

HFC Guidelines for the Code of Ethical Conduct

2020.11.11

I. Purpose

The code of ethical conduct is adopted for the purpose of guiding all directors and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) to act in line with ethical standards and helping stakeholders better understand the ethical standards of the Company.

II. Content of the code

Taking its individual circumstances and needs into consideration, the Company shall adopt the code of ethical conduct that addresses at least the following matters:

1. Prevention of conflicts of interest:

All directors and managerial officers of the Company shall perform their duties in an objective and efficient manner and may not take advantages of such positions in the Company to obtain improper benefits for themselves, their spouse or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provision of guarantees and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprises at which each director and each managerial officer works. The Company shall establish a policy aimed at preventing conflicts of interest and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.

2. Minimizing incentive to pursue personal gain:

The Company shall prevent its directors and managerial officers from engaging in any of the following activities:

- i. Seeking a chance to pursue personal gain by using its property or information, or taking advantages of their positions;
- ii. Obtaining personal gain by using its property or information or taking advantages of their positions; and

iii. Competing with the Company.

When the Company has a chance for profit, it is the responsibility of all directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

3. Confidentiality:

All directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company or its suppliers and clients, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and clients.

4. Fair trade:

All directors and managerial officers shall treat all suppliers and clients, competitors and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, misuse of the information learned by virtue of their positions, through misrepresentation of important matters or through other unfair trading practices.

5. Safeguarding and proper use of corporate assets:

All directors and managerial officers have the responsibility to safeguard corporate assets and to ensure they can be effectively and lawfully used for official business purposes.

6. Compliance:

All directors and managerial officers shall comply with applicable and governing laws and regulations as well as the policies and rules made by the Company.

7. Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To

encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system, allow anonymous reporting, and make employees aware that the Company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

8. Disciplinary measures:

When any director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation, the cause thereof, the provisions of the code violated thereby and the relevant complaint system to provide the violator with remedies.

III. Procedure for exemption

If it is necessary to exempt relevant personnel from compliance with the code of ethical conduct, the Company must require that such exemption be adopted by a resolution of the board of directors and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors and the period of, reasons for and principles behind the application of such exemption be disclosed without delay on MOPS, in order that shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such exemption occurs.

IV. Method of disclosure

The Company shall disclose the code of ethical conduct it has adopted and any amendments to it on its official website, in its annual reports and prospectuses and on MOPS.

V. Enforcement

The code of ethical conduct of the Company shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the code of ethical conduct have been amended.