

Compliance Guidelines

Chapter 1 General Provisions

Article 1 (Purpose)

- Hanwha Techwin (hereinafter “Company”) has established this set of Compliance Guidelines to facilitate compliance with the relevant laws and rules and the implementation of business ethics with the ultimate aim of the company’s wholesome growth and strong, enduring customer relationship.

Article 2 (Definition)

- The terms used herein are as follows.
 1. “Compliance” refers to a series of acts involving policymaking and regulatory activities to facilitate a systematic understanding of all relevant laws and regulations, monitor the compliance of all employees, prevent any violations and respond proactively to various legal risks.
 2. “Legal Risk” refers to civil, criminal or administrative liabilities or any possible losses due to violation or invalidity of contracts caused by employees’ noncompliance with laws and regulations.
 3. “Compliance Officer” refers to a person who undertakes overall responsibility the Company’s Compliance education and training and reports Compliance-related matters to the Board of Directors. The appointment of Compliance Officer shall be pursuant to Article 542-13 of Commercial Act.

Article 2 (Scope)

- ① The Compliance Guidelines shall apply to all businesses of the Company and its subsidiaries and all relevant duties and activities conducted by its employees.
- ② The Company’s rules and regulations relevant to Compliance Guidelines shall be in line

with Compliance Guidelines and Compliance Guidelines shall take precedence over others, unless stated otherwise in the relevant laws and regulations or articles of association.

Article 4 (Enactment and Revision)

- The establishment and revision of Compliance Guideline shall be conducted by the Board of Directors.

Chapter 2 Compliance System

Article 5 (Basic Principle for Organization and Separation of Duties)

- The organization structure and separation of duties for the implementation of Compliance Guidelines shall be established in such a way as to ensure the efficiency of Compliance practice, independence of Compliance Officer and clarity of roles and responsibilities of relevant employees.

Article 6 (Role of Each Organization)

- ① The Board shall decide important matters regarding Compliance Guidelines. In addition, the Board shall oversee if CEO establishes and effectively operates a Compliance System, faithfully representing the decisions of the Board.
- ② CEO shall manage the Compliance system, taking into account the Company's size and type of business as provided by Compliance Guidelines and the decisions of the Board and oversee the operation.
- ③ The Compliance Officer shall practically take all responsibilities for all Compliance activities including establishing and providing Compliance education and training programs and monitoring and reporting the observance of Compliance Guidelines.

Article 7 (Appointment of Compliance Officer)

- ① The Compliance Officer shall be appointed by the Board.
- ② The Compliance Officer shall not be dismissed during their term due to any reason not mentioned in each of following subparagraphs. For dismissal during the term, it is required to prove there are fair grounds for the dismissal.
 1. Inability to continue to fulfill their duty as Compliance Officer due to mental or physical health impairments.
 2. Committing a violation causing criminal prosecution.
 3. Intentional or unintentional misconduct causing a serious interruption or dispute or damage to the Company
 4. Other reasonable grounds
- ③ If Compliance Officer is dismissed, it is required to look for a replacement without delay to avoid any work disruption.

Article 8 (Eligibility, Term and Position of Compliance Officer)

- ① The Compliance Officer shall be appointed among persons meeting the requirements set forth in in Article 542-13 of Commercial Act and Article 41 of the Enforcement Ordinance of the same Act. The Board may impose additional requirements to suit the Company's needs within the scope of the Commercial Act and the Enforcement Ordinance.
- ② A person who is an auditor or belongs to the audit committee shall be eligible for Compliance Officer.
- ③ The term of Compliance Officer shall be for 3 years of full-time service.

Article 9 (Roles and Responsibilities of Compliance Officer)

- ① The Compliance Officer shall undertake the following responsibilities.
 1. Implementing Compliance-related education and training programs
 2. Monitoring and reporting observance of Compliance Guidelines regularly or from time to time.
 3. Collecting information and requesting submission of required documents or statements required for his job as Compliance Officer.
 4. Requesting employees to terminate, improve or correct any matter he considers to

- be illegal or in contravention of laws and regulations.
5. Requesting a disciplinary action against an employee who violated Compliance Guidelines.
 6. Appearing at a Board meeting and making a statement in the course of his Compliance activities.
 7. Managing auxiliary organizations to assist Compliance practice and making recommendations on personnel matters of the organizations.
 8. Other responsibilities and roles specified by the Board.
- ② The Compliance Officer may request professional advice and assistance outside the Company.
 - ③ The Compliance Officer shall not divulge any business secret of the company, which has come to his/her knowledge in the course of performing his duty, not only while in office but also after retirement.

Article 10 (Independence of Compliance Officer's Duty)

- ① The Compliance Officer may report directly to the Board or CEO regarding his duty if necessary.
- ② The Compliance Officer shall maintain a position which allows him to perform his duties regarding Compliance activities independently and effectively in the Company.
- ③ The Company shall not unfairly disadvantage a person who was or is Compliance Officer in personnel matters for reasons related to his performance of duties.

Article 11 (Restriction on Dual Office Holding)

- ① The Compliance Officer shall not be involved in any sales-related job, which may disrupt his duties as Compliance Officer.

Chapter 3 Compliance Activities

Article 12 (Evaluation of Legal Risks)

- ① The Board shall establish and operate an integrated legal risk evaluation and management system to work effectively in line with the Company's current risk management system.
- ② The Compliance Officer shall identify possible violations by examining the size and frequency of legal risks and categorize major legal risks. If Compliance Officer requests cooperation in the course of performing the categorization work, each department and employee shall sincerely comply in a timely manner.
- ③ The Company may establish a Compliance Committee to take charge of deliberation and decision making to conduct the tasks set forth in Paragraph 1. The organization of the Compliance Committee shall be discussed in Detailed Matters.

Article 13(Management of Legal Risks)

- ① Employees shall have a full understanding of and observe domestic and international laws and regulations and companies regulations for any legal risks relevant to their duties.
- ② Employees shall report any illegal acts or nonobservance of Compliance Guidelines pursuant to Article 18 and not be involved in or cooperate in these acts.
- ③ Each relevant department and Compliance Officer shall take action to prevent any legal risks from extending to other departments.
- ④ The Compliance Officer shall take responsibility for encouraging employees to have the right knowledge and understanding of the responsibilities set forth in Paragraphs 1 and 2 based on the result of legal evaluation.

Article 14(Implementation of Compliance Education and Training Program)

- ① The Compliance Officer shall provide detailed, systematic Compliance education and training programs to help employees become aware of legal risks related to their duties and take appropriate actions in advance.
- ② The Compliance Officer shall provide a Compliance education and training program once a year (more than 2 hours) to all employees.

- ③ The Compliance Officer shall evaluate of effectiveness of the Compliance education and training program and, if necessary, conduct surveys for any matters to be improved.
- ④ The Compliance Officer may have a counseling system for employees whose duties have high legal risks regardless of the education and training program.

Article 15 (Daily Compliance Activities)

- ① The Compliance Officer shall provide legal advice to employees from time to time and may require employees to request prior consultation before conducting any jobs involving high legal risks such as signing contracts.
- ② The CEO shall establish a system for employees to communicate with the Compliance Officer effectively regarding legal risks or compliance matters they are facing while conducting their duties.

Article 16 (Compliance Self-assessment of Employees)

- ① Each department shall establish a Compliance self-assessment plan and monitor the implementation of the plan.
- ② Each department may establish and manage a checklist for implementing the Compliance self-assessment plan more effectively.
- ③ The Compliance Officer shall provide guidance to each department to establish the Compliance assessment plan as specified in Paragraph 1 and evaluate the actual implementation of the self-assessment system.

Article 17 (Compliance Assessment of Compliance Officer)

- ① The Compliance Officer shall establish a Compliance evaluation system to determine if all employees comply by Compliance Guidelines.
- ② The Compliance assessment of the Compliance Officer shall include annual inspections (at least once a year) and special inspections conducted regarding specific legal issues.

The Compliance assessment may be conducted through interviews, site visits, and IT-based inspections.

- ③ The Compliance Officer may provide a standardized reporting method for each Department to conduct the compliance assessment efficiently and, if necessary, make it obligatory to report certain matters.
- ④ The Compliance Officer shall report the result of the Compliance assessment to the Board at least once a year.
- ⑤ The Compliance Officer may notify to or consult with the audit committee in the course of the Compliance assessment, if necessary.

Article 18 (Whistleblowing)

- ① The CEO may have a whistleblowing system for employees to report illegal or unfair acts directly to the Compliance Officer.
- ② Any reports regarding Compliance shall be delivered to the Compliance Officer.
- ③ A person who receives or take care of complaints shall not disclose personal information and details reported by the whistleblower.
- ④ If the whistleblower reports any illegal acts or wrongdoing involving himself, there may be extenuating circumstances.
Every whistleblower shall not suffer any disadvantage in personnel matters as a consequence of his reporting.

Article 19 (Handling Nonobservance)

- ① If it is found that there is nonobservance of Compliance Guidelines, the Compliance Officer may notify this matter to the chief of the corresponding department or the CEO and request to take appropriate action such as requesting suspending the act. If necessary, the Compliance officer may establish a comprehensive counterplan in consultation with the related departments and propose this plan to the CEO. In case of emergency, the Compliance Officer may take necessary actions such as requesting the relevant executive to suspend the act before reporting or making a proposition to the CEO.
- ② The company shall take an appropriate disciplinary action with regards to an employee who violated domestic/foreign laws and regulations, Compliance Guidelines and the Company's regulations depending on the severity of the act.

- ③ The Compliance Officer may establish a counter plan to prevent reoccurrence of the same or similar violation and make a recommendation to the Board or CEO. If the counter plan is approved, Compliance Officer shall notify it to the corresponding department and other relevant departments and reflect it in improving relevant programs and policies.

Article 20 (Deliver and Management of information and data)

- ① The Compliance Officer may request employees of the corresponding department to submit any information and materials required for his Compliance practice. The corresponding employee shall comply with this request sincerely in a timely manner.
- ② The Compliance Officer shall establish an integrated data management system to ensure systematic organization and safe storage of any data and materials relevant to Compliance activities systematically and safely.
- ③ Any data and materials created by the Compliance system shall be stored for at least one year.

Chapter 4 Evaluation

Article 21 (Evaluation Criteria and Procedure)

- ① The Board shall monitor if Compliance Guidelines and related systems are effectively designed and operated regularly. If there is need for improvements, the Board shall establish an improvement plan.
- ② The Compliance Officer shall evaluate the effectiveness of the Compliance system internally and report the result to the Board.
- ③ The Board may conduct a company-wide evaluation to assess effectiveness of the Compliance system separately from the evaluation conducted by the Compliance Officer.

- ④ It is required to establish standards for the evaluation to understand the Compliance Guidelines, the existing evaluation and management systems for related legal risks, compliance check and reporting system, Compliance Officer's independent Compliance-related activities and the disciplinary system.

Article 22 (Follow-up after Evaluation)

- ① The Board shall establish an improvement plan If the evaluation result reveals that any improvements are required. To this end, the Board may request opinions of Compliance Officer.
- ② CEO shall implement an improvement plan based on the evaluation result.

Chapter 5 Others

Article 25 (Reward to Employees)

- The Compliance Officer may request a reward to any employee who is considered to contribute to preventing or reducing losses to the Company by faithfully abiding by Compliance Guidelines.
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Article 24 (Detailed matters)

- The Compliance Officer may decide detailed matters required for the implementation of Compliance Guidelines.

Supplementary Provisions(2012.04.23)

- ♦ The standards shall be established and effective from April 23, 2012.

Supplementary Provisions(2015.06.29)

- ♦ This Regulation shall be revised and effective from June 29, 2015.