

# 2025 Compliance Report

## CEO's Message

The environment surrounding our company is changing more rapidly than ever before. As a leading global defense company, our responsibilities and roles are becoming increasingly significant amidst advancements in cutting-edge technology, geopolitical uncertainties, and the expectations of the international community.

In this era of evolving demands, there is one thing we must all remember: compliance management. We must collaborate closely with the government and various stakeholders, and strictly adhere not only to domestic and international laws but also to globally recognized standards.

To this end, our company continuously operates a comprehensive compliance program, including the establishment of a compliance control system aligned with global standards, the implementation of a compliance index evaluation system, regular training sessions, and fair trade inspection activities. This program forms the foundation for maintaining our company's trust and sustainability.

The publication of this Compliance Report, which systematically summarizes the various compliance activities undertaken last year and transparently presents their outcomes, carries value beyond mere figures and procedures. It is a record of our collective commitment to compliance and responsibility, and a demonstration of our responsible compliance culture to the outside world.

Compliance activities are strategic assets enabling our company to be a trusted partner, and an investment in our future. I am aware that all of these activities have been made possible by the voluntary participation and responsible actions of each and every one of you.

I encourage all employees to continue to be leaders in shaping our company's culture of compliance and transparent management. Thank you.

CEO Son Jae Il

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## Preface by the Compliance Officer

As a global defense company, we play a role in safeguarding national security and maintaining trust within the international community, going beyond simply selling technology and products. This places a unique responsibility on us to operate with integrity. To that end, practicing compliance, grounded in law and ethics, is more crucial now than ever.

Last year, our company received an excellent rating from the Fair Trade Commission for our fair trade compliance program, a testament to the dedication and participation of our employees. This achievement is the result of your ethical practices, responsible decision-making, and valuable feedback in the field.

Dear employees, compliance is not a one-time activity. It's a culture that each of us must choose and practice in our daily work. Even seemingly small choices, even if a little inconvenient, are the strength that protects our company's future and the foundation of the trust we strive for.

Once again, I deeply appreciate your efforts last year. Together, we will continue to build a sustainable and robust compliance culture this year as well.

Thank you.

Compliance Officer Choi Byoung Sun

\*Companies listed on the stock exchange with total assets of KRW 500 billion or greater are required to establish compliance standards and procedures to be followed by directors and employees in the performance of their duties, in order to ensure compliance with applicable laws and regulations and proper corporate governance. They must also designate one or more compliance officers who are responsible for overseeing adherence to these compliance standards.(COMMERCIAL ACT Article 542-13 )

\*\* As stipulated in Article 6 of COMPLIANCE GUIDELINE, the Compliance Officer concurrently serves as the Fair Trade Compliance Manager and also acts as the Human Rights Management Officer, as outlined in the Human Rights Management Regulations.

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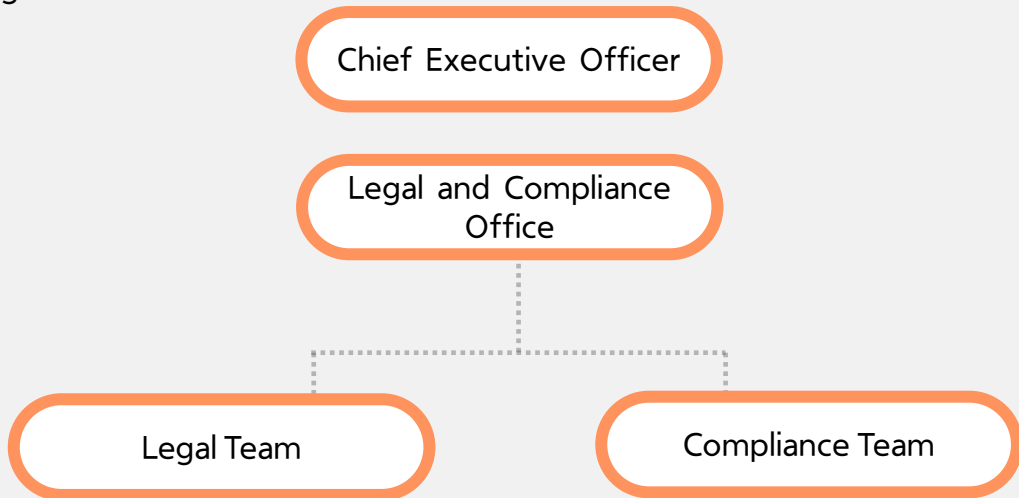
\* The compliance index evaluation is the result of quantifying a company's compliance activities, aggregating the results, and evaluating them.

## 1. Significance of Compliance Program

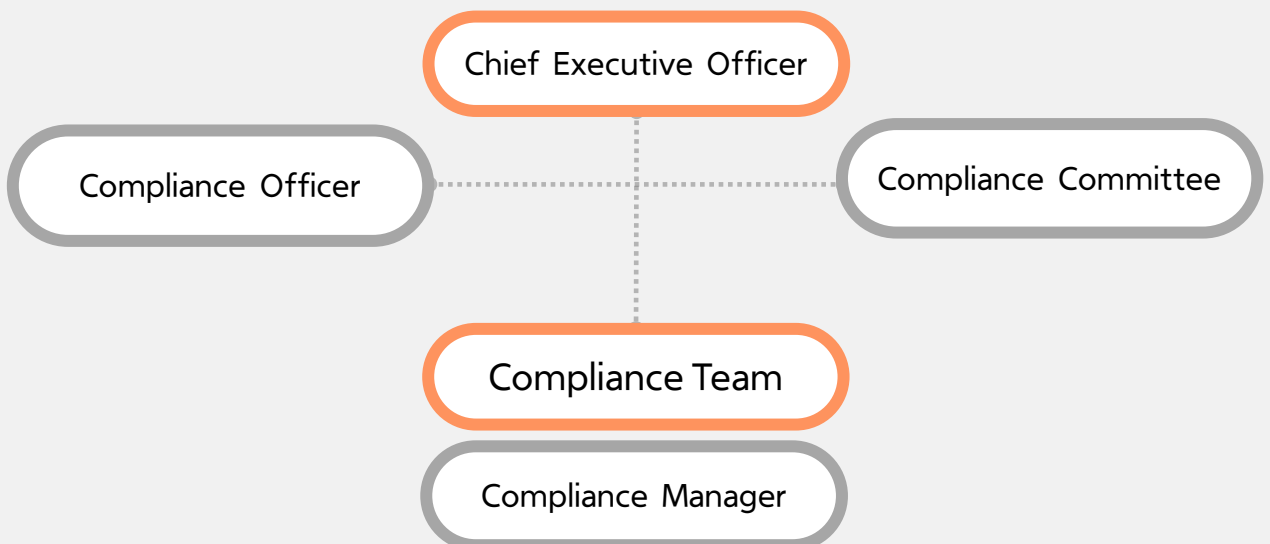
Hanwha Aerospace's CP (Compliance Program) covers all aspects of compliance management, based on domestic and international laws related to fair trade and business operations. It proactively prevents risks through systematic compliance management, protects the company and its employees, and ultimately contributes to the company's sound development and the establishment of customer trust.

## 2. Organization responsible for Hanwha Aerospace Compliance

### 2.1 HR Organization Chart



### 2.2 Operational Organization Chart



### 3. Record of Compliance Activities

Year	Main activities
2011	Feb. Formation of Compliance Organizations, Top7 Compliance Risk selection (including fair trade area)
	May. Declaration Ceremony for Compliance Management (Declaration of CEO's Will)
	Jun. Code of Conduct Enactment (approved by CEO)
2012	Jan. 1st Compliance Committee Meeting
	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	Feb. Anti-Corruption Regulation Enactment
	Dec. Introduction of Compliance Manager's Day
2015	Feb. Introduction of "Visiting Compliance Education System for Employees"
2016	Feb. Participation in Defense Acquisition Program Administration's "International Conference to Improve Integrity" (representing on behalf of the Korean companies)
	Jun. Introduction of the Compliance Week
	Sep. Company-wide training for all employees and revision of related systems following the enforcement of the 「IMPROPER SOLICITATION AND GRAFT ACT」
2017	Feb. 「Enforcement Rules of Anti-Corruption Regulation」 enacted by the Compliance Committee
2018	Apr. Launch and Compliance Declaration Ceremony of <b>Hanwha Aerospace</b>
2019	Mar. Application of the Compliance Index Evaluation System to organization heads
	May. Compliance Education and Legal Advice for Overseas Subsidiaries
	Jun. Participation in Defense Acquisition Program Administration's Establishment of Public Private Discussion Group as a Member Company
2020	Apr. Renewal of the Compliance Management System
	Oct. Field-specific and practical compliance in subcontracting training for <b>Hanwha Aerospace</b> and its affiliated companies
2021	Feb. Transparency International (TI)'s 2020 Announcement of DCI Index Assessment (B level)
	Jul. Inspection and Consultation on the Status of Consignment Transactions

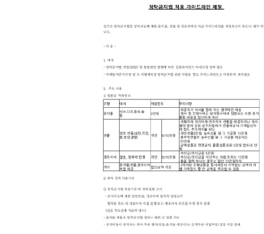
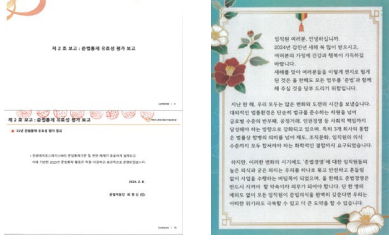

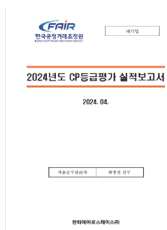


Year	Main activities
2021	Nov. ISO 37001(anti-bribery management system) & 37301(compliance management system) Concurrent ISO Certification
2022	Feb. In-Depth Training of Departments Related to Subcontracting/ Consignment Transaction
	Nov. <b>Hanwha Aerospace</b> and <b>Hanwha Defense</b> Merger & Appointment of the Compliance Officer of <b>Hanwha Aerospace</b>
	Dec. Awarded the Minister of Trade, Industry and Energy Award for Innovation in Digital Management and TI Korea's Transparency Society Award
2023	Jan. Code of Conduct ( <b>Hanwha's</b> Standard) Newly Amended
	Apr. <b>Hanwha Aerospace</b> and <b>Hanwha Munitions</b> Merger, Implementation of the Compliance Index Evaluation System in the consolidated corporation
	Jun. Launching "CP SCHOOL" (Online education system available anytime)
	Dec. Enactment and Declaration of Human Rights Management Regulation
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

#### 4. Internal compliance standards

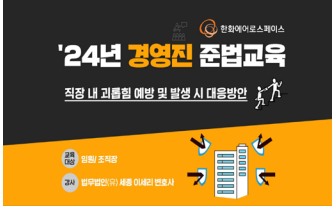
No.	Compliance Standards	Main activities
1	CODE OF CONDUCT	'11.6.30 Enactment , '23.1.20 Newly Amended
2	COMPLIANCE GUIDELINE	'12.4.23 Enactment , '23.2.10 amendment
3	ENFORCEMENT RULES OF COMPLIANCE GUIDELINE	'11.6.30 Enactment , '23.1.20 amendment
4	ANTI-CORRUPTION REGULATION	'14.2.25 Enactment , '23.1.20 amendment
5	ENFORCEMENT RULES OF ANTI-CORRUPTION REGULATION	'17.2.7 Enactment , '24.12.18 amendment
6	COMPLIANCE COMMITTEE OPERATION REGULATION	'12.1.16 Enactment , '23.1.20 amendment
7	HUMAN RIGHTS MANAGEMENT REGULATION	'23.12.1 Enactment
8	The Compliance Program Handbook	'23.12.15 Enactment

## 5. 2024 Implementation Results

### 5.1 the First Half of the Year

Timeline	CP Activities	Case
Jan.	<ul style="list-style-type: none"> <li>Developing an Annual Compliance Plan</li> <li>Establishment of Guidelines for the Application of the Improper Solicitation &amp; Graft Act</li> </ul>	
Feb.	<ul style="list-style-type: none"> <li>Establishing compliance index evaluation plans</li> <li>Meeting of the board of directors _an annual evaluation of the effectiveness of the compliance control system</li> <li>Demonstrating a Commitment to Compliance via a CEO Letter</li> </ul>	
Mar.	<ul style="list-style-type: none"> <li>Compliance Committee Meeting</li> <li>First Meeting of the Compliance Manager Working Group</li> <li>Compliance Management Basic Training</li> <li>Commitment to Compliance Pledge</li> </ul>	
Apr.	<ul style="list-style-type: none"> <li>Korea Fair Trade Commission's evaluation of fair trade compliance (Document Review)</li> <li>Special Training on Subcontracting Compliance for New Employees (1st)</li> <li>CP Risk Identification and Objective Setting</li> <li>Assessment of Executive and Organizational Leader Competency</li> </ul>	
May	<ul style="list-style-type: none"> <li>Self-check on regular basis : Quiz</li> <li>Start of CP School</li> <li>Human Rights Management Report Released</li> <li>Compliance Report Released</li> <li>In-Depth Training of Departments Related to Subcontracting</li> </ul>	
Jun.	<ul style="list-style-type: none"> <li>Customized Training by Department</li> </ul>	

## 5.2 the Second Half of the Year

Timeline	CP Activities	Case
Jul.	<ul style="list-style-type: none"> <li>Compliance Week</li> </ul>	
Aug.	<ul style="list-style-type: none"> <li>Self-check on regular basis : Checklist</li> <li>Compliance Training for Executives</li> <li>Second Meeting of the Compliance Manager Working Group</li> </ul>	
Sep.	<ul style="list-style-type: none"> <li>Special Training on Subcontracting Compliance for New Employees (2nd)</li> <li>Workplace Harassment Prevention Training Held for Responsible Staff</li> <li>Demonstrating a Commitment to Compliance via a CEO Letter</li> </ul>	
Oct.	<ul style="list-style-type: none"> <li>ISO 37301/37001 Internal Auditor Training</li> <li>Compliance Letter (1st)</li> <li>Human Rights Practices Survey</li> <li>Special Training on Anti-Corruption and Subcontracting Practices (1st)</li> </ul>	
Nov.	<ul style="list-style-type: none"> <li>Human Right Impact Assessment</li> <li>Compliance Manager Day Event</li> <li>ISO37301 &amp; 37001 Management Review</li> <li>ISO37301 &amp; 37001 Recertification Audit</li> <li>Special Training on Anti-Corruption and Subcontracting Practices (2nd)</li> </ul>	
Dec.	<ul style="list-style-type: none"> <li>Compliance Committee Meeting</li> <li>Awarded an AA rating in Korea Fair Trade Commission's evaluation of fair trade compliance</li> <li>Special Training on Subcontracting Compliance for New Employees (3rd)</li> <li>Demonstrating a Commitment to Compliance via a CEO Letter</li> </ul>	

## 6. 2024 Training Results

Category	Program	Participants	Contents
Basic	Compliance Management Basic Training	3,449	Corporate Compliance Program, Anti-Corruption, Human Rights
	Compliance Training for New Employees	560	Corporate Compliance Program
In-Depth	In-Depth Training of Subcontracting	Departments Related (689)	Key Points Regarding Subcontracting Law
	Customized Training by department	3,750	Education Program on 20 Topics, including Fair Trade
	CP School	4,511	Education Program on 13 Topics
Special	Compliance Training for Executives	262	Preventing Workplace Harassment
	Special Compliance Training for New Employees	302	R&D New Employees
	Special Compliance Training for High-Risk Departments	Departments Related (155)	Training on Compliance with Fair Trade Law and Subcontracting Law
	Internal Auditor Training	26	
	Compliance Manager Training	103	Preventing Workplace Harassment
	Risk Management Training	22	Preventing Workplace Harassment

## 7. 2024 Monitoring Results

Category	Program	Timeline	Contents
Self-check	Self-check on regular basis : Quiz	May	Solving a 20-Question Test on Company-Related Legal Knowledge
	Self-check on regular basis : Checklist	Aug.	Self-assessment of compliance with business laws
	Department self-assessment	Regularly	Participation by 74 teams
Self-Pledge	Commitment to Compliance Pledge	Mar.	Signed via the internal compliance system

## 8. The compliance index evaluation results

### 8.1 Average score for the organization: 98.47

Points	Grade	Organizations
105+	A	2
100+	B	6
Under100	C	7
Total (Number of organizations)		15

### 8.2 Compliance Manager : 103 people in total

Category	S	A	B+	B	C
CP Manager	30	36	19	6	12

## 9. Employee engagement activities for the compliance program

### 9.1 Compliance Week

#### [Compliance O/X quiz]

- A compliance O/X quiz was held during the company lunch break. All participants received a dessert, and additional gifts were awarded to the winners.

Locations
Daejeon Business establishment/ Daejeon R&D Campus
Changwon Business establishment 1,3



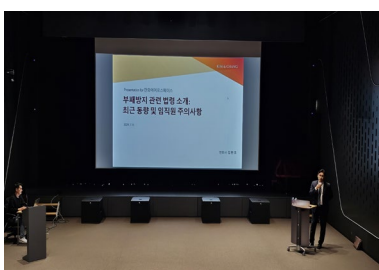
#### [Pledge for Compliance Photo Shoot]

- A team-building opportunity to reinforce our commitment to compliance and create lasting memories. (Snacks were provided to all participants.)
- Daejeon R&D Campus, Changwon Business establishment 1



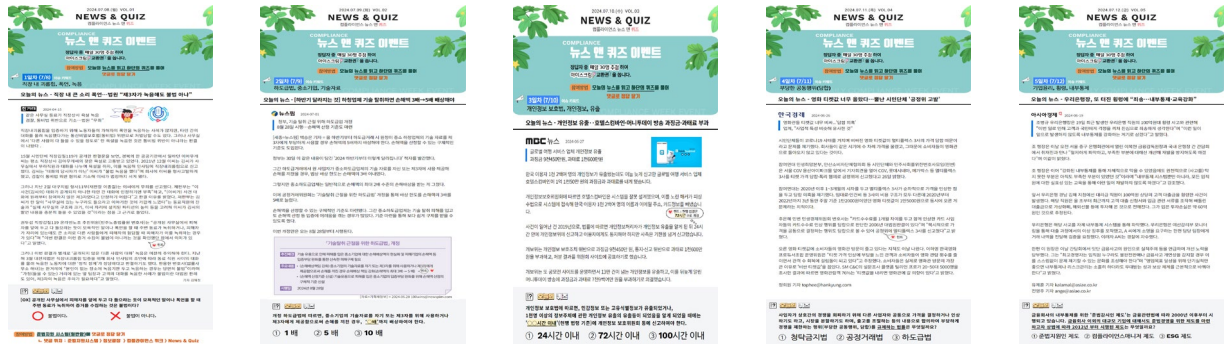
#### [Compliance Seminar Day]

- A lecture was held for 100 employees in business operations and sales, both domestically and internationally, featuring an expert on current trends in anti-corruption laws worldwide
- A compliance discussion session was held with executives, including the CEO.



## [News & Quiz]

- Participants read daily compliance-themed news articles and submitted answers to a quiz.



## [Finding typos and errors in the regulations]

- An event where participants can submit entries by finding typos in the compliance guidelines posted daily.
- Covers 5 regulations, including the employee code of CODE OF CONDUCT.



## [CP School Launch]

- CP School has launched, providing employees with access to a 12-course online compliance training program that they can take at their own pace.



## [Compliance Questionnaire]

– A survey was conducted among all employees to assess their awareness of compliance activities.

1	what is the most important objective of compliance activities?	Distribution of responses
1)	Enhancing compliance knowledge	9.4%
2)	Improving compliance awareness	65.1%
3)	Increasing employee trust and pride in the company	15.8%
4)	Raising awareness of compliance issues	9.6%

2	Based on your own experience and observations of your colleagues, how would you assess the current level of compliance awareness within our company?	Distribution of responses
1)	Extremely high	22.0%
2)	Moderately high	68.7%
3)	Moderately low	7.7%
4)	Extremely low	1.6%

3	Which of our company's compliance activities do you believe is the most effective?	Distribution of responses
1)	Training	39.5%
2)	Monitoring	23.0%
3)	Communication	19.9%
4)	Inquiry response	3.7%
5)	Communicating management's commitment to compliance	13.9%

4	Which areas of our company's compliance activities do you believe require further development?	Distribution of responses
1)	Training	23.2%
2)	Monitoring	20.9%
3)	Communication	21.8%
4)	Inquiry response	19.4%
5)	Communicating management's commitment to compliance	14.7%

5	What factor do you believe most hinders employees' commitment to ethical and compliant behavior?	Distribution of responses
1)	A culture that prioritizes results or performance above all else	55.4%
2)	Lack of management interest or commitment to compliance	8.1%
3)	Inadequate compliance activities	16.2%
4)	Lack of employee awareness regarding the importance of compliance	20.3%

6	How much improvement have you seen in employees' compliance awareness as a result of our compliance activities?	Distribution of responses
1)	No improvement	2.8%
2)	Some improvement, but significant effort is still needed	39.1%
3)	Significant improvement	53.5%
4)	Compliance is fully embedded in the company culture	4.5%

7	Do you actively participate in the company's compliance efforts?	Distribution of responses
1)	I actively participate	34.8%
2)	I am trying to participate more	55.8%
3)	I don't participate much	8.7%
4)	I do not participate at all	0.7%

8	What is the most critical factor for improving the effectiveness of our company's compliance program?	Distribution of responses
1)	Strong leadership commitment and communication from the top	13.7%
2)	Providing various incentives for participation	35.4%
3)	Prohibition of retaliation for reporting or making suggestions	18.6%
4)	Active promotion and providing opportunities for participation	3.3%

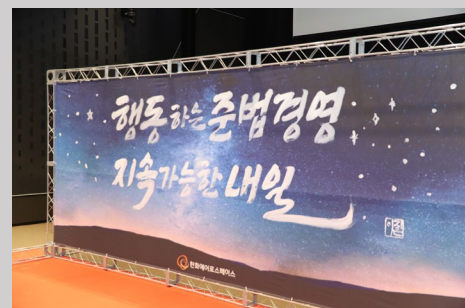
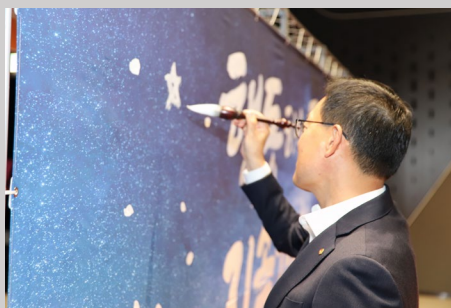
9	Are you aware of our company's policies protecting whistleblowers and offering incentives for compliance participation?	Distribution of responses
1)	I am familiar with the regulations and believe that whistleblowers will not face retaliation.	27.2%
2)	I am familiar with the regulations, but I believe that whistleblowers may face retaliation.	38.0%
3)	I am not aware of the existence of these regulations.	33.8%
4)	Other	0.9%

## 9.2 Compliance Manager's Day

- Date & Time: November 27, 2024 (Wednesday), 1:30 PM – 4:30 PM
- Location: Hanwha Building, Seoul (Auditorium)
- Attendees: CEO, Compliance Managers, etc. (approximately 120 individuals total)





Timeline	Title
Session 1	Compliance Officer Opening Remarks
	CEO Encouraging Remarks
	Special Lecture on Compliance
	Compliance Results Presentation
	Introduction of CP Managers
	Award Ceremony for Outstanding Managers
	Compliance Performance
INTERMISSION	
Session 2	Compliance Team Building Activities

### [Compliance in Action, A Sustainable Tomorrow]



# [CP Manager Awards]

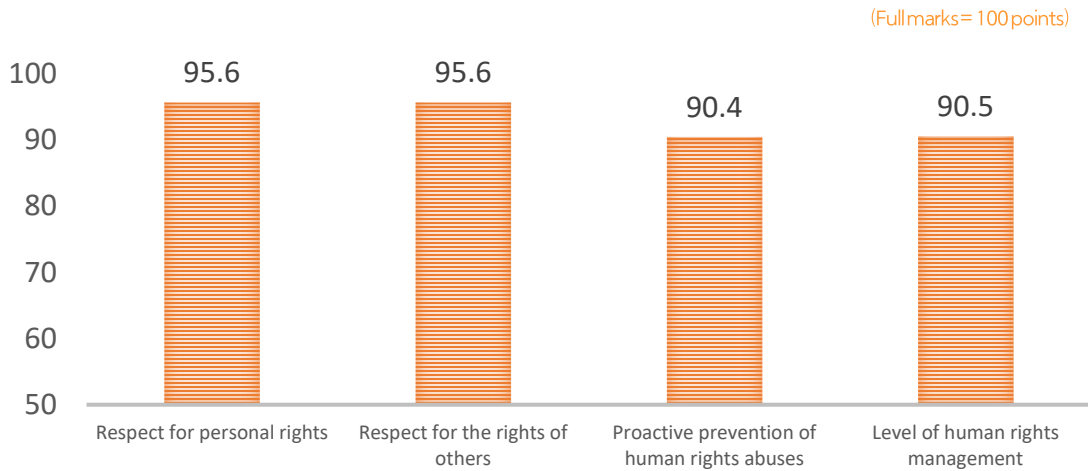
– Employee Recognition Program

Category	Case
Top Performer	
Excellent Manager	
Award for Contribution	
Award for Dedication	

### 9.3 Implementation of a Human Rights Impact Assessment

#### [Human Rights Practices Survey]

- To : All employees
- Dates : October 17 – November 15
- Format : Mobile survey



#### [Human Rights Impact Assessment]

- To : All employees
- Dates : Sept 25 - Nov 30
- Method : Human rights awareness survey, and written/on-site due diligence
- Results : The human rights impact assessment achieved a 99.5% completion rate, indicating a generally excellent state. Continued improvement through ongoing human rights impact assessments is expected.

No.	Category	Results		
		Assigned points	Points received	Achievement rate
1	Human Rights Management System & Remediation Procedures	110	109	99.1
2	Prohibition of Child Labor & Forced Labor	50	50	100.0
3	Guarantee of Freedom of Association	52	52	100.0
4	Humane Treatment	72	71	98.6
5	Responsible Supply Chain Management	34	34	100.0
6	Occupational Safety and Health	50	50	100.0
7	Guarantee of Environmental Rights	48	48	100.0
8	Improvement of Working Conditions	14	14	100.0
Total Score		430	428	99.5%

## 10. Results of participation in external compliance events

### 10.1 2024 Fair Trade Workshop

- Date : April 24
- Host : Korea Fair Competition Federation
- Program : Lectures on the Korea Fair Trade Commission’s CP rating evaluation, etc.



### 10.2 TI KOREA FORUM

- Date : May 24
- Host : TI KOREA
- Program : Sharing success stories and examples of improving integrity.



### 10.3 Government-hosted public-private consultation meeting

- Ministry of National Defense-hosted Public-private consultation
- Defense Acquisition Program Administration-hosted Public-private consultation

Host	1st	2nd
Ministry of National Defense	April	August
Defense Acquisition Program Administration	June	December

### 10.4 Fair Trade Compliance Program (CP)

- Participation in Korea Fair Trade Mediation Agency-hosted forum
- Received an AA rating by the Korea Fair Trade Commission in its evaluation of Hanwha Aerospace’s fair trade compliance

