

Compliance Control Standards

Section I General Provisions

ARTICLE 1. (Purpose)

In its pursuit of transparency in operations, the promotion of sound development, and the cultivation of trust among customers, Kukdo Chemical Co., Ltd. (the “Company”) has established and is actively implementing the Compliance Control Standards (the “Compliance Standards”) that serves as a guiding framework, ensuring that the Company operates in accordance with all relevant laws and regulations.

ARTICLE 2. (Definitions)

The definitions of key terms used in this Compliance Standards are as follows:

1. “Compliance Control” refers to the systematic identification of all applicable laws that a Company must adhere to in the course of its business operations. It encompasses the independent verification of executives’ and employees’ compliance with these laws. It also refers to all processes related to policy development and control activities aimed at proactively preventing unlawful actions and implementing systematic measures to address diverse legal risks.
2. “Legal Risk” refers to the risk of civil, criminal, or administrative liability arising due to the failure of executives and employees to adhere to applicable laws and regulations. It also includes the risk of harm stemming from the invalidity of contracts.
3. A “Compliance Officer” is a person designated under Article 542-13 of the Commercial Act who is responsible for overseeing the implementation of compliance education and training initiatives, verifying adherence to Compliance Standards, and reporting relevant matters to the Board of Directors.

ARTICLE 3. (Application)

1. The Compliance Standards apply to all operations of the Company and relevant activities by its executives and employees.
2. The Company’s subsidiaries, affiliates, and agents are equally subject to Compliance Standards.
3. Any internal guideline or policy of the Company relating to the Compliance Standards must align with and, unless specified otherwise in applicable law or the Articles of Incorporation, be subordinate to the Compliance Standards.

ARTICLE 4. (Enactment and Amendment)

The CEO has the authority to establish and amend the Compliance Standards through resolutions passed by the Board of Directors.

Section II Compliance Control Environment

ARTICLE 5. (Basic Principles on Organizational Structure and Assignment of Duties)

Organizational structure and assignment of duties within the Compliance Standards should be designed to ensure the effectiveness of Compliance Control efforts while maintaining the independence of Compliance Officer. Furthermore, the roles and responsibilities of relevant executives and employees must be clearly defined.

ARTICLE 6. (Responsibilities of Each Unit)

1. The Board of Directors shall determine the Compliance Standards and important matters related thereto. Furthermore, the Board of Directors shall oversee whether the CEO faithfully implements the decisions made by the Board of Directors to establish and efficiently operate the Compliance Control system.
2. The CEO shall, as determined by the Compliance Standards and the Board of Directors, establish, maintain and operate a Compliance Control system corresponding to the scale and the nature of the business of the Company and supervise its operation.
3. The Compliance Officer shall establish and implement a compliance training program, conduct an inspection on compliance with the Compliance Standards, report the findings and other tasks necessary for Compliance Control to the Board of Directors or the CEO.

ARTICLE 7. (Appointment of Compliance Officer)

1. The Compliance Officer is appointed by the CEO in accordance with a resolution passed by the Board of Directors.
2. The CEO may dismiss the Compliance Officer if there is any of the following grounds.
 - A. If the Compliance Officer is unable to perform his or her duties due to physical or mental disability
 - B. If the Compliance Officer commits an illegal act in relation to his or her duties or violates the laws or articles of incorporation.
 - C. If the Compliance Officer intentionally or negligently causes a loss to the Company
3. The Compliance Officer may not be dismissed during his or her term of office without justifiable cause. If dismissal does occur during the term, the CEO is required to present substantial evidence to substantiate the reasons for dismissal as outlined in each item of Paragraph 2.
4. The Compliance Officer may state his or her opinions before the Board of Directors regarding his or her dismissal.
5. If the Compliance Officer is dismissed, leaves office due to the expiration of his or her term, or resigns, the CEO must promptly appoint a new compliance officer to ensure business continuity.

ARTICLE 8. (Qualification, Term of Office and Position of Compliance Officer)

1. The Compliance Officer must be appointed from individuals who meet the qualifications specified in Article 542-13 of the Commercial Act and Article 41 of the Enforcement Decree of the same Act.

2. An auditor or a member of the audit committee shall not serve as Compliance Officer.
3. The Compliance Officer shall hold a full-time position, and the term of office shall be 3 years, with the possibility of extension.

ARTICLE 9. (Authorities and Responsibilities of Compliance Officer)

1. The Compliance Officer has the following official authority
 - A. to implement education and training programs on compliance;
 - B. to conduct regular or frequent inspections and reporting on compliance with the Compliance Standards;
 - C. to request the collection and submission of information and data necessary for the Compliance Officer to perform his or her duties as well as statements;
 - D. to request compliance from executives and employees and to demand cessation of, or corrective or improving measures with respect to matters judged to be illegal;
 - E. to request sanctions against executives and employees who breached the Compliance Standards;
 - F. to attend and present his opinion at Board of Directors meetings and other relevant gatherings that are convened with regard to Compliance Control efforts;
 - G. to supervise compliance supporting units and request appointments to positions within such units; and
 - H. to take such other actions for the matters determined by the Board of Directors for the authority of Compliance Officer.
2. The Compliance Officer may seek advice and assistance from external experts, if necessary.
3. The Compliance Officer shall assume a fiduciary duty in performing his responsibilities and must not disclose, both within and after his term, business secrets of the Company.

ARTICLE 10. (Independence of Compliance Officer)

1. The Compliance Officer may report, timely and directly, to the Board of Directors and the CEO.
2. The Compliance Officer may request the CEO to convene the Board of Directors, if necessary for reporting under paragraph (1).
3. The Compliance Officer shall be positioned in a rank which allows him or her to perform compliance support and control duties in an independent and effective manner.
4. The Company shall not disadvantage a former or current Compliance Officer based on his or her performance of duties as Compliance Officer.

ARTICLE 11. (Prohibition of Concurrent Positions of Compliance Officer)

Compliance Officer shall not hold a sales-related position that may affect his performance of the duties relating to compliance.

Section III Compliance Control Activities

ARTICLE 12. (Assessment of Legal Risks)

1. The Board of Directors establishes and operates Compliance Standards for an integrated legal risk assessment and management system that operates effectively under the Company's overall risk management system.
2. The Compliance Officer shall determine the likelihood of illegal conducts and categorize major activities that raise legal risks, taking into account the scale and frequency of the associated risks. Relevant units and employees who are requested by the Compliance Officer to cooperate with the task of categorization must respond promptly in a good faith.

ARTICLE 13. (Management of Legal Risks)

1. Executives and employees must fully comprehend and comply with domestic and international laws and regulations, the Compliance Standards and other internal Company regulations relating to legal risks within the workplace.
2. If executives and employees become aware of a violation of applicable laws and the Compliance Standards, they must immediately report the incident in accordance with the procedure prescribed in the Compliance Standards. Furthermore, they must refrain from participating in or cooperating with such violations.
3. Each relevant department and the Compliance Officer must take measures to prevent legal risks from spreading or expanding to other departments.
4. Compliance Officer must, based on the results of legal risks assessment, take measures to enable executives and employees to fully recognize and understand their responsibilities under Paragraphs 1 and 2.

ARTICLE 14. (Operation of Compliance Education and Training Programs)

1. The Compliance Officer shall establish and implement a detailed and systematic compliance education and training program so that executives and employees may identify in advance and respond to legal risks associated with their duties.
2. The Compliance Officer must provide, at least a certain time each year, the following compliance training and education for all executives and employees.
 - A. Regular compliance education: compliance education for all executives and employees on a regular basis
 - B. Compliance education when hiring: Compliance education that should be conducted before job placement for newly hired executives and employees
 - C. Special compliance education: Compliance education administered by Compliance Officer to departments where there is an anticipation of high legal risk or where education is otherwise deemed necessary
3. The Compliance Officer may conduct compliance education under Paragraph 2 through methods such as Internet remote education using information and communication media.

4. The Compliance Officer shall assess the effect and validity of a compliance education and training program and, if necessary, conduct an improvement survey.
5. In addition to an education and training program, Compliance Officer may establish a hotline for executives and employees who are exposed to high legal risks.

ARTICLE 15. (Daily Compliance Support)

1. The Compliance Officer shall provide legal counsel to executives and employees on a regular basis. Executives and employees must always consult with Compliance Officer prior to conducting any activity that is closely associated with legal risks, including, for example, signing a contract.
2. The Compliance Officer shall prepare procedures for executives and employees to report or inform illegal acts or violations of Compliance Standards.
3. The CEO must establish a system where executives and employees can communicate effectively with Compliance Officer regarding legal risks arising over the course of business operation or compliance-related issues.

ARTICLE 16. (Compliance Self-Evaluations by Employees)

1. Each department may autonomously establish a compliance self-evaluation plan, including compliance education, and assess the operation thereof on a regular basis.
2. Each department may prepare a self-checkup checklist for an effective assessment.
3. The Compliance Officer shall supervise a department's efforts to establish a self-evaluation plan as described in Paragraph 1 and assess the operation thereof.

ARTICLE 17. (Compliance Inspection by Compliance Officer)

1. The Compliance Officer shall establish and operate a compliance inspection system to assess all executives' and employees' compliance with the Compliance Standards etc.
2. Compliance inspections by Compliance Officer include a regular inspection, which shall be conducted once per year, and a special inspection, which shall be conducted with regard to a specific legal issue identified.
3. To enhance the efficiency of compliance inspections, the Compliance Officer has the authority to establish specific reporting guidelines or requirements tailored to each department. When deemed necessary, they can also mandate the reporting of particular matters to ensure comprehensive compliance oversight.
4. The Compliance Officer shall report the results of a compliance inspection to the Board of Directors.
5. The Compliance Officer may, where necessary, report to or consult with the statutory auditor over the course of a compliance inspection.

ARTICLE 18. (Whistle-blowing)

1. The CEO may establish an internal reporting system that enables direct reporting to Compliance Officer or others concerning any instances of illegal or unfair business practices carried out by executives and employees.
2. A person who receives or processes such reporting must keep confidential the identity of the whistleblower and the content of the report.
3. If a whistleblower reports an illegal or fraudulent activity related to the whistleblower themselves, the circumstances surrounding the report should be carefully examined, and it is imperative to ensure that no adverse personnel actions or disadvantages are imposed on any whistleblower as a result of their reporting.

ARTICLE 19. (Handling in case of Violation)

1. In the event that a violation of the Compliance Standards or similar breaches is identified Compliance Officer may report to the responsible officer of the relevant department or the CEO and request an appropriate measure such as cessation of said violation or ordering corrective or improving measures or penalty to the said employee. Where necessary, Compliance Officer may consult with relevant departments to prepare a comprehensive countermeasure and discuss with the CEO. However, if urgent, Compliance Officer may, at his or her own discretion, take immediate measures, such as instructing the relevant executive or employee to cease, rectify, or amend the pertinent behavior, before formal reporting or recommendation is made.
2. The Company shall take an appropriate disciplinary measure, against the person who breached the Compliance Standards or other applicable laws or regulations, corresponding to the magnitude of the breach.
3. The Compliance Officer may prepare a plan to prevent the recurrence of the same or similar violations and recommend them to the Board of Directors or the CEO. Once a plan to prevent recurrence is approved, the Compliance officer shall notify the said department and other relevant departments, ensuring that these measures are incorporated when enhancing related programs and policies.

ARTICLE 20. (Circulation and Management and Information and Data)

1. The Compliance Officer may request that an executive or an employee of a relevant department submit the information or data necessary for the Officer's compliance control duties in a readily usable form. An executive or an employee who receives such request must promptly respond in good faith.
2. The Compliance Officer shall establish a comprehensive information management system to organize and store, in a systematic and secure manner, information and data relating to Compliance Control.
3. Information and data created under the compliance control system shall be retained for more than 5 years.

Section IV. Validity Assessment

ARTICLE 21. (Criteria and Procedures of Validity Assessment)

1. The Board of Directors shall review, on a regular basis, the validity of the design of and the effectiveness of the operation of the Compliance Standards and relevant systems. If a review reveals an issue that needs addressing, the Board shall formulate measures for improvement.
2. The Compliance Officer shall conduct an independent assessment of the validity of the compliance support and assessment system and report the results to the Board.
3. The Board of Directors may, apart from the Compliance Officer's independent assessment, conduct an annual, company-wide validity assessment of the compliance control system.
4. A validity assessment must include empirical review of the propriety and effectiveness of the contents of the Compliance Standards, legal risks assessment and management system, compliance inspection and reporting system, independence of the Compliance Officer, and disciplinary measures to a breach.

ARTICLE 22. (Follow-Up Measures Following Validity Assessment)

1. The Board of Directors shall establish an improvement plan for issues identified in a validity assessment. In doing so, the Board shall consult with Compliance Officer.
2. The CEO shall implement an improvement plan following a validity assessment.

Section V. Miscellaneous

ARTICLE 23. (Reward)

The Compliance Officer may propose a reward or promotion of a person who he or she considers has fully complied with the Compliance Standards and contributed in preventing or decreasing potential damages to the Company.

ARTICLE 24. (Details)

The Compliance Officer may set forth necessary details in implementing the Compliance Standards.

Supplementary Provision

These Compliance Standards shall be effective on April 1, 2023.