

**Hanwha Engine
Co., Ltd.
Fair Trade Compliance
Manual
(2025)**

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Message from the Fair Trade Compliance Officer

This "Fair Trade Compliance Manual" serves as a practical guidebook to help employees of Hanwha Engine Co., Ltd. prevent violations of laws and practice compliance management in their daily business activities.

The manual systematically and concretely covers the key provisions of competition-related laws that are highly relevant to our operations, including the Fair Trade Act, the Subcontracting Act, and the Agency Transactions Fairness Act.

This revised edition reflects amendments to relevant laws and changes in case precedents. Please refer to this manual during your work to ensure that no violations of fair trade regulations occur.

However, for matters that are difficult to judge or require further review, you must consult with the Legal Team before proceeding.

Through your active use of this manual and commitment to compliance awareness, we hope to further spread a corporate culture that realizes the value of fair competition.

December 12, 2025

Fair Trade Compliance Officer
Kwon Ui-jae



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This manual is a summarized/excerpted version of the full manual.

The integrated manual consists of 11 major topics covering key laws such as the Subcontracting Act and the Fair Trade Act. Any Hanwha Engine employees can access the integrated manual anytime, anywhere—whether inside or outside the company—through the web portal, the mobile Cleverus app, or by scanning a barcode.

* ① Concept and Understanding of CP, ② Checklist of Key Provisions in Major Laws, ③ Fair Trade Act, ④ Subcontracting Act, ⑤ Win-Win Cooperation Act, ⑥ Prohibition of Demanding and Misappropriating Technical Data (In-depth Issues under the Subcontracting Act and Win-Win Cooperation Act), ⑦ Agency Transactions Fairness Act (Dealership Act), ⑧ Unfair Competition Prevention Act, ⑨ Act on the Regulation of Terms and Conditions, ⑩ Dispatch Act, ⑪ Foreign Anti-Corruption Act

1. Overview of CP (Fair Trade Compliance Program)

▪ Concept of CP

- Compliance: A state in which members of an organization, including executives and employees, adhere to internal and external norms.
- Compliance Program (CP): An internal compliance system established and operated autonomously by companies, as economic entities, to ensure fair competition in economic activities and voluntarily comply with fair trade-related laws through education, supervision, and other measures.

▪ Our Fair Trade Compliance Program Operating Regulations (Internal Rules)

Article 1 (Purpose)

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

Article 3 (Definitions of Terms)

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

1. “Compliance Program (CP)” refers to the company’s internal compliance system and activities, including regulations, education, and supervision, which are autonomously established and operated by the company and its employees to ensure compliance with fair trade laws and regulations.
2. “Fair Trade Laws and Regulations” refer to 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 and regulations.

1. Overview of CP (Fair Trade Compliance Program)

▪ Necessity of Operating a CP

Providing Behavioral Standards for Compliance with Fair Trade Laws and Regulations

- Present behavioral standards for executives and employees to comply with fair trade laws and regulations
- Embed compliance awareness into corporate culture
- Detect potential violations of fair trade laws and regulations at an early stage and provide opportunities for voluntary correction
- Establish a foundation for countermeasures to prevent recurrence of identical violations

Preventing Corporate Losses from Legal Violations and Enhancing Corporate Image

- Prevent or minimize financial burdens such as surcharges, litigation costs, and damages
- Prevent deterioration of corporate image resulting from sanctions

Conformity with Global Standards

- Advanced economies such as the United States, Japan, and Europe have long introduced and operated Compliance Programs (CP).
- These countries include CP as part of the sentencing guidelines in trials concerning corporate legal violations.
- South Korea also requires CP as a core element of corporate economic activities.

Incentives for Excellent CP Companies

- Incentives are granted based on the results of CP rating evaluations:
 - Ratings: AAA (Excellent: 90 to less than 100), AA (Very Good: 80 to less than 90), A (Fairly Good: 70 to less than 80)
 - Incentives: Exemption from ex officio investigations, reduction of corrective measures, and mitigation of administrative fines
 - Based on the revised Regulations on the Operation and Evaluation of the Fair Trade Compliance Program (CP) (effective April 23, 2025)

Rating	Exemption from Ex Officio Investigation	Reduction of Corrective Measures	Mitigation of Administrative Fines
AAA	2 years	Downgraded by 2 levels	Up to 15%
AA	1 year 6 months	Downgraded by 1 level	Up to 10%

2. Eight Key Elements of CP

- Article 3 of the Regulations on the Operation and Evaluation of the Fair Trade Compliance Program (CP) by the Korea Fair Trade Commission

1



Establishment and Implementation of CP Standards and Procedures

The company must establish and implement the necessary standards and procedures to ensure that all executives and employees clearly understand and practice compliance requirements related to fair trade laws and regulations in the course of their duties.

2



Declaration and Support of Compliance Commitment by the CEO

The chief executive officer must publicly declare the company's commitment and policy to voluntarily comply with fair trade laws and regulations, and actively support the operation of the CP.

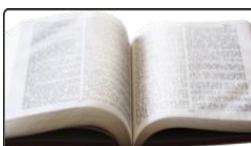
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Appointment and Support of a Compliance Officer

The board of directors or other highest decision-making body must appoint a compliance officer within the organization and assign responsibility for the effective operation of the CP to that officer.

4



Preparation and Utilization of a Compliance Manual

The compliance manual, prepared under the responsibility of the compliance officer, must include fair trade laws and regulations as well as CP standards and procedures. The manual must be produced in a format—such as a document or electronic file—that allows all executives and employees easy access and use.

5



Continuous and Systematic Compliance Education

Effective and regular training must be provided on CP standards and procedures, and on compliance with fair trade laws and regulations, particularly targeting executives, the chief executive officer, and employees in departments such as purchasing and sales, where the risk of fair trade violations is relatively high.

2. Eight Key Elements of CP

- Article 3 of the Regulations on the Operation and Evaluation of the Fair Trade Compliance Program (CP) by the Korea Fair Trade Commission

6



Establishment of an Internal Monitoring System

A reasonably planned monitoring and audit system must be established and operated to prevent or detect violations at an early stage. The results of monitoring and audits must be reported periodically (at least twice a year) to the board of directors or other highest decision-making body.

7



Sanctions for Executives and Employees Who Violate Laws and Regulations

Internal rules must be established and operated to stipulate disciplinary measures corresponding to the degree of violation for employees responsible for breaches of fair trade laws and regulations. In addition, when an employee's violation is discovered, the company must respond actively and take preventive measures to ensure that similar acts do not recur.

8

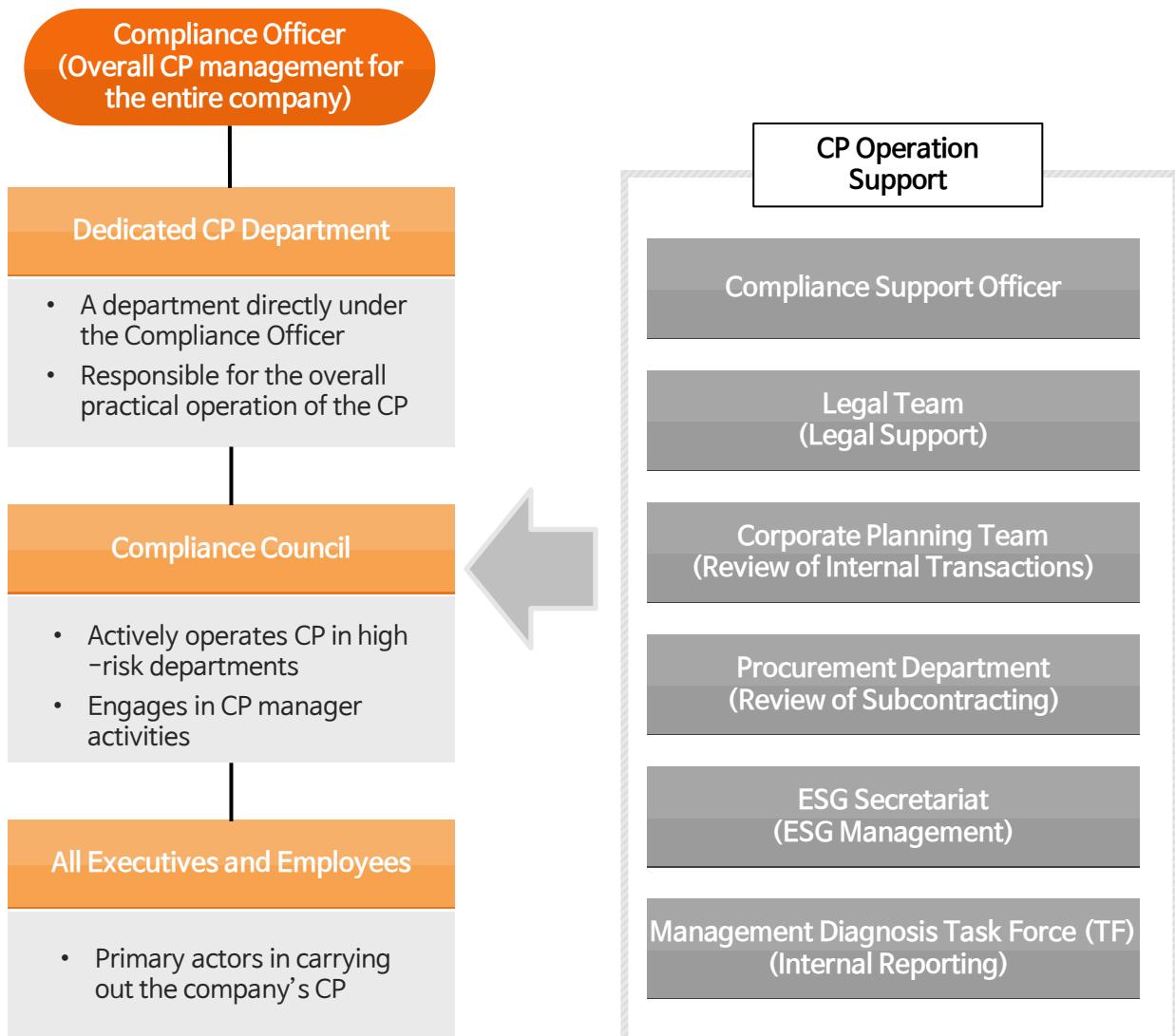


Evaluation of Effectiveness and Improvement Measures

To ensure that the CP continues to operate effectively, regular inspections and evaluations of CP standards, procedures, and operations must be conducted, and improvement measures must be taken accordingly.

3. Our CP Operating System

▪ Our CP Organizational Structure



3. Our CP Operating System

- Roles and Responsibilities of the Compliance Officer

Regulations on the Operation of the Fair Trade Compliance Program

Article 7 (Duties and Authority of the Compliance Officer)

- ① The Compliance Officer shall perform the duties specified in the following subparagraphs and exercise the corresponding authority to ensure the effective operation of the CP:
 1. Overall management of CP operations
 2. Establishment of company policies and plans related to CP, budgeting and organizational structuring, and requesting related matters
 3. Formulation, revision, and operation of internal company regulations related to CP
 4. CP training for executives and employees, including the CEO
 5. Follow-up measures such as inspection of CP operational status and demands for corrective action
 6. Requesting improvements and corrective measures for violations of fair trade laws and regulations or internal CP-related rules, and requesting disciplinary measures against violators
 7. Regular or ad hoc reporting of CP activities and results to the Chief Executive Officer or the highest decision-making body
 8. Management of documents and records related to CP operations and activities
 9. Other tasks necessary for the efficient operation of the CP, as well as any authority deemed necessary by the CEO or the highest decision-making body
- ② The Chief Executive Officer shall grant the Compliance Officer all authority necessary to perform the duties set forth in Paragraph 1.
- ③ The Compliance Officer may, at their discretion, delegate part of their duties or authority to the dedicated CP department or other relevant units. However, in such cases, the Compliance Officer must regularly monitor whether the delegated tasks are being carried out effectively.

3. Our CP Operating System

▪ Roles and Responsibilities of the Dedicated CP Department

Regulations on the Operation of the Fair Trade Compliance Program

Article 8 (Dedicated CP Department)

- ① A dedicated CP department, directly under the Compliance Officer, shall be established to assist the Compliance Officer in performing their duties.
- ② The dedicated CP department shall perform duties related to CP operation as instructed and supervised by the Compliance Officer, as follows:
 1. Assist the Compliance Officer in carrying out the duties specified in each subparagraph of Article 7, Paragraph 1
 2. Carry out tasks delegated by the Compliance Officer pursuant to Article 7, Paragraph 3
 3. Report and consult with the Compliance Officer on CP-related matters
 4. Manage amendments to fair trade laws and regulations as well as CP-related internal company rules
 5. Establish and implement the annual CP training plan
 6. Obtain, maintain, and manage external certifications related to CP
 7. Support activities, such as legal advice, for CP-related tasks
 8. Manage the compliance manual
 9. Announce CP-related matters and post them on the company website
 10. Conduct risk assessment pursuant to Article 15 and effectiveness evaluation pursuant to Article 16
 11. Perform other tasks necessary for the efficient operation of the CP

4. Our CP System

▪ Our CP Operating Standards

- Fundamental regulations governing the company's CP as a whole
- CP operations are carried out in accordance with the company regulation, 'Regulations on the Operation of the Fair Trade Compliance Program'
- The CP operating standards serve as the fundamental norms of the company's CP and are defined as follows
- All executives and employees must comply with the CP operating standards and actively participate and cooperate in all CP activities based on these standards

Key Contents of CP Operating Standards

- Purpose and Definitions
- Designation of CP operating organizations within the company (Compliance Officer, Dedicated CP Department, etc.)
- Authority and responsibilities of each CP operating organization
- Guarantee of independence of the Compliance Officer
- Obligation of executives and employees to comply with laws and CP standards
- Declaration of commitment to compliance management
- Review, inspection, and reporting of CP operational status and performance
- Pre-consultation system
- Matters related to CP education (implementation, content, instructor qualifications, etc.)
- Matters related to the compliance manual
- Matters related to fair trade reporting, disciplinary measures, and rewards

▪ Direct Reporting System

Guarantee of Independence of the Compliance Officer

- The Compliance Officer shall be guaranteed independence in the performance of their duties and shall have the authority to independently and directly report all matters related to the operation of the company's CP to the CEO, the Board of Directors, and other top management.

4. Our CP System

▪ Pre-Business Consultation System

Ongoing Legal Consultation

- All executives and employees may request legal consultation from the Legal Team at any time regarding fair trade laws and regulations.
- Requests must be submitted through Cleverse e-Approval using the “Legal Consultation Request Form.”
- The responsible Legal Team member shall carefully review the request against applicable laws and regulations, provide appropriate advice upon completion of the review, and, if necessary, seek assistance from external experts such as law firms.
- Employees receiving consultation must respect the advice provided and carry out their duties in a manner that ensures no violation of relevant laws and regulations.

Pre-Legal Review of Contracts

- As a principle, all contracts to be concluded with third parties must be reviewed in advance by the Legal Team to determine whether the contract and its terms violate fair trade laws or other applicable regulations.
- Contracts exempted from review under company rules (e.g., standard contracts already reviewed by the Legal Team with no special issues, contracts falling under exceptions to delegated authority) are excluded from mandatory review.
- Requests for contract review must be submitted through Cleverse e-Approval using the “Contract Review Request Form.”
- The responsible Legal Team member shall thoroughly review the contract against relevant laws and regulations, provide feedback on potential violations and legal risks, and suggest reasonable measures to mitigate such risks. If necessary, external experts such as law firms may be consulted.
- Employees receiving review opinions must respect the advice provided and perform their duties in a manner that ensures compliance with relevant laws and regulations.

4. Our CP System

▪ Pre-Business Consultation System

Review of Internal Transactions

- Purpose: Internal transactions between the company and affiliates belonging to the Hanwha Group (a business group subject to cross-shareholding restrictions) must be reviewed in advance by the company's Internal Transaction Review Committee to determine whether they violate relevant provisions of the Commercial Act or the Fair Trade Act.
- Responsible Department
 - Management Diagnosis Task Force (TF)
- Operating Cycle
 - Regular Committee: Convened on the 10th of each month (if the date falls on a public holiday, the meeting is held on the preceding business day).
 - Ad Hoc Committee: May be convened at any time at the discretion of the Chairperson. The transaction department may request an ad hoc meeting by submitting an "Application for Ad Hoc Internal Transaction Committee Meeting" (with executive approval) through the committee secretary.
 - When the transaction department wishes to submit an agenda item to the regular committee, it must prepare an "Internal Transaction Review Committee Application Form" and submit it together with the final contract at least five business days prior to the scheduled meeting date.
- Scope of Application
 - Transactions between the company and domestic affiliates
 - Transactions between the company and overseas affiliates where the individual transaction amount is KRW 1 billion or more
 - Notwithstanding the above, transactions between the company and overseas affiliates where the annual cumulative transaction amount is KRW 5 billion or more
- Matters Subject to Review
 - Transactions with an individual (annual, continuous, or repetitive) value of KRW 100 million or more
 - Except for cases falling under any of the items specified in Article 13 (Matters Subject to Review) of the Internal Transaction Review Committee Operating Rules, all transactions between the company and its affiliates are subject to review in accordance with the operating rules.

4. Our CP System

▪ Subcontract Review Committee

Subcontract Review Committee

- Purpose: To conduct prior review of subcontract transactions to ensure compliance with the Subcontracting Act and other relevant laws and regulations.
- Committee Composition:
 - Chairperson: Head of Procurement
 - Secretary: Procurement Department staff member
 - Members: Team Leaders of the Procurement Department (Procurement Planning Team, Procurement Team 1, Procurement Team 2, Procurement Team 3)
- Meeting Frequency: Held regularly at least once a month. However, ad-hoc meetings can be held as needed.
- Review Subjects: Subcontracting transactions
- Operating Methods:
 - Reviews shall be conducted by the Subcontract Review Committee in accordance with the Guidelines for the Establishment and Operation of the Internal Subcontract Review Committee, covering the following five items:
 - ① Review of the appropriateness of criteria and procedures for registration or cancellation of partner companies
 - ② Review of appeals regarding non-selection or cancellation of registration of partner companies
 - ③ Review of disciplinary measures corresponding to the degree of violation in cases of intentional or gross negligence by relevant employees
 - ④ Prior review of the legality of contracts valued at KRW 5 billion or more
 - ⑤ Review of whether subcontract payments are made within the statutory payment period
 - When individual review matters arise, the committee shall conduct reviews accordingly and deliberate monthly agenda items during regular meetings, with results recorded and signed in the minutes.
 - For contracts valued at KRW 5 billion or more, prior review of potential violations of the Subcontracting Act must be conducted before the procurement contract approval process. The prior review items include “issuance of written documents in advance” and consist of a total of 9 review categories with 20 detailed review items.

4. Our CP System

▪ CP Education

- We operate a variety of systematically segmented training programs by employee level and job function to ensure voluntary compliance with fair trade regulations.

Regular Training

- Compliance training for all executives and employees, organized by the Dedicated CP Department
- Content: Competition law, understanding of CP concepts and basic knowledge, amendments to laws closely related to business operations (distributed in written form), ethical codes, etc.
 - ① Training on Amended Laws and Regulations
Target: All executives and employees
Content: Major laws or systems relevant to the company that have been amended
Frequency: At least once a month
 - ② Compliance Training for New Employees
Target: New hires and experienced recruits
Content: Fair trade laws and essential regulations, introduction to the CP system
Frequency: At the time of hiring
 - ③ Ethical Code Training
Target: All executives and employees
Content: Ethical codes, integrity-based management, corporate social responsibility, anti-corruption
Frequency: At least once a year
 - ④ Compliance Council Training
Target: Compliance Council members
Content: CP system, fair trade-related laws and regulations
Frequency: At least once every six months
 - ⑤ Fair Trade Compliance Manual Training
Target: All executives and employees
Content: Amendments to the Fair Trade Compliance Manual, fair trade-related cases, precedents, and trends
Frequency: At least once every six months

* In addition to the above training, ad hoc or temporary training sessions may be conducted as needed.

4. Our CP System

▪ CP Education

Customized Compliance Training

① Training for High-Risk Departments

Target: Executives and employees engaged in work assessed as having a high risk of violating fair trade laws, based on industry characteristics, nature of duties, trends in fair trade sanctions, and history of violations (e.g., procurement, dealer-related departments)

Content: Key provisions and behavioral guidelines of fair trade laws (Subcontracting Act, Win-Win Cooperation Act, etc.), deliberations and precedents from the Fair Trade Commission, Q&A

Frequency: At least once per quarter

② Job-Specific Training

Target: Executives and employees classified by job type such as safety and health, IT, finance, or those frequently using standard terms and conditions

Content: Laws and precedents closely related to their specific job functions

Frequency: At least once every six months

③ Level-Specific Training

Target: Executives and employees classified by organizational level, such as the CEO, executives, and middle managers

Content: CP system and fair trade-related matters

Frequency: At least once a year

④ Supplementary Training for Non-Attendees

Target: Executives and employees required to attend CP training but who failed to participate

Content: Supplementary training covering the mandatory sessions they missed

Frequency: At least once every six months

⑤ Special Training for Law Violators

Target: Individuals who have violated fair trade laws or other relevant regulations

Content: Key provisions of the violated laws, related cases, and sanctions

Frequency: At least once every six months (as violations occur)

4. Our CP System

▪ Internal Reporting System / Sanctions

Internal Reporting System

- Roles and Responsibilities of Executives and Employees: All executives and employees, when they identify or anticipate issues subject to reporting, must report them to foster an honest and transparent corporate culture and contribute to enhancing corporate value through open communication.
- Relevant Internal Rules: Regulations on the Operation of the Internal Reporting System
- Matters Subject to Reporting by All Executives and Employees (on a continuous basis):
 - Violations of laws and regulations
 - Violations of ethical codes or internal rules
 - Other improper acts
- Reporting Methods:
 - Internet
 - Postal mail
 - Email
 - In-person interview with the responsible department
- The identity of the whistleblower shall be strictly protected, and the reported matters shall be investigated and handled in accordance with internal rules and procedures.

Sanctions Against Employees Violating Laws and Regulations

- Employees who violate fair trade laws and other applicable regulations shall be subject to disciplinary measures and sanctions in accordance with the company's personnel rules, procedures, and standards.