

Corporate Governance Charter

March 24th, 2022



Preamble

Hanwha Systems Co., Ltd. (hereinafter “the Company”) aims to become one of the best global enterprises leading the industry through steadfast efforts to enhance its competitiveness and innovate its business practices. By enacting this Hanwha Systems Co., Ltd. Corporate Governance Charter, the Company seeks to establish a more transparent and sound governance structure and create distinguished values for all stakeholders through sustainable business management.

Chapter 1 Shareholders

Article 1 (Rights of Shareholders)

- 1. As an owner of the Company, a shareholder is vested with basic rights based on his/her shareholder rights.**
- 2. Merger, revision of the Articles of Incorporation, capital reduction, and other matters that cause material changes regarding the Company’s existence or the shareholders’ rights must be decided at the General Shareholders’ Meeting in ways that secure the shareholders’ rights to the greatest extent possible.**
- 3. The Company shall provide sufficient and timely information on the date, venue, and agenda of the General Shareholders’ Meeting and other related information to facilitate the shareholders’ exercise of their rights.**
- 4. A shareholder must be allowed to propose and inquire about the General Shareholders’ Meeting agenda according to the relevant laws and regulations and request an explanation at the General Shareholders’ Meeting.**

Article 2 (Fair Treatment of Shareholders)

- 1. A shareholder shall have single voting right for each common share, and voting rights must be exercised only according to the standards specified in the Commercial Act and other relevant laws and regulations.**
- 2. The Company shall provide the shareholders with necessary, sufficient, and timely information. Even when providing information that the Company is not required to disclose, such information must be equally provided to all shareholders.**
- 3. The Company shall exert efforts to implement appropriate internal controls to protect shareholders from illegal insider trading or self-trading by the controlling shareholder and others.**

Article 3 (Responsibilities of Shareholders)

- 1. A shareholder must be aware of the effect of his/her votes on the management of the Company and exercise his/her voting rights in ways that contribute to the Company’s development.**
- 2. A shareholder that exerts influence over the Company’s management shall act reasonably and in alignment with the benefits of the Company and all shareholders and refrain from inflicting damage on the Company or any other shareholder by acting against the benefits of the Company and all shareholders.**

Chapter 2 Board of Directors

Article 4 (Functions of the Board of Directors)

- 1. The Board of Directors adopts resolutions regarding the matters specified in the laws and regulations or the Articles of Incorporation, matters delegated by the General Shareholders' Meeting, and material matters regarding the Company's policies and operations.**
- 2. The Board of Directors supervises the performance of directors' duties.**
- 3. The Board of Directors may delegate its authority to the Representative Director, Representative Executives, or Board Committees, except for the matters prescribed in the laws and regulations, Articles of Incorporation, or the Board of Directors Regulations.**

Article 5 (Organization of the Board of Directors and Appointment of Directors)

- 1. The Board of Directors shall consist of directors. It must be of a scale that allows for effective and careful discussion and decision-making and have a sufficient number directors to facilitate the operation of committees within the Board of Directors.**
- 2. The Board of Directors must include directors capable of functioning independently from the top management and controlling shareholders. The number of independent directors must be sufficient (i.e., three or more, and the majority of the total number of directors) to maintain the meaningful autonomy of the Board of Directors.**
- 3. Directors are appointed at the General Shareholders' Meeting by the majority of the voting rights held by the shareholders present at the meeting, which must be at least a quarter of the total number of issued shares.**

Article 6 (Independent Directors)

- 1. An independent director shall participate in the key decision-making processes of the Company through his/her activities at the Board of Directors and, as a member of the Board of Directors, supervise and support the top management.**
- 2. The Independent Director Candidate Recommendation Committee shall recommend independent director candidates among those who satisfy the qualifications set forth in the Commercial Act or the relevant laws and regulations.**
- 3. An independent director may request information required to perform his/her duties, and the Company shall provide an independent director with sufficient information required to perform his/her duties.**
- 4. An independent director must have the expertise or extensive practical experience in finance, economy, business, law, accounting, and other relevant areas; have no material interest in the Company; and is capable of independent decision-making.**

Article 7 (Operation of the Board of Directors)

- 1. The Board of Directors shall convene Board Meetings and Special Board Meetings. A Board Meeting is held in the last month of each quarter (March, June, September, and December). A Special Board Meeting may be held anytime as required.**

- 2. To facilitate the operation of the Board of Directors, the Board of Directors shall enact the Board of Directors Regulations that specify the authorities and responsibilities of the Board of Directors and its operational procedures.**
- 3. The Chairperson of the Board of Directors shall be appointed by the Board of Directors and preside over its meetings.**
- 4. The Board of Directors may allow a director to participate in a meeting via a means of communication which simultaneously sends and receives voice as required. In such a case, the director shall be considered present at the meeting in person.**

Article 8 (Board Committees)

- 1. The Board of Directors may establish and operate the following committees to ensure transparent and independent decision-making and enhance its expertise.**
 - (1) Audit Committee
 - (2) Insider Trading Committee
 - (3) Independent Director Candidate Recommendation Committee
 - (4) Compensation Committee
 - (5) Environmental, Social, and Governance (ESG) Committee
 - (6) Any other committee that the Board of Directors deems required.
- 2. The Board of Directors may delegate its authority to a committee except for the following matters.**
 - (1) Proposal of matters requiring approval at the General Shareholders' Meeting
 - (2) Appointment or dismissal of the representative director
 - (3) Establishment of a committee; and appointment and dismissal of committee members
 - (4) Any other matter set forth in the Articles of Incorporation
- 3. Unless otherwise set forth in the relevant laws and regulations, the organization, authority, operation and other matters regarding each committee shall be decided by a Board of Directors resolution.**

Article 9 (Duties of Directors)

- 1. A director shall perform his/her duties by fully exercising the care required of a good manager. A director shall commit time and efforts to make reasonable decisions based on sufficient information.**
- 2. A director shall continuously pursue results to be aligned with the best interests of the Company and the shareholders, and shall not exercise his/her authority for his/her own interests or those of any third party.**
- 3. A director may not divulge or use for his/her own interests or those of any third party any confidential information of the Company that he/she acquires in connection with the performance of his/her duties.**

Article 10 (Responsibilities of Directors)

- 1. A director must satisfy the qualification criteria set forth in the relevant laws and regulations, while maintaining an exemplary sense of ethics, professionalism and integrity, and being capable of equitable representation of the rights and benefits of all shareholders and stakeholders.**

- 2. If a director violates any law, regulation, or the Articles of Incorporation or neglects his/her duties, the director shall indemnify the Company for any damage caused by the director. The director shall also be liable for indemnifying any third party for any damage caused by his/her bad faith or gross negligence.**
- 3. A director's managerial decision must be respected if it is made by collecting and carefully reviewing reasonably reliable and adequate data and information and performing his/her duties based on earnest and reasonable judgment in ways that he/she believes are for the best interests of the Company.**
- 4. The Company may purchase liability insurances, including executive liability insurance, to prepare for the possible liabilities that may arise in connection with the directors' performance of their duties, and recruit competent directors who can provide stable supports for management activities.**

Article 11 (Evaluation and Compensation)

- 1. The remunerations for directors shall be determined by a resolution of the General Shareholders' Meeting.**
- 2. The retirement benefits for directors shall be paid according to the Executive Retirement Benefits Regulations approved by a resolution of the General Shareholders' Meeting.**
- 3. The activities of independent directors must be evaluated fairly, and the results of the evaluation may be considered for the decisions of reappointment and other matters.**

Chapter 3 Audit Institution

Article 12 (Audit Committee)

- 1. In place of an auditor, the Company shall establish and operate the Audit Committee according to the Board Committee Regulations.**
- 2. The Audit Committee shall consist of at least three directors. To ensure the independence and expertise of the committee, at least two-thirds of the committee members must be independent directors, and one of the committee members must have expert knowledge in auditing.**
- 3. The Audit Committee shall appoint a Chairperson to represent the committee by its resolution. The Chairperson must be appointed among the members who are independent directors.**
- 4. The Audit Committee's duties shall include the following: reviewing the lawfulness of the works performed by directors and the top management; auditing the soundness and validity of the Company's financial activities; examining the appropriateness of the financial reporting process and the accuracy of financial reports; examining the validity of key accounting principles and changes to accounting estimate; approving the appointment or dismissal of an independent auditor; and ex-post reporting at the General Shareholders' Meeting.**
- 5. The Audit Committee shall conduct audits independently from the Board of Directors and other executive organizations and departments while maintaining objectivity and transparency.**

- 6. The Audit Committee must be allowed to exercise the powers and functions described in the Audit Committee Regulations.**

Article 13 (Independent Auditor)

- 1. An independent auditor shall conduct audits fairly and independently from the Company, the top management, and specific shareholders.**
- 2. An independent auditor shall be appointed by and report to and consult with the Audit Committee regarding any material matters identified during his/her activities as an independent auditor.**
- 3. An independent auditor shall be present at the General Shareholders' Meeting and answer shareholders' questions regarding audit reports in good faith.**

Chapter 4 Stakeholders

Article 14 (Protection of Stakeholders' Rights)

- 1. The Company shall strive to respect and protect the rights of various stakeholders, including the shareholders, executives and employees, and fulfill its social responsibilities.**
- 2. The Company shall respect the workers' rights and strive to improve the workers' quality of life.**
- 3. The Company shall promote the establishment of a fair market order by complying with the market order set forth in the laws and regulations and pursue balanced development of the national economy.**
- 4. The Company shall comply with the procedures for creditor protection regarding matters that significantly affect the status of creditors, including merger, capital reduction and spin-off.**
- 5. For stakeholders who are also shareholders, each of their rights as stakeholders and shareholders must be protected and exercised, respectively.**

Article 15 (Ethical Management)

- 1. The Company shall enact its Code of Ethics and post the code at locations visible to all members of the Company.**
- 2. In all its economic and social activities, the Company shall comply with all laws and regulations inside and outside of the Republic of Korea according to the principles specified in the Code of Ethics and respect the market economy order.**
- 3. The Company shall play a crucial role in the social and economic development by creating values for various stakeholders, and act, decide and perform all managerial activities according to the Code of Ethics and the Executive and Employee Code of Conduct.**

Chapter 5 Management Monitoring by the Market

Article 16 (Disclosure of Information)

- 1. The Company shall promptly comply with the disclosure requirements set forth in laws and regulations. The Company shall also disclose other information that has or may have a material effect on the decisions of shareholders and stakeholders.**
- 2. Upon making a decision on material matters, which is not released by periodical disclosure, the Company shall disclose decisions on such material matters thoroughly, accurately and timely.**
- 3. The Company shall disclose information in ways that stakeholders can easily understand.**
- 4. The Company shall appoint a disclosure manager and establish an internal information delivery system to ensure that the Company's material information is promptly delivered to the disclosure manager.**
- 5. The Company shall define the scope of the Company's material information to be disclosed, may not treat anyone favorably or unfavorably regarding the timing of disclosure, and disclose the information in ways that make it simultaneously accessible for all stakeholders.**

Article 17 (Management Rights Market)

- 1. All and any act that may result in changes in management rights to the Company, including acquisition, merger, spin-off and transfer of material businesses, must be conducted through fair and transparent procedures.**
- 2. Any act to defend the management rights to the Company must not be carried out by sacrificing the interests of the Company and the shareholders for the purpose of maintaining the management rights of certain shareholders or executives.**
- 3. The Company shall ensure that a shareholder who objects to a material structural change, such as a merger or transfer of material business, is entitled to exercising his/her claims for stock purchase based on the fair value that reflects the actual value of his/her interest as set forth in the relevant laws and regulations.**

Addenda

- 1. This Corporate Governance Charter is enacted and announced by a resolution dated March 24th, 2022, of the Board of Directors or a Board Committee authorized by the Board of Directors.**
- 2. Any revision to this Corporate Governance Charter must be approved by a resolution of the Board of Directors or a Board Committee authorized by the Board of Directors.**