

Established on	Apr. 20, 2000
Amended on	Mar, 26, 2024

Audit Committee Regulations

Hanwha Aerospace Co., Ltd.

Audit Committee Regulations [March 26, 2024]

CHAPTER. 1 GENERAL PROVISIONS

Article 1 【Purpose】

The purpose of these regulations is to establish matters necessary for the composition, operation, authority, and responsibility of the audit committee (hereinafter referred to as the “committee”) to be established by the company in accordance with relevant laws and regulations and the Articles of Incorporation.

CHAPTER 2. COMPOSITION

Article 2 【Appointment】

The members of the committee (hereinafter referred to as "members") shall be appointed from among the directors by a resolution of the general meeting of shareholders in accordance with the provisions of the Commercial Act and other applicable laws and the Articles of Incorporation. However, a person who has disqualifying conditions as stipulated by relevant laws and the Articles of Incorporation cannot be appointed as a member of the committee.

Article 3 【Composition】

The committee shall be composed of three to five directors. However, at least two-thirds of the total number of members shall be outside directors, and at least one member shall be an accounting or financial expert in accordance with relevant laws and regulations.

Article 4 【Chairperson】

1. The chairperson shall be selected from among the outside directors by a resolution of the committee and shall represent the committee. In this case, several members may jointly represent the committee.
2. If the chairperson is unable to perform his/her duties, the duties shall be performed by a person determined by the committee.

Article 5 【Dismissal and Replacement】

1. The dismissal of a member shall be based on a resolution of the general meeting of shareholders in accordance with the provisions of the Commercial Act and other applicable laws and the Articles of Incorporation.
2. If the committee falls below the composition requirements outlined in Article 3 due to a member's resignation, death, or other reasons, the necessary adjustments to meet the requirements shall be made at the first general meeting of shareholders convened after the occurrence of such event.

CHAPTER. 3 MEETINGS

Article 6 【Convening of Meetings】

The committee shall hold meetings once per quarter in principle.

Article 7 【Convening Procedures】

1. The committee shall be convened by the chairperson.
2. To convene the committee, the date and place of the meeting shall be set, and each committee member shall be notified of this at least 7 days in advance by document, electronic document, facsimile transmission, verbally, or in any other manner that can confirm whether it has been sent or received.

However, if all members agree, the procedure for convening the meeting may be omitted.

Article 8 【Resolution Methods】

1. Resolutions of the committee shall be made with the attendance of a majority of the members, including the chairperson, and the approval of a majority of the members present.
2. If necessary, the committee may conduct its meetings using wired or wireless communication equipment within the limits permitted by relevant laws and regulations.

Article 9 【Minutes of Meeting】

1. Minutes shall be prepared for the proceedings of the committee.
2. The minutes shall record the agenda items, summary of proceedings, the results, and the names of those who opposed and their reasons for opposition and shall bear the seal or signature of the members present.

CHAPTER 4. SCOPE OF WORK AND RESPONSIBILITIES

Article 10 【Authority】

The committee shall perform the following duties:

1. Operation Audit

The committee may audit the overall business operations conducted by the board of directors and the CEO.

2. Request for Business Reports and Investigation of Business Assets

The committee receives reports on quarterly and annual management performance and may, at any time, request reports on business operations from directors and employees, or investigate the company's business and property status.

3. Receipt of Director Reports

If a director discovers a matter that may cause significant harm to the company, the director shall immediately report it to the committee.

4. Investigation of Subsidiaries

The committee of the parent company may request business reports from subsidiaries when necessary to perform their duties. If the subsidiary fails to report promptly or when there is a need to verify the contents of the report, the committee may investigate the subsidiary's business and property status.

5. Request for Maintenance of Illegal Acts by Directors

If a director engages in an act that violates laws or the Articles of Incorporation and may cause irreparable harm to the company, the committee may request the director to maintain that act on behalf of the company.

6. Request for Convening a Shareholders' Meeting

The committee may submit a written request to the board of directors for the convening of an extraordinary shareholders' meeting, stating the purpose and reasons for the meeting.

7. Assistance from Experts

The committee may seek assistance from experts at the company's expense.

8. Selection of External Auditors and Request for Dismissal or Change of Auditors

9. Approval of Amendments to Internal Accounting Control Regulations and Evaluation of Internal Accounting Control System Operations

10. Other Authority Matters Assigned to the Audit committee by Laws, Articles of Incorporation, and Board Resolutions

Article 11 【Obligations】

The obligations of the committee shall be as follows:

1. Duty of Care

The members of the committee shall perform their duties with the care of a good manager.

2. Obligation to Investigate and Report to the General Meeting of Shareholders

The committee shall investigate the agenda and documents to be submitted by directors to the general meeting of shareholders and state its opinion to the general meeting of shareholders regarding whether there are any violations of laws or the Articles of Incorporation or any significantly unfair matters.

3. Obligation to Investigate and Report to the board of directors.

If the committee determines that a director has committed an act in violation of laws or the Articles of Incorporation or is likely to commit such an act, it shall report this to the board of directors.

4. Obligation to Prepare Audit Records

The committee shall prepare audit records. The audit records shall include the audit procedures and results, and all auditors who performed the audit shall sign or affix their seal.

5. Obligation to Submit Audit Reports

The committee shall submit audit reports on the financial statements and business reports submitted by directors six weeks prior to the date of the general meeting of shareholders to the directors no later than two weeks prior to the general meeting of shareholders.

In this case, the audit reports shall include the contents of each item of Article 447-4, Paragraph 2 of the Commercial Act.

6. Obligations under the External Audit Act

The committee shall notify the external auditor upon discovering any misconduct or significant violations of laws or the articles of incorporation related to the performance of duties by a director.

7. Obligation to Evaluate the Operation of the Internal Accounting Control System

The committee shall evaluate the operation of the internal accounting control system and report the evaluation results to the board of directors.

CHAPTER 5. OTHER MATTERS

Article 12 【Secretary】

1. The committee may have a separate secretariat.
2. A secretary shall be placed in the secretariat to assist the chairperson and manage the committee's affairs under the chairperson's direction.
3. The secretary of the committee shall be the head of the department in charge of the board of directors' affairs.

Article 13 【Expenses】

The company shall bear the expenses necessary for the committee's meetings and other operations.

Article 14 【Amendment and Repeal of Regulations】

Amendment and Repeal to these regulations shall be determined by a resolution of the board of directors.

ADDENDUM

Addendum (April 20, 2000)

Article 1 These regulations shall take effect from April 20, 2000.

Article 2 Notwithstanding Article 2, any full-time auditor whose term has not expired and who has not been dismissed at the annual general meeting of shareholders for the 1999 fiscal year shall be deemed a non-outside director member of the Audit committee until the expiration of their term. In such a case, the full-time auditor shall be regarded as a director appointed at the general meeting of shareholders until the end of their term.

Addendum (February 28, 2002)

Article 1 These regulations shall be amended and come into effect on February 28, 2002.

Addendum (December 11, 2012)

Article 1 These regulations shall be amended and come into effect on December 11, 2012.

Addendum (October 11, 2016)

Article 1 These regulations shall be amended and come into effect on October 11, 2016.

Addendum (December 17, 2018)

Article 1 These regulations shall be amended and come into effect on December 17, 2018.

Addendum (December 21, 2020)

Article 1 These regulations shall be amended and come into effect on December 21, 2020.

Addendum (September 26, 2023)

Article 1 These regulations shall be amended and come into effect on September 26, 2023.

Addendum (March 26, 2024)

Article 1 These regulations shall be amended and come into effect on March 26, 2024.