

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

HANWHA AEROSPACE

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	9/12
3. Support to Employees	7	12/14
4. Conflict of Interest	4	6/8
5. Customer Engagement	4	5/8
6. Supply Chain Management	5	9/10
7. Agents, Intermediaries and Joint Ventures	7	7/14
8. Offsets	0	N/A
9. High Risk Markets	4	5/8
10. State-Owned Enterprises	0	N/A
TOTAL		61/82
BAND		B

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
There is evidence that the company publishes a clear statement on its anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. There is evidence that this commitment was authorised and endorsed by the company's leadership.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.3] 1. Leadership and Organizational Culture</p> <p>1.1 Leadership's Commitment to Anti-corruption and bribery. The senior management of HAS has emphasized the importance of preventing corruption and bribery in several and different occasions.</p> <p>(1) Public media coverage of HAS's Compliance Action Officers' Day event. On Nov 20, 2018, HAS CEO has addressed the high risk of corruption in the defense industry and emphasized the Company's efforts to fight corruption and bribery. Also, HAS CEO has emphasized that this effort should be jointly pursued with all the related contracting parties.</p> <p>[p.42] (3) CEO Message. CEO emphasizes that the compliance culture should be a habit for all employees and management.</p>



Translation:

CEO Message

Hanwha Aerospace is trying to keep the company sound and protect employees by making sure that 'adherence to basic rules', such as fulfilling social responsibilities and obeying principles and laws through compliance activities, are part of the way of life at Hanwha.

These compliance activities work better when all employees work together.

First, when the board of directors make decisions, we need to reduce our legal risk and judge from a broader perspective in order to fulfill the best interests of the company.

In addition, employees need to double-check, as a matter of course, whether through their work they are exposed to legal risks.

When all employees are motivated to adhere to legal requirements, we can be respected and acknowledged as a sound company.

Let's work together to make ethical management and law-abiding spirit the 'culture' in which the company is rooted.

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
2
Comments
<p>The company publishes a clear anti-bribery and corruption policy, which specifically prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) in the question.</p>
Evidence
<p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.4] Chapter 1 General Rules</p> <p>[...]</p> <p>Article 2 (Applicability)</p> <ol style="list-style-type: none"> 1. This Policy shall be applicable to all of the management and employees of the Company's domestic and overseas subsidiaries, branches and corporations (hereinafter referred to as "Management and Employees"). 2. In addition to the Company's Management and Employees, this Policy shall also apply to the relationships between the Company's business counterparts, agents, consultants, representatives, joint venture companies, partnership companies, as well as their business partners. 3. Additional guidelines may be established for compliance with this Policy depending on the local conditions and laws of each country where the Company's Management, Employees and applicable entities conduct business. <p>Article 3 (Definitions)</p> <p>[...]</p> <p>2. "Bribery" shall mean valuables, properties and other tangible or non-tangible rewards provided illegally or improperly in order to induce, gain or maintain business advantages from a Government Officer(s), Client(s), Third Party, and etc.;</p> <p>[p.6] Chapter 3 Prohibitions Article 6 (Fundamental Prohibitions) The Management and Employees of the Company shall not directly or indirectly provide, suggest, promise and/or approve of money, Valuables or other Bribery to a Government Officer, Client or other third party (hereinafter collectively referred to as "Government Officials") in order to exert influence, induce, acquire or maintain improper business rewards/advantages.</p> <p>[p.7] Article 10 (Facilitating Payment) A Facilitating Payment is a payment made to expedite a routine governmental action that is of non-discretionary acts. The Company prohibits the Management and Employees to make such payment, as it is considered to be bribery in most countries.</p> <p>[3] Code of Conduct (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Code_of_conduct_ENG_Ver2_1.pdf [p.11] 7.3 We cooperate to create a sound organizational environment. Employees & executives do not make any speeches or engage in behaviors that may adversely affect business or relationships, including discriminative or unfriendly acts, sexual harassment, bribery or violence.</p> <p>[p.12] 8.1 We do not pursue personal benefits through corporate tasks.</p>

Employees & executives should not give or receive money, goods or other forms of bribery with the expectation of reciprocity to/from dealers, government branches or other business-related third parties.

Employees & executives should not pursue personal benefits in the course of purchase.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.9] (2) 적용. 내용을 보시면, Guideline 과 Policy 이 누구에게 적용되는지 명확하게 나옵니다.

Applicability. The Guideline and Policy make clear to whom this Guideline and Policy will be applicable.

- 직원 및 자회사에 적용 (가이드 2 조) Applicable to its subsidiaries and employees (Guideline Article 2)

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.

- 임원, 이사에게도 적용 (Policy 2 조, 가이드 3 조, Code of Conduct 1 조) Applicable to management including directors at all levels, regardless of its employee status (as clearly stated in Policy Article 2, Guide Article 2, Code of Conduct Code 1)

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
Based on publicly available information, there is evidence that the board-level Compliance Committee provides oversight of the company's anti-bribery and corruption programme. There is evidence that the committee reviews reports from management and the results of internal and external audits, and that it has the authority to require that any necessary changes to the programme are made.
Evidence
<p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.10] Chapter 6 Authority and Responsibilities of Compliance Committee</p> <p>Article 17 (Compliance Committee's Authority and Responsibilities)</p> <p>1) The Company's policy for compliance with Anti-Corruption Acts shall be determined by the compliance committee (hereinafter referred to as the "CP Committee") and the CP Committee shall be in full charge of overseeing this Policy.</p> <p>2) The Compliance & Legal Affairs Team shall perform the following activities and report the results to the CP Committee:</p> <ol style="list-style-type: none"> 1. Establishing detailed guidelines for Anti-Corruption Acts, including this Policy; 2. Providing notices, guidelines and answers to questions regarding the Anti-Corruption Acts and this Policy to the Company (including subsidiaries and overseas corporations) and a Third Party; and 3. Reviewing and suggesting appropriate measures for matters that may or may have already violated the Anti-Corruption Acts and/or this Policy. <p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.10] 1.2 Oversight and accountability for the Policy The ultimate responsibility and oversight of implementation of the Policy lies with the Board of Directors (specifically the Compliance Committee within the Board).</p> <p>[...]</p> <p>(2) Compliance Committee</p> <p>[p.11] Regular report to and Resolution of the Compliance Committee Compliance Committee is given reports on the implementation of the Policy by the programs on a regular basis, and the Compliance Committee approves the proposed updates on the Policy.</p> <p>[p.16] 2.3</p> <p>[p.17] Internal Audit of HAS's Compliance Program and improvement of the Program thereafter. HAS's Compliance Program is subject to internal audit on a regular basis by Compliance Committee. If there is any need for improvement, Compliance Committee approves the amendment to the Program.</p> <p>(1) Internal Audit : The Korean Commercial Code Article 542.13 requires the Chief Compliance Officer (CCO) of the Company to report to the Board on an annual basis the result of assessment on validity of compliance of the Company.</p> <p>[p.18] (2) Compliance Program - Compliance Committee</p>

Amendment to the Compliance Program : Compliance Committee approves the amendment to the Compliance Program.

[4] Practicing compliance management (Webpage)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/about_cp_program.asp

Compliance committee is be made up with top executives as CEO, Business Unit Manager, Director, etc. Every half year, reported current condition of operation through periodical conference, and Compliance committee is the top of legislative organization which decides the regulation enactment of law observance, rewards to outstanding executor and also restrains violator.

[5] Compliance Program (Webpage)

Accessed 10/09/2019

<https://www.hanwhaaerospace.com/about/about Law.asp>

Compliance Committee (Board level) monitors and reviews of the performance of our compliance and anti-corruption agenda twice a year and Chair of the Board also review that once a year.

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
Based on publicly available information, there is evidence that a designated senior executive – the Compliance Officer – has ultimate responsibility for implementing the company's anti-corruption program. This person has a direct reporting line to the board and the Compliance Committee. There is evidence of reporting and feedback activities between this person and the board as part of the company's reporting structure.
Evidence
<p>[5] Compliance Program (Webpage) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/about_law.asp Compliance Officer (Chief legal counsel, a vice president of Compliance Team appointed by Chair of the Board) has responsibility for implementing our company's compliance and anti-corruption agenda. Compliance Officer has direct reporting line to the Board and Compliance Committee and shall directly report to Chief Executive Officer and Chair of the Board periodically.</p> <p>[6] Compliance Guidelines (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Compliance_Guidelines_ENG.pdf [p.2] Chapter 2 Compliance System</p> <p>[p.3] 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.</p> <p>[p.4] 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.</p> <p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.17] Internal Audit of HAS's Compliance Program and improvement of the Program thereafter. HAS's Compliance Program is subject to internal audit on a regular basis by Compliance Committee. If there is any need for improvement, Compliance Committee approves the amendment to the Program.</p> <p>(1) Internal Audit : The Korean Commercial Code Article 542.13 requires the Chief Compliance Officer (CCO) of the Company to report to the Board on an annual basis the result of assessment on validity of compliance of the Company.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a formal corruption risk assessment procedure that informs the design of its anti-corruption programme. There is evidence that the results of the risk assessments are reviewed annually by the Compliance Committee. In addition, there is evidence to indicate that the results of such assessments are used to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.14] 2. 2.1 Company's Corruption Risk Assessment Program. HAS has a Corruption Risk Assessment Program in place, in which a new corruption risk of the Company's business is identified.</p> <p>(1) Employee Survey on the Corruption Risk. (Annual Basis). Employees are required to respond to the Checklist on an yearly basis where the Employees are required to identify new corruption risks that can be found in the operation of the Company. The name of the survey is Compliance Risk Monitoring.</p> <p>[p.15] (2) Compliance Team's watch on the industry and new legislation regarding corruption. At the same time, the Compliance & Legal Affairs Team continuously monitor the corruption risk in the industry and new legislation regarding corruption, and assess the relevance of the identified risk to HAS's business. (For example, since the corruption risk related to agents and suppliers was arising in in the industry, HAS Compliance Team detected such risk and revised a checkup list for the agent engagement, and made a compliance clause with the contract with the suppliers.)</p> <p>2.2 Review and update on the Company's corruption risk assessment procedure. HAS's corruption risk assessment procedure should be updated on a regular basis, because the business of the Company continually evolves, and the Company's past procedure might not be able to identify the new arising risks.</p> <p>Annual update on the Employee Survey questionnaire on the Corruption Risk. HAS Compliance Team assesses the Employee Survey Questionnaire of Compliance Risk Monitoring in the event there is any new corruption risk identified in the industry, and such assessment occurs at least annually.</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.16] The result of the Compliance Risk Monitoring is reported by CCO (Chief Compliance Officer) to the Compliance Committee in every semester, every year.</p> <p>[p.17] Compliance Team's watch on the industry and new legislation regarding corruption. At the same time, the Compliance & Legal Affairs Team continuously monitor the corruption risk in the industry and new legislation regarding corruption, and assess the relevance of the identified risk to HAS's business.</p> <p>[p.22] Review and update on the Company's corruption risk assessment procedure. HAS's corruption risk assessment procedure should be updated on a regular basis, because the business of the Company continually evolves, and the Company's past procedure might not be able to identify the new arising risks.</p> <p>[...]</p>

Annual update on the Employee Survey questionnaire on the Corruption Risk. HAS Compliance Team assesses the Employee Survey Questionnaire of Compliance Risk Monitoring in the event there is any new corruption risk identified in the industry, and such assessment occurs at least annually. Below is the change from 2018 questionnaire to 2019 questionnaire.

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
Based on publicly available information, there is evidence that the company's entire anti-corruption programme is subject to regular audit. The company indicates that this includes provisions for continuous improvement, supplemented by an internal audit every year. In addition, there is evidence that audit findings are presented to the board, with ownership assigned to the Compliance Committee for amendments to the anti-corruption programme.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.16] 2.3</p> <p>[p.17] Internal Audit of HAS's Compliance Program and improvement of the Program thereafter. HAS's Compliance Program is subject to internal audit on a regular basis by Compliance Committee. If there is any need for improvement, Compliance Committee approves the amendment to the Program.</p> <p>(1) Internal Audit : The Korean Commercial Code Article 542.13 requires the Chief Compliance Officer (CCO) of the Company to report to the Board on an annual basis the result of assessment on validity of compliance of the Company.</p>

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>There is evidence that the company publicly commits to investigating incidents and that it has a specific procedure in place to deal with whistleblowing cases. There is evidence that this procedure covers the whole investigation process from receipt to final outcome, and that it includes a commitment to providing whistleblowers with updates on the outcome of investigations. The company commits to put in place remediation plans and report investigative findings to senior management and the board upon the completion of every investigation. There is evidence to indicate that investigations are only undertaken by a qualified, independent team.</p> <p>However, the company receives a score of '1' because there is no clear evidence that a central body reviews the status of all investigations on an annual basis.</p>
Evidence
<p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.11] Chapter 8 Reporting and Disciplinary Measures on Prohibited Activities Article 22 (Reporting and Disciplinary Measures on Prohibited Activities)</p> <p>1. In the event that the Management and Employees of the Company have knowledge that the Anti-Corruption Acts and/or any provision of this Policy has been violated or is suspected to be violated, such Management and Employees shall immediately report that knowledge to the Compliance & Legal Affairs Team.</p> <p>[...]</p> <p>3.The Compliance & Legal Affairs Team reserves the right to investigate the nature of the reported, alleged violation; and, if necessary, may report the investigation results to the CP Committee.</p> <p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.18-19] 2.4 HAS's system to respond to any allegation or incident of corruption. HAS has a system to respond to any allegation or incident of corruption and bribery.</p> <p>[...]</p> <p>The Compliance & Legal Affairs Team and the Audit Team both reserve the right to investigate the allegation and/or incident and both teams receive regular reports on the incident from the subsidiaries.</p> <p>[p.21] If there is any report of allegation or if the Compliance Team itself initiates any investigation, the following procedure will be followed.</p> <div data-bbox="124 1713 1300 1998"> <p>[프로세스]</p> <pre> graph LR subgraph "조사 프로세스" A[조사계획 수립] --> B[정보조사 (데이터, 탐문 등)] B --> C[면담조사 (사실관계 확인)] C --> D[조치방안 수립 (책임평가, 개선사항 도출 등)] D --> E[조사결과 보고 (대표이사/컴플라이언스팀)] E --> F[조치사항 이행] end subgraph "제보신고 시, 추가 프로세스" G[제보신고 접수] --> H[제보자 및 추가정보 확보] H --> A end F --> I[제보자 피드백] </pre> </div> <p><HAS Internal Procedure></p>

[p.22] Feedback to the reporter. The feedback is given to the reporter if he/she desires.

[...]

(3) (Report of the result)

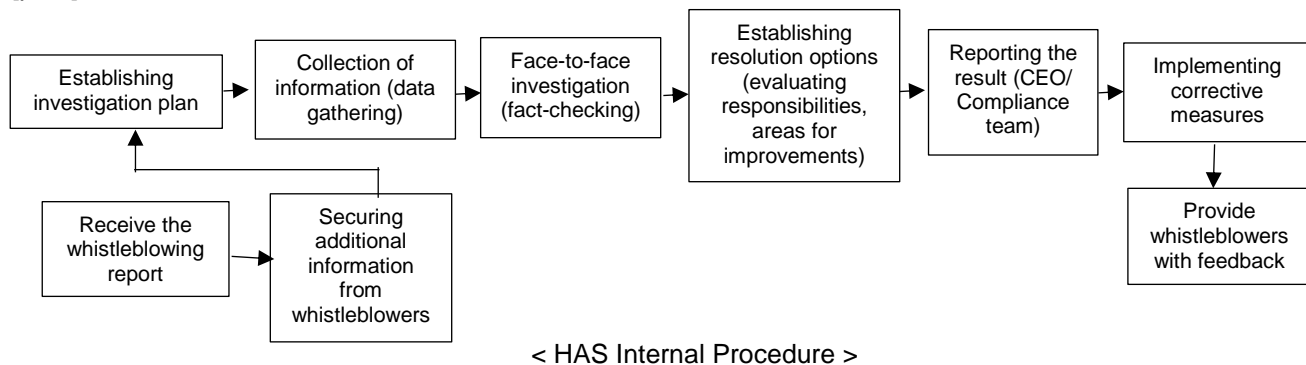
-Related Regulation (Policy Article 22): The result of the investigation can be reported to the Compliance Committee, depending on the nature of the incident.

[p.24] (3) Qualification of the investigators : The persons who are tasked with the investigation are limited to i) the Compliance Officer, who is as required by the law (Korean Commercial Code of Article 542.13) an attorney at law, designated by the Board; ii) the Team members of the Compliance and Legal Affairs Team/Audit Team who are well knowledgeable at compliance related laws and experienced at legal risk management; and iii) Compliance Action Officers who are selected from mid management and who must complete the professional course on compliance (8 hours).

[p.26] Report to the Board and the relevant authorities. The result of the investigation is reported to the Board and the relevant authorities.

Translation (of graphic above):

[p.21]



[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

<https://www.hanwhaaerospace.com/about/Amended HAS Anti Bribery and Corruption Report.pdf>

[p.30] However, without regards to the nature or level of importance of the incident, every investigation is reported through the Audit Team to the management of the Company whenever the investigation is closed.

[...]

HAS's measures in place to ensure the quality of the investigation. HAS has an arrangement in place to ensure the quality of the investigation of the allegation or incident.

[...]

Protection of Anonymity of the Reporter (Whistleblower). The Company protects the anonymity of the reporter and does not take any false information. (Policy Article 23)

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company assures itself of the quality of its internal investigations, both for incident investigations and whistleblowing cases. There is evidence that staff conducting investigations are properly trained and qualified, and the company provides an explanation of how complaints about the investigation process are handled and who is responsible for handling such complaints.</p> <p>However, there is no evidence that the company reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.18] 2.4 HAS's system to respond to any allegation or incident of corruption.</p> <p>[p.23] 2.5 HAS's measures in place to ensure the quality of the investigation. HAS has an arrangement in place to ensure the quality of the investigation of the allegation or incident.</p> <p>[p.24] (3) Qualification of the investigators : The persons who are tasked with the investigation are limited to i) the Compliance Officer, who is as required by the law (Korean Commercial Code of Article 542.13) an attorney at law, designated by the Board; ii) the Team members of the Compliance and Legal Affairs Team/Audit Team who are well knowledgeable at compliance related laws and experienced at legal risk management; and iii) Compliance Action Officers who are selected from mid management and who must complete the professional course on compliance (8 hours).</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.30] However, without regards to the nature or level of importance of the incident, every investigation is reported through the Audit Team to the management of the Company whenever the investigation is closed.</p> <p>[...]</p> <p>HAS's measures in place to ensure the quality of the investigation. HAS has an arrangement in place to ensure the quality of the investigation of the allegation or incident.</p> <p>[...]</p> <p>Protection of Anonymity of the Reporter (Whistleblower). The Company protects the anonymity of the reporter and does not take any false information. (Policy Article 23)</p> <p>[p.33] Complaints about the investigation process. Every employee, including the reporter of the incident and the person who is being investigated, can report its complaints on the investigation process of the Company through the reporting channel as explained in Section 2.4 of this Report. Compliance Team and Audit Team handle such complaints.</p>

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the Compliance Team commits to report material findings of bribery and corruption from investigations to the board and to the relevant authorities. The company indicates that the Compliance Team is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.26] Report to the Board and the relevant authorities. The result of the investigation is reported to the Board and the relevant authorities.</p> <p>(1) Report to the Board. Compliance Team reports to the Board. (Policy Article 22)</p> <p>The Compliance & Legal Affairs Team reserves the right to investigate the nature of the reported, alleged violation; and, if necessary, may report the investigation results to the CP Committee.</p> <p>[...]</p> <p>(2) Report to the relevant authorities. Compliance Team may also report to the relevant authorities which may result in civil/criminal liabilities. (Policy Article 24)</p> <p>Article 24 (Punishment Guidelines for Violators) In addition to the employment of any civil and criminal proceedings against those Management and Employees who have violated the Anti-Corruption Acts and/or this Policy, the Company may also impose appropriate Company sanction(s) to penalize those violators.</p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.11] Chapter 8 Reporting and Disciplinary Measures on Prohibited Activities Article 22 (Reporting and Disciplinary Measures on Prohibited Activities)</p> <p>[...]</p> <p>3.The Compliance & Legal Affairs Team reserves the right to investigate the nature of the reported, alleged violation; and, if necessary, may report the investigation results to the CP Committee.</p> <p>[...]</p> <p>Article 24 (Punishment Guidelines for Violators) In addition to the employment of any civil and criminal proceedings against those Management and Employees who have violated the Anti-Corruption Acts and/or this Policy, the Company may also impose appropriate Company sanction(s) to penalize those violators.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company publishes some high-level information on its ethics and compliance-related incidents and investigations involving company employees. The data is updated on at least an annual basis.</p> <p>However, the company receives a score of '1' because there is no evidence that the company publishes disaggregated information to indicate the number of reports received, including those received through whistleblowing channels, and the number of disciplinary actions as a result of investigation findings.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.26] 2.7 Publication of investigation reports and disciplinary actions. HAS on an annual basis publicize the information of investigation reports and disciplinary actions on a high level.</p> <p>- Investigation records for the past 3 years: Total 6 cases (involving 41 personnel.)</p> <p>☞ 2016 : Report from out of company : 1 case (inv. 9 per), Internal report : 1 case (inv. 6 per)</p> <p>☞ 2017 : Report from out of company : 1 case (inv. 3 per), Internal report : 1 case (inv. 1 per), Company initiated investigation : 1 case (inv. 18 per)</p> <p>☞ 2018 : Internal report : 1 case (inv. 4 per)</p>

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
Based on publicly available information, there is evidence that the company provides training to its employees that outlines the principles of the anti-bribery and corruption policy, including the whistleblowing options available. There is evidence that the company provides this training to all employees across all divisions and countries of operation and in all appropriate languages. The company states that employees are required to undertake refresher courses or modules on the anti-bribery and corruption programme at least every three years.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.27] 3. 3.1 HAS's Anti-bribery and Corruption Training Program. The Company is providing a dedicated training course for Anti-bribery and Corruption to all of its employees, including employees of subsidiaries.</p> <p>(1) Training program. Anti-bribery and Corruption is part of a larger compliance training program and constitutes a separate course in the program.</p> <p>[...]</p> <p><Anti-Bribery and Corruption Training Material, as part of Compliance Training of 2019 to all employees, where Anti-bribery and Corruption Policy is taught among others></p> <p>[p.28] (2) Training record : All employees take the course on an yearly basis; Overseas employees take the course in every 3 years.</p> <p>[...]</p> <p>(3) Language: The course is provided in Korean, English, Japanese, and Chinese.</p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.10] Chapter 7 Training and Inspection Article 19 (Anti-Corruption Training)</p> <p>1. All Management and Employees of the Company who frequently or periodically contact Government Officials shall complete a basic anti-corruption training of Anti-Corruption Acts and this Policy.</p> <p>[p.11] 2. The training of the Management and Employees shall adhere to the standards of the Compliance & Legal Affairs Team</p> <p>[...]</p> <p>Chapter 8 Reporting and Disciplinary Measures on Prohibited Activities Article 22 (Reporting and Disciplinary Measures on Prohibited Activities)</p>

1. In the event that the Management and Employees of the Company have knowledge that the Anti-Corruption Acts and/or any provision of this Policy has been violated or is suspected to be violated, such Management and Employees shall immediately report that knowledge to the Compliance & Legal Affairs Team.

2. For reporting purposes, the Management and Employees of the Company may utilize the following means: direct visits to the Compliance & Legal Affairs Team, telephones, fax or e-mail at (compliance1@hanwha.com) or the Report function under the Compliance Management System (CPMS).

3. The Compliance & Legal Affairs Team reserves the right to investigate the nature of the reported, alleged violation; and, if necessary, may report the investigation results to the CP Committee.

Chapter 9 Protection of Whistleblowers and Punishment Guidelines for Violators
Article 23 (Internal Whistleblower Protection and Rewarding)

1. The Company shall exercise the utmost care to ensure the anonymity of the Management and Employees who reported a suspicious activity or an actual violation of the Anti-Corruption Acts and/or this Policy, while ensuring that no disadvantage is given at work to those Management and Employees reporting such incident.

[6] Compliance Guidelines (Document)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/Compliance_Guidelines_ENG.pdf

[p.5] 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.

[4] Practicing compliance management (Webpage)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/about_cp_program.asp

Practicing compliance management

Corporate management today faces diverse factors that impact the business environment. Among these factors are heightened domestic and foreign legal regulations with an increasing demand for social vigilance and corporate social responsibilities. In light of this, Hanwha Aerospace has announced its company-wide "Compliance Management Principles" and has also instituted the compliance program (CP) for sustainable and fair management activities. Hanwha Aerospace has established comprehensive and methodical compliance support systems and formed independent organizations to ensure autonomous observance of the applicable laws and regulations.

These initiatives include appointing compliance officers, implementing compliance control guidelines, and commissioning a compliance committee. Hanwha Aerospace also engages in regular diagnosis, education, publicity, and assessment of its business practices. These efforts include offering compliance education for all employees, custom-tailored education, and compliance consulting. As a result of these initiatives and efforts, our employees have developed a culture of compliance, thereby collectively fulfilling our responsibility as a global company that is trusted by its customers, shareholders, and society.

Question

3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:

- a) Employees in high risk positions,
- b) Middle management,
- c) Board members.

Score

2

Comments

Based on publicly available information, there is evidence that the company tailors its anti-bribery and corruption training programme to the different levels of risk facing employees in different roles, with specific reference to the categories of employee listed in the question. There is evidence that employees working in high risk positions, such as those in sales and government relations, are required to refresh their training in this area on an annual basis.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.28]

- (2) **교육 주기** : 전사원 기본교육은 매 1년 (국내 직원) / 3년에 한번 (해외)

Training record : All employees take the course on an yearly basis; Overseas employees take the course in every 3 years.

	2012	2013	2014	2015	2016	2017	2018	비고
전사원 기본교육	4,484/ 4,732 (95.4%)	4,749/ 4,862 (97.7%)	4,268/ 4,297 (99.3%)	2,501/ 3,028 (82.6%)	3,008/ 3,089 (97.4%)	2,838/ 2,949 (96.4%)	3,174/ 3,282 (96.8%)	연1회
전사원 집합교육	-	-	-	-	3,917/ 4,340 (90.3%) 청탁 금지법	2,238/ 2,656 (84.3%) 성희롱 예방	518/638 (81.2%) 하도급법	16년 추가
임원교육	42(1회)	44(1회)	115(2회)	91(2회)	85(2회)	103(2회)	98(2회)	연2회
신입/경력 /승격교육	575	460	278	620	475	518		상시
해외법인 교육	-	195	583	500	424	-	-	연1회
찾아가는 눈높이 교육	-	-	-	839 (263)	1,426 (152)	1,695 (435)	1,573 (177)	전체 (부패방 지법)

[p.30] 3.2 Anti-Bribery and Corruption course tailored for different categories of employees. The Anti-Bribery and Corruption course is tailored for different categories of employees based on their level of exposure to the corruption risks.

(1) High-Risk Teams: Commercial (Marketing), Communication, Teams meeting government officials will be deemed high risk teams, and they are subject to specific course tailored to their need, which provides more in-depth review of the laws and the relevant cases.

[p.31] (2) Board Members: Board members (Compliance Committee) are also subject to Anti- bribery and Corruption course on an yearly basis, and the course is more focused on general trends in the compliance discipline and cases on other companies in the industry.

(3) Middle management : Middle management {including management (except for board members) and team/part leaders} is subject to the anti-bribery and corruption course on an yearly basis as part of the larger compliance training program.

Translation:

[p.28]

	2012	2013	2014	2015	2016	2017	2018
Basic training for all employees	4,484/ 4,732 (95.4%)	4,749/ 4,862 (97.7%)	4,268/ 4,297 (99.3%)	2,501/ 3,028 (82.6%)	3,008/ 3,089 (97.4%)	2,838/ 2,949 (96.4%)	3,174/ 3,282 (96.8%)
Collective training for all employees	-	-	-	-	3,917/ 4,340 (90.3%) 청탁 금지법	2,238/ 2,656 (84.3%) 성희롱 예방	518/638 (81.2%) 하도급법
Training for Executives	42(1회)	44(1회)	115(2회)	91(2회)	85(2회)	103(2회)	98(2회)
Training for new/experienced/promoted employees	575	460	278	620	475	518	
Training for Overseas Corporations	-	195	583	500	424	-	-
Tailored face-to-face training	-	-	-	839 (263)	1,426 (152)	1,695 (435)	1,573 (177)

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.38] Anti-Bribery and Corruption course tailored for different categories of employees. The Anti-Bribery and Corruption course is tailored for different categories of employees based on their level of exposure to the corruption risks.

[...]

High-Risk Teams: Commercial (Marketing), Communication, Teams meeting government officials will be deemed high risk teams, and they are subject to specific course tailored to their need, which provides more in-depth review of the laws and the relevant cases. This training is refreshed every year as evidenced below.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company reviews the effectiveness of its anti-bribery and corruption communications and personnel training programme. There is evidence that the company has a system in place for doing this, in the form of staff surveys and employee tests. The company assures itself of this on an annual basis and there is evidence indicating that the results are used to update specific parts of the company's anti-bribery and corruption communications and training program.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf</p> <p>[p.33] 3.3 Measurement on effectiveness of the Anti-bribery and Corruption Course. Upon closure of every course, the Company measures the effectiveness of the course by employee survey. Also, the Company receives any idea for improvement from the Internet website. The Company also measures the effectiveness of the course by conducting a test on the employees. The feedbacks gained through these channels are reflected in the course.</p> <p>(1) Employee survey on the course (Annual). After closure of every course, employee survey is conducted to the employees who have taken the course. The survey measures the satisfaction with/effectiveness of the course as part of larger compliance program.</p> <p>[p.34] (2) Tests (2 times a year). By conducting a test to the employees who have taken the course, the Company can measure how effective the course was.</p> <p>[p.35] (3) Receiving Ideas for improvement for Compliance Program. The Company is always open to ideas for improvement for the Compliance Program, and receives the ideas through intranet homepage. Good ideas are awarded.</p> <p>[p.36] (4) The result of the survey being reflected in the Compliance Program (Training). The result of the survey and any ideas proposed in the survey are reflected in the training of the Compliance Program.</p> <p>[p. 36, image 1]</p> <p>II. 2017년 활동계획 보고</p>
[p. 36, image 2]

2018년 준법활동 보고		
임원 준법 강의과정		
<p>● 실시 방법 :</p> <ul style="list-style-type: none"> - 부서별 리스크 항목을 선정하여 해당 임원이 부서원 직접 교육 실시 (임직원 개선제안 항목) - 교육 실시 준비자료는 준비사항자가 취합하여 등록 (CPMS) * 배포된 보고서 양식 활용: 일시/방법, 교육대상(인원), 교육내용 상세 기재 (동영상/사진 포함) <p>● 가점 부여</p> <ul style="list-style-type: none"> - 결과 제출시 심사 후 임원평가 가점 최고+3점 부여 - 총 17건 진행 (17년 12건 진행) 		
소속	강의자	주제
에어로 스페이스	지명준 상무	개인정보보호법
	강형석 상무	방위사업법 - 부정당업자제재
	남형욱 상무	성희롱예방
	이재준 상무	방위사업법 - 부정당업자제재
테크윈	김우석 상무	하도급법
	황호연 상무	GDPR개론과 제조사 입장의 GDPR 준비 사항
	김종욱 상무	하도급법
	이동원 상무	청탁금지법
디앤스	신종교 상무	하도급법
	이용갑 상무	근로기준법
	박대근 상무	하도급법-기술 자재제공요구
파워 시스템	엄찬선 상무	개인정보보호법
	이기남 전무	하도급법
정밀기계	조영호 상무	영업비밀보호
	송옥용 상무	하도급법
	신영욱 상무	성희롱예방
	라동성 상무	하도급법

[p. 36, image 3]

17년 개선사항 : 찾아가는 눈높이교육 테마 확대 (10개 → 20개, 부패방지법 세분화)

18년 개선사항 : 임원 준법강의과정 신설 (임원이 직접 임직원 교육)

<Improvements made to the training in 2017 and 2018>

Translation:

[p. 36, image 1]

<Improvements made in 2017>

Education at eye level

- A mandatory participation for every team once per year
 - Granting additional points when a team participate more than two times
- Diversifying/specifying themes (more than 20 themes, reflecting the suggestions for improvements in 2016)

[p. 36, image 2]

<Improvements made in 2018>

Training Course on the law led by executives

Method:

- The executive member of the department will train members on selected risks for each department

[...]

Topics

[...]

Defense Acquisition Program Act- sanctions for the corrupted traders

Subcontract Act
Anti Graft Law

[p. 36, image 3]

<Improvements made to the training in 2017 and 2018>

The improvement in 2017: The expansion of themes for training at eye level (10 → 20, specifying the Corruption Prevention Act)

The improvement in 2018: The introduction of the new law training course from the executives (the executives directly training the employees)

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

[https://www.hanwhaaerospace.com/about/Amended HAS Anti Bribery and Corruption Report.pdf](https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf)

[p.45] The result of the survey being reflected in the Compliance Program (Training). The result of the survey and any ideas proposed in the survey are reflected in the training of the Compliance Program.

[p.46] Formal Review on the Compliance Program

The Company's Compliance Program consists of many activities, and these activities are reported to the Compliance Committee every year. Also, Compliance Committee formally reviews the adequacy and validity of the Compliance Program and its activities: Such form review is mandated by the Korean law. The Korean Commercial Code Article 542.13 requires the Chief Compliance Officer (CCO) of the Company to report to the Board on an annual basis the result of assessment on validity of compliance of the Company so that the Board can approve the Company's Compliance Program.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
2
Comments
Based on publicly available information, there is evidence that the company's incentive schemes incorporate ethical and anti-bribery and corruption principles. There is evidence to suggest that incentives are designed to reward behaviour in line with the company's ethical values. There is evidence that the policy applies to high-risk employees, such as sales roles.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.37] 3.4 Alignment of incentive schemes with anti-corruption efforts. The Company's incentive scheme is designed in a way to promote ethical behaviors and discourage corruption.</p> <p>(1) Compliance Index in Management Key Performance Indicator (KPI): Compliance index accounts for 5 points out of 100 points of management KPI.</p> <p>(2) Compliance Index in mid management's KPI. Compliance accounts for 5 points out of 100 points of mid management KPI.</p> <p>[p.38] (3) Compliance Action Officer incentive : Compliance Action Officer (who is designated in each team) completes the Compliance professional course, and achieves 1 point in promotion index, and receives 10 points out of 100 points for performance assessment.</p> <p>[p.39] (4) "Compliance Action Officer Day" award : The Company holds "Compliance Action Officer Day" event and awards the Compliance Action Officer who showed excellence in its work. And by so doing, the Company encourages the employee's commitment to compliance.</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.48] Alignment of incentive schemes with anti-corruption efforts. The Company's incentive scheme is designed in a way to promote ethical behaviors and discourage corruption.</p> <p>[p.52] Equal application of the Company's Incentive Scheme. The foregoing incentive scheme is equally applicable to every employee of the Company without regards to which position it is in. Employees in the high risk team (e.g. marketing, public relation, and governmental relation) are subject to the same Incentive Scheme and the same assessment under that scheme, so every employee should equally pay the utmost attention to Compliance.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
1
Comments
<p>There is evidence that the company commits to protecting and supporting employees who refuse to act unethically, even where such actions result in a loss of business or another disadvantage to the company. There is evidence that the company conducts surveys to understand employee perceptions and confidence in its Compliance Program generally. However, based on publicly available information, there is no clear evidence that the company assures itself of its employee's confidence in this commitment specifically.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.40] 3.5 Protection of Employees who refuse to act unethically. The Company protects employees who refuse to act unethically and refuse any kinds of corrupt practice.</p> <p>(1) Code of Conduct (Article 1): Any violation of laws and regulations are prohibited, and no exception is allowed for the case of 'for the company, boss, or customers'. The Company places the employee's ethical behavior and compliance over any corporate</p> <p>[p.41] benefit or gain, or any order of the superior employee.</p> <p>[p.42] (4) Company's measurement on employee's confidence in Company's compliance policy. By conducting an annual survey on the Compliance Program, the Company asks the employees about the level (and improvement) of employees' and the company's commitment to compliance.</p> <p>[3] Code of Conduct (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Code_of_conduct_ENG_Ver2_1.pdf [p.5] Violation of laws and regulations is prohibited, and no exception is allowed even in the case of 'for the company', 'for the customer', or 'from the order of a boss.'</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.55] The above survey specifically asks, "how much has the commitment of the company (the management and the employees) towards Compliance been increased by the Compliance Program". In other words, this question is assessing how much real and actual effect the Compliance Program has made. If the employees believed that the Compliance Program is merely a program on paper and the Company is in fact not interested in Compliance at all, the score on this question would have been minimal. However, the fact that the statement that there was a "significant" improvement earned the best scores shows that the employees have confidence that "the Company" is changing by the Compliance Program.</p> <p>[p.56] No disadvantage to the whistleblowers. The Company protects the whistleblowers or any employee who reports the corrupt practice.</p> <p>[...]</p> <p>Protection of the reporter.</p> <p>[...]</p> <p>Every whistleblower will suffer no disadvantage from the Company from his or her reporting. (Compliance Guidance Article 18)</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company promotes a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. The company's policy clearly applies to all employees across the company, including those engaged by the group as third parties, suppliers and joint venture partners.</p> <p>However, although there is evidence that the company measures its employees' confidence in its company's compliance programme generally, there is no clear evidence that the company specifically assures itself of its employees' confidence in this commitment through surveys, usage data or other clearly stated means.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.41] (2) Whistleblower protection. The anonymity of someone who reports the alleged or actual corrupt practice is protected, and no disadvantage is given to the reporter. The reporter can be awarded.</p> <p>[p.42] (4) Company's measurement on employee's confidence in Company's compliance policy. By conducting an annual survey on the Compliance Program, the Company asks the employees about the level (and improvement) of employees' and the company's commitment to compliance.</p> <p>[p.43] 3.6 No disadvantage to the whistleblowers. The Company protects the whistleblowers or any employee who reports the corrupt practice.</p> <p>(1) Protection of the reporter.</p> <p>☞ Every whistleblower will suffer no disadvantage from the Company from his or her reporting. (Compliance Guidance Article 18)</p> <p>[p.44] (2) No disadvantage is given. (Policy Article 23)</p> <p>(3) Protection scope. The foregoing protection extends not only to employees of the Company, but to Suppliers, 3rd parties (agent and intermediaries), and others. (Policy Article 2)</p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.4] Article 2 (Applicability)</p> <p>1.This Policy shall be applicable to all of the management and employees of the Company's domestic and overseas subsidiaries, branches and corporations (hereinafter referred to as "Management and Employees").</p> <p>2.In addition to the Company's Management and Employees, this Policy shall also apply to the relationships between the Company's business counterparts, agents, consultants, representatives, joint venture companies, partnership companies, as well as their business partners.</p> <p>3.Additional guidelines may be established for compliance with this Policy depending on the local conditions and laws of each country where the Company's Management, Employees and applicable entities conduct business.</p> <p>[p.11] Chapter 9 Protection of Whistleblowers and Punishment Guidelines for Violators Article 23 (Internal Whistleblower Protection and Rewarding)</p>

1. The Company shall exercise the utmost care to ensure the anonymity of the Management and Employees who reported a suspicious activity or an actual violation of the Anti- Corruption Acts and/or this Policy, while ensuring that no disadvantage is given at work to those Management and Employees reporting such incident.

[6] Compliance Guidelines (Document)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/Compliance_Guidelines_ENG.pdf

[p.18] Article 18 (Whistleblowing)

[...]

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.

[7] Compliance Hotline (Webpage)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/about_send.asp

Protection of whistle-blower

- The identity of whistle-blowers and the report shall be kept in confidence
- Exposing identity or tracking down is prohibited (violators are subject to disciplinary action)
- Retaliation against the whistle-blower or unfair treatment is prohibited (violators are subject to disciplinary action)

[8] Reporting Wrongful Practices (Webpage)

Accessed 10/09/2019

<https://audit.hanwhaaerospace.com:2443/default.asp>

Reporting Wrongful Practices

[...]

The corporate auditing team guarantees that you will not be subject to retaliation from your supervisors for reporting a suspected violation in good faith. Your cooperation is very much appreciated by the top management and forms the foundation of a transparent, honest and clean management culture.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. The company indicates that these channels are sufficiently varied to allow the employee to raise concerns across the management chain and to external parties through an independently-operated hotline. These channels allow for confidential and, wherever possible, anonymous reporting. There is evidence that these channels are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners, and in multiple languages.</p>
Evidence
<p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.11] Chapter 8 Reporting and Disciplinary Measures on Prohibited Activities Article 22 (Reporting and Disciplinary Measures on Prohibited Activities)</p> <p>1. In the event that the Management and Employees of the Company have knowledge that the Anti-Corruption Acts and/or any provision of this Policy has been violated or is suspected to be violated, such Management and Employees shall immediately report that knowledge to the Compliance & Legal Affairs Team.</p> <p>2. For reporting purposes, the Management and Employees of the Company may utilize the following means: direct visits to the Compliance & Legal Affairs Team, telephones, fax or e-mail at (compliance1@hanwha.com) or the Report function under the Compliance Management System (CPMS).</p> <p>3. The Compliance & Legal Affairs Team reserves the right to investigate the nature of the reported, alleged violation; and, if necessary, may report the investigation results to the CP Committee.</p> <p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.43] 3.6 No disadvantage to the whistleblowers. The Company protects the whistleblowers or any employee who reports the corrupt practice.</p> <p>(1) Protection of the reporter.</p> <p>☞ Every whistleblower will suffer no disadvantage from the Company from his or her reporting. (Compliance Guidance Article 18)</p> <p>[p.44] (3) Protection scope. The foregoing protection extends not only to employees of the Company, but to Suppliers, 3rd parties (agent and intermediaries), and others. (Policy Article 2)</p> <p>[p.45] 3.7 Reporting channels for corrupt act. The Company is employing different channels inside/outside of the Company for reporting corrupt behaviors.</p> <p>[p.46] (2) The Company's intranet. Reporting page in the Company's intranet.</p> <p>(3) Also provided in English. The reporting page in the homepage is provided in English</p> <p>[p.47] (4) Email reporting. The reporting can be made through email. (Policy Article 22)</p> <p>(5) Every reporting can be made anonymously. Every reporting can be made anonymously, and such anonymity is protected.</p>

[7] Compliance Hotline (Webpage)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/about_send.asp

Report non-compliance and unethical activity.

Worldwide TEL 82-02-729-4820/4824 | FAX 82-02-729-5893 | E-mail compliance1@hanwha.com

[8] Reporting Wrongful Practices (Webpage)

Accessed 10/09/2019

<https://audit.hanwhaaerospace.com:2443/default.asp>

Reporting Wrongful Practices

If you have any concerns about possible wrongful practices, we encourage you to report these to the corporate auditing team

We strongly encourage you to report wrongful practices to us and want to listen to any concerns you might have about integrity. We will protect your anonymity and will confidentially process your report to the fullest extent possible.

Principle

The corporate auditing team guarantees that you will not be subject to retaliation from your supervisors for reporting a suspected violation in good faith. Your cooperation is very much appreciated by the top management and forms the foundation of a transparent, honest and clean management culture.

You may wish to report something, you can

- discuss the matter with your supervisor or manager,
- talk with the Human Resources Department, or
- report the matter directly to the Corporate Auditing Team in Headquarters.

NOTE THAT THIS REPORT, ONCE SUBMITTED, WILL GO DIRECTLY TO THE HQ CORPORATE AUDITING TEAM IN KOREA.

How to Report

You can use multiple channels to report illegalities and wrongdoings to the corporate auditing team

- E-MAIL techwin.audit@hanwha.com
- PHONE 82-31-8018-3700
- FAX 82-31-8018-3745
- ADDRESS Hanwha Aerospace , 1204, Changwon-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy that defines conflicts of interest, including actual and potential conflicts. The policy applies to all employees and board members, including those of subsidiaries and other controlled entities. The policy explicitly covers employee and government relationships, financial interests and other employment.</p> <p>However, the company receives a score of '1' because there is no clear publicly available evidence that its policy covers perceived conflicts of interest.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.48] 4. (Conflict of Interests) 4.1 Conflict of Interests policy. The Company has a conflict of interests policy.</p> <p>(1) Financial gain: The Company prohibits the employees from gaining any financial interest or benefit by exerting influence to Suppliers, contractors, customers, competitors and any other parties. (Code of Conduct 8)</p> <p>[...]</p> <p>(2) Co-serving different companies. The Company prohibits the employees from co- serving (acting as employees for) different companies or any other entities including government.</p> <p>[p.49] Employee: HR regulation on prohibition on co-serving.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p style="text-align: center;">제1절 복무규율</p> <p>제57조 (복무규율)</p> <p>사원은 업무를 수행함에 있어서 다음 각 항의 사항을 준수하여야 한다.</p> <ol style="list-style-type: none"> 1) 항상 명량 활발하게 직무를 수행하고 경영이념의 구현과 회사의 목적 및 경영 목적 달성에 적극 참여하여야 한다. 2) 전력을 다하여 맡은 직무를 능률적으로 성실하게 수행하고 사칙, 사규 기타 단체생활에 필요한 질서와 규율을 준수하여야 한다. 3) 항상 자기의 직무에 대하여 충분한 지각과 책임을 가지고 필요한 지식과 교양의 습득에 적극 노력하여야 한다. 4) 공사의 구분을 명확히 하고 상호 인격을 존중하여 예의와 우애를 지켜야 한다. 5) 항상 시간과 규율을 존중 엄수하고 업무를 신중, 신속, 정확히 처리하여야 한다. 6) 회사의 신용을 실추시키거나 명예를 훼손시키는 언동을 하지 말아야 한다. 7) 직무상의 기밀을 엄수하고 회사의 기밀이 누설되지 아니하도록 각별히 유의하여야 한다. 8) 회사의 허가없이 社務 이외의 다른 직무를 겸하거나 영리사업에 종사하여서는 아니 된다. </div> <p><HAS HR Regulation on prohibition on co-serving></p>

(3) Pursuing personal gain through relationships. The Company's prohibits its employees from pursuing personal gain from the relationships it has with its immediate family members, relatives, or any other close parties, using its position in the Company.

[p.50] ↻ Ethical Conduct Guide:

The Company's Ethical Conduct Guide provides that the employee should not receive any financial interest, entertainment, convenience from any personnel with whom the employee has a personal relationship, or with whom the employee shares an interest, and if he or she does, it should be reported to the Company.

Translation (of text highlighted in red above):

[p.49] [...]

8) Employees cannot engage in office work or for-profit business without the permission of the company.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.63] The Company's Ethical Conduct Guide provides that the employee should not receive any financial interest, entertainment, convenience from any personnel with whom the employee has a personal relationship, or with whom the employee shares an interest, and if he or she does, it should be reported to the Company.

[...]

The foregoing rules on conflict of interest equally applies to the Company's subsidiaries and/or controlled entities.

[p.64] The Company's rule for identification of conflict of interests and management. The Compliance Team and the Audit Team manage the conflict of interests cases and the Company's rule provides that the employee should declare a pledge on an annual basis where an employee declares any potential or actual conflict of interests cases.

[3] Code of Conduct (Document)

Accessed 10/09/2019

https://www.hanwhaaerospace.com/about/Code_of_conduct_ENG_Ver2_1.pdf

[p.12] Code 8

We do not pursue personal benefits through corporate endeavors and we do not make wrongful relations with stakeholders in a task involving possible conflict of interests.

8.1 We do not pursue personal benefits through corporate tasks.

Employees & executives should not give or receive money, goods or other forms of bribery with the expectation of reciprocity to/from dealers, government branches or other business-related third parties.

Employees & executives should not pursue personal benefits in the course of purchase.

Employees & executives should not trade stocks by using undisclosed information of a company or the third party which has come to know in relations with task performances or dealing. In addition, employees & executives do not provide benefits to the third party by using such information.

8.2 We do not make wrongful relations with stakeholders in a task involving contradiction of interests.

Employees & executives should not make a money transaction or request to stakeholders which may disrupt legitimate task fulfillment.

Employees & executives should not give or receive any money or valuables, except for the typically-accepted souvenir or gifts of nominal value.

Employees & executives should not receive treats or benefits which are not typically accepted. Even in inevitable cases, employees & executives should not engage in activity prohibited by the regulations of the benefit-givers.

Employees & executives should not disclose sensitive or family information to the stakeholders whose tasks may be affected by the events.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has procedures to declare and manage conflicts of interest, including actual and potential conflicts. The company indicates that the Compliance Team and the Audit Team are responsible for managing conflict of interest cases. The company states that disciplinary measures will apply if the policy is breached.</p> <p>However, there is no evidence that all employee and board member declarations are held in a dedicated central register or database that is accessible to those responsible for oversight of the process. There is also no evidence that the company provides examples of criteria for recusals.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.50] 4.2 The Company's rule for identification of conflict of interests and management. The Compliance Team and the Audit Team manage the conflict of interests cases and the Company's rule provides that the employee should declare a pledge on an annual basis where an employee declares any potential or actual conflict of interests cases.</p> <p>[p.51] (1) Employee's pledge : Employees are required to declare a Compliance Pledge where he or she declares the conflict of interests cases, if any, on an annual basis.</p> <p>[p.52] (2) Penalty on Non-reporting or false reporting. If an employee fails to report or falsely report the conflict of interest cases, he or she will be subject to disciplinary action. (HR Regulation Article 41)</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.64] The Company's rule for identification of conflict of interests and management. The Compliance Team and the Audit Team manage the conflict of interests cases and the Company's rule provides that the employee should declare a pledge on an annual basis where an employee declares any potential or actual conflict of interests cases.</p> <p>[p.66] The Conflict of Interests case involving the members of the Board are approved by the Board of the Company</p>

Question

4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?

Score

2

Comments

There is evidence that the company has a policy which includes controls to assess and regulate employment and offers of employment or consultancy engagement to current and recently departed public officials, including politicians. The company requires senior compliance office approval for the initiation of any employment discussions with former or current public officials. There is evidence that the company has a policy to implement a cooling-off period of at least 36 months before such public officials are permitted to have any form of contact or relationship with their former organisation on the company's behalf.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

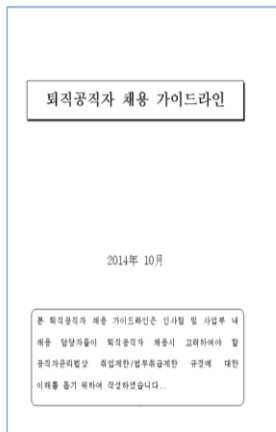
Accessed 10/09/2019

https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

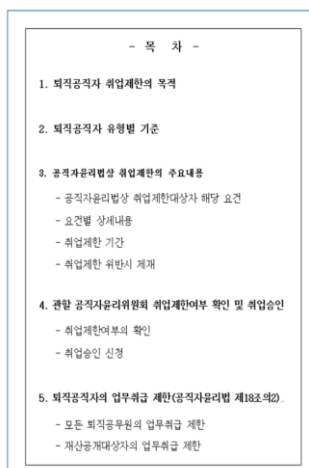
[p.52] 4.3 The Company's employment of employees/consultants from the public sector. The Company has a policy in place which regulates the employment of an employee/consultant from the public sector.

(1) Hiring Former/Present public employee. The Company has an Assessment Guide for hiring former/present public employees. The Guide specifically considers the risk of conflict of interests.

[p.53]



<HAS Assessment Guide for hiring Former/Present Public Employees, Oct 2014>



<HAS Assessment Guide for hiring Former/Present Public Employees, Contents page>

[p.54]

공직자윤리법상 취업제한대상자 해당 요건
① 취업제한 적용대상 - 공직자윤리법상 재산등록의무자였던 자가 퇴직 후 2년 이내에 취업하고자 하는 자
② 취업제한대상업체 - 한화에어로스페이스는 취업제한 영리사기업체 해당.
③ 업무관련성 - 퇴직 전 5년간 소속부서업무와 에어로스페이스간 밀접한 관련성 있을 것
요건별 상세내용
① 취업제한 적용대상 - 재산등록의무자 범위와 일치함(공직자윤리법 제3조 참 조) ※ 불명확한 경우 해당 인력 본인에게 재산등록의무 여부 확인 필요

<The Assessment Guide specifically considers risk of conflict of interests>

(2) Cooling off period before hiring. The Korean law provides that there should be certain cooling off period regulated by the Law before the former public employees are hired by the private companies. And the Company complies with such law.

☞ Korean Government's Public Employee Ethics Committee. The Korean Government's Public Employee Ethics Committee sets a certain cooling off period for each public employee (the period of which differs according to the rank) under the law, and only employees who have been approved by the Committee can only be hired from the private sector.

Translation:

[p.53] HAS Assessment Guide for hiring Former/Present public Employees
October 2014

These guidelines for the employment of retired public workers are designed to help employees in the personnel team and the business unit understand the regulations for job restriction/work handling restriction under the Public Service Ethics Act, which should be considered when hiring retired public workers.

CONTENTS

1. Purpose of Restricting the Employment of Retired Public Officials
2. Criteria by Types of Retired Public Employees
3. Main Contents of Restrictions on Employment under the Public Officials Ethics Act
 - Requirements for employment restrictions under the Public Ethics Act
 - Details of requirements
 - Employment restriction period
 - Sanctions for breaching employment restrictions
4. Checking Employment Restrictions and Approving Employment of the Ethics Committee of Public Officials
 - Verification of employment restrictions
 - Application for job approval
5. Restrictions on the Management of Works of Retired Public Officials (Article 18-2 of the Public Ethics Act)
 - Restrictions on the management of works of all retired public officials
 - Restrictions on the management of works of retired public officials who are subject to public disclosure of personal assets

<HAS Assessment Guide for hiring Former/Present Public Employees, Contents page>

[p.54] Criteria for those subject to employment restrictions under the Public Officials Ethics Act

1. Subject to employment restrictions - those who were required to register their property under the Public Officials Ethics Act and want to work within two years of retirement
2. Companies subject to employment restrictions - Hanwha Aero Space is included as for-profit private companies which have employment restriction.

3. Business relevance- A close relationship between the work of the department which the person worked for five years before the retirement and the Aero Space.

Details by Requirements

1. Applications to employment restrictions

- Corresponding to the scope of the property registration obligator (see Article 3 of the Public Ethics Act) * In case of uncertainty, it is necessary to ask to the person who wants to work whether they were required to register their properties in the previous work places.

<The Assessment Guide specifically considers risk of conflict of interests>

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.69] ※ The foregoing guide is made by the Compliance Team. The H/R should consult with the Compliance Team on whether the Company's plan to hire any former/current public servant is compliant with the Guide. Once the Chief Compliance Officer confirms the compliance, H/R then can start its negotiation with the candidate.

[...]

Cooling off period before hiring. The Korean law provides that there should be certain cooling off period (specifically, 3 years) regulated by the Law before the former public employees are hired by the private companies. And the Company

[p.70] complies with such law.

[p.115]

첨부 1.

Attachment 1. HAS Assessment Guide for hiring Former/Present Public Employees

퇴직공직자 채용 가이드라인

2014年 10月

본 퇴직공직자 채용 가이드라인은 테크윈 인사팀 및 사업부 내 채용 담당자들이 퇴직공직자 채용시 고려하여야 할 공직자윤리법상 취업제한/업무취급제한 규정에 대한 이해를 돕기 위하여 작성하였습니다.

[p.116]

- 목 차 -

1. 퇴직공직자 취업제한의 목적
2. 퇴직공직자 유형별 기준
3. 공직자윤리법상 취업제한의 주요내용
 - 공직자윤리법상 취업제한대상자 해당 요건
 - 요건별 상세내용
 - 취업제한 기간
 - 취업제한 위반시 제재
4. 관할 공직자윤리위원회 취업제한여부 확인 및 취업승인
 - 취업제한여부의 확인
 - 취업승인 신청
5. 퇴직공직자의 업무취급 제한(공직자윤리법 제18조의2)
 - 모든 퇴직공무원의 업무취급 제한
 - 재산공개대상자의 업무취급 제한

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
2
Comments
The company publishes a clear statement that it does not hire or engage the services of serving politicians.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.55] 4.4 Company's engagement of serving politician. The Company does not engage/hire any present, serving politician.</p> <p>[p.56] (2) HAS's policy. The Company has a policy of not hiring/engaging any serving politicians.</p>

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
There is evidence that the company has a policy on corporate political contributions, which clearly states that such donations are prohibited. There is evidence that this policy applies to all types of contributions, whether made by the company itself or by any other entity or individual acting on the company's behalf.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.57] 5. Contributions, donations and Sponsorships 5.1.1 Company's political contribution. The Company has a policy which prohibits any political contribution.</p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 10/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.8] Article 11 (Donations) 1. Any political donation in the Company's name is strictly prohibited.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company publishes a clear statement that it does not make any political contributions, and is therefore exempt from scoring on this question.
Evidence

Question

5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?

Score

1

Comments

Based on publicly available information, there is evidence that the company has a policy and procedure covering charitable donations to ensure that such donations are not used as vehicles for corruption. The company's policy includes clear criteria for donations and procedures for prior approval of any donations. The company publishes some details of its charitable donations, including the name and targets of each donation made for the most recently reported financial year.

However, the company receives a score of '1' because there is no evidence that the company publishes the amount or value of each donation made in the most recently reported financial year.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 11/09/2019

https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.57] 5.1.3 Charitable donation. The Company's Policy provides that any charitable donation shall not be used as a means for corruption and has a guideline for charitable donation.

[p.58] (2) Guideline for charitable donation. The Company has guideline for raising money for charitable donation and how to make the donation.

<HAS Charitable Donation Guideline, April 2018>

I. 활동비 모금:

☐ 사장의 성금 : 임직원 자선적 선정.
(1구좌 1,000원 / 금액동계).

☐ 회사 지원금 : 사장의 성금 사용금액의 50:50 지원함(매칭그랜트).
⇒ 이하 활동비 지급기준 참조

II. 활동비 운영원칙:

☐ 결연대상자 후원.

구분	재택개인	시설개인	복지시설
금액			

- 금액은 상화에 따라 조정 가능.

☐ 자매결연 후원 (마을, 학교).

- 자매마을 : 명절 선물지급, 행사 후원 등 필요 시
- 자매학교 : 졸업식, 축제 지원 등 필요 시

☐ 봉사단 활동비 지원.

- 식대, 간식비, 교통비 및 활동 운영 비용(비품 구입, 원재료) 등

☐ 활동장비 유지보수.

- 봉사 소모품 구입, 봉사료끼 구입/세탁, 봉사자보험 가입 등

☐ 그룹봉사단 차원의 대규모 행사참여

☐ 기타 사회봉사 사무국에서 필요하다고 판단할 시

<HAS Charitable Donation Guideline, Contents>

[p.59] (3) Regulation of Board on charitable donation. The Company's regulation of Board also provides that any charitable donation above certain amount should be resolved by the Board.

Translation:

[p.58] 1. Sponsorship for Activity cost

- ☐ Donation of Love: Employee's Self-Application (1,000 KRW / deduct from the salary)
- ☐ Company Support: 50:50 Support for the amount of money spent on Donation of Love (Matching Grant)
See the below criteria for sponsorship for activities

2. The scope of activity cost

- ☐ Support for the subject of sisterhood relations
Category / Support for individual at home / Support for individual in facilities / Support for facilities
Amount of cost
-The amount can be adjusted according to the circumstances.
- ☐ Support for sisterhood relations (villages, schools)
-Sister towns: if necessary, providing holiday gift payment, event sponsorship, etc.
-Sister schools: if necessary, supporting graduation ceremony, festivals, etc.
- ☐ Support for volunteer team activities
-Supporting dining, snacks, transportation, and operating expenses for activities (supplies, attendance fees, etc.)
- ☐ Support for the maintenance of activity equipments
- Supporting service consumables, buying/washing service vests, volunteer insurance, etc.
- ☐ Participation in large-scale events at the group's service unit level
- ☐ When the Office of Social Service determines that it is necessary

[2] Company Policy for Compliance with Anti-Corruption Acts (Document)

Accessed 11/09/2019

https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf

[p.8] Article 11 (Donations)

[...]

2 As a donation to a charity organization may be used as a means to circumvent Anti- Corruption Acts, the Management and Employees shall verify the following aspects:

- 1) Investigate whether the charity organization is a lawfully established entity;
- 2) Investigate whether any unlawful payment has been made to Government Officials or any payment has been disguised as a donation to a charity organization; and
- 3) Investigate whether a donation to a charity is used as a means to fund illegal activities that would violate any U.S. and/or international money laundering prevention act.

[9] Corporate Citizenship (Webpage)

Accessed 11/09/2019

https://www.hanwhaaerospace.com/about/about_social.asp

Introduction

Going further together

Hanwha Aerospace practices neighborliness based on the Hanwha spirit of "Trust and Loyalty" and our social contribution philosophy of "Going further together". Under the motto of "Going together with our neighbors", we support CCTVs in crime-ridden districts, social assistance facilities, and schools, using our signature products and technologies. Other activities to assist the underprivileged include our employees donating their time and abilities through initiatives such as Pushcarts of Love and Happy Dream.

Our employees have also formed over 70 volunteer clubs to assist communities in which we operate. The clubs' activities include providing support to social welfare facilities, environmental cleanups, and regularly volunteering with the underprivileged including low-income families and sole-support seniors.

CCTV Support

We support CCTVs in crime-ridden districts and schools by using our products to help create a safe and vibrant society. We also help to ensure the safety of students and local residents by carrying out environmental improvement activities, including painting fences, walls, and equipment at school grounds.

Win-win community activities

Our employees deliver rice and daily necessities to the underprivileged, including sole-support seniors and the physically disabled, during the New Year and year-end holidays and the Korean thanksgiving holiday. We also visit schools that have fewer than 20 students and are in danger of closing, helping them to thrive by improving their surroundings and hosting mini athletic meets.

Environmentally friendly activities

We take the lead in environmental protection by making recycled Eco Bags from waste, engaging in carbon mileage efforts (reducing leftover food and using public transportation), and carrying out community cleanup campaigns such as One Company-One Park Cultivation.

Pushcarts of Love

Led by our employees with Master Hand and Master Craftsman qualifications, our technical volunteer team makes and donates customized pushcarts for seniors to collect waste paper. With reduced weight and better brakes and security rods, these carts improve use and prevent accidents.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.73] Please refer to Attachment 2 of this Report for the Guide for Social Contribution.

[...]

Activities. The Company's Social Contribution Activities of 2019 which include contributions, donations and sponsorships are as below.

[p.74]

한화에어로스페이스 사회공헌 사업 실적 2019

사업명	사업 내용	시기	수혜처/대상	비고
사랑의 리어카	* 폐지 줍는 노인을 위한 리어카 제작 및 A/S * 사업장 내 명장, 기능장 등 기술 관련 자력 보유자가 리어카 제작(재능나눔)	매월 3회	청원지역 폐지줍는 노인 경상남도자원봉사센터	창원
드림트립	* 저소득 발달장애 장애 청소년들과 제주도, 경주여행 프로그램	반기 1회	발달장애 청소년 30명 경남장애인복지관	창원
청의비행체 경진대회	* 항공부문 경진대회 운영을 통한 관련 학과 인재들의 상호 교류의 장 개설	연간 1회	부산대학교	창원
솔라로드	* 낙후 지역 벽화 및 태양광 조명 설치	10월중	경상남도자원봉사센터	창원
여름 김장 나눔	* 가을 김장이 멀어지는 시기에 여름 김장을 실시해 저소득 가정 전달	6월중	성남지역 저소득 700가정	판교
설 떡국나눔	* 민족 고유 명절인 설을 맞아 소외계층에 설 음식 포장 및 전달	설 1주일전	성남지역 저소득 500가정	판교
한가위 희망나눔	* 추석을 맞아 저소득 가정에 식료품 포장하여 전달	추석 1주일전	성남지역 저소득 500가정	판교
안단테	* 중증 독거 장애인 가정방문 및 말벗 생활용품 지원	매월 2회	성남시장에인종한복지관	판교
무한상상 스마트팩토리	* 소외계층 초등학생 3D 프린터 교육지원	년 10회	조목우산 어린이재단	아산
에어로 아카데미	* 지역 청소년 대상 RC비행기 제작/조종교육 지원	8월~12월 주1회	아산사회복지관, 영인중학교	아산
한화 불꽃메신저	* 지역 청소년 대상 영상 초청 특강/도크 콘서트	반기 1회	천안교육청, 조목우산 어린이재단	아산
한화 안전지기	* 지역 다문화 초등학생 대상 안전, 보건, 환경 체험 및 교육 지원	6월~11월(월 1회)	아산사회복지관, 둔포초등학교	아산

<2019 HAS Social Contribution Activities>

42

1) Definition

By providing it to local governments, local governments, and NPOs, social contribution activities refers to all activities that enhance the company's image.

2) Category

The fields of social contribution activities are as follows.

Social Welfare, Medical Health, Education Academic, Culture, Art/Physical Education

Environmental Conservation, Disaster Relief, International Relief Others

3) Target of activity

-Officially accredited social welfare institution, NPO, medical and health institution, cervical institution

Low-income children, youth, elderly living alone, disabled, homeless, single mothers, etc.

4) Activities and principles

-Social contribution activities pursue the management philosophy of the company and prioritize business decisions. Development, support.

-All activities and support, except for cases of avoidance, are financially qualified and employee volunteers

5) Business progress

Collecting Results

The schedule, scale, and report on the number of projects to be killed

On-site due diligence for original employees and Jimae society

Detail

[p.128] 6) Standards for partner institutions selected

Degree of enthusiasm

Evaluation item

Motivation and Necessity of Project Support

Understanding of self-employment

Self-employed person

Whether or not an education target is formed that is concerned with the sightings and contents of the project

Business suitability

Securing and maintaining/managing the number of target participants

Do you have a plan?

Business environment

Agency

Environmental performance

Is there a suitable place and environment for conducting business, and do you have the personality resources and basis to do business?

Are there any difficulties in performing the regular business continuity education program? Present and future

Possibility of cooperation with the company and employee volunteers

Expected outcomes and effects of project support

2. Operation of the Social Contribution Activity Fund (hereinafter referred to as the Fund)

1) Definition of grade

-The social contribution activity level is a resource for running social contribution activities at the workplace.

Employee funds raised by voluntary participation of employees and the company additionally

It means the total amount of company funds that have appeared.

2) Fundraising and management

Fundraising

The employee fund is raised through voluntary salary deductions and other fundraising activities by employees.

The company fund is created by matching 100x-150x of the monthly salary deduction of employee salary.

Other donations, such as profits from charitable workers, can be converted into the social contribution fund of the relevant workplace.

have.

[p.129] How to manage donations

The management and release of the funds created will create and process a separate account in the business

premises

Enforcement of funds within the business premises, regardless of the plethora of resolutions and amounts of the operating board Social contribution officer of quality and in charge of the Department and officers of the settlement as a whole.

The Fund's accounting and management accounting (cashier) Department, the enforcement of social contribution Transfer to the Department of management.

The disbursement status of the fund should be maintained at a monthly expense.

Company symmetry donations

-Monthly matching amount to the quarantine script as, social contributions personnel to manage.

3) Execution of funds

-The execution of the fund is <1. Can be used for social contribution activities that conform to the definition of social contribution activities.

-In principle, funds raised at each business site are executed within the business site.

-Funds can be executed through the determination of the person in charge of the workplace and the approval of the team leader in charge. However, accounting of the fund is managed by the person responsible for accounting at the workplace.

-If the fund is executed, donation from the relevant organization within 30 days from the date of execution

You must get a receipt and process it.

-Employee funds cannot be used if donations cannot be processed.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>The company publishes a clear statement that it does not conduct lobbying activities. The company receives a score of '1' because it is not clear from publicly available information whether this approach also applies to any lobbying activities conducted in other jurisdictions. There is no publicly available evidence that the company publishes a clear policy to regulate its lobbying activities in other jurisdictions, nor does it publish a statement to indicate that it does not lobby outside Korea.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 11/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.59] 5.2 (Lobbying) 5.2.1 Company's Lobbying. The Company does not conduct any lobbying.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
N/A
Comments
The company publishes a clear statement that it does not conduct lobbying activities, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
N/A
Comments
The company publishes a clear statement that it does not conduct lobbying activities, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality. The company's policy addresses the risks associated with gifts and hospitality given to public officials and that it specifies financial limits and different approval procedures for different types of promotional expenses. In addition, there is evidence that all gifts and hospitality are recorded in a dedicated central register, which is accessible to those responsible for oversight of the process.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 11/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.59] 5.3 Gifts and Hospitality. The Company has a policy which regulates any provision/receipt of gifts and hospitality.</p> <p>(1) Regulation. The Company prohibits any provision/receipt of anything of value, such as presents and others.</p> <p>[p.60] (2) HAS Compliance Implementation Rules. The Company prohibits any form of provision/receipt of any financial interests, entertainment, or convenience in contravention of Korea's 'The Improper Solicitation and Graft Act' of 2016.</p> <p>[...]</p> <p>(3) Any promotional gift. The Company's promotional gift should be in a level acceptable by the social norm and be in compliance with the Korea's 'The Improper Solicitation and Graft Act' of 2016. It should be approved by the Company before it is used, and the cost is managed by the Central Accounting system which is accessible by the manager.</p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 11/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.4] Articles 3 (Definitions)</p> <p>[p.5] 6. "Gift" shall mean anything generally acceptable under the social rules of society, which is provided without any expectation of unlawful or unfair rewards/advantages derived from it;</p> <p>[...]</p> <p>8. Hospitality" shall mean any valuables and/or property gains provided in the event of anniversaries and condolences;</p> <p>[...]</p> <p>10. Valuables" shall generally refer to any and all forms of economic value, including, but not limited to, money, valuable items, gifts, meals and entertainment, reimbursement for travel expenditures, donations (political and charitable), memberships and/or gift cards.</p> <p>[p.6] Chapter 3 Prohibitions</p> <p>Article 6 (Fundamental Prohibitions)</p>

The Management and Employees of the Company shall not directly or indirectly provide, suggest, promise and/or approve of money, Valuables or other Bribery to a Government Officer, Client or other third party (hereinafter collectively referred to as "Government Officials") in order to exert influence, induce, acquire or maintain improper business rewards/advantages.

Article 7 (Exceptions)

1.While providing improper money, Valuables or other tangible and/or intangible rewards/profits in order to induce or in exchange for business advantages and preferential treatment is strictly prohibited, providing specific work-related conveniences to Government Officials for bona fide reasons may be permitted as an exception.

2.If and when the Management and Employees provide Government Officials with business conveniences such as gifts, meals and entertainment, services, and etc. to sign contracts or to promote cordial business relationships, the following principles and procedures shall be observed:

- 1)Business conveniences can only be provided within the boundaries of the highest standards set forth by the laws or the code of conduct in each country;
- 2)Business conveniences can only be provided in accordance with the local culture and customs;
- 3)Business conveniences must be reasonable and proper;
- 4)Business conveniences shall not be provided repeatedly or frequently to a specific Government Official; and
- 5)The expenditures for business conveniences shall be supported by receipts, bills, statements or other appropriate means and shall be accurately recorded in the Company's accounting books.

[p.7] Article 8 (Hospitality)

1.In the event of an anniversary or condolence for a Government Official, giving an insignificant amount of money may be permitted as a way to congratulate or to express condolences under the principles in Article 7.

2.The maximum cap for these types of Hospitality shall be determined by the laws and code of conduct in each country.

3.The expenditures for these types of Hospitality shall be proven whenever possible and shall be properly classified and accounted for in the Company's accounting books, records and accounting documents.

Article 9 (Travel Expenditures)

1)The Management and Employees of the Company may cover Government Official(s)' work-related travel expenditures and such payment(s) shall be made directly to the charging entity (e.g., to the hotel or the travel agency).

2) In case the Management and Employees cover Government Official(s)' travel expenditures, as mentioned above, the following shall be observed:

- 1.The process/method of covering such travel expenditures shall be in compliance with the Anti-Corruption Acts and code of conduct in each country;
- 2.The travel expenditures shall have a direct relevance to the signing and/or performance of a contract and that such travel expenditures must be reasonable and proper, reflecting the actual amounts expended;
- 3.Before covering/reimbursing the travel expenditures, the Management and Employees shall receive a prior approval from the appropriate personnel of the Company;
- 4.The travel expenditures for personal trips of Government Officials shall not be paid for or reimbursed under any circumstance;
- 5.The travel expenditures for the spouse or a family member of Government Officials shall not be paid for or reimbursed under any circumstance; and
- 6.All travel-related expenditures shall be supported by receipts, bills, statements or other evidentiary documents and shall be accurately recorded in the Company's accounting books.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

[https://www.hanwhaerospace.com/about/Amended HAS Anti Bribery and Corruption Report.pdf](https://www.hanwhaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf)

[p.75] HAS Compliance Implementation Rules. The Company prohibits any form of provision/receipt of any financial interests, entertainment, convenience, or promotional gifts in contravention of Korea's 'The Improper Solicitation and Graft Act' of 2016.

[p.76] Any promotional gift, convenience, entertainment. The Company's provision of any promotional gift, convenience, entertainment should be in a level acceptable by the social norm and also be in compliance with the Korea's 'The Improper Solicitation and Graft Act' of 2016. The detailed guideline the Company shared with its employees is as follows:

[...] Management of any gifts received. The Company prohibits its employees from receiving any gifts. However, in an inevitable situation where the employee had to

[p.78] receive the gift, e.g. when the gift was sent via courier or when it was very inappropriate to decline to receive the gift under the business courtesy, the employee had to report it to the H/R and delivery the gift and the title of it to the H/R team. The gift may be put in employee auction, the proceeds of which shall be given to the charity, or the gift may be donated. The detailed guideline is as follows:

거래업체로부터 贈物 收受 時 처리 지침

☐ 거래관계에 있는 업체로부터 불가피하게 선물을 받았을 경우, 즉시 상사에게 보고하고 인사팀에 반납하여 주시기 바랍니다.

※ 거래관계 : 구매 및 영업 거래인, 공사·공무, 외주, 개발용역 업체 등 회사와 거래관계에 있는 모든 협력사 및 고객사를 의미함.

☐ 返納 節次

〈1단계〉 〈2단계〉 〈3단계〉

선물 수수 시 즉시 상사 보고 → 인사팀 동보 반납 → 반납물품 처리

☐ 반납된 贈物은 사내 활용을 지양, 외부단체 기부를 원칙으로하되 불가시 사내 경매 등을 통해 처분 후 기부 - 사업장별 담당자

접수 담당자	
總括(本社)	인사지원 次長 (課長)
1事業場	인사 次長
2事業場	인사 部長
3事業場	인사 部長
TSTO	次長
SSMT	次長
STA	部長
STE	次長

☐ 기타 자세한 내용은 「임직원 가이드라인」을 참고하여 주시기 바랍니다.

- 以 上 -

[p.79]

贈物 處理 指針

12. 8. 11
인 사 팀

☐ 處理 基準

- 임직원 가이드라인을 참조 선물을 되돌려 주고, 물품 등의 선물을 부득이 돌려주기 어려운 상황이라면 직속上司에게 즉시 보고하고 會社(인사팀)에 반납해야 함.
- 기념품, 홍보用 물품과 같이 少額이고 불특정多數에게 일반적으로 제공될 수 있는 선물은 예외
- 會社(인사팀)에 반납된 선물 처리 기준
- 社內 활용을 지양하고 외부단체 등에 기부하는 것을 원칙으로 하되 현물 기증이 어려울 경우 社內 경매, 바자회 등을 통해 물품을 처분하여 이를 기부
- 담당자를 선정, 접수·처리결과 등 수불관리에 철저

<HAS Guide for any gifts received>

[...]

Register of Gifts provided/received. The Company is managing any gifts the Company has provided and received. The person in charge in the H/R team can retrieve the list of the gifts provided by the Company through the Central

Accounting System. The person also manages the list of the gifts received by the Company as per the following guideline.

[p.80]

添附 1

관리대장 양식

去來先 贈物 返納 臺帳



去來先 贈物 返納 臺帳

사명: _____

관리 번호	계수 일대	연달주 소속부서	성명	직급	종목	브랜드	수량	기재선	선물배정	모든 종류	처리현황

[p.81]

添附 2

선물관리 臺帳 添附 2

去來先 贈物・記念品 返納



接受日付	12. 6. 12
管理番號	*****
保管場所	*****
부서	
返納者	
직급	
성명	
종목	Inner-painting
記念品	
브랜드	YUYUANZ.CN
수량	1個
会社名	중국석유화학
贈物者	
姓 名	이종성 송경리

☐ 接收 後 處理現況

- 贈物受領後 1개월 이내(반납일자 2012. 6. 12)에 반납함
- 受領後 1개월 이내(반납일자 2012. 6. 12)에 반납함
- 受領後 1개월 이내(반납일자 2012. 6. 12)에 반납함
- 受領後 1개월 이내(반납일자 2012. 6. 12)에 반납함
- 受領後 1개월 이내(반납일자 2012. 6. 12)에 반납함

SAMPLE

☐ 其他

- 중국석유화학(中國石油化學)에서 제공한 선물을 반납함
- 중국석유화학(中國石油化學)에서 제공한 선물을 반납함
- 중국석유화학(中國石油化學)에서 제공한 선물을 반납함
- 중국석유화학(中國石油化學)에서 제공한 선물을 반납함

<Part of HAS Guide for any gifts received. The list of gifts received is managed by H/R>

6. Supply Chain Management

Question

6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?

Score

2

Comments

Based on publicly available information, there is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships. The company indicates that its Procurement Team is the main body responsible for oversight of the company's supplier base. There is evidence that the company assures itself of the procurement department's involvement on an annual basis.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 11/09/2019

https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.62] 6.

6.1 Establishment of new relationship with a new Supplier. The Procurement Team is responsible for registering, maintaining, and managing the relationship with a new or existing Suppliers.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.82] The Company is checking whether the Procurement Team is involved in any of the Company's selection of new supplier, by the IACS (Internal Accounting Control System) assessment that is performed every year

[p.83]

Subject: 내부회계관리제도 운영평가 수행안내드립니다.

안녕하세요. 회계팀 인사입니다.

11월 28일(목) ~ 29(금)동안 2019년 내부회계관리제도 운영평가 기간입니다.

기존 담당자 연락처/내부회계 설계명가 수행결과/추가 해야할 확인 내용 등을 반영하여 현재기준 RCM을 확정했습니다.(첨부1,2)

<An email indicating the start of the assessment of IACS (Internal Accounting Control System) assessment that is performed every year.>

MM0101	관리기준에 따른 신규 협력업체선정	차장	구매기획팀
MM0102	협력업체 정기평가 결과 검토 및 승인	차장	구매기획팀
MM0103	협력업체 정보 입력/변경에 대한 승인 권한 제	차장	구매기획팀
MM0104	협력업체 정보 인터페이스	사원	구매기획팀
MM0201	구매요청서 검토 및 승인	차장	구매기획팀
MM0202	contract 검토 및 승인	차장	구매기획팀
MM0203	PO 단가 정보 자동 확정	차장	구매기획팀
MM0204	단가 정보 자동 인터페이스	사원	구매기획팀
MM0205	PO 검토 및 승인	차장	구매기획팀

<Items to be checked by the IACS (Internal Accounting Control System) assessment which include "New Supplier Selection" >

Question

6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?

Score

2

Comments

Based on publicly available information, there is evidence that the company has formal procedures to conduct due diligence on all of its suppliers. Due diligence is conducted when engaging with new suppliers. There is evidence indicating that due diligence includes checks on the supplier's ownership and that the company would be willing to terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated. There is some evidence indicating that the highest risk suppliers are subject to enhanced due diligence. In addition, the company's information indicates that such checks are repeated regularly throughout the supplier relationship.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 11/09/2019

https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.62] 6.2

Due Diligence procedure on new Suppliers

(1) Due Diligence procedure on new Suppliers

[p.63] HAS has made the Korean Fair Trade Commission's 4 Major Guidelines, which includes fair transaction with the Suppliers, our internal regulation and is complying with it. Therefore, HAS is making its best efforts to select the Supplier on a fair way, and also, HAS runs a Suppliers Assessment Committee where Suppliers' registration or disqualification is monitored.

[p.64]

부서명	공정위 4대 가이드라인 업무규정	사업본부	프로젝트	개요	작성일	Page
본사				05	17.12.12	1/39

1. 목적

본 기준은 공정한 하도급 거래질서 확립과 하도급법 위반 행위의 사전 예방을 위해 공정거래위원회(이하 '공정위')에서 제정한 4대 가이드라인을 한화테크윈(이하 '당사') 업무 규정화하여 합리적이고 공정한 대·중소기업 거래관행을 구축하는데 그 목적이 있다.

2. 적용 범위

본 기준은 당사의 본사 및 전 사업장에서 하도급 거래 관계에 있는 협력사와 계약 체결, 가격 결정, 협력사의 선정·취소, 서면 발급 및 보존 등의 업무를 수행하는 전 사업본부 구매 부서 업무 전반에 적용한다.

3. 관련 표준

3.1 대·중소기업간 상생협력에 관한 바람직한 계약체결 가이드라인
3.2 협력업체 선정·운용 가이드라인
3.3 하도급거래 내부 심의위원회 설치·운영 가이드라인
3.4 하도급거래에서의 바람직한 서면발급 및 보존에 관한 가이드라인

4. 용어의 정의

본 4대가이드라인 업무규정의 내용과 용어는 공정위에서 제정한 하도급거래 공정화에 관한 법률(이하 '하도급법')과 이에 기초한 4대 가이드라인에 근거한다.

※ 하도급거래 - 원사업자가 수급사업자(중소기업)에게 제조위탁을 하거나 원사업자가 다른 사업자로부터 위탁받은 것을 수급사업자에게 다시 위탁한 경우, 그 위탁을 받은 수급사업자가 위탁받은 것을 제조하여 원사업자에게 납품하고 그 대가를 받는 행위를 말한다.

5. 조직 및 책임과 권한

5.1 상생협력 사무국
공정위에서 4대 가이드라인을 제·개정시 이를 반영하여 당사 업무 규정에 반영한다

5.2 구매팀
구매팀은 등록된 업무 규정에 의거하여 전반적인 구매 업무를 수행함에 있어 공정위 가이드라인에 위배되는 경우가 발생하지 않도록 업무표준에서 정한 사항을 준수한다.

<HAS internal guideline which incorporates Fair Trade Commission's 4 Major Guidelines>

[p.65] (2) Additionally, with regards to Compliance, the following checklist is used for Suppliers.

No.	내용	확인 사항		배점
1	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 미만입니까? (CPI 확인- http://www.transparency.org/country/)	<input type="checkbox"/> YES	<input type="checkbox"/> NO	5
2	업무가 수행될 국가의 부패인식지수(CPI)가 50점 이상입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES	<input type="checkbox"/> NO	2
3	상기 업체(또는 개인)와 최초 거래입니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	5
4	회사가 요구하는 '거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 기본정보가 1개 이상 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	2
5	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 미만입니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	2
6	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 이상입니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	5
7	공무원, 발주처 등으로부터 해당 업체(또는 개인)를 사용하도록 요청을 받거나 지시를 받은 적이 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	10
8	업체(또는 개인)에서 부패방지법령 준수서약을 하는 것을 거부합니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	10
9	업체가 관련지식, 업무성과, 임직원의 전문성보다 정부인맥에 과도하게 의존하거나, 공무원에 대한 친분 또는 영향력을 과도하게 내세우고 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	6
10	업체가 뇌물지급, 뇌물수수 등 부적절한 업무관행에 관한 전력이 있거나 이러한 혐의를 받은 적이 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	15
11	업체가 이면계약을 요구하거나 혹은 불명확한 계약서만을 통해 사업을 수행하려고 합니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	10
12	아래에 해당하는 대금 지급 또는 절차를 요구합니까?	아래5개 항목중 1개이상일경우 3개이상일경우		7점 10점
	- 용역이 제공되는 국가 외 다른 국가에 설립된 제과를 통해 지급을 요청하는 경우	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
	- 회사 외 제과를 통해 지급 요청하는 경우	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
	- 개인 명의의 제과를 통해 대금 지급을 하는 경우	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
	- 수표나 계좌이체 대신 현금 또는 무기명수표로 지급을 요청하는 경우	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
	- 비정상적인 선금금(회사와의 계약에 서명하기 이전이나 대관업무를 진행하기 이전에 커미션 또는 수수료 사전 지급 등) 지급을 요청하는 경우	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
13	유관 정부공무원이 업체를 사실상 지배하고 있거나, 업체에 10% 이상 지분을 보유하고 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	10
14	업체(또는 개인)가 친구 또는 친인척을 고용하도록 종용하거나 기타 다른 혜택을 제공을 요청합니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	3
15	업체(또는 개인)가 본 프로젝트와 관련하여 취득하여야 할 정부 인허가가 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	3
16	업체(또는 개인)가 본 프로젝트(계약)에 참여할 경우 제3자와 컨소시엄을 구성할 시, 당해 컨소시엄 구성원이 정부기관과 관계가 있습니까?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	6

<Checklist for Suppliers regarding Compliance>

[p.77] (2) Strengthened scrutiny based on the result of due diligence. The regulation provides that if the total score earned by the due diligence is high (high risk), then more superior management has to approve the engagement. The regulation also provides Red Flag issues.

제6조 [에이전트 계약]

- ① 제3자와 에이전트 계약(원장계약 포함)을 체결하고자 하는 회사 임직원은 해당업체에 대한 정보를 파악하여 준수규정 제13조 및 제15조에 따른 사전 검증을 실시하고, **【별표 4】 「계약 상대방 실사양식」** 및 **【별표 5】 「계약 리스크 체크리스트」**를 정확히 작성하여 결재권자의 승인을 득하여야 한다. 만약 체크리스트 작성 결과 다음 각 호에 해당하는 경우에는 반드시 결재문서에 해당 내용을 별도로 명시하여야 한다.
 1. 총점이 50점 이상인 경우
 2. 배점이 10점 이상에 해당하는 항목이 1개 이상인 경우
- ② 전항의 사전검증 결과 제3자와 에이전트 계약을 체결하는 경우 회사 임직원은 준수규정 제12조의 준수외무를 충분히 전달하여야 하며, 준수규정 제14조 제1항의 준수사항이 명시된 계약서로 계약을 체결하여야 한다.
- ③ 에이전트를 담당하는 회사 임직원은 에이전트가 계약서상 부패방지조항을 준수하는지 준수규정 제14조 제3항에 따른 확인을 1년에 1회 이상 실시하고 그 결과를 준법지원팀에 제출하여야 한다.
- ④ 전항의 확인시에는 **【별표 6】 「계약 중 모니터링 체크리스트」**도 함께 작성하여야 한다.

<HAS Regulation on engagement of agents, embedded in Compliance Implementation Rules. The first sentence provides that the checklists should be applicable both to third parties (including Suppliers) and Agents>

[p.83] 9.

9.1 Business in countries of high risk of corruption. The Company has an enhanced risk management procedure for any operation in countries identified as at a high risk of corruption.

(1) Identification of high risk countries. In the Due Diligence for agents and third parties checklist, the Company uses TI (Transparency International)'s CPI (Corruption Perceptions Index) to identify high risk countries.

Translation:

[p.64] Business Regulations for the Four Major Guidelines of the Fair Trade Commission

[...]

1.Objective

The purpose of this guideline is to establish reasonable and fair transaction practices for large and small businesses by stipulating the four guidelines established by the Fair Trade Commission as the business regulations of Hanwha Techwon Corporation ('the company') in order to establish a fair subcontracting trade order and to prevent any breach of the subcontracting act.

2. Scope of application

This guideline is applied to a contract agreement with subcontractors in our headquarters and all workplaces, including all business headquarters and department's operations, performing duties such as pricing, cancellation of selection by subcontractor, and issuance and preservation of written contracts.

3. Related guidelines

- 3.1. Guidelines for the Establishment of a Desirable Contract for Win-win Cooperation between Large and Small Businesses
- 3.2. Guidelines for Selecting and Operating suppliers
- 3.3. Guidelines for the Establishment and Operation of the Internal Review Committee for Subcontracting
- 3.4. Guidelines for Desirable Issuance and Preservation of Written Contracts in Subcontracting

4. Definition of terms

The contents and terms of this Business Regulations for the Four Major Guidelines of the Fair Trade Commission are based on Fair Trade Act about Subcontracting ('Subcontracting Act') which was enacted by Fair Trade Commission and Four Major Guidelines which are based on the Act.

- Subcontracting transaction- If the original operator entrusts manufacturing to the business operator (small and medium-sized enterprises) or entrusts the commissions from other bodies to the business operator again, the consigned business operator shall manufacture the consignment and deliver it to the original service provider and receive the reward.

5. Organisational system, responsibilities and rights

5.1. The Office of Win-win Cooperation

The four major guidelines of the Fair Trade Commission shall be reflected in the company's business regulations when it is revised.

5.2. Purchase Teams

The purchasing teams comply with the specifications set forth in the business regulation to prevent any breach of the Fair Trade Commission guidelines in performing the overall procurement service in accordance with the registered business regulations

[p.65] 1. Is the Corruption Perceptions Index (CPI) less than 50 points for the country where the work is to be carried out?

2. Is the Country's Corruption Perceptions Index (CPI) 50 or higher?

3. Is this your first deal with the company (or individual)?

4. Is there more than one basic information, required by our company, that is not disclosed or falsely disclosed without reasonable reasons?

5. Is there less than 6 out of 13 risk-related information about 'trading due diligence information' that is not disclosed or falsely disclosed for no reasonable reason?

6. Is there more than 6 out of 13 risk-related information about 'trading due diligence information' that is not disclosed or falsely disclosed for no reasonable reason?

7. Have you ever been asked or instructed by a public servant, owner, etc. in your capacity at the company (or as an individual)?

8. Does the company (or individuals) refuse to take the oath of compliance with anti-corruption laws?

9. Does the company rely heavily on government connections or over-represent its friendship or influence over civil servants, rather than on the knowledge, performance, and expertise of executives and employees?

10. Has the company had a history of or been accused of improper business practices, such as bribery or bribery?

11. Does the company require a behind-the-scenes contract or intends to carry out the business only through unclear contracts?

12. Does the company require payment or procedures for the following?

- In case payment is requested through an account which is established in a country other than the country in which the service is provided

- In case payment is requested through an account not owned by the company

- In case payment is requested through an account under a personal name

- In case payment is requested by cash or bearer check instead of check or transfer of account transfer

- In case payment is requested for an unusual advance payment (such as advance payment by commission before signing a contract with the company)

13. Are related government officials actually controlling the company or holding more than 10% of the shares in the company?

14. Does the company (or any individuals) urge you to hire friends or relatives or ask for other benefits?

15. Is there a government permit that a company (or individual) should acquire in connection with this project?

16. If a company (or individual) participates in this project (contract), does the member of the consortium relate to a government agency?

[p.77] Article 6 [Agent Agreement]

(1) Company executives and employees who wish to enter into agent contracts (including extended contracts) with third parties must obtain approval from the authorised person by identifying information about the subcontractor and conducting prior verification under Articles 13 and 15 of the compliance regulations and preparing [Annex 4]

Affirmative Practices and [Annex 5] Contract Risk Checklists correctly. If the checklist results in any of the following subparagraphs, it must be stated separately in the approval document:

1. If the total score is 50 or higher

2. If there is more than one item that corresponds to a score of 10 or more.

- ① If an agent enters into a contract with a third party as a result of the prior verification of the preceding paragraph, the company's executives and employees shall fully convey their obligations to comply with

Article 12 of the compliance regulations, and shall conclude the contract with a contract that specifies the compliance of Article 14 paragraph 1 of the compliance regulations.

- ② Company executives and employees in charge of the agent shall conduct at least one check per year pursuant to Article 14 paragraph 3 of the compliance regulations to ensure that the agent complies with the anti-corruption clause in the contract and submit the results to the compliance team.
- ③ When checking the preceding paragraph, the following items must be prepared [Annex 6] Monitoring Checklist During Contracts

<HAS Regulation on engagement of agents, embedded in Compliance Implementation Rules. The first sentence provides that the checklists should be applicable both to third parties (including Suppliers) and Agents>

[2] Company Policy for Compliance with Anti-Corruption Acts (Document)

Accessed 16/09/2019

https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf

[p.5] "Third Party" shall collectively refer to business counterparts, a partner company (e.g., consortiums), or a joint venture that engage in business with the Company, as well as an Agent;

[p.9] Article 15 (Signals of Danger / Red Flags)

1)The Management and Employees of the Company responsible for Third Part(ies) shall be on the lookout for the following list of situations and shall immediately inquire with the compliance & legal affairs team, as these situations are considered to be signals of danger/red flags:

- 1.If the country in which the business is being conducted has been widely known as corrupt-prone country;
- 2.If one particular Third Party has been repeatedly and strongly recommended by a Government Official in the absence of his or her proper qualifications;
- 3.Any time the Third Party rejects or neglects to comply with the FCPA and other Anti-Corruption Acts, including this Policy;
- 4.If the Third Party denies to confirm the requested anti-corruption-related issues, or provides incomplete or inaccurate information thereof;
- 5.If the Third Party refuses to sign an agreement with compliance-related clauses and/or requests to sign a dual agreement for unethical and fraudulent purposes;
- 6.If the Third Party frequently makes political donations in substantial amounts;
- 7.If the Third Party demands to receive payments through an unconventional, complicated method (e.g., demanding a wire transfer to a third country or routing the payment through a third party, or payment in another country, and etc.);
- 8.If the Third Party demands an excessive, unreasonable payment for its work (e.g., demands for unreasonably high fixed payment or contingency fees that are higher than the market rate);
- 9.The Third Party has a family relationship with the concerned Government Officials;
- 10.The Third Party emphasizes its ability to influence Government Officials as its sole merit and capacity; and
- 11.Any other activities that would raise due suspicion.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.87] - 위의 에서 보시다시피, 저희는 13 번 항목에서, 협력사의 최종 소유권자에 대해서도 확인을 합니다.

- 또한 위 결과 상 점수가 낮을 경우, 더 높은 권한을 가진 자가 승인을 해야 하며, 이 경우, 더욱 상세한 조사가 요구됩니다.

- 협력사의 수준에 대해서는 정기적으로 검사하며, 아래 6.3 에서 나와있듯이 위반 사례가 발견될 경우, 계약을 해지할 수 있습니다.

Translation:

- Checklist. As shown in the above checklist, the Company checks the ultimate ownership of the Supplier via the Question no 13 of the checklist.
- Checklist. In case the scores from the Checklist turn out to be lower, the selection of the supplier should be

approved with a person with a higher rank, which means, it should be accompanied by further information gained from further diligence.

- Compliance. The Procurement Team periodically reviews the level of compliance of the suppliers, and as explained in Section 6.3 of this Report, any compliance breach entitles the Company to terminate the contract.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company ensures that all of its suppliers have adequate anti-bribery and corruption policies and procedures in place. The company states that suppliers must adopt a code of conduct equivalent to its own, which covers conflicts of interest, gifts and hospitality and whistleblowing, and prohibits bribery.</p> <p>In addition, the company states that the Policy for Compliance with Anti-Corruption Acts, which prohibits facilitation payment, applies to suppliers. There is evidence that the company ensures this in practice through contractual terms and assures itself of this when onboarding new suppliers and through monitoring rights in its contracts with third parties.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf</p> <p>[p.15] (2) Compliance Team's watch on the industry and new legislation regarding corruption. At the same time, the Compliance & Legal Affairs Team continuously monitor the corruption risk in the industry and new legislation regarding corruption, and assess the relevance of the identified risk to HAS's business. (For example, since the corruption risk related to agents and suppliers was arising in the industry, HAS Compliance Team detected such risk and revised a checkup list for the agent engagement, and made a compliance clause with the contract with the suppliers.)</p> <p>[p.66] 6.3 Anti-bribery and Corruption Pledge by the Suppliers and Training by HAS. Every Supplier that enters into contract with HAS submits a pledge of anti-bribery and corruption before entering into contract. Also, HAS provides training on anti-bribery and corruption to Suppliers. Additionally HAS contract with the Supplier requires Suppliers to adopt and maintain and comply with its own Anti-Corruption and Bribery policy.</p> <p>[...]</p> <p><Pledge of Compliance and Ethics, which addresses anti-bribery and corruption></p> <p>[p.67] <Pledge of Anti-bribery and Corruption, which the Supplier should submit to Defense Acquisition Program Administration (DAPA) of Korea> (2) Anti-bribery and Corruption encouragement and training. The Company encourages the Suppliers anti-bribery and corruption practices, and actively promote such culture by providing a training to the Suppliers. ✎ Message to Suppliers on Anti-corruption and Bribery. The CEO of HAS has sent mails to HAS Suppliers asking for strict compliance with anti-corruption and bribery policy.</p> <p>[p.69] <Attachment to the letter where CEO emphasized anti-bribery and corruption></p> <p>[p.70] HAS's contract with the Supplier HAS's contract with the Supplier requires compliance with its own policy and regulation in relation to anti-bribery and corruption. - The Policy requires that the contract with the Supplier obligates the Supplier to comply with Anti-bribery and corruption laws, and any violation of such laws may result in termination of the contract.</p> <p>[p.71] Furthermore, the contract with the Supplier requires the Supplier to adopt, maintain, and comply with its own code of conduct which satisfies the principles set forth in HAS's Code of Conduct, which at least assures compliance with anti-bribery and corruption laws.</p> <p>"Supplier and any person or entity acting on Supplier's behalf, including but not limited to, ... contractors or subcontractors ... a) do not violate and will not violate any anti-bribery and corruption laws</p>

Supplier shall adopt, maintain, and comply with its own code of conduct which satisfies the principles set forth in HAS Code of Conduct ... to assure Supplier and its contractors and subcontractors comply with... “

[p.72] Any non-compliance with the obligations under this Article ... constitute material breach ... and shall entitle HAS to immediately terminate this Contract”

<Sample provisions of HAS contract with its Suppliers, which requires HAS contractor and also its contractors to comply with anti-bribery and corruption policy>

[p.77] (2) Strengthened scrutiny based on the result of due diligence. The regulation provides that if the total score earned by the due diligence is high (high risk), then more superior management has to approve the engagement. The regulation also provides Red Flag issues.

제6조 【에이전트 계약】

- ① 제3자와 에이전트 계약(연장계약 포함)을 체결하고자 하는 회사 임직원은 해당업체에 대한 정보를 파악하여 준수규정 제13조 및 제15조에 따른 사전 검증을 실시하고, [별표 4] 「계약 상대방 실사양식」 및 [별표 5] 「계약 리스크 체크리스트」를 정확히 작성하여 결재권자의 승인을 득하여야 한다. 만약 체크리스트 작성 결과 다음 각 호에 해당하는 경우에는 반드시 결재문서에 해당 내용을 별도로 명시하여야 한다.
 1. 총점이 50점 이상인 경우
 2. 백점이 10점 이상에 해당하는 항목이 1개 이상인 경우
- ② 전항의 사전검증 결과 제3자와 에이전트 계약을 체결하는 경우 회사 임직원은 준수규정 제12조의 준수위무를 충분히 전달하여야 하며, 준수규정 제14조 제1항의 준수사항이 명시된 계약서로 계약을 체결하여야 한다.
- ③ 에이전트를 담당하는 회사 임직원은 에이전트가 계약서상 부패방지조항을 준수하는지 준수규정 제14조 제3항에 따른 확인을 1년에 1회 이상 실시하고 그 결과를 준법지원팀에 제출하여야 한다.
- ④ 전항의 확인시에는 [별표 6] 「계약 중 모니터링 체크리스트」도 함께 작성하여야 한다.

<HAS Regulation on engagement of agents, embedded in Compliance Implementation Rules. The first sentence provides that the checklists should be applicable both to third parties (including Suppliers) and Agents>

Translation:

[p.77] Article 6 [Agent Agreement]

[...]

(4) Company executives and employees in charge of the agent shall conduct at least one check per year pursuant to Article 14 paragraph 3 of the compliance regulations to ensure that the agent complies with the anti-corruption clause in the contract and submit the results to the compliance team.

[3] Code of Conduct (Document)

Accessed 16/09/2019

https://www.hanwhaerospace.com/about/Code_of_conduct_ENG_Ver2_1.pdf

[p.5] Code 1

1.1 We comply with corporate management laws and corporate regulations and we establish a sound organizational culture through continuous education on corporate ethics. Employees & executives carefully consider potential legal issues before embarking upon tasks. If a potential legal issue is found, employees & executives should seek consultation of the legal team and establish legality.

When employees & executives learn of violation of laws and regulations, employees & executives should immediately report it to the Compliance team without concealment. Absolute confidentiality is guaranteed to the reporter and any disadvantages related to the concerned report are strictly prohibited.

[p.11] 7.3 We cooperate to create a sound organizational environment.
Employees & executives do not make any speeches or engage in behaviors that may adversely affect business or relationships, including discriminative or unfriendly acts, sexual harassment, bribery or violence.

[p.12] Code 8

We do not pursue personal benefits through corporate endeavors and we do not make wrongful relations with stakeholders in a task involving possible conflict of interests.

8.1 We do not pursue personal benefits through corporate tasks.

Employees & executives should not give or receive money, goods or other forms of bribery with the expectation of reciprocity to/from dealers, government branches or other business-related third parties.

Employees & executives should not pursue personal benefits in the course of purchase.

Employees & executives should not trade stocks by using undisclosed information of a company or the third party which has come to know in relations with task performances or dealing. In addition, employees & executives do not provide benefits to the third party by using such information.

8.2 We do not make wrongful relations with stakeholders in a task involving contradiction of interests.

Employees & executives should not make a money transaction or request to stakeholders which may disrupt legitimate task fulfillment.

Employees & executives should not give or receive any money or valuables, except for the typically-accepted souvenir or gifts of nominal value.

Employees & executives should not receive treats or benefits which are not typically accepted. Even in inevitable cases, employees & executives should not engage in activity prohibited by the regulations of the benefit-givers. Employees & executives should not disclose sensitive or family information to the stakeholders whose tasks may be affected by the events.

[2] Company Policy for Compliance with Anti-Corruption Acts (Document)

Accessed 16/09/2019

https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf

[p.4] Article 2 (Applicability)

1.This Policy shall be applicable to all of the management and employees of the Company's domestic and overseas subsidiaries, branches and corporations (hereinafter referred to as "Management and Employees").

2.In addition to the Company's Management and Employees, this Policy shall also apply to the relationships between the Company's business counterparts, agents, consultants, representatives, joint venture companies, partnership companies, as well as their business partners.

3.Additional guidelines may be established for compliance with this Policy depending on the local conditions and laws of each country where the Company's Management, Employees and applicable entities conduct business.

[p.5] "Third Party" shall collectively refer to business counterparts, a partner company (e.g., consortiums), or a joint venture that engage in business with the Company, as well as an Agent;

[p.6] Chapter 3 Prohibitions

Article 6 (Fundamental Prohibitions)

The Management and Employees of the Company shall not directly or indirectly provide, suggest, promise and/or approve of money, Valuables or other Bribery to a Government Officer, Client or other third party (hereinafter collectively referred to as "Government Officials") in order to exert influence, induce, acquire or maintain improper business rewards/advantages.

Article 7 (Exceptions)

1.While providing improper money, Valuables or other tangible and/or intangible rewards/profits in order to induce or in exchange for business advantages and preferential treatment is strictly prohibited, providing specific work-related conveniences to Government Officials for bona fide reasons may be permitted as an exception.

2.If and when the Management and Employees provide Government Officials with business conveniences such as gifts, meals and entertainment, services, and etc. to sign contracts or to promote cordial business relationships, the following principles and procedures shall be observed:

- 1) Business conveniences can only be provided within the boundaries of the highest standards set forth by the laws or the code of conduct in each country;
- 2) Business conveniences can only be provided in accordance with the local culture and customs;
- 3) Business conveniences must be reasonable and proper;
- 4) Business conveniences shall not be provided repeatedly or frequently to a specific Government Official; and
- 5) The expenditures for business conveniences shall be supported by receipts, bills, statements or other appropriate means and shall be accurately recorded in the Company's accounting books.

[p.7] Article 8 (Hospitality)

1. In the event of an anniversary or condolence for a Government Official, giving an insignificant amount of money may be permitted as a way to congratulate or to express condolences under the principles in Article 7.
2. The maximum cap for these types of Hospitality shall be determined by the laws and code of conduct in each country.
3. The expenditures for these types of Hospitality shall be proven whenever possible and shall be properly classified and accounted for in the Company's accounting books, records and accounting documents.

Article 9 (Travel Expenditures)

- 1) The Management and Employees of the Company may cover Government Official(s)' work-related travel expenditures and such payment(s) shall be made directly to the charging entity (e.g., to the hotel or the travel agency).
- 2) In case the Management and Employees cover Government Official(s)' travel expenditures, as mentioned above, the following shall be observed:
 1. The process/method of covering such travel expenditures shall be in compliance with the Anti-Corruption Acts and code of conduct in each country;
 2. The travel expenditures shall have a direct relevance to the signing and/or performance of a contract and that such travel expenditures must be reasonable and proper, reflecting the actual amounts expended;
 3. Before covering/reimbursing the travel expenditures, the Management and Employees shall receive a prior approval from the appropriate personnel of the Company;
 4. The travel expenditures for personal trips of Government Officials shall not be paid for or reimbursed under any circumstance;
 5. The travel expenditures for the spouse or a family member of Government Officials shall not be paid for or reimbursed under any circumstance; and
 6. All travel-related expenditures shall be supported by receipts, bills, statements or other evidentiary documents and shall be accurately recorded in the Company's accounting books

Article 10 (Facilitating Payment)

A Facilitating Payment is a payment made to expedite a routine governmental action that is of non-discretionary acts. The Company prohibits the Management and Employees to make such payment, as it is considered to be bribery in most countries.

[p.8] Chapter 4 Compliance by Third Party

Article 12 (Compliance by Third Party)

The Management and Employees of the Company shall inform/educate the Third Party of the Company's anti-corruption policy such as this Policy and ensure that the Third Party fully comply with the Policy.

[...]

Article 13 (Pre-Verification)

- 1) The Management and Employees of the Company, when dealing with Government Officials through a Third Party, shall proceed with the following verification and due diligence procedures and shall also retain the resulting documents thereof:
 1. The recommender of the Third Party, the relationship with the Government Officials, political donations or any past records of violation of the Anti-Corruption Acts; and
 2. The precise role of the Third Party, payments for the role, and the reasonableness of such payment amounts.

Article 14 (Written Agreement)

1)The Management and Employees of the Company shall include the following terms and conditions in a contract to be executed with a Third Party who conducts business with Government Officials:

1.Representations and warranties by the Third Party warranting to comply with the Anti-Corruption Acts such as the FCPA and this Policy;

2.Roles and responsibilities of the Third Party (including service details and payment terms);

3.Right to termination and damages clause, if and when the Third Party violates the Anti-Corruption Act, this Policy and/ or anti-corruption related provisions within the

[p.9] executed contract; and

4.Right to investigate and audit the Third Party, in case the Third Party has provided or is likely to provide improper gifts to Government Officials.

2)The Management and Employees of the Company shall include all the above-mentioned terms and conditions in the agreement prior to execution and retain such executed agreement for records.

3)The Management and Employees of the Company shall monitor, on a regular basis, whether the Third Party is in compliance with anti-corruption provisions in the executed agreement(s) and shall produce and retain the results.

Article 15 (Signals of Danger / Red Flags)

1)The Management and Employees of the Company responsible for Third Part(ies) shall be on the lookout for the following list of situations and shall immediately inquire with the compliance & legal affairs team, as these situations are considered to be signals of danger/red flags:

1.If the country in which the business is being conducted has been widely known as corrupt-prone country;

2.If one particular Third Party has been repeatedly and strongly recommended by a Government Official in the absence of his or her proper qualifications;

3.Any time the Third Party rejects or neglects to comply with the FCPA and other Anti-Corruption Acts, including this Policy;

4.If the Third Party denies to confirm the requested anti-corruption-related issues, or provides incomplete or inaccurate information thereof;

5.If the Third Party refuses to sign an agreement with compliance-related clauses and/or requests to sign a dual agreement for unethical and fraudulent purposes;

6.If the Third Party frequently makes political donations in substantial amounts;

7.If the Third Party demands to receive payments through an unconventional, complicated method (e.g., demanding a wire transfer to a third country or routing the payment through a third party, or payment in another country, and etc.);

8.If the Third Party demands an excessive, unreasonable payment for its work (e.g., demands for unreasonably high fixed payment or contingency fees that are higher than the market rate);

9.The Third Party has a family relationship with the concerned Government Officials;

10.The Third Party emphasizes its ability to influence Government Officials as its sole merit and capacity; and

11.Any other activities that would raise due suspicion.

[p.11] Chapter 9 Protection of Whistleblowers and Punishment Guidelines for Violators

Article 23 (Internal Whistleblower Protection and Rewarding)

1.The Company shall exercise the utmost care to ensure the anonymity of the Management and Employees who reported a suspicious activity or an actual violation of the Anti- Corruption Acts and/or this Policy, while ensuring that no disadvantage is given at work to those Management and Employees reporting such incident.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
2
Comments
Based on publicly available information, there is evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain. The company indicates that its suppliers ensure that their own subcontractors adhere to its anti-bribery and corruption policy through contractual requirements.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf</p> <p>[p.71] Furthermore, the contract with the Supplier requires the Supplier to adopt, maintain, and comply with its own code of conduct which satisfies the principles set forth in HAS's Code of Conduct, which at least assures compliance with anti-bribery and corruption laws.</p> <p>"Supplier and any person or entity acting on Supplier's behalf, including but not limited to, ... contractors or subcontractors ... a) do not violate and will not violate any anti-bribery and corruption laws ...</p> <p>...</p> <p>Supplier shall adopt, maintain, and comply with its own code of conduct which satisfies the principles set forth in HAS Code of Conduct ... to assure Supplier and its contractors and subcontractors comply with... "</p> <p>[p.72] 6.4 Supplier's application of its anti-bribery and corruption policy to its subcontractors. As seen in the above Section 6.3, HAS requires Suppliers to adopt, maintain, and comply with its own anti-bribery and corruption policy. And the contract with the Supplier requires that Supplier requires its own suppliers and subcontractors to adopt such policy.</p> <p>☞ HAS contract with Suppliers include: "Supplier and any person or entity acting on Supplier's behalf, including but not limited to, ... contractors or subcontractors ... a) do not violate and will not violate any anti-bribery and corruption laws ...</p> <p>...</p> <p>Supplier shall adopt, maintain, and comply with its own code of conduct which satisfies the principles set forth in HAS Code of Conduct ...to assure Supplier and its contractors and subcontractors comply with... Any non-compliance with the obligations under this Article ... constitute material breach ... and shall entitle HAS to immediately terminate this Contract"</p> <p><Sample provisions of HAS contract with its Suppliers, which requires HAS contractor and also its contractors to comply with anti-bribery and corruption policy></p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
1
Comments
<p>The company provides some information on its ethical investigations relating to suppliers. There is evidence that the company undertook one investigation into a supplier in 2015 which led to corrective measures, and indicates that it has not conducted further investigations.</p> <p>The company receives a score of '1' because there is no evidence that it provides further data on its investigations, nor is it clear that the information provided represents all supplier incidents and allegations.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.73] 6.5 Investigation in relation to Suppliers. HAS does not publish any result of investigation upon any of its Suppliers.</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.85] Investigation in relation to Suppliers. The results of investigation upon any of the Company's Suppliers include the following case: - (2015) HAS's Supplier's use of forged documents case > Details from the media</p> <div style="border: 1px solid red; padding: 5px; margin: 10px 0;"> <p>방사청 관계자는 "2015년과 지난해 한화에어로가 연루됐던 시험성적표 위·변조 건은 모두 협력업체에 의해 발생했지만, 그 시점이 규정 개정 이전이냐 이후냐에 따라 (방사청) 처분이 달라진 사례"라며 "1·2심에서 패소해 3심 결과까지 기대할 수 없었던 점도 있겠지만, 지난해 같은 건을 두고 제재를 면했던 점이 취하 결정을 내리는데 고려사항이 됐을 것"이라고 말했습니다.</p> </div> <p style="color: red; text-align: center;"><News article dealing with HAS's supplier case. From the below link></p> <p>> As stated in the above media article, HAS's investigation found that certain suppliers turned out to be engaged in using forged documents in relation to quality. Appropriate measures were taken accordingly.</p>

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a clear policy and procedure to control the use of agents which addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. As part of this policy, the company commits to establishing and verifying that the use of an agent is, in each case, necessary to perform a legitimate business function. There is evidence that this policy also applies to subsidiaries and joint ventures.</p>
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.15] (2) Compliance Team's watch on the industry and new legislation regarding corruption. At the same time, the Compliance & Legal Affairs Team continuously monitor the corruption risk in the industry and new legislation regarding corruption, and assess the relevance of the identified risk to HAS's business. (For example, since the corruption risk related to agents and suppliers was arising in the industry, HAS Compliance Team detected such risk and revised a checkup list for the agent engagement, and made a compliance clause with the contract with the suppliers.)</p> <p>[p.74] 7 7.1.1 Company's engagement of agents. The Company has a clear policy applicable to engagement of agents. (1) Regulation on engagement of agents. It specifically provides that the Compliance Team should provide legal guidance on use of agents and on the contract the Company enters into with the agent to prevent any legal problems. And different teams have different roles to play in verifying the need and legitimate purpose of engaging the agents. Further it provides that the agent's compliance with anti-bribery laws should be checked once a year.</p> <div style="border: 1px solid black; padding: 10px;"> <p>제6조 【에이전트 계약】</p> <p>① 제3자와 에이전트 계약(연장계약 포함)을 체결하고자 하는 회사 임직원은 해당업체에 대한 정보를 파악하여 준수규정 제13조 및 제15조에 따른 사전 검증을 실시하고, [별표 4] 「계약 상대방 실사양식」 및 [별표 5] 「계약 리스크 체크리스트」를 정확히 작성하여 결재권자의 승인을 득하여야 한다. 만약 체크리스트 작성 결과 다음 각 호에 해당하는 경우에는 반드시 결재문서에 해당 내용을 별도로 명시하여야 한다.</p> <ol style="list-style-type: none"> 1. 총점이 50점 이상인 경우 2. 배점이 10점 이상에 해당하는 항목이 1개 이상인 경우 <p>② 전항의 사전검증 결과 제3자와 에이전트 계약을 체결하는 경우 회사 임직원은 준수규정 제12조의 준수 의무를 충분히 전달하여야 하며, 준수규정 제14조 제1항의 준수사항이 명시된 계약서로 계약을 체결하여야 한다.</p> <p>③ 에이전트를 담당하는 회사 임직원은 에이전트가 계약서상 부패방지조항을 준수하는지 준수규정 제14조 제3항에 따른 확인을 1년에 1회 이상 실시하고 그 결과를 준법지원팀에 제출하여야 한다.</p> <p>④ 전항의 확인시에는 [별표 6] 「계약 중 모니터링 체크리스트」도 함께 작성하여야 한다.</p> </div>

[p.75]

<HAS Regulation on engagement of agents, embedded in Compliance Implementation Rules>



표준명	파트너 관리 업무 규정	표준번호	개정	작성일	Page
<p>1. 목 적 본 기법은 한화에어로스페이스(주) (이하 "당사"라 한다)와 거래하게 될 거래선에 대해 등록 절차 및 거래를 위한 평가 업무를 규정하는데 그 목적이 있다.</p> <p>2. 적용 범위 본 기법은 당사에서 신규거래를 필요로 하는 업체를 거래선으로 등록하는 제반업무와 현재 거래 중인 거래선에 적용한다.</p> <p>3. 관련 표준 (해당 없음)</p> <p>4. 용어의 정의 4.1 거래선 : 당사에서 규정한 자격 요건을 충족하는 업체로서, 당사가 공급하는 제품을 당사로부터 직접 구매하여 제 3자에게 판매 또는 설치를 하는 업체를 말한다.</p> <p>5. 조직 및 책임과 권한 5.1 영업팀 : 거래선 후보자에 대해 평가하고 당사의 공식적인 거래선으로 선정할 수 있는 권한을 갖는다. 거래선을 특성시키고 당사 전략에 맞게 업무를 할 수 있도록 관리하는 책임을 갖는다.</p> <p>5.2 마케팅기획팀 : 영업그룹에서 요청한 특정 국가 및 지역에 대해 시장 조사 및 상권 조사의 책임을 갖는다.</p> <p>5.3 영업기획팀 : 영업그룹에서 신규거래선을 MDM에 등록 후 GSCM을 통해서 주문 및 수요예측 수량을 입력할 수 있도록 시스템에 등록하는 책임을 갖는다.</p> <p>5.4 준법지원팀 : 신규 거래선과 계약시 법적 문제가 발생하지 않도록 계약서를 작성/검토하여 영업그룹에 제공하는 책임을 갖는다. 거래선과 거래종단 시 법적 문제가 발생하지 않도록 영업그룹에 법률자문 및 정리 가이드를 제공한다.</p>					

<HAS Regulation on engagement of agents, sometimes called as partners or intermediaries>

Translation:

[p.74] Article 6 [Agent Agreement]

- ① Company executives and employees who wish to enter into agent contracts (including extended contracts) with third parties must obtain approval from the authorised person by identifying information about the subcontractor and conducting prior verification under Articles 13 and 15 of the compliance regulations and preparing [Annex 4] Affirmative Practices and [Annex 5] Contract Risk Checklists correctly. If the checklist results in any of the following subparagraphs, it must be stated separately in the approval document:
 1. If the total score is 50 or higher
 2. If there is more than one item that corresponds to a score of 10 or more.
- ② If an agent enters into a contract with a third party as a result of the prior verification of the preceding paragraph, the company's executives and employees shall fully convey their obligations to comply with Article

12 of the compliance regulations, and shall conclude the contract with a contract that specifies the compliance of Article 14 paragraph 1 of the compliance regulations.

- ③ Company executives and employees in charge of the agent shall conduct at least one check per year pursuant to Article 14 paragraph 3 of the compliance regulations to ensure that the agent complies with the anti-corruption clause in the contract and submit the results to the compliance team.
- ④ When checking the preceding paragraph, the following items must be prepared [Annex 6] Monitoring Checklist During Contracts

[p.75] Business Regulations for Partner Management

[...]

1. Objective

These regulations aim to define evaluation works for transactions and registration process for collaborative companies which will deal with the Hanwha Aerospace('our company').

2. Applications

These regulations are applied to the current collaborative companies and related works to register companies which need to new transactions with our company as new collaborative companies.

3. Related Regulations

(N/A)

4. Definition of terms

4.1 collaborative companies: The companies, which meet the qualifications set forth by our company, directly purchase products from our company to sell or install to third parties,

5. Organisational system, responsibilities and rights

5.1. Sales Team: Has the right to assess the candidates for contractor and to select as our official collaborative companies. Our company is responsible for nurturing the collaborative companies and managing them so that they can operate in accordance with our company's strategy.

5.2. Marketing Planning Team: Has responsibilities for market research and merchant survey of specific countries and regions when the Sales Team requests.

5.3. Sales Planning Team: Has responsibilities to register the new collaborative companies at the MDM and then register it with the system so that the input quantity of orders and demand through the GSCM.

5.4. Compliance Support Team: Has responsibilities for preparing/reviewing contracts and providing it to the Sales Team so that no legal problems arise with the contract with the new collaborative companies. Provide legal advice and guides to the Sales Team in order to prevent legal problems from occurring in the event of ending contracts with collaborative companies.

[2] Company Policy for Compliance with Anti-Corruption Acts (Document)

Accessed 16/09/2019

https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf

[p.4] Article 2 (Applicability)

1.This Policy shall be applicable to all of the management and employees of the Company's domestic and overseas subsidiaries, branches and corporations (hereinafter referred to as "Management and Employees").

2.In addition to the Company's Management and Employees, this Policy shall also apply to the relationships between the Company's business counterparts, agents, consultants, representatives, joint venture companies, partnership companies, as well as their business partners.

3.Additional guidelines may be established for compliance with this Policy depending on the local conditions and laws of each country where the Company's Management, Employees and applicable entities conduct business.

[p.5] "Third Party" shall collectively refer to business counterparts, a partner company (e.g., consortiums), or a joint venture that engage in business with the Company, as well as an Agent;

[p.8] Chapter 4 Compliance by Third Party

Article 12 (Compliance by Third Party)

The Management and Employees of the Company shall inform/educate the Third Party of the Company's anti-corruption policy such as this Policy and ensure that the Third Party fully comply with the Policy.

[...]

Article 13 (Pre-Verification)

1) The Management and Employees of the Company, when dealing with Government Officials through a Third Party, shall proceed with the following verification and due diligence procedures and shall also retain the resulting documents thereof:

- 1.The recommender of the Third Party, the relationship with the Government Officials, political donations or any past records of violation of the Anti-Corruption Acts; and
- 2.The precise role of the Third Party, payments for the role, and the reasonableness of such payment amounts.

Article 14 (Written Agreement)

1)The Management and Employees of the Company shall include the following terms and conditions in a contract to be executed with a Third Party who conducts business with Government Officials:

- 1.Representations and warranties by the Third Party warranting to comply with the Anti-Corruption Acts such as the FCPA and this Policy;
- 2.Roles and responsibilities of the Third Party (including service details and payment terms);
- 3.Right to termination and damages clause, if and when the Third Party violates the Anti-Corruption Act, this Policy and/ or anti-corruption related provisions within the executed contract; and

[p.9] 4.Right to investigate and audit the Third Party, in case the Third Party has provided or is likely to provide improper gifts to Government Officials.

2)The Management and Employees of the Company shall include all the above-mentioned terms and conditions in the agreement prior to execution and retain such executed agreement for records.

3)The Management and Employees of the Company shall monitor, on a regular basis, whether the Third Party is in compliance with anti-corruption provisions in the executed agreement(s) and shall produce and retain the results.

Article 15 (Signals of Danger / Red Flags)

1)The Management and Employees of the Company responsible for Third Part(ies) shall be on the lookout for the following list of situations and shall immediately inquire with the compliance & legal affairs team, as these situations are considered to be signals of danger/red flags:

- 1.If the country in which the business is being conducted has been widely known as corrupt-prone country;
- 2.If one particular Third Party has been repeatedly and strongly recommended by a Government Official in the absence of his or her proper qualifications;
- 3.Any time the Third Party rejects or neglects to comply with the FCPA and other Anti-Corruption Acts, including this Policy;
- 4.If the Third Party denies to confirm the requested anti-corruption-related issues, or provides incomplete or inaccurate information thereof;
- 5.If the Third Party refuses to sign an agreement with compliance-related clauses and/or requests to sign a dual agreement for unethical and fraudulent purposes;
- 6.If the Third Party frequently makes political donations in substantial amounts;
- 7.If the Third Party demands to receive payments through an unconventional, complicated method (e.g., demanding a wire transfer to a third country or routing the payment through a third party, or payment in another country, and etc.);
- 8.If the Third Party demands an excessive, unreasonable payment for its work (e.g., demands for unreasonably high fixed payment or contingency fees that are higher than the market rate);
- 9.The Third Party has a family relationship with the concerned Government Officials;
- 10.The Third Party emphasizes its ability to influence Government Officials as its sole merit and capacity; and
- 11.Any other activities that would raise due suspicion.

Question

7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?

Score

2

Comments

Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging with its third parties and agents. There is evidence that due diligence is repeated when there is a significant change in the business relationship. There is some evidence to indicate that agents and the highest risk intermediaries are subject to enhanced due diligence.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 16/09/2019

https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.75] 7.1.2 Company's Due Diligence on engagement of agents and intermediaries. The Company conducts due diligence on agents and intermediaries before engaging them.

[p.76] Due Diligence Checklist

No.	내용	확인 사항	배점
1	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 미만입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
2	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 이상입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
3	상기 업체(또는 개인)와 최초 거래입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
4	회사가 요구하는 '거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 기본정보가 1개 이상 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
5	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 미만입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
6	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 이상입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
7	공무원, 발주처 등으로부터 해당 업체(또는 개인)를 사용하도록 요청을 받거나 지시를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
8	업체(또는 개인)에서 부패방지법령 준수서약을 하는 것을 거부합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
9	업체가 관련지식, 업무성과, 임직원의 전문성보다 정부인맥에 과도하게 의존하거나, 공무원에 대한 친분 또는 영향력을 과도하게 내세우고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6
10	업체가 뇌물지급, 뇌물수수 등 부적절한 업무관행에 관한 전력이 있거나 이러한 혐의를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	15

11	업체가 이면계약을 요구하거나 혹은 불명확한 계약서만을 통해 사업을 수행하려고 하나?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
12	아래에 해당하는 대금 지급 또는 절차를 요구합니까?	아래5개항목중 1개이상일경우 3개이상일경우	7점 10점
	- 용역이 제공되는 국가 외 다른 국가에 설립된 제과를 통해 지급을 요청하는 경우	<input type="checkbox"/> YES <input type="checkbox"/> NO	
	- 회사 외 제과를 통해 지급 요청하는 경우	<input type="checkbox"/> YES <input type="checkbox"/> NO	
	- 개인 명의의 제과를 통해 대금 지급을 하는 경우	<input type="checkbox"/> YES <input type="checkbox"/> NO	
	- 수수료나 제과이체 대신 현금 또는 무기명수표로 지급을 요청하는 경우	<input type="checkbox"/> YES <input type="checkbox"/> NO	
	- 비정상적인 선금금 (회사와의 계약에 서명하기 이전이나 대관업무 를 진행하기 이전에 커미션 또는 수수료 사전 지급 등) 지급을 요 청하는 경우	<input type="checkbox"/> YES <input type="checkbox"/> NO	
13	유관 정부공무원이 업체를 사실상 지배하고 있거나, 업체에 10% 이상 지분을 보유하고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
14	업체(또는 개인)가 친구 또는 친인척을 고용하도록 종용하거나 기타 다른 혜택을 제공을 요청합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
15	업체(또는 개인)가 본 프로젝트와 관련하여 취득하여야 할 정부 인허가가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
16	업체(또는 개인)가 본 프로젝트(계약)에 참여할 경우 제3자와 컨소 시엄을 구성할 시, 당해 컨소시엄 구성원이 정부기관과 관계가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6

<HAS Due Diligence Checklist on agents and intermediaries>

[p.77] >This due diligence is conducted again when any significant change in the business relationship occurs or any significant change on the side of the agents is noticed.

(2) Strengthened scrutiny based on the result of due diligence.

The regulation provides that if the total score earned by the due diligence is high (high risk), then more superior management has to approve the engagement. The regulation also provides Red Flag issues.

제6조 【에이전트 계약】

- ① 제3자와 에이전트 계약(연장계약 포함)을 체결하고자 하는 회사 임직원은 해당업체에 대한 정보를 파악하여 준수규정 제13조 및 제15조에 따른 사전 검증을 실시하고, **【별표 4】「계약 상대방 실사양식」** 및 **【별표 5】「계약 리스크 체크리스트」**를 정확히 작성하여 결재권자의 승인을 득하여야 한다. 만약 체크리스트 작성 결과 다음 각 호에 해당하는 경우에는 반드시 결재문서에 해당 내용을 별도로 명시하여야 한다.
 1. 총점이 50점 이상인 경우
 2. 배점이 10점 이상에 해당하는 항목이 1개 이상인 경우
- ② 전항의 사전검증 결과 제3자와 에이전트 계약을 체결하는 경우 회사 임직원은 준수규정 제12조의 준수위무를 충분히 전달하여야 하며, 준수규정 제14조 제1항의 준수사항이 명시된 계약서로 계약을 체결하여야 한다.
- ③ 에이전트를 담당하는 회사 임직원은 에이전트가 계약서상 부패방지조항을 준수하는지 준수규정 제14조 제3항에 따른 확인을 1년에 1회 이상 실시하고 그 결과를 준법지원팀에 제출하여야 한다.
- ④ 전항의 확인시에는 **【별표 6】「계약 중 모니터링 체크리스트」**도 함께 작성하여야 한다.

<HAS Regulation on engagement of agents, embedded in Compliance Implementation Rules. The first sentence provides that the checklists should be applicable both to third parties (including Suppliers) and Agents>

[p.78]

제15조 (위험신호)

제3자를 담당하는 회사 임직원은 다음 항목들을 유의해야 하며 위험신호가 발견되거나 제3자와 관련된 우려 또는 질의사항이 있는 경우 준법지원팀에 즉시 문의하여야 한다.

1. 사업이 진행되는 대상 국가의 부패사태가 만연한 것으로 알려진 경우
2. 제3자가 공무원 등에 의해 특별히 추천된 경우
3. 제3자가 FCPA를 비롯한 각국의 부패방지법 또는 본 규정의 준수를 거부하거나 해태하는 경우
4. 제3자가 부패방지 관련하여 확인을 요청하는 사항에 대하여 거부하거나 불완전 또는 부정확한 정보를 제공하는 경우
5. 제3자가 서면계약 체결을 거부하거나 이면계약을 요구하는 경우
6. 제3자가 고액의 정치적 기부를 자주 하는 경우
7. 제3자에게 지급하는 비용에 대하여 복잡한 방법을 요구하는 경우(예컨대, 제3국 계좌로 송금요구, 제3자를 경유하여 송금요구, 다른 국가에서의 지급 요구 등)
8. 제3자 업무에 대하여 과도한 보수를 요구하는 경우(통상의 비용보다 고액의 고정보수 또는 성공보수 요구 등)
9. 제3자가 해당 공무원 등과 가족관계 또는 거래관계가 있는 경우
10. 제3자가 공무원 등에 대한 영향력을 유일한 능력으로 내세우는 경우
11. 기타 우려되는 사항이 발생한 경우

<Regulation applicable to agents and suppliers, Article 15, noted Red Flag examples in engagement with agents>

[p.83] 9.

9.1 Business in countries of high risk of corruption. The Company has an enhanced risk management procedure for any operation in countries identified as at a high risk of corruption.

(1) Identification of high risk countries. In the Due Diligence for agents and third parties checklist, the Company uses TI (Transparency International)'s CPI (Corruption Perceptions Index) to identify high risk countries.

Translation:

[p.76] 1. Is the Corruption Perceptions Index (CPI) less than 50 points for the country where the work is to be carried out?

2. Is the Country's Corruption Perceptions Index (CPI) 50 or higher?

3. Is this your first deal with the company (or individual)?

4. Is there more than one basic information, required by our company, that is not disclosed or falsely disclosed without reasonable reasons?

5. Is there less than 6 out of 13 risk-related information about 'trading due diligence information' that is not disclosed or falsely disclosed for no reasonable reason?

6. Is there more than 6 out of 13 risk-related information about 'trading due diligence information' that is not disclosed or falsely disclosed for no reasonable reason?

7. Have you ever been asked or instructed by a public servant, owner, etc. in your capacity at the company (or as an individual)?

8. Does the company (or individuals) refuse to take the oath of compliance with anti-corruption laws?

9. Does the company rely heavily on government connections or over-represent its friendship or influence over civil servants, rather than on the knowledge, performance, and expertise of executives and employees?

10. Has the company had a history of or been accused of improper business practices, such as bribery or bribery?

11. Does the company require a behind-the-scenes contract or intends to carry out the business only through unclear contracts?

12. Does the company require payment or procedures for the following?

- In case payment is requested through an account which is established in a country other than the country in which the service is provided

- In case payment is requested through an account not owned by the company

- In case payment is requested through an account under a personal name

- In case payment is requested by cash or bearer check instead of check or transfer of account transfer

- In case payment is requested for an unusual advance payment (such as advance payment by commission before before signing a contract with the company)

13. Are related government officials actually controlling the company or holding more than 10% of the shares in the company?
14. Does the company (or any individuals) urge you to hire friends or relatives or ask for other benefits?
15. Is there a government permit that a company (or individual) should acquire in connection with this project?
16. If a company (or individual) participates in this project (contract), does the member of the consortium relate to a government agency?

[p.77] Article 6 [Agent Agreement]

- ①. Company executives and employees who wish to enter into agent contracts (including extended contracts) with third parties must obtain approval from the authorised person by identifying information about the subcontractor and conducting prior verification under Articles 13 and 15 of the compliance regulations and preparing [Annex 4] Affirmative Practices and [Annex 5] Contract Risk Checklists correctly. If the checklist results in any of the following subparagraphs, it must be stated separately in the approval document:
 1. If the total score is 50 or higher
 2. If there is more than one item that corresponds to a score of 10 or more.
- ②. If an agent enters into a contract with a third party as a result of the prior verification of the preceding paragraph, the company's executives and employees shall fully convey their obligations to comply with Article 12 of the compliance regulations, and shall conclude the contract with a contract that specifies the compliance of Article 14 paragraph 1 of the compliance regulations.
- ③. Company executives and employees in charge of the agent shall conduct at least one check per year pursuant to Article 14 paragraph 3 of the compliance regulations to ensure that the agent complies with the anti-corruption clause in the contract and submit the results to the compliance team.
- ④. When checking the preceding paragraph, the following items must be prepared [Annex 6] Monitoring Checklist During Contracts

[p.78] Article 15 (Danger Signal)

Company executives and employees in charge of third parties should pay attention to the following situations and immediately contact the compliance team if a risk signal is found or if there are any concerns related to a third party:

1. In case it is known that widespread corruption in the country in which the project is under way;
2. In case a third party is specially recommended by a civil servant, etc.
3. In case a third party refuses to comply with or abet FCPA and other national anti-corruption laws or regulations.
4. In case a third party refuses or provides incomplete or inaccurate information about requests for confirmation in relation to anti-corruption.
5. In case a third party refuses to sign a written contract or requires a back contract.
6. In case a third party often makes large political donations.
7. In case complex methods are required for the cost of payment to a third party (e.g., a request for remittance to a third country account, a request for remittance via another third party, a demand for payment in another country, etc.)
8. In case of excessive remuneration required for the work of a third party (requires higher fee than usual or additional fair for a success, etc.),
9. In case a third party has a family or business relationship with the public official who are involved in the project,
10. In case a third party presents its influence on a public official, etc. as its sole ability,
11. In case other concerns arise

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

[https://www.hanwhaerospace.com/about/Amended HAS Anti Bribery and Corruption Report.pdf](https://www.hanwhaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf)

[p.99] (2) Strengthened scrutiny based on the result of due diligence. The regulation provides that if the total score earned by the due diligence is high (high risk), then more superior management has to approve the engagement, which means, the approval has to be supported with further information resulting from strengthened investigation. The regulation also provides Red Flag issues.

Question

7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?

Score

0

Comments

There is evidence that the company asks agents to disclose their ownership to the company.

However, there is no clear evidence the company commits to independently verify the beneficial ownership information of high risk agents. While the company states that it can terminate contracts in circumstances where the ownership of the agent raises a compliance issue, there is no clear evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries if beneficial ownership cannot be established.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 16/09/2019

https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.75] Company conducts due diligence on agents and intermediaries before engaging them.

[p.76] Due Diligence Checklist

No.	내용	확인사항	배점
1	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 미만입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
2	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 이상입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
3	상기 업체(또는 개인)와 최초 거래입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
4	회사가 요구하는 '거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 기본정보가 1개 이상 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
5	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 미만입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
6	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 이상입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
7	공무원, 발주처 등으로부터 해당 업체(또는 개인)를 사용하도록 요청을 받거나 지시를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
8	업체(또는 개인)에서 부패방지법령 준수서약을 하는 것을 거부합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
9	업체가 관련지식, 업무성과, 임직원의 전문성보다 정부인맥에 과도하게 의존하거나, 공무원에 대한 친분 또는 영향력을 과도하게 내세우고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6
10	업체가 뇌물지급, 뇌물수수 등 부적절한 업무관행에 관한 권력이 있거나 이러한 협의를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	15
11	업체가 이면계약을 요구하거나 혹은 불명확한 계약서만을 통해 사업을 수행하려고 합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
12	아래에 해당하는 대금 지급 또는 절차를 요구합니까? - 용역이 제공되는 국가 외 다른 국가에 설립된 제3자를 통해 지급을 요청하는 경우 - 회사 외 제3자를 통해 지급을 요청하는 경우 - 개인 명의의 계좌를 통해 대금 지급을 하는 경우 - 수표나 계좌이체 대신 현금 또는 무기명수표로 지급을 요청하는 경우 - 비정상적인 선금금 (회사와의 계약에 서명하기 이전이나 대금업무를 진행하기 이전에 커미션 또는 수수료 사전 지급 등) 지급을 요청하는 경우	아래5개항목중 1개이상일경우 3개이상일경우 <input type="checkbox"/> YES <input type="checkbox"/> NO	7점 10점
13	유관 정부공무원이 업체를 사실상 지배하고 있거나, 업체에 10% 이상 지분을 보유하고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
14	업체(또는 개인)가 친구 또는 친인척을 고용하도록 종용하거나 기타 다른 혜택을 제공을 요청합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
15	업체(또는 개인)가 본 프로젝트와 관련하여 취득하여야 할 정부 인허가가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
16	업체(또는 개인)가 본 프로젝트(계약)에 참여할 경우 제3자와 컨소시엄을 구성할 시, 당해 컨소시엄 구성원이 정부기관과 관계가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6

<HAS Due Diligence Checklist on agents and intermediaries>

[p.78] 7.1.3 As shown in the above checklist, the Company exerts its best efforts to identify any ultimate beneficial ownership of the agents.

Translation:

[p.76] 13. Are related government officials actually controlling the company or holding more than 10% of the shares in the company?

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

[https://www.hanwhaaerospace.com/about/Amended HAS Anti Bribery and Corruption Report.pdf](https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf)

[p.100] As shown in the Question No 13 in the Checklist of Section 7.1.2 (1) of this Report, the Company intends to identify the ultimate ownership of the company. In addition, the Company requires the following information from the agent before entering into the contract, and if the name of the account holder does not match the name of the company, the contract is not made. These are all part of the Company's efforts to identify the ultimate owner of the agent.

[p.101] Furthermore, even in the midst of performance of the contract with the agent, if the Company finds that the ultimate owner of the agent raises a compliance issue, the Company can terminate the contract with the agent as set forth in Section 7.1.4 of this Report.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
Based on publicly available information, there is evidence that the company's anti-bribery and corruption policy applies to all agents and intermediaries acting for or on behalf of the company. The company indicates that agents and intermediaries are subject to anti-bribery and corruption clauses in their contracts, which include audit and termination rights to detect, control and prevent breaches.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.78] 7.1.4 HAS's Policy applicable to its agents. HAS's anti-bribery and corruption Policy specifically provides that this Policy is equally applicable to its agents. And the contract with the agents has an anti-bribery clause.</p> <p>[...]</p> <p>(2) Contract with agents. The contract with the agents requires compliance with anti-bribery and corruption laws, and any violation of such laws will result in termination of the contract.</p> <p>[p.80] "[Agent] and any person or entity acting on [Agent]'s behalf, including but not limited to, ... contractors or subcontractors ... a) do not violate and will not violate any anti-bribery and corruption laws ... Any non-compliance with the obligations under this Article ... constitute material breach ... and shall entitle HAS to immediately terminate this Contract"</p> <p><Sample provisions of HAS contract with its Suppliers, which requires HAS contractor and also its contractors to comply with anti-bribery and corruption policy></p> <p>[2] Company Policy for Compliance with Anti-Corruption Acts (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf [p.4] Article 2 (Applicability)</p> <p>1.This Policy shall be applicable to all of the management and employees of the Company's domestic and overseas subsidiaries, branches and corporations (hereinafter referred to as "Management and Employees"). 2.In addition to the Company's Management and Employees, this Policy shall also apply to the relationships between the Company's business counterparts, agents, consultants, representatives, joint venture companies, partnership companies, as well as their business partners. 3.Additional guidelines may be established for compliance with this Policy depending on the local conditions and laws of each country where the Company's Management, Employees and applicable entities conduct business.</p> <p>[p.5] "Third Party" shall collectively refer to business counterparts, a partner company (e.g., consortiums), or a joint venture that engage in business with the Company, as well as an Agent;</p> <p>[p.8] Chapter 4 Compliance by Third Party Article 12 (Compliance by Third Party) The Management and Employees of the Company shall inform/educate the Third Party of the Company's anti-corruption policy such as this Policy and ensure that the Third Party fully comply with the Policy.</p> <p>[...]</p> <p>Article 14 (Written Agreement)</p>

1)The Management and Employees of the Company shall include the following terms and conditions in a contract to be executed with a Third Party who conducts business with Government Officials:

1.Representations and warranties by the Third Party warranting to comply with the Anti-Corruption Acts such as the FCPA and this Policy;

2.Roles and responsibilities of the Third Party (including service details and payment terms);

3.Right to termination and damages clause, if and when the Third Party violates the Anti-Corruption Act, this Policy and/ or anti-corruption related provisions within the

[p.9] executed contract; and

4.Right to investigate and audit the Third Party, in case the Third Party has provided or is likely to provide improper gifts to Government Officials.

2)The Management and Employees of the Company shall include all the above-mentioned terms and conditions in the agreement prior to execution and retain such executed agreement for records.

3)The Management and Employees of the Company shall monitor, on a regular basis, whether the Third Party is in compliance with anti-corruption provisions in the executed agreement(s) and shall produce and retain the results.

Question

7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

Score

1

Comments

Based on publicly available information, there is evidence that the company highlights and addresses incentive structures for agents as a factor in bribery and corruption risk. The company states that it will use only local bank accounts for payments to agents. The company imposes a threshold on sales commissions to agents.

However, there is no evidence that the company commits to pay the agent in stage payments over the course of their contract, based on clear milestones. The company also indicates the commission is based on a proportion of the net value of the total sale rather than the net fee to the agent.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 16/09/2019

https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.76] Due Diligence Checklist

No.	내용	확인사항	배점
1	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 미만입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
2	업무가 수행될 국가의 부패 인식지수(CPI)가 50점 이상입니까? (CPI 확인 - http://www.transparency.org/country/)	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
3	상기 업체(또는 개인)와 최초 거래입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
4	회사가 요구하는 '거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 기본정보가 1개 이상 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
5	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 미만입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	2
6	'거래업체 실사정보'에 대하여 합리적 이유 없이 공개하지 않거나 허위로 공개한 리스크 관련정보가 13개 중 6개 이상입니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	5
7	공무원, 발주처 등으로부터 해당 업체(또는 개인)를 사용하도록 요청을 받거나 지시를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
8	업체(또는 개인)에서 부패방지법령 준수서약을 하는 것을 거부합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
9	업체가 관련지식, 업무성과, 임직원의 전문성보다 정부인맥에 과도하게 의존하거나, 공무원에 대한 친분 또는 영향력을 과도하게 내세우고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6
10	업체가 뇌물지급, 뇌물수수 등 부적절한 업무관행에 관한 권력이 있거나 이러한 혐의를 받은 적이 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	15

11	업체가 이면계약을 요구하거나 혹은 불명확한 계약서만을 통해 사업을 수행하려고 한다면?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
12	아래에 해당하는 대금 지급 또는 절차를 요구합니까? - 용역이 제공되는 국가 외 다른 국가에 설립된 제과를 통해 지급을 요청하는 경우 - 회사 외 제과를 통해 지급 요청하는 경우 - 개인 명의의 제과를 통해 대금 지급을 하는 경우 - 수표나 계좌이체 대신 현금 또는 무기명수표로 지급을 요청하는 경우 - 비정상적인 선금금 (회사와의 계약에 서명하기 이전이나 대관업무 를 진행하기 이전에 커미션 또는 수수료 사건 지급 등) 지급을 요청하는 경우	아래5개항목중 1개이상일경우 3개이상일경우 <input type="checkbox"/> YES <input type="checkbox"/> NO	7점 10점
13	유관 정부공무원이 업체를 사실상 지배하고 있거나, 업체에 10% 이상 지분을 보유하고 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	10
14	업체(또는 개인)가 친구 또는 친인척을 고용하도록 종용하거나 기타 다른 혜택을 제공을 요청합니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
15	업체(또는 개인)가 본 프로젝트와 관련하여 취득하여야 할 정부 인허가가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	3
16	업체(또는 개인)가 본 프로젝트(계약)에 참여할 경우 제3자와 컨소 시엄을 구성할 시, 당해 컨소시엄 구성원이 정부기관과 관계가 있습니까?	<input type="checkbox"/> YES <input type="checkbox"/> NO	6

<HAS Due Diligence Checklist on agents and intermediaries>

[p.77] This due diligence is conducted again when any significant change in the business relationship occurs or any significant change on the side of the agent is noticed.

(2) Strengthened scrutiny based on the result of due diligence.

The regulation provides that if the total score earned by the due diligence is high (high risk), then more superior management has to approve the engagement. The regulation also provides Red Flag issues.

[p.78]

제15조 (위험신호)

제3자를 담당하는 회사 임직원은 다음 항목들을 유의해야 하며 위험신호가 발견되거나 제3자와 관련된 우려 또는 질의사항이 있는 경우 준법지원팀에 즉시 문의하여야 한다.

1. 사업이 진행되는 대상 국가의 부패사태가 만연한 것으로 알려진 경우
2. 제3자가 공무원 등에 의해 특별히 추천된 경우
3. 제3자가 FCPA를 비롯한 각국의 부패방지법 또는 본 규정의 준수를 거부하거나 해태하는 경우
4. 제3자가 부패방지 관련하여 확인을 요청하는 사항에 대하여 거부하거나 불완전 또는 부정확한 정보를 제공하는 경우
5. 제3자가 서면계약 체결을 거부하거나 이면계약을 요구하는 경우
6. 제3자가 고액의 정치성 기부금 자주 하는 경우
7. 제3자에게 지급하는 비용에 대하여 복잡한 방법을 요구하는 경우(예컨대, 제3국 계좌로 송금요구, 제3자를 경유하여 송금요구, 다른 국가에서의 지급 요구 등)
8. 제3자 업무에 대하여 과도한 보수를 요구하는 경우(통상의 비용보다 고액의 고정보수 또는 성공보수 요구 등)
9. 제3자가 해당 공무원 등과 가족관계 또는 거래관계가 있는 경우
10. 제3자가 공무원 등에 대한 영향력을 유일한 능력으로 내세우는 경우
11. 기타 우려되는 사항이 발생한 경우

<Regulation applicable to agents and suppliers, Article 15, noted Red Flag examples in engagement with agents>

[p.80] 7.1.5 Incentive schemes for agents. Incentive schemes is based on commission which amounts to certain percentage rate of sales and that rate is strictly kept within the level that is commonly used in the industry. As shown in the above HAS checklist for agents, the payment accounts and payment methods are questioned and strictly scrutinized.

Translation:

[p.76] 12. Does the company require payment or procedures for the following?

- In case payment is requested through an account which is established in a country other than the country in which the service is provided
- In case payment is requested through an account not owned by the company
- In case payment is requested through an account under a personal name
- In case payment is requested by cash or bearer check instead of check or transfer of account transfer
- In case payment is requested for an unusual advance payment (such as advance payment by commission before before signing a contract with the company)

[p.78] Article 15 (Danger Signal)

Company executives and employees in charge of third parties should pay attention to the following situations and immediately contact the compliance team if a risk signal is found or if there are any concerns related to a third party:

[...]

7. In case complex methods are required for the cost of payment to a third party (e.g., a request for remittance to a third country account, a request for remittance via another third party, a demand for payment in another country, etc.)

8. In case of excessive remuneration required for the work of a third party (requires higher fee than usual or additional fair for a success, etc.),

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.104] Even though the above regulation merely states that there are Red Flag examples, it is strictly prohibited to use any bank account that does not match the name of the company, to use any bank account opened in a third country, or to give any upfront payment before any work corresponding to the amount is performed.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for and/or on its behalf. The company publishes a statement that it does not disclose such information.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.80] 7.1.6 <u>Disclosure of information of agent</u>. HAS does not disclose any information on its agents for trade secret protection reasons.</p>

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the publishes any data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving agents. The company publishes a statement that it does not disclose such information.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.80] 7.1.7 Information on investigation on agents.</p> <p>[p.81] HAS does not disclose any information on any investigation on its agents for trade secret protection reasons.</p>

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
N/A
Comments
The company publishes a clear statement that it does not operate as part of joint ventures, and therefore it is exempt from scoring on this question.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.81] 7.2 Joint Ventures. 7.2.1 HAS does not operate any Joint Ventures.</p> <p>[...]</p> <p>However, if HAS ever establishes or runs the Joint Venture, HAS's Policy will be equally applicable to Joint Venture company and Joint Venture partner(s).</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
N/A
Comments
The company publishes a clear statement that it does not operate as part of joint ventures, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
N/A
Comments
The company publishes a clear statement that it does not operate as part of joint ventures, and therefore it is exempt from scoring on this question.
Evidence
No evidence found.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
N/A
Comments
The company indicates that it does not currently, and has not in the past, entered into any kind of offset contract with purchasing government. The company is therefore exempt from scoring on this question.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.82] 8. Offset Contract</p> <p>[...]</p> <p>HAS's involvement in Offset Contract. HAS has not entered into and is currently not in any kinds of offset contracts with any purchasing foreign governments. Therefore, there is no agents, broker, consultants engaged for the purpose of offset contracts.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
N/A
Comments
The company indicates that it does not currently, and has not in the past, entered into any kind of offset contract with purchasing government. The company is therefore exempt from scoring on this question.
Evidence
No evidence found.

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
N/A
Comments
The company indicates that it does not currently, and has not in the past, engaged the services of offset agents or brokers. The company is therefore exempt from scoring on this question.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.82] 8. Offset Contract</p> <p>[...]</p> <p>HAS's involvement in Offset Contract. HAS has not entered into and is currently not in any kinds of offset contracts with any purchasing foreign governments. Therefore, there is no agents, broker, consultants engaged for the purpose of offset contracts.</p>

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
2
Comments
The company indicates that it does not currently, and has not in the past, entered into any kind of offset contract with purchasing government. The company is therefore exempt from scoring on this question.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.82] 8. Offset Contract</p> <p>[...]</p> <p>HAS's involvement in Offset Contract. HAS has not entered into and is currently not in any kinds of offset contracts with any purchasing foreign governments. Therefore, there is no agents, broker, consultants engaged for the purpose of offset contracts.</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets. There is evidence that it has a designated risk assessment process to account for these specific risks, with clear risk management procedures in place. The results of risk assessments inform the development and implementation of additional controls and there is evidence the company provides examples of such possible controls.
Evidence
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.83] 9. 9.1 Business in countries of high risk of corruption. The Company has an enhanced risk management procedure for any operation in countries identified as at a high risk of corruption.</p> <p>(1) Identification of high risk countries. In the Due Diligence for agents and third parties checklist, the Company uses TI (Transparency International)'s CPI (Corruption Perceptions Index) to identify high risk countries.</p> <p>[p.84] Enhanced Risk management. If any supplier, agent, any third parties including any customer or business partner is located in high risk countries, the above mentioned checklist will result in high score, and the regulation requires higher management approval in such case. Furthermore, the rule provides that an annual checkup on compliance of anti-bribery and corruption should be made. And if there is any red flag identified during the course of business, it should be reported to the Compliance Team.</p>

Question																																																																																					
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																																																					
Score																																																																																					
2																																																																																					
Comments																																																																																					
Based on publicly available information, there is evidence that the company publishes a list of its fully consolidated subsidiaries and non-fully consolidated subsidiaries. For each entity, the company discloses its percentage ownership and the country of incorporation and operation. There is evidence that this list is current and updated on at least an annual basis.																																																																																					
Evidence																																																																																					
<p>[10] 2017 Hanwha Techwin (Hanwha Aerospace) Audit Report (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/investment/audit_list.asp [p.9] 1.General Information 1.1 Description of the Controlling Company</p> <p>[...]</p> <p>The Controlling Company listed its ordinary shares on the Korea Exchange on May 5, 1987 and it is domiciled in the Republic of Korea with its address at 1204 Changwon Daero, Sungsan-gu, Changwon, Gyeongsangnam-do. The Controlling Company is engaged in the manufacturing and selling of security solutions, various engines and turbo-machinery, and defense machinery, and provides aircraft engines and repair services. The factories of the Controlling Company are located in Changwon, Gyeongsangnam-do and manufacturing, sales, marketing and research and development subsidiaries are located in China, United States, Europe, Japan, Vietnam, Brazil and Iraq.</p> <p>1.2 Consolidated Subsidiaries</p> <p>Details of the consolidated subsidiaries as at December 31, 2017 and 2016, are as follows:</p> <table> <tr> <th rowspan="2">Subsidiaries</th><th rowspan="2">Location</th><th rowspan="2">Main business</th><th colspan="2">Ownership interest held by the Group (%)</th><th rowspan="2">Closing month</th></tr> <tr> <th>2017</th><th>2016</th></tr> <tr> <td>Hanwha Techwin America</td><td>U.S.A.</td><td>Sale of CCTV, etc</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin (Tianjin) Co., Ltd.</td><td>China</td><td>Manufacture and sale of CCTV, etc</td><td>95.00%</td><td>95.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin Europe, Ltd.</td><td>U.K.</td><td>Sale of CCTV, etc</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin (Shanghai) Co., Ltd.</td><td>China</td><td>Sale of turbo-machinery, IMS, etc.</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Techwin Engineering Center</td><td>Japan</td><td>Research and development of IMS</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin Do Brasil Equipamentos De Seguranca Ltda.</td><td>Brazil</td><td>Marketing for CCTV, etc.</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Tawasul Al-Ezdihar Co., Ltd.</td><td>Iraq</td><td>Trade business and construction</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Defense Systems Corp.</td><td>Korea</td><td>Manufacture and sale of military equipment</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Systems Co., Ltd.</td><td>Korea</td><td>manufacture and sale of military equipment</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin Automation Americas, Inc.</td><td>U.S.A.</td><td>Sale of IMS</td><td>100.00%</td><td>100.00%</td><td>December</td></tr> <tr> <td>Hanwha Techwin Security Vietnam Company Limited</td><td>Vietnam</td><td>Manufacture of CCTV, etc</td><td>100.00%</td><td>-</td><td>December</td></tr> <tr> <td>Hanwha Techwin Middle East FZE</td><td>UAE</td><td>Sale of CCTV, etc</td><td>100.00%</td><td>-</td><td>December</td></tr> </table>						Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month	2017	2016	Hanwha Techwin America	U.S.A.	Sale of CCTV, etc	100.00%	100.00%	December	Hanwha Techwin (Tianjin) Co., Ltd.	China	Manufacture and sale of CCTV, etc	95.00%	95.00%	December	Hanwha Techwin Europe, Ltd.	U.K.	Sale of CCTV, etc	100.00%	100.00%	December	Hanwha Techwin (Shanghai) Co., Ltd.	China	Sale of turbo-machinery, IMS, etc.	100.00%	100.00%	December	Techwin Engineering Center	Japan	Research and development of IMS	100.00%	100.00%	December	Hanwha Techwin Do Brasil Equipamentos De Seguranca Ltda.	Brazil	Marketing for CCTV, etc.	100.00%	100.00%	December	Tawasul Al-Ezdihar Co., Ltd.	Iraq	Trade business and construction	100.00%	100.00%	December	Hanwha Defense Systems Corp.	Korea	Manufacture and sale of military equipment	100.00%	100.00%	December	Hanwha Systems Co., Ltd.	Korea	manufacture and sale of military equipment	100.00%	100.00%	December	Hanwha Techwin Automation Americas, Inc.	U.S.A.	Sale of IMS	100.00%	100.00%	December	Hanwha Techwin Security Vietnam Company Limited	Vietnam	Manufacture of CCTV, etc	100.00%	-	December	Hanwha Techwin Middle East FZE	UAE	Sale of CCTV, etc	100.00%	-	December
Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month																																																																																
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Hanwha Techwin (Shanghai) Co., Ltd.	China	Sale of turbo-machinery, IMS, etc.	100.00%	100.00%	December																																																																																
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Hanwha Techwin Middle East FZE	UAE	Sale of CCTV, etc	100.00%	-	December																																																																																

[p.10]

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2017	2016	
Hanwha Techwin Automation Vietnam Company Limited	Vietnam	Sale of IMS	100.00%	-	December
Hanwha Land Systems Co., Ltd.	Korea	Manufacture and sale of military equipment	100.00%	-	December
Hanwha Power Systems Co., Ltd.	Korea	Manufacture and sale of turbo-machinery	100.00%	-	December
Hanwha Precision Machinery Co., Ltd.	Korea	Manufacture and sale of IMS	100.00%	-	December
Hanwha Aero Engines Company Limited	Vietnam	Manufacture of engine	100.00%	-	December

1.3 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2017, are as follows:

Subsidiaries	Reason
Hanwha Techwin Security Vietnam Company Limited	Newly acquired
Hanwha Techwin Middle East FZE	Newly acquired
Hanwha Techwin Automation Vietnam Company Limited	newly acquired
Hanwha Land Systems Co., Ltd.	Split-off
Hanwha Power Systems Co., Ltd.	Split-off
Hanwha Precision Machinery Co., Ltd.	Split-off
Hanwha Aero Engines Company Limited	Newly acquired

[p.50] 16. Investments in Associates

Details of investments in associates of the Group as at December 31, 2017 and 2016, are as follows:

Details of investments in associates of the Group as at December 31, 2017 and 2016, are as follows:

(in thousands of Korean won)

Name of entity	Location	Main business	2017		2016	
			Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
P&W NGPF Manufacturing Company Singapore. Ltd. ¹	Singapore	Manufacturing Gas Turbine Engine for Aircrafts	30.00%	\ 41,673,253	30.00%	\ 28,773,750
Sermatech Korea Co., Ltd.	Korea	Welding of Prisma, etc.	49.00%	6,541,058	49.00%	6,928,091
				<u>\ 48,214,311</u>		<u>\ 35,701,841</u>

¹ On September 27, 2016, the Group entered into call option contract relating to 70% shares of P&W NGPF Manufacturing Company Singapore. Ltd. owned by United Technologies International Corporation- Asia Private Limited. Exercise period for the option is from January 1, 2022 to December 31, 2026. (Note 11).

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 16/09/2019

https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.85] 9.2 Information on Company's subsidiaries. HAS is a public company and any information on HAS's subsidiaries and any companies HAS holds shares in is disclosed to the public through the public disclosure system. (<http://dart.fss.or.kr>)

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.110] The below is part of the Audit Report 2018 of the Company which can be downloaded from the IR Archive of the Company's webpage. https://www.hanwhaaerospace.com/investment/audit_list.asp

[p.111]

1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2018 and 2017, are as follows:

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2018	2017	
Hanwha Techwin America	U.S.A.	Sale of CCTV, etc	100.00%	100.00%	December
Hanwha Techwin (Tianjin) Co., Ltd.	China	Manufacture and sale of CCTV, etc	95.00%	95.00%	December
Hanwha Techwin Europe, Ltd.	U.K.	Sale of CCTV, etc	100.00%	100.00%	December
Hanwha Techwin (Shanghai) Co., Ltd.	China	Sale of turbo-machinery, IMS, etc.	100.00%	100.00%	December
Techwin Engineering Center	Japan	Research and development of IMS	100.00%	100.00%	December
Hanwha Techwin Do Brazil Equipamentos De Seguranca Ltda.	Brazil	Marketing for CCTV, etc.	100.00%	100.00%	December
Tawasil Al-Ezdihar Co., Ltd.	Iraq	Trade business and construction	100.00%	100.00%	December
Hanwha Defense Systems Corp.	Korea	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Systems Co., Ltd.	Korea	Manufacture and sale of military equipment, development of software and consulting	52.91%	100.00%	December
Hanwha Techwin Automation Americas, Inc.	U.S.A.	Sale of IMS	100.00%	100.00%	December
Hanwha Techwin Security Vietnam Company Limited	Vietnam	Manufacture of CCTV, etc	100.00%	100.00%	December
Hanwha Techwin Middle East FZE	UAE	Sale of CCTV, etc	100.00%	100.00%	December
Hanwha Techwin Automation	Vietnam	Sale of IMS	100.00%	100.00%	December

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2018	2017	
Vietnam Company Limited					
Hanwha Techwin Co., Ltd.	Korea	Manufacture and sale of CCTV, etc	100.00%	-	December
Hanwha Land Systems Co., Ltd.	Korea	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Power Systems Co., Ltd.	Korea	Manufacture and sale of turbo-machinery	100.00%	100.00%	December
Hanwha Precision Machinery Co., Ltd.	Korea	Manufacture and sale of IMS	100.00%	100.00%	December
Hanwha Aero Engines Company Limited	Vietnam	Manufacture of engine	100.00%	100.00%	December
Hanwha Power System Americas, Inc.	U.S.A.	Manufacture and services of turbo-machinery, sales of service material	100.00%	-	December
Hanwha Power Systems (Shanghai) Co., Ltd.	China	Manufacture and services of turbo-machinery, sales of service material	100.00%	-	December
Hanwha Power Systems Service Middle East LLC ¹	UAE	Manufacture and services of turbo-machinery, sales of service material	49.00%	-	December
Hanwha Systems Japan Co., Ltd.	Japan	Logistics (agency), logistics consulting.	100.00%	-	December
Hanwha TechM (Suzhou) Co., Ltd	China	Sale of IMS	100.00%	-	December
Kyongju Aerospace Electrical Systems Co. Ltd.	Korea	Manufacture of aircraft parts	100.00%	-	December

¹ Although the Group has less than 50% ownership interest, it has de facto control to appoint or dismiss more than 50% of members of board of directors in accordance with appointments between shareholders.

<Part of HAS Audit Report 2018>

[p.112] As shown in the part of the HAS Audit Report 2018, these consolidated subsidiaries of the Company are engaged in the businesses of production, manufacturing, or sales. For these specific purposes they are registered in the local country. The country it is registered in does not differ from the country it operates.

Question																				
9.3 Does the company disclose its beneficial ownership and control structure?																				
Score																				
1																				
Comments																				
<p>There is evidence that the company discloses all entities with an ownership in the company of 5% or above. In addition, there is evidence to indicate that the company is publicly traded on the Korea Exchange (KEX).</p> <p>However, the company receives a score of '1' because there is no evidence that this information is available in open data format or in a freely accessible public register. Although the company is publicly traded, there is no evidence that it trades on one of the regulated markets with beneficial ownership requirements as listed in the scoring criteria.</p>																				
Evidence																				
<p>[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document) Accessed 16/09/2019 https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf [p.85] 9.2 Information on Company's subsidiaries. HAS is a public company and any information on HAS's subsidiaries and any companies HAS holds shares in is disclosed to the public through the public disclosure system. (http://dart.fss.or.kr)</p> <p>[p.86] 9.3 Information on ownership and control. Please refer the public disclosure system as mentioned above for the Company's beneficial ownership and control structure.</p> <p>[11] Amended HAS Anti-Bribery and Corruption Report (Document) Accessed 18/04/2020 https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf [p.112] The blow is the shareholder information as of the date this Report is issued. The below is the exhaustive list of all the shareholders owning 5 % or more of Hanwha Aerospace.</p> <div><p>As of March 31, 2019, shareholders owning 5 percent or more of Hanwha Aerospace are:</p><table><tr><td>Name:</td><td>Hanwha Corporation</td></tr><tr><td>% of Shares Owned:</td><td>33.34 percent</td></tr><tr><td>Principal Place of Business:</td><td>86, Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea</td></tr><tr><td>Website:</td><td>https://www.hanwha.com/en.html</td></tr><tr><td>Place of Organization:</td><td>Republic of Korea</td></tr><tr><td>Name:</td><td>National Pension Service</td></tr><tr><td>% of Shares Owned:</td><td>13.68 percent</td></tr><tr><td>Principal Place of Business:</td><td>Kukmin-Yeonkum Building 180, Giji-Ro, Deokjin-Gu, Jeonju-Si, Jeollabuk-Do, Republic of Korea</td></tr><tr><td>Website:</td><td>http://english.nps.or.kr/jsppage/english/main.jsp</td></tr><tr><td>Place of Organization:</td><td>Republic of Korea</td></tr></table></div>	Name:	Hanwha Corporation	% of Shares Owned:	33.34 percent	Principal Place of Business:	86, Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea	Website:	https://www.hanwha.com/en.html	Place of Organization:	Republic of Korea	Name:	National Pension Service	% of Shares Owned:	13.68 percent	Principal Place of Business:	Kukmin-Yeonkum Building 180, Giji-Ro, Deokjin-Gu, Jeonju-Si, Jeollabuk-Do, Republic of Korea	Website:	http://english.nps.or.kr/jsppage/english/main.jsp	Place of Organization:	Republic of Korea
Name:	Hanwha Corporation																			
% of Shares Owned:	33.34 percent																			
Principal Place of Business:	86, Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea																			
Website:	https://www.hanwha.com/en.html																			
Place of Organization:	Republic of Korea																			
Name:	National Pension Service																			
% of Shares Owned:	13.68 percent																			
Principal Place of Business:	Kukmin-Yeonkum Building 180, Giji-Ro, Deokjin-Gu, Jeonju-Si, Jeollabuk-Do, Republic of Korea																			
Website:	http://english.nps.or.kr/jsppage/english/main.jsp																			
Place of Organization:	Republic of Korea																			
[...]																				
<p>As shown in the above, there is no individual (person) owning 5 percent or more of the Company, and if there were such individual, the Company would have disclosed detailed information on that shareholder.</p>																				

Question

9.4 Does the company publish a percentage breakdown of its defence sales by customer?

Score

0

Comments

There is evidence that the company publishes some information on its major customers. The company lists its major customers for each significant business division (aviation and defence) and provides information on the total revenue generated from each division as part of its financial statements.

However, the company receives a score of '0' because it does not publish clear information to show the percentage breakdown of its defence sales or revenue per major customer.

Evidence

[1] HAS Anti-Bribery and Corruption Report (HAS ABC Report) (Document)

Accessed 17/09/2019

https://www.hanwhaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf

[p.87] 9.4 Information on defense sales of the Company. The total defense sales of the Company can be found in the fore-mentioned public disclosure system but the Company does not provide the breakdown of the sales by customers.

[11] Amended HAS Anti-Bribery and Corruption Report (Document)

Accessed 18/04/2020

https://www.hanwhaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf

[p.113] Information on defense sales of the Company. The total defense sales of the Company can be found below, as disclosed in the fore-mentioned public disclosure system stated in the Section 9.2 of this Report, but the Company does not provide the breakdown of the sales by customers.

[p.114]

27. 영업부문

(1) 연결회사는 재화의 종류별로 사업부문을 구분하고 있으며 각 세부 부문별로 수익을 창출하는 재화와 용역, 주요 고객의 내역은 다음과 같습니다.

구분	재화(또는 용역)	주요고객
항공연진부문	항공기연진 및 부품 제조 및 판매	국방부, PW, GE, 해외
방산부문	신형차주조, 장갑차 제조 및 판매	방위사업청, 해외

(2) 당기 및 전기 중 사업부문별 주요 재무현황은 다음과 같습니다.

(단위: 천원)

구분	당기						
	항공사업부문	방산부문	ICT부문	항공시스템부문	시공사업부문	산업물류부문	합계
수익	971,121,258	2,326,997,198	170,697,903	216,000,909	613,991,199	264,968,209	4,463,176,633
영업이익(손실)	(98,240,794)	112,748,525	7,816,037	3,312,453	1,264,394	26,156,324	53,177,339
재정비용이익(손실)	(93,661,136)	113,699,500	7,622,006	6,216,796	(9,421,710)	29,025,194	53,489,660
부문당기이익(손실)	(73,771,590)	96,839,007	5,135,144	5,300,746	(11,074,606)	26,531,360	49,251,059
부문당기수익	3,960,228	1,977,537	688,006	731,767	1,816,872	696,604	9,573,012
부문당기비용	20,777,385	12,967,500	325,132	20,194	12,257,730	155,797	46,504,231
부문당기이익(손실)	44,166,847	89,726,609	1,309	2,806,297	16,882,631	2,220,496	164,832,388
당기부문 이익	2,574,939,165	3,162,071,585	681,394,522	239,606,388	486,552,870	252,120,874	7,396,686,212
당기부문 비용	1,998,347,588	2,542,175,162	190,195,489	110,195,693	261,076,356	168,988,334	4,790,935,792

(주1) 유형자산에서 발생한 장기상각비와 무형자산에서 발생한 무형자산상각비의 총합계입니다.

<Part of the publicly disclosed HAS Annual Report 2018>

※ The above report states that the major customers include Ministry of Defense of Korea, Defense Acquisition Program Administration, PW, GE, and other overseas customer, but does not break down the sales by the customers.

Translation (of information highlighted in red):

[p.114] 27. Sales department

27. Business Division

(1) The training company divides business divisions by type of goods and generates revenue for each sub-sector. The goods, services, and major customer details are as follows.

Division	Goods (or services)	Major customers
Aviation engine sector	Aircraft engine and parts manufacturing and sales	Ministry of Defense, PW, GE, overseas
Defense Division	Manufacturing and sales of new self-propelled guns and armored vehicles	Defense Acquisition Program Administration, Overseas

(2) The main financial statements by business division for the current and previous years are as follows.

Division	Engine Affairs Division	Defense Division
Revenue	971,121,208	2,326,997,198
Operating profit (loss)	(98,240, 794)	112,748,925
Pretax profit (loss)	(93,651, 138)	113,698,502
Net income (loss)	(73,771, 590)	96,830,007
Segment Interest Income	3,960,226	1,977,537
Sector interest expense	20,777,385	12,967,930
Division depreciation expense (Note 1)	44,195,847	89,725,809
Reporting sector assets	2,674,939,166	3,162,071,985
Reported Sector Liabilities	1,998,347,588	2,042,175,162

(Note 1) Total depreciation and intangible assets from tangible assets

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	HAS Anti-Bribery and Corruption Report (HAS ABC Report)	10/09/19	https://www.hanwhaaerospace.com/about/Defence_Companies_Anti-Corruption_Index2019.pdf
02	Document	Company Policy for Compliance with Anti-Corruption Acts	10/09/19	https://www.hanwhaaerospace.com/about/Anti-Corruption_Acts_ENG_Ver2_2.pdf
03	Document	Code of Conduct	10/09/19	https://www.hanwhaaerospace.com/about/Code_of_conduct_ENG_Ver2_1.pdf
04	Webpage	Practicing compliance management	10/09/19	https://www.hanwhaaerospace.com/about/about_cp_program.asp
05	Webpage	Compliance Program	10/09/19	https://www.hanwhaaerospace.com/about/about_law.asp
06	Document	Compliance Guidelines	10/09/19	https://www.hanwhaaerospace.com/about/Compliance_Guidelines_ENG.pdf
07	Webpage	Compliance Hotline	10/09/19	https://www.hanwhaaerospace.com/about/about_send.asp
08	Webpage	Reporting Wrongful Practices	10/09/19	https://audit.hanwhaaerospace.com:2443/default.asp
09	Webpage	Corporate Citizenship	11/09/19	https://www.hanwhaaerospace.com/about/about_social.asp
10	Document	2017 Hanwha Techwin Audit Report	16/09/19	https://www.hanwhaaerospace.com/investment/audit_list.asp
11	Document	Amended HAS Anti-Bribery and Corruption Report	18/04/20	https://www.hanwhaaerospace.com/about/Amended_HAS_Anti_Bribery_and_Corruption_Report.pdf