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# The HAS Compliance Program

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Handbook

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## Handbook

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## Preface

Publishing the HAS Compliance Program Handbook .

Our journey toward the future extends beyond mere technological innovation to encompass social responsibility and the creation of sustainable value. Achieving this vision requires establishing a compliance management system that aligns with global standards, with our 'Fair Trade Compliance Program' serving as its cornerstone.

This revised edition of the The HAS Compliance Program Handbook has been updated to reflect evolving legal and business environments, aiming to support our employees in accurately understanding and applying fair trade-related regulations in their daily operations.

The handbook not only covers the essential content of fair trade regulations but also provides detailed examples of potential violations and preventative measures. Moreover, it offers practical guidelines to empower employees to assess their own compliance and proactively prevent potential risks.

Our company's commitment to compliance exceeds simple adherence to regulations; it lies in establishing a transparent and fair transaction structure and building trust with all stakeholders. The active participation and commitment of each employee are crucial to achieving these goals.

It is my sincere wish that this handbook will inspire a stronger culture of compliance among our employees, contribute to the establishment of a fair trade culture, and ultimately play a vital role in our company's sustainable growth.

Fair Trade Compliance Officer **Choi Byoung Sun**

## The HAS Compliance Program

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1. Overview of the HAS Compliance Program

2. About The HAS 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, HAS'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
- HAS provides an analysis of top 8 risk factors and provides employees with necessary guidelines



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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

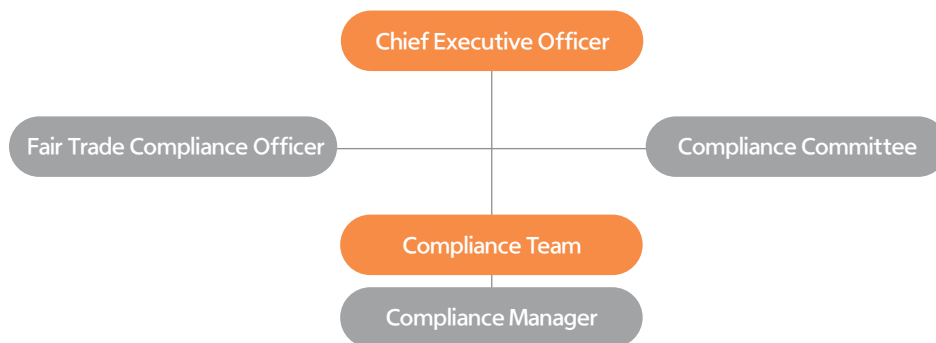
## 2. About The HAS Compliance

### 2.1 Organization responsible for The HAS 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 twice a year</li> </ul>	Chief Executive Officer / Each Division's Manager/ Support Department Executive/ Compliance Officer
Fair Trade 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 Fair Trade 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 Fair Trade 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

years	Activities
2011	Feb. Configuring Compliance Organizations, Top7 Compliance Risk selection(including fair trade area)
	May A declaration ceremony for compliance management(declaring CEO's will)
	Aug. Code of Conduct Enactment(approved by CEO)
2012	Jan. Holding the 1 <sup>st</sup> Compliance Committee
	Apr. Compliance Guideline enactment to the Board of Directors
	Jul. Appointment of a Compliance Officer to 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.	Participated in Defense Acquisition Program Administration's, Participated in 'International Conference to Improve Integrity' (representing on behalf of all the Korean companies)
	Jun.	Introduction of the Compliance Week
2017	Jul.	<b>Hanwha Techwin</b> and its Subsidiaries Conducting a Compliance Management Proclamation Ceremony and Compliance Pledge
2018	Apr.	Launch of <b>Hanwha Aerospace</b> and Compliance Declaration Ceremony
2019	Mar.	Introduction of the Organization's Compliance Index Evaluation System
	May	Providing Compliance Education and Legal Advice for Overseas Subsidiaries
	Jun	Participating in Defense Acquisition Program Administration's Establishment of Government-Private Sector Discussion Group (that brought 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 transactions
	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.	<b>Hanwha Aerospace</b> and <b>Hanwha Defense</b> 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 (TIKOREA)
2023	Feb.	Code of conduct ( <b>Hanwha</b> 's Standard) newly amended
	Apr.	<b>Hanwha Aerospace</b> and <b>Hanwha Corporation</b> Merge Conducting an Executive Evaluation System of Merged Entity
	Apr.	Conducting subcontracting hands-on training for relevant departments
	May.	Conducting subcontracting Special Training for new employees in the Development Department
	Jun.	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	Oct.	Human Rights Awareness Survey
	Nov.	ISO37301/37001 Recertification Audit
	Dec.	Awarded an AA rating in Korea Fair Trade Commission's evaluation of fair trade compliance
2025	May.	Compliance Training for Vietnam Subsidiary
	Jun.	CP SCHOOL Re-launched after Renewal
	Jun.	Promulgation of Ethics and Compliance Guidelines for Business Partners
	Dec.	Promulgation of a Fair Trade Compliance Program Regulation

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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
- FAIR TRADE COMPLIANCE PROGRAM REGULATION

## 2.3 Fair Trade Compliance Officer Role

The Fair Trade 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 HAS Compliance systems prior to job placement
- Intensive Curriculum by field: Regularly conducted 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 HAS 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 Fair Trade Compliance Officer supports basic inspection and provides legal expertise

## 2.6 Compliance Index Assessment System

- Fair Trade Compliance Officer seeks improvement measures by regularly reviewing whether Compliance Guideline and Compliance Management Systems are effectively designed and operating

Fair Trade Compliance Officer also evaluates the effectiveness of such systems and evaluation results are reported to the Board

- The compliance index is reflected in organizational 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, Fair Trade Compliance 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 our 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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