

Compliance Operating Regulation

Chapter 1. General Rules

Article 1. Purpose

Korea Aerospace Industries, LTD (hereinafter referred to as the 'Company') shall establish and implement Compliance Support Regulations in order to ensure the sound development of the Company and the customer's trust by complying with the Statutes.

Article 2. Definitions of Terms

The definitions of the principal terms used in this Compliance Operating Regulation are as follows:

1. Compliance control refers to all policy-making and control activities adopted by a Company to systematically identify all regulations it must comply within business operations, check compliance with the regulations of its officers and employees, prevent prior misconduct and respond systematically to various legal risks.
2. 'Legal Risk' refers to the risk of damages caused by an employee's failure to comply with the law, resulting in civil, criminal and administrative responsibilities or having no effect regarding the contract.

3. 'Compliance Officer' refers to a person appointed under Article 13 of Chapter 542 of the Commercial Act who carries out his duties of implementing a compliance education and training program, checking compliance with the control standards, and reporting them to the Board of Directors.

Article 3. Application

1. Compliance Operating Regulation apply to all the work of the Company and to all relevant activities of its officers and employees.
2. The company's various regulations related to the Compliance Operating Regulation shall comply with the Compliance Operating Regulation, and Compliance Operating Regulation shall be applied as priority unless there are other provisions in the law or the articles of association.

Article 4. Enactment and Revision

The CEO shall establish and revise the Compliance Operating Regulation after the resolution of the Board of Directors.

Chapter 2. Environment

Article 5. Principles of Constitution of Organization and R&R

Constitution of Organization and R&R for compliance control should ensure the efficiency of compliance tasks and independence of Compliance Officer, and clearly design the roles and responsibilities of relevant officers and employees.

Article 6. Role

1. The Board of Directors shall determine the Compliance Operating Regulation and important matters concerning them. In addition, the Board oversees whether the CEO faithfully reflects the decisions of the Board of Directors and manages the compliance system effectively.
2. The CEO shall establish, maintain and operate a compliance system that conforms to the size of the Company or the nature of its operations and supervise its operation as directed from the Standards and the Board of Directors.
3. The Compliance Officer shall establish and implement a compliance education and training program, check compliance with the Standards, report it to the Board of Directors or the CEO.

Article 7. Appointment and Dismissal of Compliance Officer

1. CEO appoints and dismisses Compliance Officer through the resolution of the Board of Directors.
2. The CEO may dismiss the Compliance Officer if he or she has any of the following reasons:
 - a. In case a physical or mental disability prevents him/her from performing his/her duties.
 - b. In case of illicit act or violation of laws or articles of association with duties;
 - c. In case of loss to the Company due to negligence or on purpose.

3. The Compliance Officer is not dismissed during his or her term without due cause, and in the event of his dismissal during his term, the CEO shall provide sufficient evidence to prove the reasons for dismissal in association with paragraph 2.
4. The Compliance Officer may express his or her opinion to the Board of Directors regarding dismissal.
5. In the event that the Compliance Officer is dismissed or retired due to the expiration or resignation of his term of office, the CEO shall promptly appoint a new Compliance Officer to maintain continuity of work.

Article 8. Requirements, Term, and Status of Compliance Officer

1. The Compliance Officer shall be appointed from among those who meet the requirements of Article 542-13 of the Commercial Act and Article 40 of the Enforcement Decree of the same Act.
2. An auditor or a member of the Board of Audit shall not be the Compliance Officer.
3. The Compliance Officer is a full-time employee, whose term is three years but he/she may serve a second term.

Article 9. Rights and Duties of Compliance Officer

1. The Compliance Officer shall have the following rights:
 - a. Implementation of education and training programs on compliance
 - b. Regular or frequent inspection and reporting of Compliance Operating Regulation status
 - c. Demand for the collection and submission of information and data required for Compliance Officer to perform his/her duties

- d. Demand for compliance on executives and employees and demands for suspension, improvement or correction of matters deemed illegal
 - e. Requesting sanctions against executives and employees who violated the Compliance Operating Regulation
 - f. Attendance and opinions of the Board of Directors in relation to the compliance tasks
 - g. Conducting the leadership of the compliance organization and recommending personnel from relevant departments
 - h. Other matters issued by the Board of Directors under the authority of the Compliance Officer
2. The Compliance Officer may seek advice and assistance from outside experts, if necessary.
 3. The Compliance Officer shall perform due diligence with good faith and shall not divulge the proprietary information of the Company that he/she has learned from his/her duties, not only during his/her tenure but also after his/her retirement.

Article 10. Independent Execution of Compliance Officer

1. The Compliance Officer may report directly and in a timely manner to the Board of Directors or the CEO in regards to his or her performance.
2. The Compliance Officer may ask the CEO to convene the Board of Directors if necessary for the reporting of paragraph 1.
3. The Compliance Officer has a position within the Company that effectively and independently carries out support and control compliance tasks.
4. The company shall not give disadvantage of current or past Compliance Officers for

unfair personnel management for reasons related to his/her performance.

Article 11. Limitation of Concurrent Jobs of Compliance Officer

The Compliance Officer cannot be in charge of sales-related tasks that can affect the performance of compliance-related tasks.

Chapter 3 Compliance Activities

Article 12. Assessment of Legal Risks

1. The Board of Directors shall prepare and operate Compliance Operating Regulation for an integrated legal risk assessment and management system that works effectively under the Company's overall risk management system.
2. The Compliance Officer shall examine the size and frequency of legal risks to determine the likelihood of a violation and to characterize major legal risks. If the Compliance Officer requests cooperation for the above type-ification work, the relevant departments and employees shall respond promptly and faithfully.

Article 13. Management of Legal Risks

1. Employees shall be well informed and comply with the domestic, foreign and legal regulations, Compliance Operating Regulation, and various internal regulations of the Company in relation to the work-related legal risks.
2. Employees shall report violations in accordance with the procedures set forth by the Compliance Operating Regulation immediately when they discover violations of the law or Compliance Operating Regulation, and shall not engage in or cooperate with such violations.
3. Each relevant department and the Compliance Officer shall take measures to prevent

legal risks from being transferred or extended to other departments.

4. The Compliance Officer shall, on the basis of a legal risk assessment, ensure that the executives and employees are properly aware of and understand their obligations under paragraphs 1 and 2.

Article 14. Operation of Compliance Education and Training Programs

1. The Compliance Officer designs and implements specific and systematic compliance education and training programs to ensure that all employees can proactively identify and properly deal with legal risks associated with their tasks.
2. The Compliance Officer shall provide at least a certain amount of follow-up training for all employees every year.
 - a. Regulatory compliance education: Regulatory education for all employees
 - b. Compliance education when hiring: Compliance education for new employees should be conducted before job placement
 - c. Special education: compliance education provided by Compliance Officer for departments that are expected to be at high legal risk or require training.
3. The Compliance Officer may conduct compliance education under the paragraph 2 by means of "Online-education" using information technology.
4. The Compliance Officer shall evaluate the effectiveness and validity of the compliance education and training programs and conduct a survey on the improvement if necessary.
5. The Compliance Officer may operate a consulting system for employees who are highly exposed to occupational legal risks, which separates from the education and training programs.

Article 15. Support for Compliance

1. The Compliance Officer shall carry out legal advisory services on a regular basis to executives and employees, and in the event that the employees perform work closely related to the legal risks, such as the contracting, they must consult with the Compliance Officer in advance.
2. The Compliance Officer shall prepare procedures for whistleblowing or reporting of any violation of the Compliance Operating Regulation or company's regulations.
3. The CEO shall establish a system in which employees can actively communicate with the Compliance Officer in accordance with the compliance issues regarding legal risks or work.

Article 16. Voluntary Compliance of Executives and Employees

1. Each department may voluntarily establish a compliance plan, including compliance education, and regularly evaluate the status of voluntary compliance check.
2. Each department may prepare and manage a list of inspection items for effective voluntary compliance check.
3. The Compliance Officer shall supervise the compliance plan of each department pursuant to paragraph 1 and evaluate the status.

Article 17. Compliance Check

1. The Compliance Officer shall establish and operate a compliance check system to inspect compliance with all employees' compliance with the Compliance Operating Regulation.
2. Compliance check performed by Compliance Officer shall be carried out on a specific legal issue once every year.
3. The Compliance Officer may produce specific types issues by department for efficient

compliance check, and may be required to report particular issues if necessary.

4. The Compliance Officer shall report the results of the compliance check to the Board of Directors.
5. The Compliance Officer may notify the audit or consultant if necessary while checking compliance.

Article 18. Whistleblowing

1. The CEO may set up a whistleblowing system that can be reported directly to the Compliance Officer concerning the employees' misconduct or unfair execution of their duties.
2. The person who receives or processes whistleblowing report shall keep a secret about the informant's personal information and the contents of the information.
3. If an internal informant reports any wrongdoing or irregularities involving him, he or she may extenuate circumstances in the examination of an offense, and all internal informants shall not suffer any personnel disadvantages due to whistleblowing.

Article 19. Handling Violations

1. The Compliance Officer may notify the head of the department concerned or report the violation of the Compliance Operating Regulation to the CEO, request appropriate measures such as suspension, improvement, correction or sanctions, and, if necessary, may consult with the relevant department to prepare a comprehensive response plan and make a recommendation to the CEO. However, in case of emergency, the Compliance Officer may take necessary measures, such as the suspension, improvement, and request of correction, to the relevant executives and employees under his/her judgment prior to the report.
2. The Company shall impose appropriate sanctions to those who violate the Compliance

Operating Regulation commensurate with the importance of case.

3. The Compliance Officer may propose to the Board of Directors or the CEO by drawing up a plan to prevent recurrence of the same or similar violations. Once the Prevention Plan has been decided, the Compliance Officer shall notify the relevant department and it shall reflect the plan in related programs and policies.

Article 20. Delivery and Management of Information

1. The Compliance Officer may request executives and employees of the related department for information necessary for his/her compliance performance in a form agreeable for amendment. Executives and employees who have been asked to comply with the Compliance Officer shall respond promptly and faithfully.
2. The Compliance Officer shall prepare an integrated system that can systematically organize and safely store information related to compliance.
3. The information or data produced under the compliance system shall be kept for more than 3 years.

Chapter 4 Validation

Article 21. Standards and Procedures of Validation

1. The Board of Directors shall periodically review Compliance Operating Regulation and related systems to seek improvements on insufficient issues.
2. The Compliance Officer shall conduct self-assessment of the validity on compliance system and report the results to the Board of Directors.
3. The Board of Directors may conduct an annual evaluation of the validity of the compliance system throughout the Company, apart from the self-assessment of the Compliance Officer.

4. In assessing the validity, detailed review shall be made on the adequacy and effectiveness of the Compliance Operating Regulation, management system of legal risks, compliance check and reporting system, independent performance of Compliance Officer, and the penalty system for violations.

Article 22. Follow-up measures of Validation

1. The Board of Directors shall establish measures for improvement on defects based on validation results. For this, the Board of Directors shall adhere to Compliance Officer's opinions.
2. The CEO shall implement improvement measures based on the validation results.

Chapter 5 Miscellaneous

Article 23. Reward for Executives and Employees

The Compliance Officer may propose a reward or promotion for those who faithfully comply with Compliance Operating Regulation to prevent or reduce damages of the Company.

Article 24. Particulars

The Compliance Officer can set the necessary details for the implementation of Compliance Operating Regulation.