

Fair Trade Compliance Program Operating Regulations

Hanwha Engine Co., Ltd.

Fair Trade Compliance Program

Operating Regulations

Chapter 1 General Provisions

Article 1 (Purpose)

- 1 The Fair Trade Compliance Program Operating Regulations (hereinafter referred to as “these Regulations”) set forth the basic standards and procedures that officers and employees must follow in performing their duties to ensure compliance with fair trade laws. By adhering to these Regulations, the Company aims to secure transparency and fairness in corporate management, prevent violations of fair trade laws and unfair trade practices, and protect the Company and its officers and employees from legal violations.
- 2 All officers and employees of the Company shall always be familiar with and comply with these Regulations in connection with the Company’s business.
- 3 All regulations related to fair trade laws, as well as the Company’s ethical management and mutual cooperation policies, serve as important guidelines for the operation of the Fair Trade Compliance Program. Therefore, all officers and employees must strictly comply with them.

Article 2 (Scope of Application)

These Regulations apply to all officers and employees of the Company and to all business activities related to fair trade laws. Accordingly, all officers and employees of the Company shall comply with these Regulations as prescribed.

Article 3 (Definitions of Terms)

The definitions of terms used in these Regulations are as follows:

1. “Compliance Program (CP)” means the Company’s internal compliance system and activities, including regulations, training, and supervision established and operated by the Company itself to ensure that the Company and its officers and employees comply with fair trade laws.
2. “Fair Trade Laws” means all laws, enforcement decrees, and other

regulations under the jurisdiction of the Korea Fair Trade Commission, including the Monopoly Regulation and Fair Trade Act, the Act on the Fairness of Subcontract Transactions, the Act on the Fairness of Agency Transactions, and the Act on Fair Labeling and Advertising. The Act on the Promotion of Win-Win Cooperation between Large Enterprises and SMEs and the Unfair Competition Prevention and Trade Secret Protection Act are also included within the scope of fair trade laws.

3. “Internal CP-related Regulations” means all regulations enacted and implemented by the Company for the efficient operation of the CP, including these Regulations, regardless of their name or form (such as detailed rules, manuals, etc.).
4. “Chief Executive Officer” means the highest responsible person who, regardless of the type of company under Article 170 of the Commercial Act, represents the Company externally and has the authority to execute and decide the Company’s business internally, such as the Representative Director, Representative Executive Officer, or Managing Partner.
5. “Highest Decision-Making Body” means the Company’s highest body with decision-making authority on major matters, excluding the General Meeting of Shareholders, and ordinarily refers to the Board of Directors. In companies without a Board of Directors, it refers to the Chief Executive Officer.
6. “Compliance Manager” means the person who oversees the operation of the CP.
7. “Dedicated CP Department” means the department that, under the direction and supervision of the Compliance Manager, is responsible for the practical management of CP operations.
8. “Officers and Employees” means all persons, including the Chief Executive Officer, who perform work under delegation, management, or supervision by the Company, regardless of whether they are regular, non-regular, contract, or temporary employees.
9. “Pre-Work Consultation System” means a system designed to prevent violations of fair trade laws by requiring prior consultation through a consultative body regarding whether to execute transactions or acts that may involve potential violations.

10. “Assessment” means all activities of inspection and investigation, such as on-site inspections, checklists, and CP-related reports, to verify whether officers and employees of the Company are free from violations of laws and whether the CP is being operated appropriately.
11. “Sanctions” means disciplinary actions strictly imposed on structural or repeated violations of fair trade laws by officers and employees of the Company, thereby raising awareness of CP among them.
12. “Rewards” means benefits provided to officers and employees who are evaluated as having made significant contributions to the Company’s development and the protection of customers, affiliates, and partners by exemplary implementation of the CP.
13. “Compliance Manual” means a guideline prepared for officers and employees of the Company that includes all matters related to CP operation, such as CP standards, procedures, and case studies, to promote understanding of the CP and internalization of awareness of compliance with fair trade laws.
14. “Document Management” means the management of the flow of documents generated in the course of the Company’s business, including storage, preservation, and disposal.

Chapter 2 Organization and Division of Duties

Section 1 Duties and Authority of the Chief Executive Officer

Article 4 (Duties of the Chief Executive Officer)

- 1 The Chief Executive Officer shall declare the commitment to implementing the Compliance Program (CP), continuously communicate this commitment to employees, and publicly announce it through channels such as the Company’s website, thereby fostering a culture in which all officers and employees comply with fair trade laws and actively practice CP.
- 2 The Chief Executive Officer shall actively participate in CP culture promotion activities, campaigns, and related events.
- 3 The Chief Executive Officer shall grant the Compliance Manager, who oversees CP operations, independent authority and responsibility to ensure that

the CP is operated efficiently and effectively, and shall guarantee that CP is a top priority policy in corporate management.

4 The Chief Executive Officer shall continuously provide the Compliance Manager and the dedicated CP department with the necessary budget and organizational support to ensure effective CP operation and institutional improvement.

5 The Chief Executive Officer shall review and approve the content whenever CP-related internal regulations are enacted or amended.

6 In addition to the matters set forth in Paragraphs 1 through 5, the Chief Executive Officer shall faithfully carry out other matters separately stipulated in these Regulations.

Article 5 (Authority of the Chief Executive Officer)

1 The Chief Executive Officer shall have the highest decision-making authority with respect to CP operations.

2 The Chief Executive Officer may allocate the budget and resources necessary for the establishment and operation of the CP.

3 The Chief Executive Officer may assign roles and responsibilities to officers and employees in relation to CP operations.

Section 2 Compliance Manager

Article 6 (Appointment of Compliance Manager)

1 The Compliance Manager shall be an executive-level officer who possesses extensive knowledge of fair trade laws or has experience and expertise in compliance management, including the operation of the Compliance Program (CP).

2 The Company shall appoint the Compliance Manager through a resolution of the highest decision-making body. However, if the Company appoints or dismisses a Compliance Officer through the highest decision-making body, the Compliance Officer or Compliance Supervisor may concurrently serve as the Compliance Manager. In such cases, the agenda item for appointing the Compliance Officer must explicitly state that the Compliance Officer will also perform the role of Compliance Manager.

3 The Chief Executive Officer shall ensure that the appointment of the Compliance Manager is publicly announced to employees through various means such as written notice, electronic documents, or the Company's website.

4 If the Compliance Manager is unable to perform duties due to unavoidable circumstances or is dismissed, the Compliance Officer shall act in the role until a new Compliance Manager is appointed. However, if the Compliance Officer has already been serving as the Compliance Manager, the head of the Company's Legal Department shall act in the role of Compliance Manager until a new appointment is made.

Article 7 (Duties and Authority of the Compliance Manager)

1 The Compliance Manager shall perform the following duties and hold the corresponding authority to ensure the efficient operation of the Compliance Program (CP):

- a. Overall supervision of CP operations
- b. Establishment of company policies and plans related to CP, organization of budget and staffing, and requests for related matters
- c. Enactment, amendment, and operation of internal CP-related regulations
- d. CP training for officers and employees, including the Chief Executive Officer
- e. Inspection of CP operation status and implementation of corrective measures and follow-up actions
- f. Requests for improvement and correction of violations of fair trade laws and CP-related internal regulations, and requests for sanctions against violators
- g. Regular or ad hoc reporting of CP activities and results to the Chief Executive Officer or the highest decision-making body
- h. Management of documents and records related to CP operations and activities
- i. Other duties necessary for the efficient operation of the CP, as well as authority deemed necessary by the Chief Executive Officer or the highest decision-making body

2 The Chief Executive Officer shall grant the Compliance Manager all authority

necessary to perform the duties outlined in each subparagraph of Paragraph 1. 3 The Compliance Manager may, at their discretion, delegate part of their duties or authority to the dedicated CP department or other relevant units when necessary. However, in such cases, the Compliance Manager shall regularly monitor whether the delegated tasks are being carried out effectively.

Article 8 (Dedicated CP Department)

1 A dedicated CP department shall be established under the direct supervision of the Compliance Manager to assist in the performance of the Compliance Manager's duties.

2 Under the direction and supervision of the Compliance Manager, the dedicated CP department shall carry out the following tasks related to CP operations:

- a. Assist the Compliance Manager in performing the duties set forth in Article 7, Paragraph 1.
- b. Carry out tasks delegated by the Compliance Manager pursuant to Article 7, Paragraph 3.
- c. Report and consult with the Compliance Manager on CP-related matters.
- d. Manage amendments to fair trade laws and CP-related internal regulations.
- e. Establish and implement the annual CP training plan.
- f. Obtain, maintain, and manage external certifications related to CP.
- g. Provide legal advice and support activities related to CP operations.
- h. Manage the Compliance Manual.
- i. Announce CP-related matters and post them on the Company's website.
- j. Conduct activities related to risk assessment under Article 15 and effectiveness assessment under Article 16.
- k. Perform other tasks necessary for the efficient operation of the CP.

Article 9 (Independence of the Compliance Manager and Dedicated CP Department)

1 The Company and the Chief Executive Officer shall ensure the independence of the Compliance Manager and employees belonging to the dedicated CP department, so that they are not subject to any improper instructions or interference in the performance of their duties.

2 The Compliance Manager shall have the authority to independently report all matters related to the operation of the CP to the Chief Executive Officer and the highest decision-making body.

3 Pursuant to the preceding paragraph, the matters that the Compliance Manager may independently report to the Chief Executive Officer and the highest decision-making body include all issues concerning violations of fair trade laws that the Company must comply with.

4 The Compliance Manager and employees belonging to the dedicated CP department shall not suffer any unfair disadvantage as a result of performing the duties prescribed in these regulations.

5 If the Compliance Manager or employees of the dedicated CP department suffer or are at risk of suffering unfair disadvantage as a result of performing the duties prescribed in these regulations, the Company and the Chief Executive Officer shall immediately establish and implement effective remedial measures, and shall also formulate measures to prevent recurrence.

Section 3 Duties of Officers and Employees

Article 10 (Duties of Officers and Employees)

1 All officers and employees of the Company shall fully understand and comply with fair trade laws, internal regulations related to the Compliance Program (CP), and the contents of the Compliance Manual.

2 If, in the course of performing their duties, officers and employees of the Company discover violations of fair trade laws or CP-related internal regulations, recognize the possibility of such violations, or have doubts regarding whether a violation has occurred, they shall promptly report the matter to the Compliance Manager, the dedicated CP department, or the Legal Department.

3 All officers and employees of the Company, including the Chief Executive Officer, shall faithfully participate in CP training conducted by the Compliance Manager or the dedicated CP department (including CP training conducted by other departments within the Company pursuant to delegation under these regulations).

4 The Company shall not issue instructions to officers and employees that

would result in violations of fair trade laws, and any officer or employee who receives such instructions shall immediately refuse them. If an officer or employee is coerced by the Company or another employee to carry out such instructions, they shall promptly report the matter to the department responsible for the internal reporting system. Upon receiving such a report, the internal reporting department shall immediately notify the dedicated CP department.

5 The head of each department shall supervise the compliance of their subordinates and take appropriate measures to ensure that fair trade laws and CP-related internal regulations are not violated.

Chapter 3 Operation of the Compliance Program (CP)

Article 11 (Review of CP Operation Status and Performance)

1 The Compliance Manager shall review the Company's CP operation status and performance and report the findings to the Chief Executive Officer.

2 The Chief Executive Officer shall review the report under the preceding paragraph and take appropriate follow-up measures. If necessary, the Chief Executive Officer may instruct the Compliance Manager to implement such measures.

3 The Compliance Manager shall actively carry out the instructions of the Chief Executive Officer pursuant to the preceding paragraph and report the results of implementation to the Chief Executive Officer.

Article 12 (Compliance Manual)

1 The Compliance Manager and the dedicated CP department shall prepare a Compliance Manual.

2 The Compliance Manual shall be prepared taking into account the Company's size, structure, business, and departmental characteristics, and shall faithfully reflect the opinions of multiple stakeholders such as customers, partners, and government authorities.

3 The Compliance Manual shall be organized by each business function or division, with specific and detailed methods for self-checks in each area.

4 The Compliance Manual shall comprehensively include an overview of fair

trade laws and mandatory regulations applicable to the Company, sanction standards, CP operation cases, precedents, behavioral guidelines, Q&A, and methods for self-checks by division and function.

5 The Compliance Manual shall be prepared and distributed in various formats so that officers and employees can easily access and utilize it without restrictions of time or place, and so that it is easy to understand.

6 The Compliance Manager and the dedicated CP department shall identify in advance departments with a high likelihood of violating fair trade laws and distribute the Compliance Manual to those departments on a priority basis. In such cases, the dedicated CP department shall regularly monitor the utilization of the Compliance Manual in those departments.

7 The Compliance Manager and the dedicated CP department shall regularly review the need for revisions to the Compliance Manual, and if deemed necessary, shall amend the Manual accordingly.

8 For the effective implementation of the preceding paragraph, the Compliance Manager and the dedicated CP department shall regularly review changes in fair trade laws, business environment, related policies, and Company regulations.

Article 13 (CP Training)

1 The Compliance Manager and the dedicated CP department shall establish and implement an annual CP training plan each year to ensure that officers and employees comply with fair trade laws, identify legal risks related to their duties in advance, and respond appropriately.

2 The training plan under the preceding paragraph shall include the following:

- a. Plans for conducting regular CP-related training
- b. Plans for differentiated training by hierarchy, department, and relevance to duties
- c. Plans for differentiated training for departments with a high likelihood of CP violations
- d. Matters concerning the allocation and execution of training-related budgets
- e. Criteria for selecting CP training instructors, including expertise, work

experience, and professional qualifications in the CP field

- f. Reflection of previous training effectiveness evaluation results, employee feedback (VOC), amendments to fair trade laws and CP-related internal regulations particularly relevant to the industry, and policy directions
- g. Plans for evaluating training effectiveness

- h. Measures for supplementary or special training (regardless of name) for employees who fail to complete training or who commit CP violations

3 All officers and employees subject to training, including the Chief Executive Officer, shall faithfully complete the training in accordance with the plan under Paragraph 1.

4 If any officer or employee fails to complete the training under Paragraph 1 without just cause, the dedicated CP department shall provide supplementary or special training (regardless of name) to such employee.

5 The dedicated CP department may, when necessary, impose disadvantages on employees who fail to complete or delay completion of training.

6 The training effectiveness evaluation plan under Item 7 of Paragraph 2 shall include the following:

- a. Four or more reasonable indicators to evaluate training effectiveness, such as attendance rate, learner satisfaction, completion rate, and achievement of learning outcomes
- b. Measures and procedures to address problems identified in the effectiveness assessment results
- c. Other matters necessary to evaluate the effectiveness of training

Article 14 (Pre-Work Consultation System)

1 The Company shall establish and operate a pre-work consultation system to prevent in advance any acts that may potentially violate fair trade laws to which the Company is subject.

2 As a rule, the pre-work consultation system shall be administered by the Compliance Manager; however, if necessary, it may be administered by the dedicated CP department, the Legal Department, the Procurement Department, or by the head of any department or member of the highest decision-making body related to compliance with fair trade laws.

3 The establishment and operation of the pre-work consultation system under Paragraph 1, as well as the specific acts subject to consultation that may constitute violations of fair trade laws, shall be governed by separate regulations enacted and implemented by the Company.

Article 15 (Risk Assessment)

1 The Compliance Manager and the dedicated CP department shall conduct risk assessments to identify potential risks of violations of fair trade laws that may arise in the course of employees' work and to prevent such violations in advance. However, if necessary, the Compliance Manager and the dedicated CP department may entrust risk assessment tasks to other departments within the Company that do not have conflicts of interest, or to external experts, or jointly carry out risk assessments with them.

2 The Compliance Manager and the dedicated CP department shall establish and implement measures to mitigate risks identified through the risk assessment under Paragraph 1.

3 Risk assessments shall be conducted regularly at least once a year in accordance with the Company's operational objectives, and may also be conducted on an ad hoc basis when necessary.

4 The Compliance Manager and the dedicated CP department shall review the appropriateness and effectiveness of the measures taken to mitigate risks, and continuously improve risk assessment standards based on such reviews.

5 The Compliance Manager and the dedicated CP department shall independently report the results of the risk assessment under Paragraph 1, as well as the measures established and implemented to mitigate risks, to the Chief Executive Officer or the highest decision-making body.

Article 16 (Effectiveness Assessment)

1 The Compliance Manager and the dedicated CP department shall conduct an effectiveness assessment of CP operations at least once a year to ensure the effective operation of the CP. However, if necessary, they may entrust risk assessment tasks to other departments within the Company that do not have conflicts of interest with the effectiveness assessment, or to external experts,

or jointly carry out the effectiveness assessment with them.

2 Even when persons other than the Compliance Manager or employees of the dedicated CP department perform the effectiveness assessment pursuant to the proviso of the preceding paragraph, all matters stipulated in this Article shall be observed.

3 The Compliance Manager and the dedicated CP department may select personnel to carry out the effectiveness assessment under Paragraph 1, and in doing so shall comprehensively consider the following factors:

- a) Qualifications: Major field of study, experience in fair trade laws, auditing, internal control, possession of relevant certifications, etc.
- b) Scope of Work: Personnel not engaged in departments with conflicts of interest.

4 The plan for conducting the effectiveness assessment under Paragraph 1 shall be established independently, separate from the Company's regular audit plan.

5 The plan referred to in the preceding paragraph shall reflect fair trade laws that the Company must comply with, relevant government policies, and the results of previous effectiveness assessments.

6 The Compliance Manager and the dedicated CP department shall implement measures to correct problems identified in the effectiveness assessment, and review the evaluation results and corrective measures to incorporate them into future improvements of CP operations.

7 The Compliance Manager and the dedicated CP department shall manage records related to the effectiveness assessment independently from other audit records of the Company.

8 The Compliance Manager shall independently report the results of the effectiveness assessment to the Chief Executive Officer and the highest decision-making body.

Chapter 4 Internal Reporting System

Article 17 (Internal Reporting System)

The Company shall establish and operate a reporting system that enables officers and employees to freely and anonymously report any violations or potential violations of fair trade laws and other applicable regulations. The detailed

operational standards and procedures of the Company's internal reporting system, as referred to in this Article, shall be governed by separate internal reporting regulations.

Chapter 5 Sanctions and Rewards

Section 1 Sanctions

Article 18 (Principle)

The Company shall, in principle, impose sanctions on officers and employees (hereinafter referred to as "violators") who breach fair trade laws or related internal company guidelines.

Article 19 (Sanction Procedures)

Procedures and standards for sanctions against violators not specified in these Regulations shall follow the Company's personnel management regulations.

Article 20 (Types and Standards of Sanctions)

1 The types and standards of sanctions that may be imposed on officers and employees who violate fair trade laws or related internal company guidelines shall be as set forth in [Appendix 1].

2 If any of the grounds specified in [Appendix 1] occur, the Compliance Manager shall take the following measures against the relevant officer, employee, or department head:

a. If the grounds under Item 1 of [Appendix 1] occur: determine whether to refer the relevant employee to the Personnel Committee.

b. If the grounds under Item 2 of [Appendix 1] occur: issue a warning and corrective order to the relevant employee or department head. However, if the same grounds result in two or more warnings or corrective orders, determine whether to refer the matter to the Personnel Committee.

3 If the Compliance Manager decides to refer the matter to the Personnel Committee pursuant to the preceding paragraph, the Compliance Manager shall request disciplinary action against the violator, and the Personnel Committee shall determine whether disciplinary action is warranted and, if so, its level.

4 In the event of a conflict with the personnel management regulations, the personnel management regulations shall prevail.

5 Matters concerning sanctions not specified in these Regulations shall follow the Company's personnel management regulations.

Section 2 Rewards

Article 21 (Rewards)

1 The Company may grant rewards, including personnel-related or monetary benefits, to the following individuals who are evaluated as having contributed to compliance with fair trade laws and the dissemination of the Compliance Program (CP):

- a. Officers and employees who have made significant contributions to preventing violations of fair trade laws
- b. Departments or personnel recognized as exemplary for continuously or notably superior compliance with fair trade laws based on evaluation results under these Regulations
- c. Individuals who have faithfully completed fair trade law training and achieved outstanding results
- d. Whistleblowers
- e. Others deemed to have contributed to compliance with fair trade laws and the dissemination of CP

2 The dedicated CP department shall prepare a reward plan under the preceding paragraph and report it annually to the Compliance Manager.

3 The Compliance Manager shall review the reward plan reported by the dedicated CP department and, after consultation with the Human Resources Department and other relevant departments, implement the reward procedures.

4 Matters concerning rewards not specified in these Regulations shall follow the Company's personnel management regulations.

Chapter 6 Document Management

Article 22 (Principles)

1 The dedicated CP department shall classify and store all documents and records related to CP operations and activities under the direction and control

of the Compliance Manager.

2 Documents related to the pre-work consultation system under Article 14 and risk assessments under Article 15 shall be thoroughly prepared and stored so that they may be used as supporting evidence in the future.

3 Documents under Paragraphs 1 and 2 shall be stored and managed separately to ensure they are distinguished from other Company documents.

4 The dedicated CP department shall retain the documents under Paragraphs 1 and 2 for at least three years.

Chapter 7 Miscellaneous

Article 23 (Amendments)

1 The Company shall review the need for amendments to CP-related internal regulations (excluding the Compliance Manual) on a semiannual basis, and if deemed necessary, shall amend such CP-related internal regulations accordingly. However, if changes in the Company's business environment or fair trade laws make amendments necessary, the Company may amend them at any time.

2 The Compliance Manager and the dedicated CP department may solicit opinions from officers, employees, and relevant departments in connection with the amendments under the preceding paragraph.

3 When enacting or amending new Company rules or manuals, their conformity with these Regulations shall be reviewed, and in the event of any conflict, the matter shall be resolved through consultation with the Compliance Manager.

Article 24 (Relationship with Other Regulations)

These Regulations shall, in principle, take precedence over other internal regulations of the Company. However, if these Regulations clearly conflict with other Company regulations, the heads of the relevant departments may consult to determine which regulation shall take precedence. Notwithstanding the foregoing, matters stipulated in Article 17 concerning the Internal Reporting System shall be governed by separate internal reporting system regulations.

Article 25 (Delegation)

For the efficient and smooth operation of these Regulations, the Compliance Manager may enact and operate separate regulations concerning detailed matters necessary for CP operation. However, such separate regulations shall not conflict with the provisions of these Regulations.

[Appendix Item]

(Appendix 1) Types and Standards of Sanctions for Violators

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Types and Standards of Sanctions for Violators under Article 20, Paragraph 1 of These Regulations

1. Disciplinary Action of Reprimand or Higher

- a. Cases where violations of fair trade laws result in corrective measures imposed by regulatory authorities, such as suspension of the relevant act (corrective order), cancellation or deletion of contractual or agreed terms, public disclosure of corrective orders, corrective advertising, or imposition of fines.
- b. Cases where violations of fair trade laws lead to criminal prosecution by the prosecution service or other investigative authorities.
- c. Cases where violations of fair trade laws result in civil liability for damages.
- d. Cases where, despite receiving suspension or corrective orders from the Compliance Manager for violations of fair trade laws, the violator continues to repeat such violations.
- e. Cases where, despite a significant likelihood of violating fair trade laws and the expectation of causing substantial losses to the Company, the violator proceeds with business activities without prior consultation with the Compliance Manager, the dedicated CP department, or other relevant departments.
- f. Cases where materials requested under these Regulations by the Compliance Manager or the dedicated CP department are falsely prepared or submitted.
- g. Cases where the identity, personal information, or other details of whistleblowers or employees belonging to the investigation department are disclosed to third parties other than those operating the internal reporting system (including breaches of information protection and leaks).
- h. Other cases not falling under the above items where fair trade laws are violated or compliance is neglected.

2. Warning or Corrective Order

- a. Cases where submission of reports or materials requested under these Regulations by the Compliance Manager or the dedicated CP department is arbitrarily delayed or neglected, or where materials submitted differ from actual facts due to significant negligence or error.
- b. Cases where performance of risk or effectiveness assessments required under these Regulations is refused, obstructed, or avoided.
- c. Cases where instructions or corrective measures issued under these Regulations by the Compliance Manager or the dedicated CP department are arbitrarily delayed, neglected, or refused.