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# Operational Guidelines on the Charter of Ethics for KEPCO Employees

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July 21, 2022

Korea Electric Power Corporation



# **Operational Guidelines on the Charter of Ethics for KEPCO Employees**

Enacted on July 21, 2022

## **Chapter 1 General Provisions**

### **Article 1 (Purpose)**

- ① These Operational Guidelines are to provide the principles of conduct and judgment standards for executives and employees as stipulated in the Charter of Ethics for KEPCO Employees (hereinafter referred to as the "Ethics Charter") and to specify matters necessary to improve the Corporation's ethical and compliance management.
- ② The purpose of these Guidelines is to effectively manage ethical risks that may occur in the Corporation by preventing, identifying, and controlling ethical risk factors, and to create a clean and ethical management culture by complying with laws and regulations related to ethics and compliance.

### **Article 2 (Basic Principles)**

- ① Employees shall comply with applicable laws and regulations related to ethics and compliance, including but not limited to [the Act On The Prevention Of Corruption And The Establishment And Management Of The Anti-corruption And Civil Rights Commission], [Improper Solicitation And Graft Act], [Public Interest Whistleblower Protection Act], and [Act On The Prevention Of Conflict Of Interest Related To Duties Of Public Servants].
- ② Employees shall comply with international codes and standards and international conventions including UN Global Compact principles, and participate in the achievement of common goals in the international community.
- ③ In conducting the duties of the Corporation, Employees shall be well aware of and comply with the internal regulations of the Corporation, including the Ethics Charter, the Code of Conduct for Employees, the Conduct Guidelines for Employees, the Operation Guidelines for Conflicts of Interest Prevention System, the Operation Guidelines for Self-compliance with Fair Trade, and these Guidelines.

### **Article 3 (Application Scope)**

- ① These Guidelines shall be applied to any and all Employees of the Corporation, including domestic and overseas branches/corporations.
- ② In handling business related to ethics and compliance management, the Corporation shall be subject to these Guidelines, except for those specifically stipulated in the relevant laws and regulations.
- ③ The Corporation may separately provide details necessary to implement ethics and compliance management and to follow the government's ethics and compliance policy.

### **Article 4 (Definition)** Terms used in these Guidelines have the following meanings:

1. "Ethics and Compliance Management" means putting ethics as the top priority in the Corporation's management and business activities, setting the standard for all business activities based on codes of ethics, and conducting clean, fair, and reasonable business.
2. "Ethical Risk" means a situation that is expected to result in significant financial or non-financial losses due to any violation of Ethics and Compliance Management.
3. "Ethical Risk Factor" means any factor that may cause Ethical Risk, including hindering the achievement of the purpose of Ethics and Compliance Management.
4. "Ethics Compliance Management Officer" means the executives taking charge of the Ethics Management Department under the job classification system.
5. "Ethics Management Department" means the department that oversees duties related to Ethics and Compliance Management in accordance with the regulations on the job classification system.
6. "Head of Each Department" means the head of the department (office) in the headquarters and the heads of the primary business division and secondary business division.
7. "Employee" means any and all executive officers and staff members, including the president and the standing auditor, who provide labor for the Corporation and are paid in return for said labor.

## **Chapter 2 Creating an Ethical Environment**

### **Article 5 (Will to Practice)**

- ① The Corporation shall establish a sustainable ethical management culture to

become the Corporation trusted by the public.

- ② The Corporation shall actively strive to spread an impartial culture through fair and clean business processes.
- ③ Employees shall express their commitment to Ethics and Compliance Management internally and externally, strive for the effective operation of Ethics and Compliance Management, and fulfill their responsibilities to practice it.

#### **Article 6 (Ethics and Compliance Committee)**

- ① The Corporation shall establish and implement the Ethics and Compliance Committee which is the highest decision-making body for Ethics and Compliance Management, headed by the president as the chairperson (hereinafter referred to as the “Committee”).
- ② Details related to the Committee shall be subject to the Operational Guidelines for Ethics and Compliance Committee (hereinafter referred to as “Committee Guidelines”).

#### **Article 7 (Council)**

- ① The Ethics Management Department may operate a Working-Level Council for Ethics and Compliance Management (hereinafter referred to as the ‘Working-Level Council’) to support the activities of the Committee.
- ② Matters related to the operation of the Working-Level Council are as follows:
  - 1. The Working-Level Council may present opinions on matters related to Ethics and Compliance Management, and the Ethics Management Department shall constructively review and reflect them;
  - 2. The Working-Level Council shall review any action plan for the matters decided by the Committee and actively proceed with it; and
  - 3. Other matters concerning the Working-Level Council shall be subject to Committee Guidelines.
- ③ The Ethics Management Department may organize and operate the Council for Self-Compliance with Fair Trade to practice fair trade.

#### **Article 8 (Ethics Compliance Management Officer)**

- ① Ethics Compliance Management Officer (hereinafter referred to as ‘Officer’)

shall be guaranteed authority and independence in their duties, and shall not face any disadvantageous treatment for any result of performing their duties diligently.

② The Officer shall have final authority and responsibility for the management and supervision of the Ethics Management Department.

③ The Officer may delegate some of the job-related authority of the Ethics Management Department as required, by specifying the scope of delegation.

## **Article 9 (Ethics Management Department)**

① The Ethics Management Department shall conduct the following duties with respect to Ethics and Compliance Management, and shall not face any disadvantageous treatment for any result of performing their duties diligently:

1. Establishment and implementation of policies for Ethics and Compliance Management;
2. Enactment and amendment of regulations on Ethics and Compliance Management;
3. Holding a Committee and reporting its results;
4. Reviewing and promoting action plan for each working department, through Working-Level Council; and
5. Reviewing other requirements related to improving Ethics and Compliance Management.

② Regarding the duties of the Ethics Management Department, the Corporation shall guarantee the following:

1. The job-related authority and independence of the Ethics Management Department;
2. Human and financial support for Ethics and Compliance Management by the Ethics Management Department;
3. Cooperation from relevant departments to carry out Ethics and Compliance Management; and
4. Other support for the needs related to Ethics and Compliance Management.

## **Article 10 (Ethics & Compliance Leader)**

① In order to support Ethics and Compliance Management, the Corporation may select Ethics & Compliance Leaders among employees who have excellent ethical consciousness and a law-abiding spirit.

② The methods of selecting Ethics & Compliance Leaders are as follows:

1. Selected and recommended by each department (office) in the headquarters and by the primary and secondary business divisions; and
2. Reviewed and approved by the Ethics Management Department.

③ Ethics & Compliance Leaders shall perform the following tasks:

1. Present and provide guidance on the principles of conduct and decision-making criteria for the parties involved;
2. Provide counseling on ethics and compliance and prevent Ethical Risks in advance; and
3. Participate in ethics and compliance education and then provide training for all employees of the department (office) and the business divisions.

## **Article 11 (Policy)**

① The Corporation shall consider Ethics and Compliance Management as a priority value in determining core values, management policies, etc.

② The Corporation shall establish and implement the Ethics and Compliance Management policies in consideration of the following:

1. Matters concerning discovery, identification, control, improvement, etc. of Ethical Risks;
2. Matters concerning monitoring and improvement of Ethics and Compliance Management;
3. Matters concerning sanctions and incentives related to Ethics and Compliance Management; and
4. Other matters concerning the efficient operation of Ethics and Compliance Management.

③ The Ethics Management Department may have the Working-Level Council review matters related to Ethics and Compliance Management policies, which shall be reported to, and subject to resolution of, the Committee in accordance with the Committee Guidelines.

④ The Ethics Management Department may report to the Board of Directors the major resolutions of the Committee and other relevant matters incidental thereto, including the comprehensive promotion plan for Ethics and Compliance Management.

⑤ With regard to Ethics and Compliance Management, the Head of Each Department may implement:

1. Establishment of a comprehensive plan for Ethics and Compliance Management that reflects the characteristics of each department;
2. Self-inspection of performance to plans; improvement of vulnerable parts; and
3. Submission of opinions on the improvement of the Ethics and Compliance Management system to the Ethics Management Department.

⑥ The Head of Each Department shall constructively cooperate with the implementation of internal and external policies related to Ethics and Compliance Management, including but not limited to ethical management standard model for public agency and governmental management evaluation.

## **Article 12 (Internal and External Communication)**

① The Corporation may disclose information on Ethics and Compliance Management internally and externally in accordance with relevant laws and regulations.

② The Corporation shall strive to establish and expand channels for communication with the persons concerned by actively collecting and reflecting internal and external opinions with respect to Ethics and Compliance Management.

## **Chapter 3 Ethical Risk Management**

### **Article 13 (Prevention of Ethical Risk)**

The Corporation shall strive for the paradigm shift of Employees and the improvement of their understanding to spread Ethics and Compliance Management, and may conduct the following education and awareness surveys:

1. Education on Ethics and Compliance Management for Employees, including anti-corruption and integrity;
2. Preventive training for executives and high-risk departments with Ethical Risks;
3. Education and consulting on ethics and compliance for partner companies and the persons concerned; and
4. Awareness survey related to Ethics and Compliance Management, business and human rights, etc.

## **Article 14 (Identification of Ethical Risk)**

- ① In conducting their duties, the Employees shall prevent Ethical Risks by checking in advance whether they comply with relevant laws and regulations, whether there is any Ethical Risk Factor, etc.
- ② The Head of Each Department shall identify Ethical Risks by considering (but not limited to) the job and organizational characteristics of each department, instances of Ethical Risks that have arisen in the past, potential conflicts of interest, and feedback from external agencies.

## **Article 15 (Ethical Risk Control)**

- ① The Head of Each Department shall submit identified Ethical Risks and countermeasures against them at the request of the Ethics Management Department.
- ② The Ethics Management Department shall determine the importance of Ethical Risks submitted by the Head of Each Department and comprehensively manage them.
- ③ If it appears to the Ethics Management Department that residual Ethical Risks remain despite the implementation of the countermeasures against them, the Ethics Management Department may request additional measures.

## **Chapter 4 Monitoring and Improvement**

### **Article 16 (Monitoring and Improvement)**

- ① The Ethics Management Department shall discover and improve vulnerable areas through periodic monitoring of matters related to Ethics and Compliance Management.
- ② The Ethics Management Department may request the Head of Each Department for improvement according to the monitoring results, and the Head of Each Department shall actively cooperate with the foregoing request.
- ③ The Ethics Management Department shall report the monitoring results and improvements to the Committee and take follow-up measures by reflecting the opinions of the Committee.



## **Chapter 5 Sanctions and Incentives**

### **Article 17 (Sanctions and Incentives)**

- ① In the event of any violation with regard to Ethics and Compliance Management, the Corporation shall investigate and take measures in accordance with relevant laws and regulations.
- ② The Ethics Management Department, which has become aware of the violation with regard to Ethics and Compliance Management in Paragraph (1), may notify the Audit Department of it.
- ③ The Corporation may provide monetary or non-monetary rewards to those who have contributed to the practice and spread of Ethics and Compliance Management in accordance with relevant regulations.

### **Article 18 (Miscellaneous)**

- ① The Corporation shall protect any reporting persons from any disadvantages when they report the violations of Ethics and Compliance Management through internal and external reporting systems, etc.
- ② The performance of each department's ethical management may be reflected in the internal management evaluation.

**Article 19 (Effectiveness Evaluation)** The effectiveness of these Guidelines shall be evaluated every two years.

## **ADDENDA**

These Guidelines shall enter into force on July 21, 2022.