws and regulations, compliance with the Guidelines is important as it is in SK hynix China’s interest. Any failure to follow these Guidelines can result in very serious legal consequences (e.g. government investigations and fines, civil lawsuits with serious damage claims, criminal liabilities, etc.) to SK hynix China. Therefore, you are required to read these Guidelines carefully and, if you are a manager or supervisor, please ensure that your staffs comply with the rules in the Guidelines. When you have doubts about any anti-bribery issues, please consult with Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team for advice.

If you become aware of any non-compliance with these Guidelines, it is imperative that you report to your manager immediately so that all appropriate steps may be taken.

Please join me in supporting these Guidelines and upholding the valued reputation of the Company.

Park, Sung-Wook

CEO/SK hynix
April 2015



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01 SK hynix Code of Business Conduct and Ethics



SK hynix Code of Business Conduct and Ethics



1. Introduction to this Guidelines for Business Ethics and Conduct

These guidelines for Business Ethics and Conduct (the “Code”) for the members of SK hynix (collectively, “SK hynix”, “We”, “us”, “our” or the “Company”) and our partners provide guidelines for everything SK hynix does and therefore applies to all SK hynix directors, officers, and employees, as well as any subsidiary or business venture that SK hynix controls. We strongly believe that if a company does not appropriately address legal and ethical challenges, it may incur far more losses than earnings while disrupting sustainable growth. SK hynix is committed to conducting business the right way.

Violations of law or the Code are a serious matter and can lead to government investigation, fines, imprisonment, and other consequences for SK hynix and anyone involved in the violation. All employees have a duty to protect themselves, their colleagues, and the Company by reporting any violation or potential violation of applicable law, the Code, or a Company policy. Retaliation against those who do so is strictly prohibited.

2. Commitment to Our Customers

Our goal is to produce quality, innovative products that meet and surpass the expectations of our customers in a manner that complies with all legal and ethical obligations that apply to our business. SK hynix treats all our customers with sincerity and reasonableness and hold customers’ wants and needs as our priority and use efforts to find value in customers’ demands through innovative and creative measures.

SK hynix employees are not only obligated to follow the applicable laws and regulations, the Code, and Company regulations mentioned herein but also to uphold high ethical values, maintain their pride for themselves and the Company’s reputation, and strive for continuous growth of the Company.

SK hynix will not disclose any confidential information of our customers without customer’s prior consent. Any information customers should know will be disclosed transparently so that the customers can make appropriate and reasonable decisions.

3. Respect for Our Colleagues

3.1 Equal Opportunity, Compensation, and Assessment

SK hynix strives to provide fair opportunities according to employee's ability and performance, and assess all employees and job applicants according to unbiased criteria.

In all employment practices – including hiring, promotion, compensation, and training opportunities- SK hynix does not discriminate based on sex, religion, race, skin color, marital status, language, nationality, social position, university attended, physical condition, handicap, property owned or any other categories protected by law.

3.2 Harassment

SK hynix prohibits all forms of harassment in the workplace. Harassment is any unwelcome or offensive language or behavior directed at another person on the basis of any identifying personal characteristic. Harassment also includes unwelcome sexual advances or innuendos, offensive jokes, derogatory slurs, and offensive visual images. Employees should promptly report any harassment to Ethics Management Team.

3.3 Workplace Health & Safety

All employees are entitled to a safe, clean, and healthy working environment. Accordingly, SK hynix has implemented safety and health management procedures to prevent safety-related accidents and minimize health risks. These measures include the Environment, Safety, and Health Experience Center; systems to prevent human error and monitor environmental conditions on production floors; and implementation of emergency drills. Employees must comply with all safety measures implemented by the Company.

Employees must comply with all workplace safety rules and instructions, such as :

- ☑ Regulations on workplace safety (if required by the applicable law);
- ☑ Laws and regulations, such as those requiring permits for certain activities or establishing standards for handling or transferring controlled substances;
- ☑ Posted safety notices;
- ☑ Instructions regarding equipment operation; and
- ☑ Instructions from managers or other employees responsible for workplace safety regarding any work-related task.

In the event of a natural disaster or other incident that could threaten health or safety or pose an environmental concern, employees must promptly report the issue to their manager.

3.4 Workplace Violence

SK hynix expects that all employees will conduct themselves in a civil and respectful manner while at work and will solve all conflicts in a cooperative manner. All employees shall report suspicious activities on or near Company premises.

Violence or threats of violence in the workplace are strictly prohibited. Abusive, intimidating or hostile words and actions often precede more serious violent behavior and should be reported immediately to Ethics Management Team.

Except for authorized security personnel, firearms and other weapons are prohibited on Company property regardless of whether an employee is permitted to possess or carry them.

3.5 Alcohol, Drugs & Intoxicating Substances

Employees must ensure that any use of alcohol outside of working hours does not impair their ability to perform their duties for SK hynix in a safe manner. Employees who report to work under the influence of alcohol may be sent home without pay or terminated at the discretion of the Company's management.

Alcohol may be consumed on Company premises only at events approved in advance by management. Employees who consume alcohol during the workday at events off Company property must ensure that doing so does not impair their ability to exercise sound business judgment on SK hynix's behalf. Employees should always ensure that any consumption of alcohol at a work-related event is appropriate and not excessive.

SK hynix maintains a zero-tolerance policy regarding other intoxicating substances and illegal drugs. Employees may not work under the influence of such substances or use them during the workday. Use of such substances is grounds for immediate termination. Employees who observe a colleague impaired due to alcohol, drugs, or other intoxicating substance must promptly notify their manager.

4. Conduction Our Business

4.1 Anti-trust

We treat our competition fairly and comply with all laws designed to protect competition. Fair dealing and anti-trust laws protect industry competition by generally prohibiting formal or informal agreements between business entities and coordinated actions that seek to manipulate prices or unfairly impact competitors. These laws also prohibit actions aimed at improperly excluding, restricting, or eliminating competition. Employees should avoid any conduct that could be interpreted as an illegal agreement with other business entities to restrict or diminish competition. Examples include price fixing, limiting production or allocating markets or territories between the entities.

Anti-dumping laws preclude manufacturers from exporting a product to another country at a price below the cost of production or below the price charged in its home market. The purpose of these statutes is to prevent manufacturers using surplus product to harm competitors in other countries.

Understanding the requirements of anti-trust and anti-dumping laws can be challenging, and violation of these statutes can result in severe penalties for SK hynix and any employee involved in the violation. Employees should refer to the Anti-trust Policy, and should seek assistance as described in that Anti-trust Policy for questions related to these laws.

4.2 Bribery & Corruption

SK hynix abides by anti-corruption laws everywhere it does business. These laws prohibit offering, paying, requesting, accepting, or promising to accept anything of value in order to improperly influence the recipient. Examples of items that could be used to exert improper influence include meals, entertainment, gifts, and political contributions. Anti-corruption laws focus on the intent underlying the benefit, not on its size or value. Thus, even a small gift or contribution is improper if it is given with the intent to influence the recipient's independent judgment.

In addition, SK hynix never pays bribes or kickbacks to any government official or to any individual or commercial entity with which it does business, even if those payments would not violate the law in the country where the payment is made. Facilitation payments are strictly prohibited.

Providing or accepting gifts, travel, entertainment, meals, and charitable contributions could all have the potential to be viewed as a bribe. For this reason, employees may be required to obtain preapproval before providing or accepting such benefits, especially if the recipient is a government official.

Employees should refer to the Anti-Corruption Policy for more information about the types of transactions that must be reviewed in advance and how to obtain preapproval.

4.3 International Trade and Import/Export Controls

International trade and import/export laws and regulations sometimes restrict a company's ability to conduct business with certain nations, companies, entities, and individuals. International sanctions imposed by national governments are the best example of these types of laws. In addition, import and export controls may :

- ☑ Prohibit the export of goods, software, and technology to certain countries or groups;
- ☑ Establish limits on the amount or value of product that can be exported to a particular country; or
- ☑ Prohibit companies from boycotting a particular country, entity, or person.

4.4 Money Laundering

Money laundering is any attempt to make illegal funds appear legitimate, usually by concealing their true source. SK hynix does not participate in money laundering and will not assist others in money-laundering activity.

Employees must be aware of the following warning signs that could indicate money laundering :

- ☑ Orders that are inconsistent with a customer's or supplier's usual practices;
- ☑ Requests to pay in cash;
- ☑ Requests to make payments to or accept payments from third parties;
- ☑ Requests to make payments to suppliers or agents to accounts in a country where the supplier or agent is not located; or
- ☑ Requests to ship products to a country other than the buyer's or seller's home country.

Employees who observe any of these warning signs should report them to their manager or to Ethics Management Team.

4.5 Delegated Authority

Employees must understand the limits on their authority to bind the Company and never take any action outside the limits of their authority.

Employees may not speak on behalf of SK hynix unless they have been authorized to do so. Employees permitted to speak for SK hynix must always be truthful, complete, and respectful in their communications. Employees not authorized to speak on SK hynix's behalf may not accept a public speaking engagement or publish any article related to SK hynix's business or products unless the speech or article has been preapproved by the employee's manager. In any such speech or publication, employees must disclose that they are not speaking on SK hynix's behalf.

4.6 Compliance with Laws and Regulations

All business activities of the Company in any and all jurisdictions must comply with applicable laws and customs of the relevant country and origin.

The Company should voluntarily operate a compliance system to continuously encourage its employees to voluntarily comply with the applicable laws and customs.

The Company must satisfy regulations and requirements with respect to the conflict minerals (Tantalum, Tungsten, Tin, Gold) and acquire transparent supply chains of raw materials by strictly managing the origin and distribution of the conflict minerals.

4.7 Cooperation with Partner Companies

SK hynix will apply fair and reasonable standard and provide equal participation opportunities to qualified supplier/vendor companies. Employees will work efficiently and effectively by engaging in active cooperation and communication with other members of the Company and/or partners of the Company.

Transactions with partner companies shall be conducted in a transparent and reasonable way by discussing different aspects of the transactions. No unfair trade practices by the Company will be conducted by abusing its position.

5. Protecting Company Assets

5.1 Use of SK hynix Assets

Employees should use the Company assets only as necessary to carry out their duties and responsibilities for SK hynix or as otherwise authorized by the Company.

Employees may not use the Company assets to compete with SK hynix or for the benefit of any personal business or political venture outside of their employment with SK hynix. Personal use of the Company assets (such as telephones, computers, printers, etc.) should be minimal and should not interfere with employees' duties and responsibilities to SK hynix.

5.2 Keeping SK hynix's Assets Secure

All employees have a duty to protect SK hynix's assets from misuse. As a semiconductor Company, SK hynix's trade secrets and other intangible proprietary information are some of its most valuable assets. Examples of these assets include :

- ✓ Technical specifications;
- ✓ Information about new product development;
- ✓ Manufacturing information, such as processes for manufacturing products and information about the Company's capacity and output;
- ✓ Information about the Company's suppliers and the terms on which SK hynix acquires raw materials;
- ✓ Information about the Company's customers; and
- ✓ Marketing strategies and plans.

Employees must exercise care to safeguard these, and all other, Company assets. Employees authorized to access SK hynix's physical and technological assets must exercise caution to ensure that unauthorized individuals or those outside the Company do not gain access to those assets.

All access control devices, such as badges, keys, passwords, and magnetic access cards must be secured against loss or theft. Employees must promptly report any loss or theft of these access devices. Computers and servers must also be secured against theft or loss and placed in a secure mode when not in use. Employees may not circumvent or attempt to circumvent any security measure.

5.3 Intellectual Property

Intellectual property is a valuable asset of the Company and includes the Company's patents, trade secrets, trademarks, copyrights (including moral rights) and proprietary knowhow and information. Any intellectual property created by an employee during his or her employment belongs exclusively to the Company and is the Company's intellectual property. The Company's intellectual property should be safeguarded and may not be used for an employee's personal benefit or for the benefit of a third party.

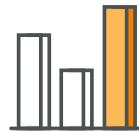
Likewise, it is important to respect the property rights of others. The Company does not tolerate the unauthorized use of anyone else's intellectual property. Before soliciting, accepting, or using another company's or an individual's intellectual property, make sure there is an appropriate licensing agreement in place or seek guidance from the Legal Department.

5.4 Confidentiality and Data Privacy

While working for SK hynix, employees may gain access to confidential information, including information about SK hynix (such as confidential financial information), its business partners (such as customer requirements), and other employees (such as personal identifying information).

All confidential information must be protected, stored properly, and disclosed only to individuals authorized to access the information or as required by law. Employees must comply with all laws governing privacy, data security, and transfer of personal information to third parties or to other countries.

Employees should refer to the Data Protection Policy for more information about SK hynix's protection of and right to access employees' personal information.



5.5 Creating and Maintaining Accurate Records

Employees must comply with SK hynix's system of internal controls and must ensure that corporate records are truthful and accurate. All business records must:

- ✓ Fully and accurately describe the transaction being recorded;
- ✓ Comply with applicable accounting standards;
- ✓ Be supported by accurate documentation; and
- ✓ Be promptly reported.

No cash or other assets may be maintained in any off-the-books account. In addition, employees must comply with all applicable record management policies and legal hold notices that they receive.

6. Conflict of Interest

6.1 Respect for the Rights of Our Employees

SK hynix respects the right of all employees to manage their personal affairs. However, employees' personal interests must never affect (or appear to affect) the performance of their duties for SK hynix. The following principles are designed to help employees identify and respond to potential conflicts of interest.

SK hynix is committed to working with employees affected by a conflict of interest to resolve or mitigate the conflict in a manner that does not affect the employee's position with the Company. However, if SK hynix determines that the conflict cannot be resolved, the employee may be required to cease the activity from which the conflict arises.

6.2 Outside Employment, Directorships, & Other Activities

Outside employment must never interfere with an employee's duties to SK hynix, and employees may not use Company time or resources in furtherance of employment with any other entity. Employees may not provide services to an individual or entity that competes with SK hynix (including as an employee, board member, officer, trustee, partner or consultant) without prior written approval from the employee's manager.

An employee must also obtain prior written approval from the employee's manager before providing services to a foundation, charity or non-profit organization if the employee will be paid

for his or her service. Unpaid service as a director of a charitable or religious organization need not be reported or preapproved.

If an employee owns stocks in a competitor of SK hynix, he may need to report to SK hynix, especially when he or she owns a large amount of the stock of a competitor or hold a sensitive position with the Company. The employee should check with his manager or Ethics Management Team.

An employee must report to his manager, the Legal Department or the Global Compliance Team if any of his family members is employed by any competitor, customers or suppliers, in whatsoever nature.

6.3 Competition & Business Opportunities

Employees must not compete with SK hynix while employed by SK hynix.

Employees may not take advantage of business opportunities that they learn about through their position with SK hynix or direct those opportunities to a third party unless SK hynix has been offered and declined the opportunity. The term “business opportunity” refers to any opportunity to engage in an activity that may generate a profit for SK hynix, even if the opportunity does not relate to the semiconductor industry.

6.4 Personal Relationships

Employees’ relationships with relatives, close friends, and members of their household should never influence their duties to SK hynix. Employees may not participate in any business decision on behalf of SK hynix that could benefit an individual with whom the employee has a close personal relationship.

SK hynix does not allow employees to influence employment-related decisions that affect a relative or a member of their household. Employees are not permitted to directly or indirectly supervise relatives or other members of their household who also work for SK hynix. Potential conflicts of interest arising from personal relationships should be reported to the affected employee’s manager.

6.5 Gifts & Entertainment

Modest gifts and business entertainment can help create goodwill and build strong relationships with SK hynix’s business partners. However, gifts and entertainment can also create a conflict of interest (or the appearance of a conflict) if they have the potential to interfere with the business judgment of the individual receiving them.

Employees are permitted to exchange gifts and entertainment with SK hynix’s business partners provided that doing so is permitted by law and is consistent with the Code and any policy that applies to the gift or entertainment. As discussed below, special rules further restrict the exchange of gifts and entertainment with government officials.

- ✔ Gifts and entertainment should always be viewed as courtesies and may never be exchanged to influence a business decision, to gain an improper advantage, or to obtain something in return.
- ✔ Gifts must have a legitimate business purpose or be exchanged in connection with a recognized gift-giving holiday or event. Gifts of cash or cash equivalents, such as loans, gift cards, or stock, are always improper when exchanged with SK hynix’s business partners. Employees should not accept gifts of more than nominal value from anyone soliciting business from SK hynix. Employees should use their best judgment when offering or accepting any gift, and should consult their manager or the Chief Compliance Officer for guidance about whether a particular gift is appropriate.
- ✔ Business entertainment, such as travel, lodging, meals, and entertainment, may be given or accepted if appropriate to the occasion.

Gifts and business entertainment must never embarrass SK hynix if publicly disclosed, and may not be exchanged with the same person or entity on a regular or frequent basis. Employees should refer to the Anti-Corruption Policy for more information.

- ✔ **Responding to Improper Gifts or Entertainment.** Offers of improper gifts or entertainment should be politely declined. Improper gifts of cash or cash equivalents must promptly be returned. For other gifts, if they cannot be declined (for example, because they were delivered by a third-party courier), the gift should be forwarded to Gift Returning Center for Company use or for donation to a charitable entity and you should alert the Chief Compliance Officer. The employee should send a letter to the individual or entity that provided the gift indicating that, under SK hynix’s Code, the employee could not personally accept the gift, and that the gift was used for either Company or charitable purposes.
- ✔ **Gifts and Entertainment Provided to Government Officials.** In addition, many governments restrict the ability of their officials and employees to accept gifts or entertainment. Providing gifts and entertainment to government officials also entails a heightened risk that the benefits could be viewed as a bribe. For this reason, employees must generally obtain preapproval before providing gifts or entertainment to government officials regardless of the value of the gift or the entertainment. Employees should refer to the Anti-Corruption Policy for additional requirements applicable to such gifts and a description of the preapproval process.

7. Social Responsibility

7.1 Political Activities

SK hynix employees may be given opportunities and means to be a part of political activities. Employees must keep their personal political activities separate from their duties to SK hynix. Employees must never use Company time or resources to support a political position.

Employees must not represent that SK hynix supports a particular political position or candidate unless they are authorized to make such a representation on SK hynix's behalf.

Unless applicable law provides otherwise, an employee may not seek or hold public office (either elected or appointed, paid or unpaid) without prior approval from Ethics Management Team.

7.2 Cooperation with Government Entities

From time to time, SK hynix receives subpoenas, notices of investigation, and other requests for information from government entities. SK hynix is committed to responding to these requests fully and fairly within the requirements of applicable law.

Employees who receive such requests should promptly notify their manager and forward the request to the Legal Department and should never respond to requests for information from the government or conduct an investigation in response to such requests unless they have been authorized to do so. All investigations and responses must be managed by the Legal Department to ensure that the response or investigation complies with applicable law and that SK hynix's trade secrets and privileged information are adequately protected.

7.3 Environment Friendly Management



SK hynix has been on the front line to build a sustainable future by fulfilling its environmental, and economic responsibilities through active environmental management. To realize our environmental vision, SK hynix has implemented measures to conserve water, reduce greenhouse gas emissions, develop replacements for perfluorocarbons (PFCs), and recycle waste heat. Employees must comply with the Company's initiatives to carry out its business in an environmentally responsible manner.

Employees must comply with all applicable laws and regulations regarding environment emissions and pollution. However, SK hynix views these regulations as a minimum baseline for environmental responsibility. Employees should actively seek ways to reduce the environmental effects associated with SK hynix business, and should bring opportunities for improving environmental practices to the attention of management.

SK hynix shall strive to take measures to prevent any pollution that is detrimental to the public's health and safety and to improve the environment by preventing abnormal changes in the ecosystem and climate caused by human activities such as greenhouse gas emission and to promote effective use of energy and raw materials and protection of water resource.

7.4 Building Partnerships in Our Communities

SK hynix is committed to supporting the communities where it operates through partnerships with local organizations. To that end, SK hynix maintains multiple initiatives to support local needs such as:

- ✓ The Happiness Sharing Fund, which allows employees to make donations matched by SK hynix. Funds are used to support underprivileged children and to support science-training programs for juniors.
- ✓ Partnerships with local service organizations. Employees are permitted to take time off of work to volunteer with SK hynix's partner organizations.
- ✓ Financial support for local festivals and events in the communities where our employees live.

SK hynix views these local support initiatives as important ways that it serves its communities. Employees are encouraged to take advantage of these and other opportunities offered by the Company to build a brighter future for our local communities.

8. Violation of the Code

8.1 Non Retaliation

SK hynix maintains a non-retaliation policy that applies to :

- ✓ All reports of actual or potential violations of law, the Code, or any Company policy or procedure;
- ✓ All complaints received by the Company about accounting, internal controls, or auditing matters; and
- ✓ Participation in any internal investigation conducted by SK hynix or any external investigation conducted by a government agency.

The term “retaliation” refers to any consequence imposed on an employee for the conduct above.

SK hynix will not tolerate retaliation against any employee for the conduct above. Violation of this non-retaliation policy will result in disciplinary action, up to and including termination. Any employee who believes he or she has been retaliated against should promptly report it to Ethics Management Team.

8.2 Consequences for Violating the Code

SK hynix requires that all directors, officers, and employees comply with all applicable laws and this Code. Violation of any law or this Code is a serious matter. Anyone who violates any applicable law or the Code may be subject to disciplinary action, up to and including, termination, suspension, loss of employment-related benefits, and criminal or civil liability, if applicable.

9. Commitment to Shareholders and Investors

Protection of shareholders and investors’ interests shall be optimized through sustainable development and growth of the Company. SK hynix shall diligently provide, in accordance with relevant laws and general industry customs, credible information on overall management of the Company include business activities, structure, financial status, and performance.

In addition, for the purpose of the managing the risks related to strategic investments (including establishment of new facilities, upgrading existing facilities, and local or foreign real estate investments), any item that requires the Company board of directors’ approval must include to which risk category such item belongs and a contingency/exit plan to monitor such risk. If any material change is made to such approved item, the changed item must be re-submitted to the board as a new item. Until the new item is approved by the board, any change made to the previously approved item shall not be deemed effective.

02 Guidelines on Compliance with Chinese Anti-trust laws





Outline of China's Anti-trust Laws

Below is a general overview of anti-trust rules in China. The major anti-trust law of China is the Anti-Monopoly Law (the "AML"). The AML applies to not only the conducts which occur in China, but also the conducts which happen outside China but have anticompetitive effects in China.

The AML prohibits monopoly agreement, abuse of market dominance, and requires companies to file for merger notification for mergers, acquisitions and other concentration of business operators which reach the turnover threshold.

1.1 Anti-trust Authorities in China

1.1.1 NDRC

The National Development and Reform Commission ("NDRC") is the government authority in charge of investigating price-related anti-trust matters, such as price fixing, resale price maintenance, unreasonable pricing, price discrimination, below-cost pricing, etc.

In specific investigation cases, NDRC may dispatch or authorize its local branches (e.g. the Development and Reform Commission of Shanghai) to conduct investigation at the company premises and seize evidence, and to handle the other parts of the investigation.

1.1.2 SAIC

The State Administration of Industry and Commerce ("SAIC") is the government authority in charge of investigating non-price-related anti-trust matters, such as quantity restraint, market division, tying, refusal to deal, exclusive dealing, etc.

Like NDRC, in specific investigation cases, SAIC may dispatch or authorize its local branches (e.g. the Administration of Industry and Commerce of Guangdong) to conduct investigation at the company premises and seize evidence, and to handle the other parts of the investigation.

1.1.3 MOFCOM

MOFCOM is the government authority in charge of concentration notification review and investigating cases of failure to file for concentration notification.



1.2 Monopoly Agreement

Monopoly agreement conducts are generally considered seriously harmful to competition. Under the AML, there are two types of relevant conducts, horizontal monopoly agreement, and vertical monopoly agreement.

Horizontal monopoly agreement includes agreements among competitors to :

- ▶ Fix sale or purchase prices ("price-fixing");
- ▶ Restrict quantity or output;
- ▶ Allocate/divide markets;
- ▶ Limit new technology, equipment or new technical standard;
- ▶ Joint boycott.

Price-fixing includes not only agreements on specific prices, but also agreements on extent of price change, maximum or minimum prices or discounts, or price calculation formula.

Vertical monopoly agreement refers to agreements between suppliers and distributors concerning the price of the distributors. The AML condemns two specific types of vertical agreement, namely resale price-fixing and minimum resale price maintenance.

Chinese anti-trust enforcement agencies likely do not consider the reasonableness or competitive effects of the monopoly agreements, although Chinese courts may analyze the reasonableness or competitive effects of the vertical agreements to determine their legitimacy.

Please remember that an actual agreement, whether formal (a contract) or informal, is not required for an anti-trust law violation. Such an agreement can be inferred from conduct and market circumstances. That is why any communication with competitors, including that through industry associations, may create a risk that the parties may be suspected of entering a monopoly agreement.

1.3 Abuse of Market Dominance

Under the AML, it is unlawful to abuse market dominance. "Market dominance" or a "market dominant position" means the company has the ability to control prices, quantity or to restrain entry by other competitors, which would to some extent make it free from market competition pressure. Market share is an important factor to assess if a firm has market dominance. A firm will be presumed to have dominance if :

- i** its market share is 50% or above;
- ii** two firms' combined market share is 2/3 or above;
- iii** three firms' combined market share is 3/4 or above. (* for (2) and (3), if a firm's share is less than 1/10, it shall not be presumed of dominance.)

However, in many circumstances, it is probable that a firm with a market share of less than 50% could also be deemed to have a dominant position.

The following are examples of abuse of dominance towards customers, suppliers, or competitors :

■ ■ ■

- ▶ Imposing unfairly high or low prices;
- ▶ Selling below cost;
- ▶ Refusal to deal (e.g. denying a competitor access to an “essential facility” required to enter a market);
- ▶ Requiring another entity to deal with it only or the entity it designates only;
- ▶ Tying (conditioning the sale of one product or service upon the purchase of another product or service);
- ▶ Imposing other unreasonable conditions to a transaction (e.g. territorial or other non-price restrictions imposed by a supplier on its distributors);
- ▶ Charging different prices (including promotional allowances) to customers similarly situated, or otherwise treating such customers differently.

1.4 Concentration Review

Under the AML, two basic factors should be considered in determining whether a transaction needs to be notified to the MOFCOM for anti-trust review:

- i** whether the transaction is a “concentration of business operators”, which include the following circumstances :
 - a.** Merger of business operators;
 - b.** A business operator acquires control over other business operators by acquiring their equities or assets;
 - c.** A business operator acquires control over other business operators or is able to exert a decisive influence on other business operators by contract or any other means; and

- ii** whether either of the following thresholds has been reached :
 - a.** For the previous fiscal year, the total global turnovers of all parties participating in the concentration exceeded RMB10 billion, and at least two such parties each had a turnover of more than RMB400 million in China; or
 - b.** For the previous fiscal year, the total turnovers of all parties participating in the concentration in China exceeded RMB2 billion, and at least two such parties each had a turnover of more than RMB400 million in China.

If a transaction is subject to the MOFCOM concentration review, it must be notified to the MOFCOM, and the transaction shall not be implemented without such notification.

According to the AML, the MOFCOM review procedure is comprised of three phases: Phase I (30 days), Phase II (90 days), and Phase III (60 days). Currently, review of most merger cases are concluded by Phase II.

Before Phase I, there is a period of approximately 30-40 days between filing of the notification to the MOFCOM and its formal acceptance of the filing (which triggers the start of Phase I), during which the MOFCOM will review the completeness of the notification and supporting documents and will ask the parties to supplement documents or answer its questions regarding the notification.

For some cases (e.g. merging parties are in the same relevant market and their combined market share is less than 15%, etc.), there is a simple case procedure. The procedure is intended to shorten the review time with a short notification form and requirement of reduced amount of supporting documents for filing. A mandatory process for this procedure is that each case must be publicized for public comments, with the released information including the parties' names, brief description of the transaction and the alleged eligibility for simple case review.

In addition, the MOFCOM is also in charge of investigating cases of failure to file for concentration notification, and encourages report to it of such cases. Once such failure is found by the MOFCOM, the penalty will be imposed, and the parties' names and penalty will be published on the MOFCOM's website.



Anti-trust Sanctions

The consequences of an anti-trust violation are serious. The Chinese anti-trust enforcement agencies have recently sought substantial fines from companies for anti-trust violation, which may be up to 10% of a company's turnover during the preceding year. In addition, injured parties may sue and obtain damages and injunction prohibiting a firm's illegal conduct. Further, in China, agreements that violate the anti-trust laws are void, which makes any infringing contract with a customer, competitor, or supplier legally unenforceable.

In addition, the cost of defending an anti-trust claim is significant. Further, such cases can disrupt the normal operation of a company's business, as resources have to be diverted to accommodate the litigation procedure.

Anti-trust claims are sometimes raised in normal commercial disputes, such as a debt collection or an agreement termination. It is important to warn the Legal Department/Compliance Officer as early as possible of any dispute that may result in anti-trust litigation.

With respect to merger review, if the parties implement the transaction in violation of the AML, the MOFCOM has the authority to order cessation of implementation, disposal of equity/assets or transfer of business within a prescribed time, or adoption of other necessary measures to return to status quo, and a fine up to RMB 500,000.



Basic Dos and Don'ts

This Guideline contains the basic Dos and Don'ts for your reference in everyday work. However, please note that it is not intended to be an exhaustive list or an authoritative interpretation of China's anti-trust laws.

This Guideline does not specifically deal with China's anti-trust laws regulating concentrations of business operators. Under China's anti-trust laws, a merger, acquisition or joint venture (either occurred in China or overseas) satisfying certain criteria may not be implemented unless and until it has been notified and approved by the Ministry of Commerce of China ("MOFCOM"). Failure to notify according to law can lead to order of injunction and fines. Therefore, do consult with the Legal Department of SK hynix China or the Chief Compliance Officer or the Office of the General Counsel of SK hynix headquarters in connection with any proposed merger, acquisition, disposal or joint venture, to consider the possible requirements of concentration notification to MOFCOM.

The following Do's and Don'ts would not possibly eliminate all anti-trust concerns or problems. They are merely basic rules, and may be supplemented or amended along with the development of China's anti-trust laws and policies, the market circumstances and the Company's business operations.

Article 1. Dealing with Competitors

1.1 Discussions with Competitors

Don't discuss or agree with competitors on fixing or changing a price, whether a price for goods or for a service, or a discount or other fee which influences a price. Price-fixing includes not only agreements on specific prices, but also agreements on extent of price change, or price calculation formula.

Don't discuss or agree with competitors on restricting the production or sales quantity, including: (1) limiting the production quantity of commodities or the production quantity of a specific variety or model of commodities by way of limiting production output, setting a fixed production output, suspending production, etc.; and (2) limiting the sales quantity of commodities or the sales quantity of a specific variety or model of commodities by way of refusing to supply commodities or limiting the distribution quantity of commodities, etc.

Don't discuss or agree with competitors on dividing sales market or raw material procurement market, including sales/procurement territory, customers, type and quantity of goods, supplier, etc.

Don't discuss or agree with competitors on limiting the purchase of new technologies or new equipment. Don't discuss or agree on limiting the development of new technologies or new products, or refuse to use new technology, equipment or new technical standard.

Don't discuss or agree with competitors on jointly boycotting transactions, including supply, sale, purchase, etc. Don't jointly restrict a third party from dealing with another competitor.

Don't discuss the aforesaid prohibited matters at any formal or informal/social events or gatherings of industry associations (if any). If it is discussed, politely object. If this does not work, leave the event and try to ensure your action is noted in a written form. Then report it to the Legal Department of SK hynix China, the Legal Department of the headquarters, or the Global Compliance Team and seek their advice on what to do next.

Do keep the anti-trust laws in mind, whether in formal or informal/social events. Discussing or agreeing with competitors on aforesaid issues may be found in violation of China's anti-trust law, regardless of where and how such discussion or agreement is conducted.

Do consult with the Global Compliance Team about the purpose and functions of industry associations which you are considering to join on behalf of the Company, in order to potentially avoid the risk that the associations to be joined would bring competition problems. Please follow the Guideline for your conduct in the associations.

Do keep records of all communications with competitors, as potential evidence supporting our position that no anticompetitive conducts were exercised by the Company should such a need arise.

Do remember that any written evidence (e.g. memos, e-mails, messages, letters, reports, notes, etc.) may be required to be shown to the competition authorities, and do ensure that any internal documentation and any communications with competitors would not be wrongly construed as evidence of anticompetitive activities.

1.2 Information Exchange

Don't discuss, transfer or exchange information with a competitor regarding prices, costs, terms of sale/service, business plans, suppliers, customers, distributors, territories, capacity, production, or any other subjects that could be important and sensitive, without beforehand consultation with the Global Compliance Team.

Article 2. Dealing with Distributors and Customers

Dealing with distributors and customers usually involves two categories of anti-trust issues under China's anti-trust laws, namely vertical monopoly agreement and abuse of market dominance.

2.1 Vertical Monopoly Agreement

Under the China's anti-trust laws, there are two types of specific vertical agreements, which are resale price fixing and minimum resale price maintenance.

Don't compel or agree with a distributor or customer on fixing a price for the resale of a product.

Don't compel or agree with a distributor or customer on keeping a minimum price for the resale of a product.

Do consult with the Global Compliance Team in advance about any proposal to restrict the resale price of a product after it is sold to a distributor or customer.

2.2 What is Market Dominance

Market dominance means a company's ability to control price, quantity or transaction conditions, or the ability to restrict other companies' entry into the market.

If a company has market dominance, China's anti-trust laws prohibit it from abusing such dominance in various ways.

Market share is an often-used factor for dominance assessment.

If the company's market share in a particular market reaches or exceeds 50%, its market dominance is presumed, unless rebuttal evidence proves the lack of dominance :

2.3 Types of Abuse of Market Dominance

You should be aware that risks of violation of China's anti-trust laws increases significantly in the markets where the Company has a high market share. Certain practices that are generally legal may become illegal where the Company has a high market share. If a certain market share data has shown that the Company does have a high market share in a particular market, please proceed with the following guidelines :

2.3.1 Unreasonable Pricing

Don't discuss, quote, offer, demand, or set an excessively high price for sales or an excessively low price for purchase. Assessment whether a price is excessively high or low would take

into consideration various factors, such as the market price, the cost, the degree of gap between the Company's price and cost, any special demands of customers, etc.

Do consult with the Global Compliance Team about the proposals to set high or low prices which are not usually adopted.

2.3.2 Pricing Below Cost

Don't discuss, quote, offer, demand, or set a price which is below cost.

Do consult with the Global Compliance Team where there is really a need to set a below-cost price.

2.3.3 Refusal to Deal

Don't refuse, suspend, or discontinue to deal with a distributor or customer unless there are justifications, such as the distributor/customer's creditworthiness, or breach of contract, etc. When such a justification arises, please consult with the Global Compliance Team

2.3.4 Exclusive Dealing

Don't discuss with, demand, or require a distributor or customer to purchase from, sell to, or have business with the Company only or another entity designated by the Company only.

Don't discuss with, demand, or require a distributor or customer not to purchase from, sell to, or have business with any other entity.

Do consult with the Global Compliance Team if you think there is a justification to do the above.

2.3.5 Tying

Don't provide a product or a service on condition that the distributor or customer also purchases/receives another product or service, without consulting with the Global Compliance Team.

Don't offer discounts on condition that the distributor or customer also purchases/receives another product or service, without consulting with the Global Compliance Team.

2.3.6 Unreasonable Conditions

Don't set unreasonable restraints on contract duration, payment method, delivery or service providing method, without consulting with the Global Compliance Team.

Don't set unreasonable restraints on sales territory, customers or sales service, without consulting with the Global Compliance Team.

Don't set transaction conditions unrelated to the subject of the transaction, without consulting with the Global Compliance Team.

2.3.7 Unfair Discrimination

Don't treat one distributor or customer more favourably than another distributor or customer, whether in terms of price, benefit, service level, etc. Differential pricing (including discounting) may be a common example. It may be legal to treat distributors or customers differently with justifications, such as a large quantity demand from a distributor or customer, or a saving of cost in dealing with the distributor/customer.

Do consult with the Global Compliance Team about any proposal for such a differential treatment to distributors/customers.

Article 3. Documenting the Facts

Don't tamper with or destroy business records, documents, or other evidence, to eliminate record of a potential violation of this Guideline or China's anti-trust laws.

Do comply with the applicable policy on document retention.

Do keep in mind that it is in your and the Company best interest that you keep accurate record of what happened. Prepare relevant business records when the event is still fresh in your memory. Update such records timely when such a need arises.

Do mark documents for sending the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team (including electronic documents) as "Privileged and Confidential." Keep the documents exchanged between you and the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team in a separate file marked "Privileged and Confidential."

Article 4. Dealing with a Complaint

If you receive a complaint from a customer, distributor, supplier, or competitor with allegations of the Company's potential violation of China's anti-trust law :

Don't respond directly. If it is an oral complaint, advise the person that he is alleging a serious matter and you need time to investigate it.

Don't conduct your own investigation into any complaint. Investigation of all complaints must be coordinated through the Legal Department of SK hynix China to ensure that all confidential or privileged information is adequately protected. You should investigate a complaint only as directed by the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team.

Do report the matter immediately to your manager and the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team.

If you are contacted by the media about a complaint:

Don't respond directly.

Do report the matter immediately to your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or the Global Compliance Team. They would coordinate with the media relations department for handling.

Article 5. Dealing with Anti-trust Authorities

5.1 Contact by Authority by Phone

If you are contacted by an anti-trust authority about an anti-trust matter :

Don't respond directly. But courteously decline to answer and advise the authority that you would need to obtain legal advice.

Do report the matter immediately to the Global Compliance Team.

5.2 Receipt of Legal Document

If you receive a formal letter, a request for information or other legal document from an anti-trust authority :

Don't interpret or respond on your own.

Do note the time it is received and forward it to Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team.

5.3 Investigation at the Company Premises

The Chinese anti-trust authorities have authority to conduct investigations, sometimes called “dawn raids”, at company premises. Their officials often arrive unannounced.

Below are general guidelines on how to handle such investigations.

i Arrival of the Officials

- ▶ When officials of the anti-trust authorities arrive identifying their law enforcement purpose, the front desk or other employees with initial contact with the officials must immediately report their visitation to a senior business executive of SK hynix China and to its legal department.
- ▶ Ask to check the officials' law enforcement identities and their authority. This may be in the form of a “Notice to Investigate” stamped with the law enforcement agency's chop. It should identify the agency, the purpose of the investigation and the time and place of the investigation.
- ▶ Ask the officials to remain in the reception area until the executive arrives. If it may take time for our people to arrive, show the officials to a room and ask them to wait.

ii Dealing with the Officials

- ▶ Appoint one or two employees, or any other number of employees as necessary, to accompany the officials wherever they go in the Company's office. Such persons should also be able to coordinate or liaise with different departments of the company (e.g. business department and Legal Department) and coordinate the documents collection for the investigation.
- ▶ If the officials request to inspect a document, ask them to be specific.
- ▶ A detailed note of the investigation process should be made for internal reference.

iii Producing Documents

- ▶ Keep a note, a list and a complete set of photocopies of all documents that the officials copy or take, for the Company internal record.



iv Answering Questions

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- ▶ Keep your answers brief. Decline answering questions which:
 - are not related to the documents under examination; or
 - cannot be accurately answered immediately: offer to supply information later.
- ▶ Before answering questions, please try to discuss with the Legal Department of the Company or the Company lawyer to receive his advice on how to handle the officials' questions, if possible.
- ▶ If the officials make a record of their questions and your answers at the end of the interview for your review and signature, before signing, please carefully review it and if possible, have a Company lawyer help review it. If you find any word in the record which does not accurately reflect what you said, do not hesitate to point it out and correct.

v Before the Officials Leave

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- ▶ Advise the officials that the Company claims confidentiality for all information in the documents submitted to them, and try to confirm this in writing, if possible, to protect the Company confidential information from disclosure.
- ▶ Make a note of any areas of disagreement with the officials.

vi Following the Investigation

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- ▶ After the investigation, review the notes of the investigation process as soon as possible and to follow up any pending matters or clarify any issues with the authorities. Consult with the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or the Global Compliance Team.

vii General Conduct of the Investigation

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- ▶ It is in the best interests of the Company to cooperate. However, it may sometimes be necessary to be firm and assertive. Please treat the officials with courtesy and follow their reasonable requests. Where necessary and possible, please consult with the Legal Department of SK hynix China, Legal Department of SK hynix headquarters or Global Compliance Team before responding to the officials' requests.

03 Guidelines on Compliance with Chinese Anti-Bribery Laws





General Principles

1. Minimum Standards

The rules set out in this Guideline are binding for all SK hynix China employees, and apply regardless of the country in which they operate. If the respective local anti-bribery laws exceed this Guideline, then the more stringent legal regulations must be observed. This Guideline thus ensures a minimum standard.

2. Bribery



The aim of bribery is to influence a government official, government entity, business partner, employee (including a director or other board member) or representative of a business partner to gain a tangible or intangible advantage. Bribery thus leads to the abuse of a position in business, administration, politics, justice or non-economic organisations.

The offering, promising or granting of benefits for the purposes of bribery or corruption to government official, government entity, business partner, employees or representatives of business partners by SK hynix China employees is strictly prohibited. Nor such actions to be done for SK hynix China employees by someone else are allowed. If an employee or representative of a business partner or a government official demands a benefit, this must be politely rejected.

SK hynix China employees must never demand, accept or promise to accept benefits from business partners or government officials.

In some countries, offers of employment, charitable contributions and political contributions are exposed to the risk of bribery or corruption under the local laws. SK hynix China employees must comply with any such laws in the countries where SK hynix China does business.

- A **bribe** is any benefit (regardless of its form or value), tangible asset (e.g., securities, other property including any property rights) or other advantage (e.g., gratuitous rendering of services, release from obligations) made or offered for the purpose of seeking the improper gains, sales or purchasing products, or obtaining a business opportunity or advantage through means other than fair competition and legitimate, transparent conduct.
- Benefits** are gifts, invitations to events or business meals and entertainments and other services to which the beneficiary has no claim.
- A **business partner** is a privately owned company which has business relationship with SK hynix China, i.e. as a customer or a supplier.

- A **government official** is any individual working for or on behalf of a government entity. Examples include a foreign customs official; an inspector from a tax, health, or environmental agency; a journalist employed by a state-owned media company; a professor or researcher at a state-owned university; and an executive at a state-owned entity. Employees of state-owned manufacturers with which SK hynix maintains a business relationship also qualify as government officials.
- The term **government entity** refers to any:
 - legislative, executive, administrative or judicial bodies (national and local);
 - public international organization;
 - people's organization or institution;
 - department, agency, or instrumentality (i.e., an entity owned or controlled by a government such as a state-owned manufacturer or university) of such a government or organization;
 - political party; or
 - company or entity owned or controlled by or acting on behalf of any of the above.

3. Principles for Giving and Receiving Benefits

Offering or acceptance of benefits for the purposes of maintaining business and social relationship must adhere to the following principles :

- Social adequacy principle
- Transparency principle
- Separation principle
- Approval principle
- Documentation principle

3.1 Social Adequacy Principle

Any benefits offered to government officials (including government entity for purpose of this guideline) or SK hynix's business partners (including their employees or representative for the purpose of this guideline) must be appropriate for the occasion when offered and must not be lavish given the economic conditions in the local community and the purpose for which the benefits are offered.

The beneficiary and/or giver may essentially only be: (i) the actual or potential business partners themselves, (ii) a person working in the business partner dealing with matters relating to

SK hynix China, or (iii) a government official who is dealing with matters which are of importance for SK hynix China. Other persons may not be granted benefits under these Guidelines, except as otherwise expressly permitted by the Guidelines.

Monetary benefits of any kind, such as cash, money transfers, loans, deferments, unauthorised credits or cash vouchers are, without exception, inadmissible, and the same applies for benefits of a sexual or immoral nature (impermissible benefit item).

What is definitive is whether the benefit would be generally approved on an applicable local scale, for example within the scope of courtesy. It should not attract negative attention even if it became known to the public. For this endorsement, the value of the benefit (of that benefit on its own, or of it in connection with other benefits made over the course of a reasonable period of time) and whether it has been made secretly or openly is of particular importance.

3.2 Separation Principle

The separation principle forbids a connection being made between a benefit and a business decision. The business decision must be made regardless, whether or not a benefit is received. Conversely, no benefit should be granted to ensure that a particular business decision is made. For this reason, there should be an appropriate period of time between the completion of a transaction and a benefit.

3.3 Transparency Principle

According to the transparency principle, benefits must be disclosed, regardless of whether they are received or given. Benefits may never be secretly granted or accepted. Invitations or gifts must always be sent to the official business address of the recipient, not to his/her private address. If a gift does not have SK hynix logo, it should, where possible, be identified as a gift from SK hynix China in other ways, for example with a card.

3.4 Approval Principle

The approval principle states that benefits require the approval of the superior of the SK hynix employee (Please see Annexes 3 and 4), depending on the recipient, the value of the benefit and its frequency, in order for it to be granted or kept.

If an act described in these Guidelines is termed as “not requiring approval”, it simply means that no approval is required under the rules of this Guideline. An authorisation or approval required under principles other than those covered in this Guideline - for example, under the general competence or signature rules - must still be in place or obtained, as appropriate.

Benefits (received or granted) considered to be “not requiring approval” under this Guideline are those of low value and low frequency. Both Annexes 1 and 2 list the value and frequency of benefits that SK hynix China employees may offer/receive without approval.

3.5 Documentation Principle

All benefits received or granted must be clearly documented by the SK hynix China employee. This documentation principle is deemed to have been met if a third party - such as a tax inspector - can easily trace, as a minimum,

- ✓ the non-SK hynix recipient or giver and his/her role,
- ✓ the company or authority he/she represents,
- ✓ reason, date, type and value of the benefit,
- ✓ the chronological connection with a business decision, and
- ✓ details of benefits made to this recipient or received from this giver within the last twelve (12) months, including their respective values.

This documentation requirement also applies to benefits which do not require approval. The award or the receipt of benefits is to be separately traceable for each recipient.

The documentation must be kept within the respective organisational unit at least five (5) years from the date of approval.



Basic Dos and Don'ts

This Guideline contains the basic dos and don'ts for your reference in everyday work. However, please note that it is not intended to be an exhaustive list or an authoritative interpretation of anti-bribery laws.

SK hynix China's employees are encouraged to consult with your manager, the Legal Department, the Legal Department of SK hynix headquarters, or the Global Compliance Team about how to realize the business objectives without violation of China anti-bribery laws, or if there are any doubts or confusions on the relevant issues.

Please note that following the Dos and Don'ts would not possibly eliminate all anti-bribery concerns or problems. They are just basic rules, and may be supplemented or amended along with the development of China anti-bribery laws and policies, the market circumstances and SK hynix China's business operations.

Article 1. Giving Benefits

Don't give benefits directly or through intermediaries to any employee or representative of a business partner or a government official for the purposes of bribery.

Don't place conditions on giving benefits, which results in achieving any unlawful gains or interests, either by the business or individuals.

Don't offer or provide benefits to individuals or entities with which SK hynix China is negotiating or seeking to enter a business relationship.

Don't give benefits to any employee or representative of a business partner as inducement to buy or keep business or affect fair competition.

Don't give benefits in the form of cash or the equivalent of cash (e.g. gift cards and phone cards) in any circumstance.

Don't give benefits when there is reason to believe the recipient lacks of power to receive gift and entertainment.

Do keep the anti-bribery laws in mind, whether in formal or informal/social events. Bear in mind providing benefits to any employee or representative of a business partner or a government official may be found in violation of China anti-bribery law.

Do consult with your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarter, or the Global Compliance Team about the purpose and functions of the benefits which you are considering to give on behalf of SK hynix China, in order to potentially avoid the risk that the provision of benefits would bring anti-bribery problems.

Do remember only in the exceptional case it is allowed to offer benefits to the employee or representative of a business partner or a government official. Such offer shall also be subject to following conditions: (i) not prohibited by applicable law; (ii) the value shall be modest and the offer should not be made when the recipient or his/her department is about to make business decision in relation with SK hynix China.

Do ensure the expense, amount and frequency of offering any benefits are reasonable, appropriate and modest, in light of the economic conditions in the location where the benefits are given.

Do ask for approval on the benefits you are considering to offer if the value of benefits exceeds the standard under this Guideline.

Article 2. Receiving Benefits

Don't receive benefits which will result in any third party achieving gains. One example of these gains would include agreement of price increases for the suppliers of SK hynix China.

Don't receive benefits from a potential new supplier, seeking business with SK hynix China - unless prior permission is obtained.

Don't accept monetary benefits under any circumstances.

Do keep the anti-bribery laws in mind, whether in formal or informal/social events. Bear in mind accepting benefits from any employee or representative of a business partner or a government official may be found in violation of China anti-bribery law.

Do consult with your manager, the Legal Department, the Chief Finance Officer of SK hynix China, the Legal Department of SK hynix headquarters, or the Global Compliance Team about the purpose and functions of the benefits which you are considering to accept, in order to potentially avoid the risk that the acceptance of benefits would bring anti-bribery problems.

Do ask for approval on the benefits you are considering to accept if the value of benefits exceeds the standard under this Guideline.

Article 3. Documenting the Facts

Don't tamper with or destroy records, documents or other evidence, to eliminate record of a potential violation of this Guideline or China anti-bribery laws.

Do ensure that all benefits provided are properly documented in SK hynix China's books and records, regardless of the value or cost of the benefit.

Do keep in mind that it is in your and SK hynix China best interest that you keep accurate record of the offering/receiving of benefits in the accounting and financial system. Prepare relevant business records when the event is still fresh in your memory. Update such records timely when such a need arises.

Do mark documents for sending your manager, the Legal Department, the Legal Department of SK hynix headquarters, or the Global Legal Team (including electronic documents) as "Privileged and Confidential." Keep the documents exchanged between you and your manager, the Legal Department, the Legal Department of SK hynix headquarters, or the Global Legal Team in a separate file marked "Privileged and Confidential."

Article 4. Dealing with a Complaint

If you receive a complaint from a customer, distributor, supplier, or competitor with allegations of SK hynix China's potential violation of China anti-bribery law :

Don't respond directly. If it is an oral complaint, advise the person that he is alleging a serious matter and you need time to investigate it.

Don't conduct your own investigation into any complaint. Investigation of all complaints must be coordinated through the Legal Department of SK hynix China to ensure that all confidential or privileged information is adequately protected. You should investigate a complaint only as directed by the Legal Department of SK hynix China or SK hynix headquarters, or the Global Compliance Team.

Do report the matter immediately to your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or the Global Compliance Team.

If you are contacted by the media about a complaint :

Don't respond directly.

Do report the matter immediately to your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or the Global Compliance Team. They would coordinate with the media relations department for handling.

Article 5. Dealing with Anti-Bribery Authorities

5.1 Contact by Authority by Phone

If you are contacted by an anti-bribery authority about an anti-bribery matter:

Don't respond directly. But courteously decline to answer and advise the authority that you would need to obtain legal advice.

Do report the matter immediately to your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or Global Compliance Team.

5.2 Receipt of Legal Document

If you receive a formal letter, a request for information or other legal document from an anti-bribery authority:

Don't interpret or respond on your own.

Do note the time it is received and forward it to your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or Global Compliance Team immediately.

5.3 Investigation at SK hynix Premises

The Chinese anti-bribery authorities have authority to conduct investigations at company premises. Their officials often arrive unannounced.

Below are guidelines on how to handle such investigations.

i Arrival of the Officials

- ▶ When officials of the anti-bribery authorities arrive identifying their law enforcement purpose, the front desk or other employees with initial contact with the officials must immediately report their visitation to a senior business executive of SK hynix China and to the Legal Department of SK hynix China.
- ▶ Ask to check the officials' law enforcement identities and their authority. This may be in the form of a "Notice to Investigate" stamped with the law enforcement agency's chop. It should identify the agency, the purpose of the investigation and the time and place of the investigation. In addition, the official shall present his/her "Law Enforcement Certificate" to prove his/her position.
- ▶ Ask the officials to remain in the reception area until the executive arrives. If it may take time for our people to arrive, show the officials to a room in which no documents or files are kept, and ask them to wait.

ii Dealing with the Officials

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- ▶ Appoint one or two employees, or any other number of employees as necessary, to accompany the officials wherever they go in SK hynix China office. Such persons should also be able to coordinate or liaise with different departments of the company (e.g. business department and Legal Department) and coordinate the documents collection for the investigation.
- ▶ Don't allow officials to visit randomly around the office. If they request to inspect a document, ask them to be specific.
- ▶ A detailed note of the investigation process should be made for internal reference.

iii Producing Documents

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- ▶ Don't produce or permit inspection of materials outside the scope of the subpoena or investigative demand.
- ▶ Keep a note and a complete set of photocopies of all documents that the officials copy or take, for SK hynix China's internal record.

iv Answering Questions

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- ▶ Keep your answers brief and straightforward. Decline answering questions which :
 - are not related to the matters under examination; or
 - cannot be accurately answered immediately: offer to supply information later.
- ▶ Before answering questions, please try to discuss with your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or Global Compliance Team to receive his advice on how to handle the officials' questions, if possible.
- ▶ If the officials make a record of their questions and your answers at the end of the interview for your review and signature, before signing, please carefully review it and if possible, have a SK hynix China's lawyer help review it. If you find any word in the record which does not accurately reflect what you said, do not hesitate to point it out and correct.

v Before the Officials Leave

■ ■ ■

- ▶ Advise the officials that SK hynix China claims confidentiality for all information in the documents submitted to them, and affix "confidential" stamp on such documents, to protect SK hynix confidential information from disclosure.
- ▶ Make a note of any areas of disagreement with the officials.

vi Following the Investigation

■ ■ ■

- ▶ After the investigation, review the notes of the investigation process as soon as possible and to follow up any pending matters or clarify any issues with the authorities. Consult with your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or Global Compliance Team before taking further actions.

vii General Conduct of the Investigation

■ ■ ■

- ▶ It is in the best interests of SK hynix China to cooperate. However, it may sometimes be necessary to be firm and assertive. Please treat the officials with courtesy and follow their reasonable requests. Where necessary and possible, please consult with your manager, the Legal Department of SK hynix China, the Legal Department of SK hynix headquarters, or the Global Compliance Team before responding to the officials' requests.



ANNEX 1. SK hynix China Employee Receiving Benefits



| | |
|----------------------|--|
| Gift | <p>The amount of gifts received from or donated by external individual or institution shall not exceed RMB 200. The frequency of receiving gift from the same business partner shall be not more than once within one year.</p> <p>If the amount of gifts received exceeds RMB 200, or employee may receive gift from the same business partner for more than once within one year, he/she shall fill in Annex 3 and make application for receipt of such gift. If the prior application is not feasible due to any specific circumstance, the recipient shall immediately inform the individual responsible for the review when it is available.</p> |
| Entertainment | <p>The amount of entertainment received from external individual or institution shall not exceed RMB 200. The frequency of receiving entertainment from the same business partner shall be not more than four times within one year.</p> <p>If the amount of entertainment received exceeds RMB 200, or employee may receive entertainment from the same business partner for more than four times within one year, he/she shall fill in Annex 3 and make application for receipt of such entertainment. If the prior application is not feasible due to any specific circumstance, the recipient shall immediately inform the individual responsible for the review as mentioned when it is available.</p> |

ANNEX 2. SK hynix China Employee Offering Benefits



| | To Employee or Representative of a Business Partner | To Government officials |
|----------------------|---|---|
| Gift | <p>The amount of gifts offered to one employee or representative of a business partner shall not exceed RMB 200. The frequency of such offering shall be not more than once within one year.</p> <p>If the amount of gifts offered exceeds RMB 200, or offering gift to the same employee or representative of a business partner more than once within one year, the giver shall fill in Annex 4 and make prior application for offering such gift.</p> | <p>The amount of gifts offered to one government official shall not exceed RMB 100. The frequency of such offering shall be not more than once within one year.</p> <p>If the amount of gifts offered exceeds RMB 100, or offering gift to the same government official more than once within one year, the giver shall fill in Annex 4 and make prior application for offering such gift.</p> |
| | <p>If the prior application is not feasible due to any specific circumstance, the giver shall immediately inform the individual responsible for the review when it is available.</p> | |
| Entertainment | <p>The amount of entertainment offered to one employee or representative of a business partner shall not exceed RMB 200. The frequency of such offering shall be not more than four times within one year.</p> <p>If the amount of entertainment offered exceeds RMB 200, or offering entertainment to the same employee or representative of a business partner more than four times within one year, the giver shall fill in the report in Annex 4 and make prior application for offering such entertainment.</p> | <p>The amount of entertainment offered to one government official shall not exceed RMB 200. The frequency of such offering shall be not more than four times within one year.</p> <p>If the amount of entertainment offered exceeds RMB 200, or offering entertainment to the same government official more than four times within one year, the giver shall fill in the report in Annex 4 and make prior application for offering such entertainment.</p> |
| | <p>If the prior application is not feasible due to any specific circumstance, the giver shall immediately inform the individual responsible for the review when it is available.</p> | |
| | <p>As for necessary business meeting including but not limited to consultation meeting, the lunch and dinner of the modest price offered shall not be subject to the limitation on frequency of entertainment.</p> | |

ANNEX 3. Report on Receipt of Benefits

Report by Employee

| | |
|--|--|
| Reporting Date | |
| Employee Name | |
| Position/ Competence of Employee | |
| Detail description of Benefits received | |
| Estimated Value of Benefits | |
| The Name of Benefits Provider | |
| Reason for Receipt | |
| Employee Signature | |

Approval/Reject

| | |
|---|--|
| Approval Date | |
| Signature and Print Name of [CFO] | |
| Signature and Print Name of the Manager | |
| Decision (Approval/ Reject) | |
| Reason for Approval/Reject | |

ANNEX 4. Report on Offering Benefits

Report by Employee

| | |
|--|--|
| Reporting Date | |
| Name of Employee who purported to Offer benefit | |
| Position/ Competence of Employee | |

The Recipient of Benefits (filled in by the employee who purported to offer benefits)

| | |
|--|--|
| Date for offering benefits | |
| Name of Recipient | |
| Company name of the recipient | |
| Position of Recipient | |
| Description of Benefits received | |
| Estimated Value of Benefits | |
| Employee Signature | |

Approval/Reject

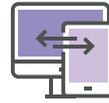
| | |
|---|--|
| Approval Date | |
| Signature and Print Name of [CFO] | |
| Signature and Print Name of the Manager | |
| Decision (Approval/Reject) | |
| Reason for Approval/Reject | |

04

Guidelines on Compliance with Personal Information Privacy Protection Rule



Guidelines on Compliance with Personal Information Privacy Protection Rule



The Personal Information Privacy Protection Guideline that applies globally has provided the principles that SK hynix follows in respect to the collection and use of personal information of the group worldwide. This Rules on Employee's Personal Information Protection in China (this "Rule") is intended to stipulate the basic requirements and rules on the collection, use, storage, processing and transfer of the personal information of employees of SK hynix China, based on applicable laws and regulations in China so as to enhance the internal management of the Company in respect of employees personal information and its compliance with the relevant Chinese laws and regulations and to ensure its employees' right to their personal information and privacy at the workplace.

1. What is the Scope of this Rule?

SK hynix China refers to SK hynix Semiconductor (Shanghai) Co. Ltd., SK hynix Semiconductor (China) Ltd., SK hynix (Wuxi) Semiconductor Sales Ltd., SK hynix Semiconductor (Chongqing) Ltd., other SK hynix companies registered in mainland China, and the branches, offices, subsidiaries, factories located in mainland China of the aforesaid companies and SK hynix Inc (collectively the "Company").

This Rule shall apply to all forms of employees' personal information, including but not limited to documents in writing, printed documents, electronic communication and documents in electronic form.

2. What do the Capitalized Terms in this Rule Mean?

The capitalized terms in this Rule should have the following meaning, and the capitalized terms used in this Rule but not defined below should have the meaning ascribed to them in the Global Policy.

2.1

"Consent Form" means the form used (by human resource department) under which the relevant employee consents to the collection and use of his/her personal information in accordance with this Rule;

2.2

"Electronic Activity" means the activities of an employee on the Information System of the Company, including but not limited to Electronic Communication;

2.3

"Electronic Communication" means data that is created, sent, received, or stored electronically. Data includes email, texts messages, chats, and instant messages, as well as communications made via SMS or similar methods;

2.4

"Emergency Contact" means the emergency contact person who is designated by the relevant employee to be contacted when there is an emergency occasion happens to the relevant employee;

2.5

"Headquarters" means SK hynix, Inc. incorporated and registered in Korea, which is the ultimate shareholder of the Company;

2.6

"Personal Information Management System" means the systematic database (www.skynet.skhynix.com) of the Company which is composed to process personal information;

2.7

"Processing" means an act of collection, creation, recording, saving, retaining, processing, editing, search, printing, correcting, recovery, using, providing, disclosing, and destroying personal information, and other similar acts;

2.8

"Referee" means the relevant individual who recommends the relevant employee to, or who has signed the recommendation letter for the relevant employee, as provided by such employee to the Company as referee;

2.9

“Third Party” means a person which is not an Affiliate of the Company.

3. About Whom and for What Purposes does the Company Collect Personal Information?

3.1



The human resources department is the only department in the Company that is entitled to collect personal information of employees. Any other department or personnel of the Company, regardless of the level or authority of such department or personnel shall not be entitled to collect any personal information from employees unless otherwise provided in this Rule or permitted in writing by the human resources department.

3.2

Subject to the amendment to this Rule, the human resources department shall only collect from employees the following types of personal information and shall not collect or require any employee to provide any personal information out of the following scope unless otherwise approved in writing by the head of the human resources department of SK hynix headquarters.

3.2.1 Personal Details

Name (including Chinese name, name on passport and English name), gender, birth of date, height, weight, ID number/ARC No., nationality, address (including residence address and mailing address), phone number, mobile phone number, email address, marital status, health status, military service status, and identity.

3.2.2 Documentation Required Under Immigration Laws

Citizenship, passport data, national identification number, residency and/or work permit.

3.2.3 Educational Background and Education Information

Degree, university, major, time, status of graduation.

3.2.4 Compensation/Employment Information

Current/former titles and positions held with the Company (and information about that position, including the length in position, supervisor, location of position, employee identification number, promotions, overall work history, disciplinary actions, retirement eligibility, transfers, compensation); former employment information (including employer, department, title, time, compensation, reason for leaving); work contact information (phone number, postal address, mailing address); performance reviews; and work hours (overtime and shift work, hours worked and department standard hours).

3.2.5 Payroll Data

Banking details, working time records, and current compensation (this information is forwarded to a third party payroll vendor).

3.2.6 System and Application Access Data

Information required to access SK hynix systems and applications (such as system ID).

3.2.7 Background Information

Information contained in employee applications, due diligence questionnaires, and resumes/CVs or otherwise provided to the Company in connection with the application or employment process, including previous employment background, professional qualifications, educational background, and where permitted by applicable law, criminal history.

3.2.8 Professional Skills/Qualifications

Language ability, professional license, professional ability/training.

3.2.9 Other

Criminal/civil offense records, character.

3.3

In addition to the above personal information of the relevant employees, the Company may also collect the following personal information of other persons who are related to the relevant employee :

3.3.1 Referee's Information

Name, relationship, employer, title, telephone number, if such employee is referred to the Company by such Referee;

3.3.2 Family Members'/Emergency Contact's Information

Relationship with the employee, name, occupation, phone number; for family members' personal information above, such personal information shall be collected only for the purpose of and regarding those family members who take part in the benefit program for such employee.

4. How does the Company Limit How it Collects Personal Information?

4.1

The human resources department is authorized to collect the personal information of employees within the scope mentioned above in the following circumstances :

4.1.1

After commencement of the employment relationship by the relevant employee with the Company, requiring such employee to provide his/her personal information as a new employee by :

- a. filling in the Personal Information Form used by the human resource department; or
- b. inputting the personal information to the Personal Information Management System,

as instructed by the human resources department.

In either way, the human resources department shall talk with and obtain from the relevant employee signature on the Consent Form.

4.1.2

Where there is any change to the personal information provided by the relevant employee to the human resources department in accordance with Section 4.1.1, the human resources department updates such change by :

- a. re-filling in the Personal Information Form used by the human resource department; or
- b. inputting the update of the personal information to the Personal Information Management System.



By providing such updated personal information either in (a) or (b) above, the employee shall be deemed having given his/her consent as to the collection and use of such updated personal information as re-executed the Consent Form.

5. How does the Company Limit the Scope of Use of Personal Information?

5.1

Subject to the applicable laws and regulations, the Company shall only use its employees' personal information in the following scope :

- ✔ Retaining the employees' personal information properly, and maintaining the Company's files and records in accordance with the law and necessary for the operation of the Company;
- ✔ Transmitting such employees' personal information to the Headquarters or an Affiliate of the Company and allocation globally by the Headquarters;
- ✔ Providing necessary training to employees based on their educational degree and background, major and qualification, for them to perform their duties and responsibilities to the Company;
- ✔ Carrying out assessment of employees' work performance, and formulating salary and welfare programs;
- ✔ By using the Referee's personal information, communicating with such Referees to learn about the relevant employee's prior job related information;
- ✔ By using the emergency contact's personal information, communicating with such Emergency Contact to learn about the employees' situation in an emergency occasion as reasonably deemed by the Company;
- ✔ Using the family members' personal information in connection with normal and legitimate business activities and in order to administer the employment relationship; and
- ✔ Complying with applicable laws and regulations.



6. Does the Company Monitor Employees?

Provided that adequate employee consultation procedures have been completed and consent obtained from employees, the information technology department is authorized to retain the records of the relevant employee's activities on or with the assets of the Company, including but not limited to the computers, laptops, mobile devices or any other equipment or facility owned or permitted to use by the Company ("Information System"), including but not limited to the Electronic Communication by the employees.

7. Does the Company Monitor its Premises?

CCTV monitoring shall be set up according to requirements of the local regulations, such as filing with the local public security authority, engaging a qualified third party to carry out planning and designing, satisfying certain national standards. Consultation with the legal consultant or local public security authority shall be conducted prior to installation of CCTV monitoring.

8. How Long Must the Company Retain Personal Information?

The minimum retention period for an employee's personal information shall be 2 years after such employee leaves the Company.

9. Who May Access Personal Information?

The Company keeps the employees' personal information under its centralized management and control the by human resources department to prevent unconcerned department, position and personnel from inquiring, disclosing, damaging or manipulating the employees' personal information without prior authorization by such employees.

9.1 Right to Access

9.1.1

Access authority shall be granted discriminatorily within the minimum scope necessary for business purposes to Authorized Users.

9.1.2

Authorized Users shall be determined in the following methods :

9.1.2.1 Employees of the human resources department may log in and have access to employees' personal information of the Company by using his/her account and password registered in the Personal Information Management System.

9.1.2.2 Only the information technology department may log in and have access to or approve in writing to log in or have access to the employees' Electronic Activities by using his/her account and password;

9.1.2.3 The head of each department may log in and have access to the employees' personal information by using his/her account and password registered in the Personal Information Management System.

9.1.2.4 The Company may, based on the operational requirements, have access to part of or all the employees' personal information available to special employees (such as internal auditors, financial staff, etc.).

9.1.3

Only Authorized Users are permitted to access personal information of employees. Any Authorized User shall not allow any other employee or a non-employee (such as a Company consultant or vendor) to obtain access to such personal information or to the Personal Information Management System without first personally verifying that the non-employee has been granted authorization to use Personal Information Management System by appropriate authority within the Company.

9.1.4

Access authority shall be modified, cancelled, or disabled without delay in case the person with access is transferred or his/her duty or responsibility for personal information is changed, reassigned, or terminated, or who ceases to be an employee of the Company; records of granting, changing, and cancelling of access authority shall be retained for the period required by the applicable laws.

9.1.5

The user account is, in principle, issued one per each person, and it shall not be shared with the other users.

9.1.6

Personal identification information, password, and/or bio-information shall be stored in encrypted form, provided however that the password shall be saved/stored in one-way encrypted (hash function) form thereby preventing its decoding.

9.2 Limitation on Duplication**9.2.1**

The internal control software installed on the Company's equipment and facilities prevent any employee from duplicating, copying, cutting any employees' personal information stored in the Personal Information Management System to flash disk, USB drive and other portable memory device. Employees must use computers provided by the Company or equipment installed with internal control software to visit the database of employees' personal information.

9.2.2

Employees shall not visit any cloud storage websites to upload the database information to the cloud storage, shall not take photos of the database information by using mobile phone, camera and other photographing device, shall not take note or otherwise make extracts of such information and shall not send such information by email.

9.3 Revision

In case of any change in the employees' personal information, once being informed by employees, the human resources department shall revise the relevant information uniformly, maintain and update the relevant information in a timely manner and ensure that the employees' personal information is accurate and complete in every aspect.

Except otherwise permitted by this Rule, no employee shall revise, change, delete or otherwise alter any information of any employee either recorded in writing or stored in the Personal Information Management System.

10. What if a Third Party Requests for Access to Personal Information?**10.1**

Neither the Company nor any of its employees shall provide or sell the employees' personal information to any Third Party unless otherwise provided in Section 10.2 below, nor shall either of them use its employees' personal information going beyond the above scope.

10.2

Notwithstanding the above, the Company may provide the personal information of employees to a Third Party :

10.2.1

If the Company obtains a separate consent from the relevant employees, in which the Company has duly notified the relevant employee of :

- ☑ Recipient of the personal information;
- ☑ Purposes for the use of the personal information by the recipient;
- ☑ Criteria/Items of personal information to provide;
- ☑ Period of retention and use of the personal information by the recipient;
- ☑ Fact that the employee has a right to refuse to give his/her consent and that any disadvantage in case of his/her refusal to consent.

10.2.2

In the following circumstances where the consent of such relevant employees is not separately required :

- ☑ In case of the provision thereto is required by relevant laws and regulations;
- ☑ Entrusting a Third Party for the storage or processing of the personal information or any other Third Party that provides technical services or human resources advice or service to the Company; or
- ☑ Where it is necessary for conducting an investigation of a crime and for proceedings of court trials, whether or not against such employee.



11. Data Transfers and Third Party Service Providers

11.1 Transmission

If the employees' personal information is required to be transferred to the Headquarters or an Affiliate of the Company or a Third Party in accordance with this Rule :

11.1.1

the head of the human resources department of the Company shall log in the Personal Information Management System or formally reply in writing to approve the transmission of the relevant information to the Company's Headquarter, Affiliate or Third Party; and

11.1.2

personal information transmitted outside the Company must be encrypted.

11.2

Entrustment of Third Party to process the personal information shall only be carried out to the extent necessary and shall be approved by the head of human resources department. Such Third Party shall be reputable in such field and has not violated any laws and regulations. If the Company is later on in any methods becoming capable to process such personal information on its own, the Company shall, subject to contractual obligation to the Third Party, immediately withdraw the entrustment and process such personal information on its own facilities and by its own staff.

11.3

In case a Third Party is entrusted with the processing of the personal information of employees or, in case of providing personal information in order to process or manage entrusted affairs, the following matters shall be included in the contract with the Third Party :

- ☑ Purpose and scope of entrusted matters;
- ☑ Restriction on sub-contract or providing any personal information of employees to any other third party;
- ☑ Requirements on security protection measures such as access limitation to personal information and other technical requirements including encryption of transmission and physical and technical storage measures;
- ☑ Methods on checking and supervising of the current management status of personal information;
- ☑ Measures to take in case of any leakage of personal information; and
- ☑ Liabilities for breaches of the obligations and duties of the entrusted party under the contract, such as the damages/compensations.

This Guidebook is issued by Global Compliance Team.
Please address any concerns, questions, and/or comments regarding
this Guidebook to Global Compliance Team.

SK hynix Compliance Guidebook

SK hynix Inc.

April 2015

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