

# Self-compliance manual of fair trade

COMPLIANCE PROGRAM GUIDE: Executive Summary



## CEO's commitment to compliance management



"Compliance management is an absolute value that can never be compromised for the sustainable growth of trn."

All of our businesses can only gain the trust of our customers when they comply with the laws and principles. What matters more than short-term performance is fair procedures and transparent transactions.

All executives and employees are asked to use this guideline as an absolute criterion for performing their work.

CEO of trn 한 상욱

# CP (Compliance Program) 7 Key Elements



## 1. The will of the management

Declaring compliance and supporting resources



## 2. Appointment of a manager

Appointment of an independent Compliance Manager



## 3. Handbook distribution

Propagate specific practice guidelines



## 4. Continuing education

Full-time compliance training for all employees



## 5. Internal surveillance

Monitoring and early detection of violations



## 6. Sanctions and rewards

Severe disciplinary action and rewards of excellence

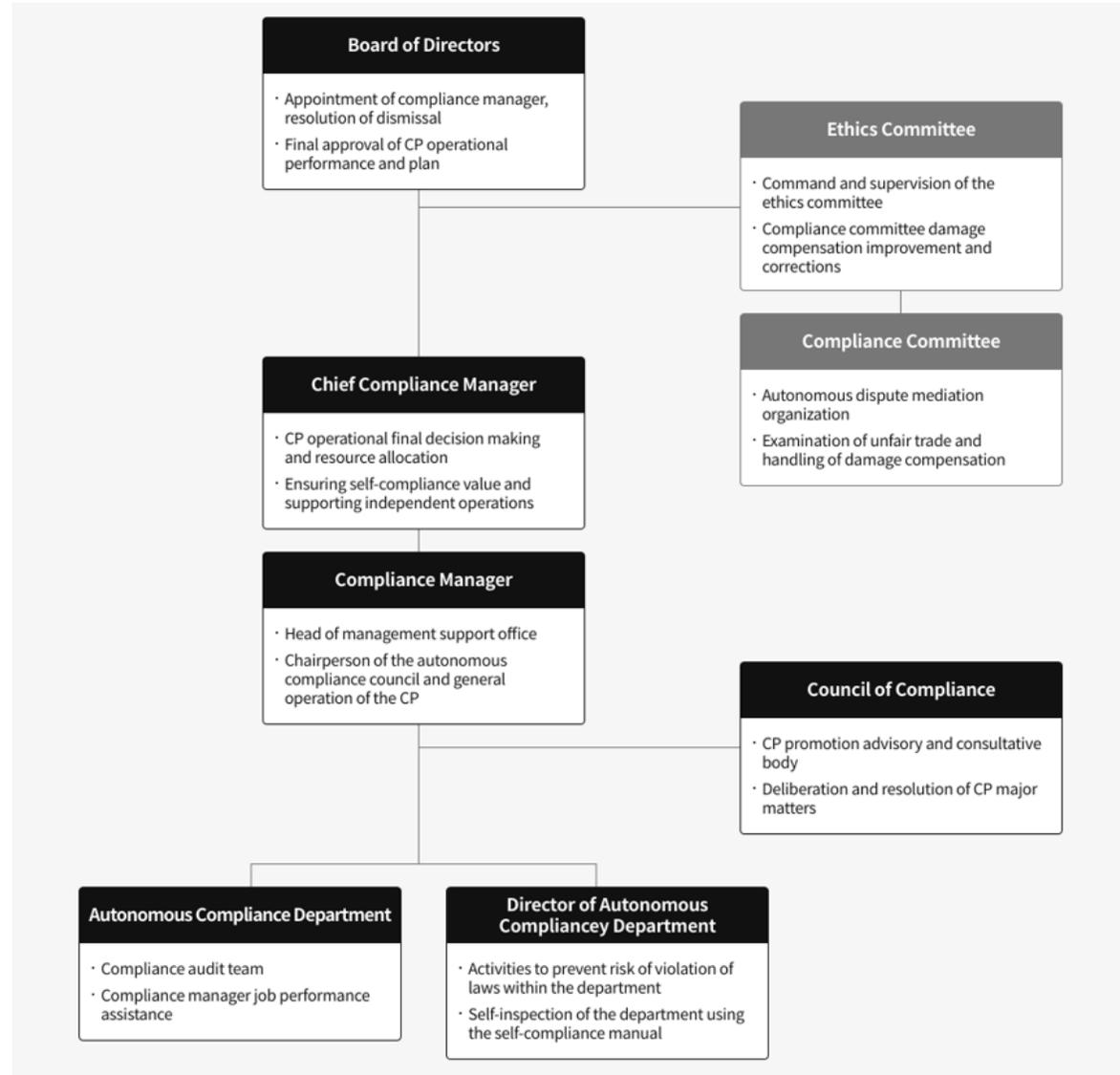


## 7. Performance documentation

Perform activity record retention and evaluation feedback

⌘ The seven key elements of CP must actually work, and related materials must be documented.

# CP Organization Chart



# Autonomous Dispute Mediation Organization

## Compliance Committee Guide

The Compliance committee is a voluntary dispute resolution body that deliberates and decides on compensation for damages incurred by partners due to unfair trade practices in subcontracting, consignment, and direct purchase transactions with Shoppingnt (Corporation: TRN).

## Dispute Settlement Procedures

- The Compliance committee consists of professional members and will be held within 30 days from the date the partner receives the application for dispute mediation review.
- If you have an objection to the Compliance committee's review, you can file an objection within 30 days from the date of notification.



## Report and Application for Dispute Mediation

Sortation	Department	E-mail
TRN	Compliance manager	cpmaster@trncompany.co.kr
	Compliance audit team leader	mcson@trncompany.co.kr

# Seven Key Laws for Shopping NT Practitioners



## The Large-scale Distribution Business Act

Fairness of Transactions between Home Shopping and Suppliers  
Securing and win-win cooperation



## Display and Advertising Act

Compliance with honest information delivery and demonstration obligations without false or exaggerated statements



## The Subcontracting Act

Written issuance and payment are strictly observed when consignment of PB product manufacturing



## Fair Trade Act

Prohibition of market collusion and prevention of unfair support activities among affiliates



## The Electronic Commerce Act

Protecting online shopping consumer rights and prohibiting deceptive dark patterns



## Terms and Conditions Regulation Act

Prohibition of unfair provisions and obligation to explain important terms and conditions to customers



## Installment Transaction Act

Protection of consumers' right to withdraw and defense in installment/rental sales

# Large Distribution Business Act: MD Practice 'Absolute Principle'

## "Broadcast after pre-contracting" - Shoe orders are prohibited

Instructions for work in the absence of a written contract are in violation of the law.

- ✔ **obligation to issue a letter :** Both companies must complete their electronic signatures before broadcasting
- ✔ **50% promotion fee rule:** The percentage of subcontractors' burden is legally capped at 50%
- ✔ **Prohibition of requesting management information:** Prohibition of request for cost information or third-party settlement data

※ Subject to a maximum penalty of 100% relative to sales in case of violation



# Large-scale Distribution Business Act: Compliance Check by Practice Situation

Situation classification	Examples of practical actions	Compliance judgment
<b>Conclusion of a contract</b>	Request to receive the product after confirming the program verbally on the morning of the broadcast	NO ( <b>Dialogue order</b> )
<b>Promotional costs</b>	60% of the promotion fee is paid even if the event is held at the request of the partner company	NO ( <b>Exceeded the upper limit</b> )
<b>Information Request</b>	Require specific sales commission information for competitive home shopping for in-store consultation	NO ( <b>Management information</b> )
<b>Product return</b>	Dispose of understock products by receiving an official letter in the form of 'Voluntary Return'	NO ( <b>Wrongful return</b> )
<b>Promotional Support</b>	After checking the official letter of voluntary request, 30% of the promotion cost is shared	YES ( <b>lawful</b> )

\* All consultations must be documented via system records or official mail.

# Display and Advertising Act: Obligations to Demonstrate Advertising Expression



## "The best expression without grounds is risk"

-  **Up-to-date** : Empirical data is recommended within 2 weeks as of the broadcast date
-  **Source Specification** : Clarify data sources and investigation periods at the bottom of subtitles
-  **Prevention of deception** : Do not mark additional costs (installation costs, etc.) invisibly small

[Checking the deliberation] Prior approval is required when expressing "first", "only", and "first place"

# Display and Advertising: Broadcasting Prohibition and Attention Expressions



## The chief of efficacy

- "Curbing all kinds of diseases",  
"Cancer prevention"
- "I'll lose weight just by eating it"
- "Remove wrinkles immediately"

No misrepresentation of medical efficacy



## Comparison/Expletive

- "Other products are dangerous"
- "Incomparable to affordable products"
- "The only flawless part of the show"

Prohibition of non-slandering comments and baseless comparisons



## An absolute conclusion

- "No side effects"
- "Persistent use"
- "Guarantee AS for the rest of your life"

Use expressions without exception

# Subcontracting Act: Payment and issuance in writing

# 40 days

Due date for legal payment

Illegal to pay within 40 days of receipt of goods

## What MD Should Keep

-  **Deferred interest** : 15.5% annual interest accrues if it exceeds 40 days
-  **A written issue** : Written/electronic documents must be issued when placing an order
-  **A discount fee** : Advance payment of 7.5% annual discount fee for bill payment

※ Restrictions on arbitrarily delaying payment due to reasons for defects, etc

# Subcontracting Act: Protection of technical data of partner companies

## "The partner's recipe is a key asset."

Technical information acquired during PB development must be thoroughly protected.

-  **Prohibiting technology misappropriation** : Do not share partner know-how with other companies
-  **A written request** : When requesting data, a written request must be issued
-  **Punitive reparations** : Three times the risk of damage in technology takeover

※ MD Be careful not to arbitrarily retain partner process data or use it for other projects.



# Fair Trade Act: 9 Types of Unfair Trade (1): Fair Trade



## Type 1. Reject transaction

Refuse to enter or suspend unilateral transactions

- Excluding retaliatory arrangements for appearance on other platforms
- Refusal to renew a contract without justifiable grounds



## Type 2. Treatment of discrimination

Unfair discrimination in commission rates and broadcast conditions

- Affiliates/related parties' commission rates are exceptionally favorable
- Broadcasting time allocation unfavorable only to certain companies



## Type 3. Exclusion of Competitors

Induce and disrupt competitors' market exit

- Intercepting Competitor's Key Show/Host Personnel
- Competitors due to unfair low prices
- Obstruction of business



## Type 4. Unfair Customer Attractions

Attract competitor customers through deception or unfair profit offering

- Fake purchase review fabrication
- Interrupting customer withdrawal using online tag patterns

# Fair Trade Act: 9 Types of Unfair Trade (2): Prohibition of Abuse of Status

## Type 5. Compulsory transaction (employee sales)

The act of allocating the sales target of the company's products to executives and employees or forcing them to sell inventory when delivering popular products



## Type 6. Abuse of trading position (abuse of power)

**Compulsion to provide benefits** : A demand for money, such as sponsorship, incentives, etc

**Compulsory sales target** : Request for compensation of difference if target is not met

**Provision of disadvantages** : Cancellation of organization without justification

**An unfair return** : Cancellation of organization and return processing if direct purchase inventory target is not met

It is also unfair management interference to demand detailed cost statements or unit prices of other companies.

## Fair Trade Act: 9 Types of Unfair Trade (3): Other Prohibited Acts and Price Protection

### Type 7-8. Constraint and obstruction

Prohibition of obstruction of business, such as special agreements restricting transactions of competitors or unfair use of technology

### Type 9. Unfair Support

Loan of free and low-cost funds to affiliates and prohibition of travel tax (giving all the work)

### Maintaining the resale price

Prohibited manufacturers from forcing selling prices and retaliating for non-compliance

Key Points to Note	Guidelines for Compliance Audit Team
Affiliate transactions	Ensure that 'normal price' proof data is obtained through comparative estimates with third parties
The right to set prices	The final consumer selling price must be guaranteed to be the unique authority of the seller (home shopping)

# E-Commerce Act: Preventing Mobile Deceptive Dark Patterns



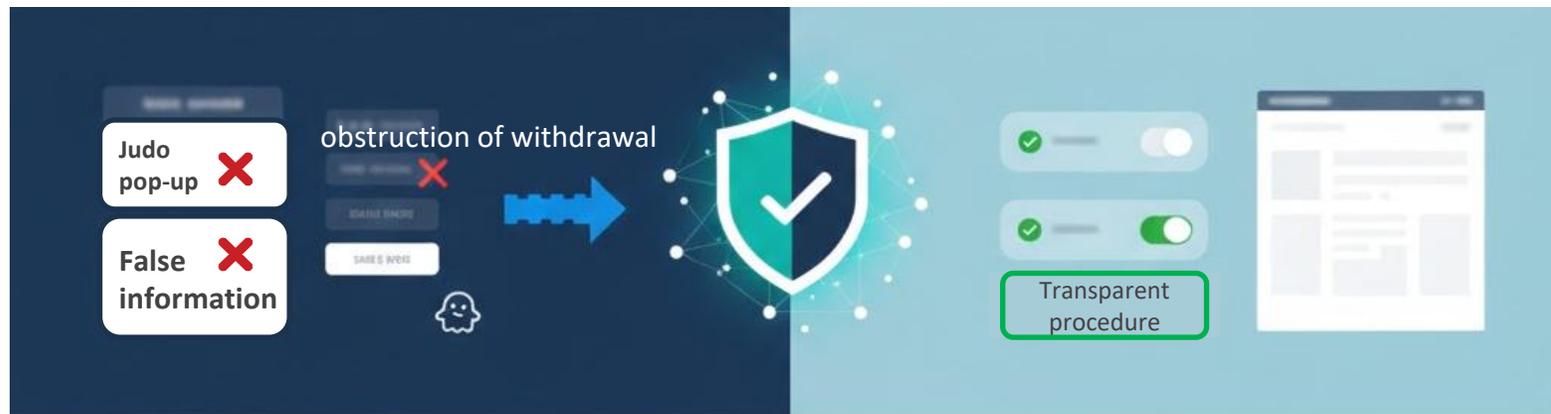
## Watch out for misleading marketing

Even though we have enough inventory, we can induce payment with false information such as "0 near closing",  
Intentionally hiding the unsubscribe button is subject to a strong crackdown.



## Guarantee of subscription withdrawal right

The legal withdrawal rights (7 days) cannot be restricted only with the "No Return When Boxed" sticker. Be aware of the obstruction of returns by simple change of mind.



# Guidelines for Regulation of Terms and Conditions and Installment Transaction Act

## Terms and conditions: "Obligation to explain"

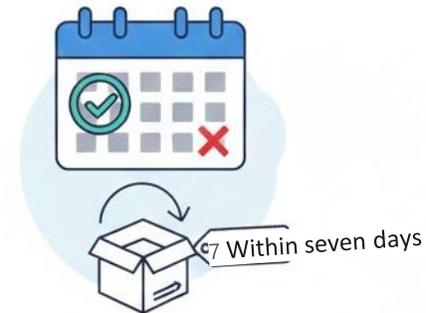
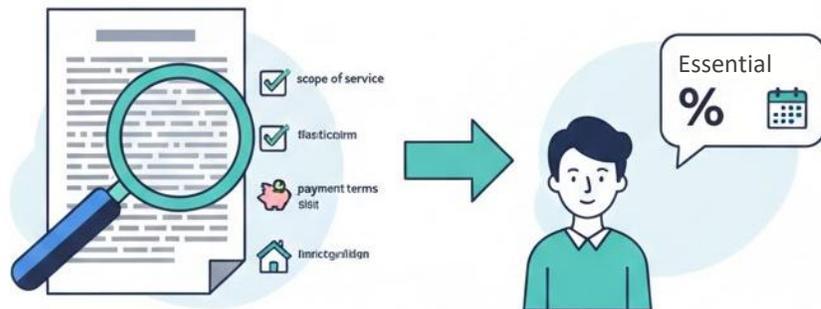
Important content that may be disadvantageous to the customer must be clearly stated in boldface or pop-up. Any breach of the duty of explanation will invalidate the terms and conditions.

\* Beware of missing important notices

## Installment: "Withdrawal and protest"

In case of long-term rental/installment sales, the customer's right to withdraw within 7 days and the right to protest to refuse payment in case of non-compliance with the service must be notified and guaranteed.

\* Compliance with subscription withdrawal procedures



Obligations to notify important matters



Guarantee of withdrawal right of consumer subscription

# Comparison of Practice Cases: Correct Response vs Violation Cases



## [BAD] Compression and pressure

"Mr. President, if you don't bring a free gift to this special broadcast, there will be no next schedule. Please make sure to match it."

Violation: Transfer of unfair promotional expenses and interference in management

VS



## [GOOD] Win-Win and Records

"This special will strengthen media support. If you are willing to participate voluntarily, please reply by official letter."

Compliance: Proof of spontaneity and based on mutual consultation

※ All consultation processes should be kept as e-mails or system records to prevent future misunderstandings.

# MD Integrated Self-Check Check Checklist

- ✓ Are all contracts completed by the effective date D-1?
- ✓ Did you submit empirical data to the review team within two weeks when expressing 'only in Korea' and 'first'?
- ✓ When planning promotional events, doesn't the partner burden ratio exceed 50% of the total cost?
- ✓ Did you use eye trickery (dark pattern) to induce customers to mistake or make unfavorable choices in product images or information?
- ✓ Did you sign a cost-sharing agreement after receiving the official letter from your partner when appearing as a guest on the show?



## Sanctions and Risk Levels in Violations of the Law

"Please note that one person's carelessness can lead to a management crisis across Shopping NT."

**100%**  
**Upper limit of penalty  
compared to sales**

Full amount of delivery can be recovered in case of violation of the Distribution Business Act

-  **Punitive reparations** : Up to three times compensation for damage in case of subcontracting/claiming
-  **Punishment Regulations**: Individual practitioners, along with corporations, are at risk of criminal punishment
-  **Re-approval risk** : The number of penalty surcharges will be deducted fatally upon re-approval of the business right

# CP consultation/reporting

## Subject to Proposal and Report

- Corruption activities, such as illegal solicitation of executives and employees, provision and receipt of money and valuables, etc
- Employees' violations of laws such as the Fair Trade Act, the Large-Scale Distribution Business Act, and the Subcontracting Act
- Eakage of customer-related information or confidential information of the company and use it for purposes other than business
- Unwarranted private use of company property without the approval of the company
- Sexual discrimination in the workplace, sexual harassment, bullying, and misconduct related to
- Unethical activities that undermine corporate culture, such as misconduct, unfair instructions, etc
- Precedent case of executives and employees actively practicing ethical management
- Inquiries and suggestions for improvement, such as the compliance program and the Solicitation Prohibition Act, etc
- Unfounded slander against others is not subject to reporting.

## How to Report

The informant can choose the most convenient method for reporting, such as the company's website, email, phone, mail, and consultation.

<p>Web site</p>  <p>Reporting</p>	<p>Email</p>  <p>cpmaster@trncompany.co.kr</p>
<p>Phone</p>  <p>02-3210-4972</p>	<p>Mail</p>  <p>7th floor of annex 310, Dongho-ro, Jung-gu, Seoul TRN autonomous compliance manager Co., Ltd</p>

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