

# The HAS

## Compliance Program

# Handbook

# The HAS Compliance Program Handbook



## Publishing the HAS Compliance Program...

Currently, the world is now facing a crisis caused by geopolitical conflicts and ongoing climate change. In the midst of this crisis, we are working to maximize synergy and pioneer the future by combining our decentralized capabilities through integration in April 2023.

Moreover, the future we are pioneering must create not only technological innovation but also sustainable tomorrow values, which can only be achieved by building a global-level compliance management infrastructure.

Our company introduced the "HAS Compliance program" as part of the establishment of compliance management infrastructure, and the core of this is to create a transparent and fair transaction order.

Building a transparent transaction order is of utmost importance to form a consensus among all of us that we will practice fair trade on our own. To this end, it is essential that executives and employees actively participate in preventive activities by checking violations of laws in advance. In order to achieve that, we have published the "HAS Compliance Program Handbook" to help these executives and employees engage in their activities.

We hope that both executives and employees will use this manual to help prevent fair trade violations in advance, and we hope that it will be the cornerstone of our company's compliance management system.

Compliance Officer **Choi Byoung Sun**

## **HAS Compliance Program**

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Preface

1. Overview of the HAS Compliance Program
2. About Hanwha Aerospace Compliance

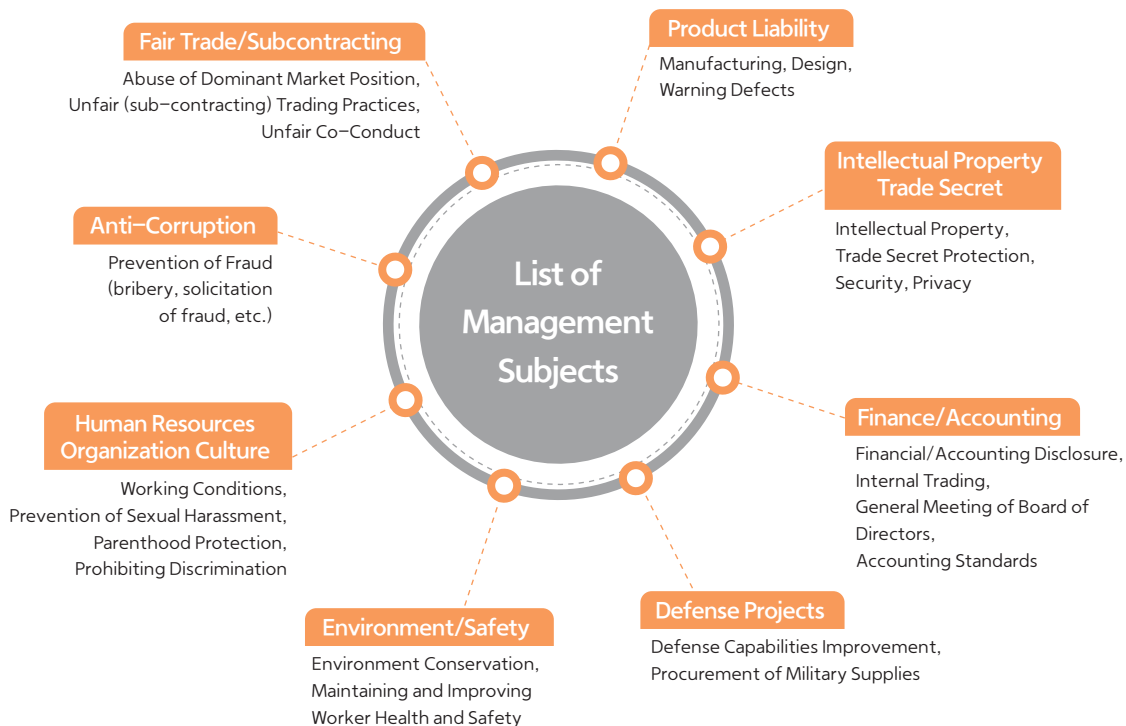
# 1. The HAS Compliance Program

## 1.1 Significance of the HAS Compliance Program

\* Hanwha Aerospace abbreviation, HAS

- The HAS compliance program was introduced in Korea in 2001 to create a system for law enforcement and fair competition as a result of voluntary efforts by companies.
- This program is an internal compliance system which is established and operating autonomously and consists of supervision and training to ensure compliance with fair trade laws. In addition, it is a set of standards for compliance with fair trade laws to prevent violation of the laws and prepare improvement measure.
- With systematic compliance management based on not only the laws and regulations administered by the Korea Fair Trade Commission but also other relevant domestic and foreign laws, Hanwha Aerospace 's Compliance program addresses the overall management of compliance to ensure the company's sound development and customer trust, preventing risks in advance and protecting the company and its employees.
- Hanwha Aerospace provides an analysis of top 8 risk factors and provides employees with necessary guidelines

< Hanwha Aerospace TOP8 RISKS >



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## 1.2 The importance of HAS Compliance Program

- Preventing losses resulting from the company's violations of law and improve our external credibility.
- Creating environment of fair trade compliance within the company, thereby strengthening our competitiveness and ensuring sustainable management.
- Utilizing the government's efficient administration, thereby helping to establish a fair trade order.

## 1.3 Stakeholders

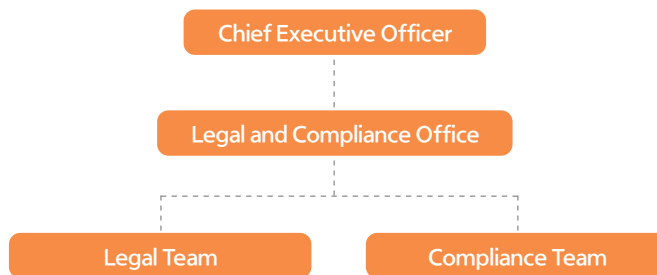
- A "Company" means Hanwha Aerospace.
- A Vendor or Counterparty means a vendor or supplier who has a contract with the company.
- An Employee is any officer or employee who has entered into an employment contract with the company.
- A "Customer" means a user or government who directly uses the company's products or services.
- "KFTC" means the Korea Fair Trade Commission.



## 2. About Hanwha Aerospace Compliance

### 2.1 Organization responsible for Hanwha Aerospace Compliance

#### 2.1.1 HR Organization Chart



#### 2.1.2 Operational Organization Chart



〈 Organization and Role for Operation of Compliance Management System 〉

Organization	Roles	Remarks
Compliance Committee	<ul style="list-style-type: none"> <li>– The final decision-making organization for key compliance issues</li> <li>– Regularly briefed on activity results, provides direction, makes decisions on key issues , and oversees CP operations</li> <li>– CEO as the Chairman of the committee with general meetings held at least once every half year</li> </ul>	Chief Executive Officer / Each Division's Manager/ Support Department Executive/ Compliance Officer
Compliance Officer	<ul style="list-style-type: none"> <li>– Responsible for operation and supervision of the company CP</li> </ul>	
Compliance Team	<ul style="list-style-type: none"> <li>– Appropriately sized organization of man powers under the direct supervision of the Compliance Officer to carry out work</li> <li>– Responsible for working level CP management and operation</li> </ul>	
Department Leader	<ul style="list-style-type: none"> <li>– Supports compliance operation and cooperates with Compliance Officer</li> <li>– Directs employees to comply with the company's compliance obligations, policies, procedures and processes</li> </ul>	
Compliance Managers	<ul style="list-style-type: none"> <li>– Designated by each department for autonomous compliance control and assessment of employees</li> <li>– Cooperates with the Compliance Team to implement department's self-compliance activities</li> </ul>	

### 2.1.3 History

Year	Activities
2011	Feb Configuring Compliance Organizations, Top7 Compliance Risk selection(including fair trade area)
	May Declaration Ceremony for Compliance Management (Declaration of CEO's Will)
	Aug Code of Conduct Enactment(approved by CEO)
2012	Jan Holding the 1st Compliance Committee
	Apr Compliance Guideline Enactment by the Board of Directors
	Jul Appointment of a Compliance Officer by the Board of Directors
2013	Feb Introduction of an Executive Evaluation System

2014	Jan	Compliance Evaluation of the Validity Annual Report to the Board of Directors
	Feb	Anti-Corruption Regulation Enactment
	Dec	Introduction of Compliance Manager's Day
2015	Feb	Introduction of "Visiting Compliance Education System for Employees"
2016	Feb	Participating in Defense Acquisition Program Administration's "International Conference to Improve Integrity"(representing on behalf of the Korean companies)
	Jun	Introduction of the Compliance Week
2017	Jul	Hanwha Techwin and its Subsidiaries Conducting a Compliance Management Proclamation Ceremony and Compliance Pledge
2018	Apr	Launch and Compliance Declaration Ceremony of Hanwha Aerospace
2019	Mar	Introduction of the Organization's Compliance Index Evaluation System
	May	Providing Compliance Education and Legal Advice for Overseas Subsidiaries
	Jun	Participating Defense Acquisition Program Administration's Establishment of Public Privatized Discussion Group (that put together civic groups, defense companies, etc.) as a Member Company
2020	Apr	Compliance Management System New Opening
	Oct	Conducting HAS and Affiliated Company Practical Subcontracting Training Tailored to Relevant Departments
2021	Feb	Transparency International (TI), 2020 Announcement of DCI Index Assessment (B level)
	Jul.	Inspection and Consultation on the Status of Consignment Transaction
	Nov.	ISO 37001(anti-bribery management system) & 37301(compliance management system) Concurrent ISO Certification
2022	Feb	In-Depth Training of Departments Related to Subcontracting/Consignment Transaction
	Nov.	Hanwha Aerospace and Hanwha Defense Merge & Appointment of the Compliance Officers of HAS
	Dec.	Winning the Innovation Management Awards (minister of Ministry of trade Industry and Energy award) and Transparency Society Award (TI KOREA)
2023	Feb	Code of Conduct (Hanwha's Standard) Newly Amended
	Apr	Hanwha Aerospace and Hanwha Corporation Merge Conducting an Executive Evaluation System of Consolidated Corporation
	Apr	Conducting Subcontracting Hands-On Training for Relevant Department
	May.	Conducting Subcontracting Special Training for New Employees in the Development Department (total 9th)
	Jan	Launching "CP SCHOOL" (Online education system available anytime)
	Dec	Enactment and Declaration of Human Rights Management Regulation
	Dec	Opening of the Development of a Mutual Cooperation Act, Consignment Transaction System (ACT ON THE PROMOTION OF MUTUALLY BENEFICIAL COOPERATION BETWEEN LARGE ENTERPRISES AND SMALL AND MEDIUM ENTERPRISES)
2024	Jan	Promoting CP (Fair Trade Compliance Program) Rating Evaluation of the Korea Fair Trade Commission

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## 2.2 Internal compliance standards

- CODE OF CONDUCT
- COMPLIANCE GUIDELINE
- ENFORCEMENT RULES OF COMPLIANCE GUIDELINE
- ANTI-CORRUPTION REGULATION
- ENFORCEMENT RULES OF ANTI-CORRUPTION REGULATION
- COMPLIANCE COMMITTEE OPERATION REGULATION
- HUMAN RIGHTS MANAGEMENT REGULATION

## 2.3 Compliance Officer Role

- The Compliance Officer shall be appointed among those who meet the requirements of Article 542-13 of Commercial Law and Article 40 of the Enforcement Decree of the same Act, and shall oversee and be responsible for the overall operation of CP. He also maintains a concurrent position as a Compliance Officer as defined by the Compliance Guideline.

## 2.4 Training Programs

- Compliance Management Basic Training: Annually for all employees.
- New Recruit Introduction Training: Introduce new recruits to the Hanwha Aerospace Compliance System prior to job placement.
- Intensive Curriculum by field: Regularly conducting for employees facing high legal risks or additional legal risks due to amendment to or enactment of regulations and laws.
- Customized Training by department: Each department chooses relevant training course prepared with regard to the risks related to Hanwha Aerospace and customized training is carried out by professional instructors taking into consideration department characteristics and issues.
- Special Training: Once or twice a year for specific job groups including executives, department heads, expatriates, and partners.
- Evaluation of training effectiveness at least once a year.

## 2.5 Inspection Program

- Self-check on regular basis : Quiz and submission of checklist with regard to compliance control at least once an year.
- Self-compliance check: Each department may autonomously conduct compliance checks, and the Compliance Officer supports basic inspection and provides legal expertise.

## 2.6 Compliance Index Assessment System

- The Board seeks improvement measures by regularly reviewing whether Compliance Guideline and Compliance Management Systems are effectively designed and operating.  
The Board also evaluates the effectiveness of such systems and evaluation results are reported to the Board.
- The compliance index is reflected in HR evaluation to promote interest in compliance among employees.
- The compliance index provides credibility as a quantitative assessment by way of assigning organizational and individual activity scores to executives and organizational leaders.

## 2.7 Sanctions and Incentives

- Sanctions: In the event of finding violation of Compliance Guideline, the Compliance Officer may notify the relevant department leader or CEO of any violation of Compliance Guideline and request appropriate action to stop, improve, correct, sanction, etc., and, if necessary, establish a comprehensive plan with the relevant department, etc. and propose the plan to CEO.
- Incentives: A reward or promotion may be proposed for an employee who is deemed to have made contribution to the company by way of preventing or reducing losses to the company by diligently complying with Compliance Guideline.

## 2.8 Compliance Support System

- The compliance support system is a company intranet to support employees' compliance activities.
- It is a comprehensive record of the Compliance Management System and is designed to help employees find necessary compliance resources.



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