

Hanon Systems Tax Policy

Introduction

Hanon Systems tax policy is aligned to create value for its shareholders, customers, employees whilst complying with laws and regulations applicable in countries it carries out business activities.

Hanon Systems recognizes that compliance with tax law and tax risk management is an important part of corporate management, and dutifully fulfills tax reports and payment obligations according to responsible tax principles.

Operation Principle

1) Compliance with Laws and Regulations

- Hanon Systems is committed to meeting its financial and social obligations by administering and meeting payment obligations for all required taxes.
- Hanon Systems manages tax risks through compliance with applicable tax laws of the countries where Hanon Systems has business presence inside and outside of Korea.
- Hanon Systems fully cooperates with tax authorities and fosters honest and transparent communications with tax authorities and regulators where Hanon Systems has business presence.

2) Commitment Not to Use Tax Structures Without Commercial Substance

- Hanon Systems only engages in transactions that have business purpose.
- Hanon Systems does not consider transactions without commercial substance for avoiding tax obligations.

3) Commitment Not to Transfer Value Created to Low Tax Jurisdictions

- Hanon Systems sets reasonable prices based on principles of transfer pricing applicable in arm's length transactions between unrelated persons to assess and maintain fairness.
- Hanon Systems (i) commits not to transfer value generated to low tax jurisdictions in accordance with guidance to avoid G20/OECD Base Erosion and Profit Shifting and (ii) submits to tax authority country-by-country report on revenue, profit (loss) before tax, income tax accrued and income tax paid.

4) Commitment Not to Use Tax Havens

- Hanon Systems does not operate entities established for avoiding tax obligations, secrecy jurisdiction or so-called "tax-havens" where no actual business activity occurs and presence of entity is maintained only for avoidance of tax.