



## **ADDENDUM KOREA**

Our Code, as well as this addendum is provided as guidance in conducting your L-3 responsibilities. These documents are not intended to be all inclusive. You should seek guidance from the Legal Department as conflicts arise.

The L-3 Code of Ethics and Business Conduct ("Code") applies to everyone who does business on behalf of L-3 employees, officers and members of our Board of Directors. It also may apply to agents, consultants, contract labor and others who act on L-3's behalf. Above all, every L-3 employee must conduct himself or herself in an ethical manner.

Specifically, everyone who represents L-3 will ensure that:

- ✓ Ethical behavior is the foundation by which we conduct our business
- ✓ We do not take advantage, or abuse our position for personal gain or otherwise knowingly violate the law
- ✓ Our actions do not create, directly or indirectly, a conflict of interest
- ✓ We seek guidance when necessary

### **Requirements**

If you are a U.S. citizen working outside of the United States, you are required to abide by United States laws, as well as the laws and regulations of the country in which you are employed. All other individuals may or may not be subject to both U.S. and foreign laws, depending on the circumstances. In situations where you are uncertain about whether a particular law applies, consult with your Manager or the Legal Department immediately.

There are some laws particularly applicable to doing business in Korea. This addendum describes specific areas of Korean law that complement the existing requirements of the Code and is meant to be read in conjunction with the Code.

### **Mandatory Obligation to Disclose Certain Misconduct**

The U.S. Federal Acquisition Regulation (FAR) requires the mandatory disclosure of credible evidence of U.S. federal criminal law violations involving fraud, conflict of interest, bribery, or gratuity violations, as well as claims under the U.S. Civil False Claims Act, and significant overpayments. This mandatory disclosure obligation continues up through three (3) years after contract close-out. In order to comply with these obligations, all L-3 employees must immediately report any issues that could potentially constitute a violation of criminal or civil law, or significant overpayment on a Government contract or subcontract, to your responsible Ethics Officer or the Corporate Ethics Officer. You may also report these matters through



the Ethics Helpline. Reporting of these matters is mandatory, although you may use the Ethics Helpline if you prefer to remain anonymous.

## **Gifts and Entertainment with Government Officials**

### **Bribery**

Bribery of a public official will be found if an economic benefit has been given to a public official in connection with his or her official duties.

Economic benefits are interpreted broadly to encompass anything of value, including entertainment, a gift of cash or goods or even an invitation to a round of golf. A public official is defined as being any employee of a government entity such as a government agency, ministry or armed services. In addition, a person may be deemed to be a public official if he or she is a senior staff employee of a government-managed enterprise that meets certain criteria. Two examples of a government managed enterprise are the Incheon International Airport Corporation and Korea Airports Corporation. The the list of government managed enterprises is routinely updated; therefore, it is advisable to consult with the Legal Department if there is a question about whether an entity is a government managed enterprise or not.

Often the critical issue in determining whether a benefit constitutes a bribe is whether the benefits go beyond what is customarily given as a social courtesy. In Korea, it is customary for gifts of cash to be given on special occasions such as weddings or funerals. There are also traditionally two gift-giving seasons annually (i.e., Korean Thanksgiving and New Years Day), when companies send gifts of products to their customers. However, this social courtesy consideration does not necessarily relieve givers and recipients of liability from bribery even if such gift giving or entertaining is considered to be a customary business practice. A specific payment made or a gift given in connection with an official's duty can constitute bribery.

### **Anti-Corruption Act and the Code of Conduct**

The Public Officials' Code of Conduct (the "Code of Conduct") was enacted and took effect on May 19, 2003 in the form of a Presidential Decree to the Anti-Corruption Act ("ACA"), which has been replaced by the Act on Anti-Corruption and Establishment of the Civil Rights Commission ("CRC"). The Code of Conduct provides general guidelines about the prohibitions against giving gifts to and entertaining public officials. A public official is prohibited from receiving any cash, gifts or entertainment from anyone who has an interest in the performance of the duties of the official. There are a few exceptions, including giving of small gifts or meals that are within the customary social standards. Travel accommodations that are provided



uniformly to all participants, including transportation, lodging and meals related to official events and official duties, are within the exceptions as well.

However, the Code of Conduct does not set forth overriding standards of conduct applicable to all government officials (e.g., it does not define “customary social standards”), but rather delegates to individual government agencies the authority to promulgate specific standards that are applicable to the officials of that particular agency. Many individual agency codes of conduct provide a monetary threshold, such that, unless one of the above mentioned exceptions apply, meals, transportation and telecommunication services are specifically limited to KRW 30,000 (US\$ 30) whereas gifts for commemorative occasions such as weddings and funerals are limited to KRW 50,000 (US\$ 50). In addition, individual agency codes may provide specific exceptions that apply only to those agencies; and thus, L-3 employees must review such individual agency codes, as well as the Code of Conduct, when dealing with public officials.

A public official who receives cash, gifts entertainments in violation of the Code of Conduct is subject to a disciplinary sanction.

The Act on Anti-Corruption and Establishment of the CRC further expands the application of the Code of Conduct to all employees of “*gong-jik-you-gwan-dan-chae*” or “public office related entities,” which include, among others, the Bank of Korea, public corporations and entities that either receive government funding or perform duties entrusted by government agencies. Thus, even if an employee of such an entity is not a “public official” as described above, a code of conduct similar to the Code of Conduct may apply to such employees. Therefore, if you are dealing with an employee of an entity which may fall under the category of public office related entities and you wish to provide gifts or entertainment, please consult with the Legal Department. Further, if you wish to provide any economic benefit to a government official or host an official event on behalf of L-3 where travel accommodations or other conveniences will be provided to government officials, please contact the Legal Department in advance.

### **Gifts and Entertainment with Non-Government Persons**

Providing economic benefits to a person who is entrusted with conducting business on behalf of another person is a crime if the benefits are related to an improper request made in connection with the duties of the person in question. It is not necessary that the improper request be made expressly.

An “improper request” in this commercial bribery context is a request that is contrary not only to statutes, but also to common sense and the principles of good faith and trust.



Regardless of whether the recipient is a government official or employee of a private company, please note that if multiple employees from L-3 give a gift to a single person and the value of such gift is reimbursed by L-3, the authorities will aggregate the value of all the gifts given in determining whether bribery has been committed or not. When the authorities determine that a particular gift or entertainment is a bribe, they will review a period of two or three years surrounding such activity and aggregate the value of all gifts and entertainment provided to arrive at the total value of the bribe.

### **Gifts and Entertainment with Foreign Government Employees and Officials**

Under the Foreign Bribery Prevention Act (the "FBPA"), any Korean national, including a legal entity, who intentionally engages in the bribery of a non Korean public official to obtain improper advantages, will be subject to criminal punishment. Moreover, any non Korean nationals engaged in the bribery of a non Korean public official within Korea also are subject to punishment under the FBPA.

If a representative, agent or employee of a company is involved in bribery in connection with the business of the company, the company becomes subject to criminal punishment together with the individual who actually committed bribery.

### **Fair Competition**

We will **not**:

- Interfere with independent decisions of a distributor regarding its resale price.
- Stop or reduce our supply or rebate to a distributor who has become a discounter.
- Refuse to supply or reduce supplies to an existing customer unless there are reasonable commercial reasons for doing so --e.g., concerns about the customer's creditworthiness, breaches of contract by the customer, or established untrustworthiness.
- Impose exclusivity or other forms of similar restrictions upon a supplier, licensee, or distributor except after review by the Legal Department.
- Ask or suggest that a distributor not deal in the products of our competitor.
- Take steps that may discriminate against customers in any product market, including unfair discriminatory pricing or discriminatory discounting, which are the most common examples.
- Place territorial or customer limitations on distributors or licensees without consulting the Legal Department.
- Force distributors to purchase goods or services against their will.



- Designate an unreasonable sales target and force it on distributors.
- Make false or exaggerated representations or advertisements concerning our or our competitor's goods or services.