# Corporate Governance Report 2018

# Pan Ocean Co., Ltd.

The Company has prepared this report in accordance with Article 24.2 of the Enforcement Decree of Disclosure Regulations in Securities Markets to provide investors with information regarding the Company's corporate governance. The information in this report is based on the corporate governance status as of June 3, 2019 which is the report submission date and changes that occurred after the reporting date are separately stated.

# Ⅰ. Our Corporate Governance

## 1. Governance principles and policies

Our corporate governance is structured and managed in a transparent manner in accordance with due process. The members of the Board of Directors ("the Board") are elected by resolution at a general meeting of shareholders and comprise 3 executive directors and 4 independent directors. Executive directors are elected from candidates recommended by the Board. For independent directors, the Independent Director Nominating Committee recommends candidates through a separate procedure to ensure more deliberate and objective consideration. Information regarding the candidates, as well as notice of meeting documents, are provided faithfully to shareholders before a general meeting in the form of reference material so they may evaluate candidates before electing them into office.

The Board is structured in a way that ensures independent decisions and judgments. In order to enhance independence, Independent directors comprise the majority of the Board and hold meetings on an ad hoc basis that exclude the Company's management members to ensure candid and objective discussions. The chairman is appointed from among the directors by a resolution of the Board, in accordance with Article 37 of Articles of Incorporation. Meanwhile, we have strengthened our institutional system, allowing us to avoid conflicts of interest and prevent self-interests from influencing the Board's decisions. In accordance with Article 398 of the Commercial Act, transactions between a director and the Company are limited, and in accordance with Article 9 of the Regulation on the operation of the Board of Directors, a director is prohibited from exercising voting rights if he or she has a special interest in or even a possibility of a conflict of interest with the Company.

In a rapidly changing business environment, expertise of the directors is essential as the Board is constantly required to make strategic decisions. The Company's main businesses of shipping are directed by leading professional Mr. Choo Sung Yob in the dry bulk field who also participate in the Board as Chief Executive Officers and practice responsible management. The Board needs diverse perspectives in order to make broad decisions. Independent directors leverage their expertise and skills in myriad fields, including finance, accounting and law in order to participate in the Board's informed and objective decision-making process.

## 2. Our corporate governance

### 1) Ensuring responsible management through the appointment Representative director as the Chairman of the Board

There are 7(seven) members in the Board and 4(four) independent directors account for 57% of the Board, which meets the requirement of Article 542-8 of the Commercial Act which states that independent directors must constitute a majority of the Board. The high volatile and fluctuated shipping industry requires prompt and strategic decision making to remain competitive. Under such an environment, the Company needs directors who have a high-level of expertise and fully understand our businesses. Accordingly, the Board appoints Mr. Choo Sung Yob who has high understanding given so much experiences in the dry bulk market over 30 years as 'Representative Director' as well as the chairman of Board to participate in the decision-making process, so we are practicing responsible management. Meanwhile, our independent directors have abundant expertise in various fields, including finance, accounting and law and supervise the activities of both management and executive directors and offer objective advice.

### 2) Enhancing the Board's efficiency through the delegation of authorities

The Board has delegated specific responsibilities to 4 committees in order to enhance its operational efficiency. Independent Director Nominating Committee and Audit Committee was required in accordance with the Commercial Act and Articles of Incorporation and Internal Transactions Committee and Remuneration Committee was formed as the Board deems appropriate.

### 3) Strengthen expertise of committees

These committees consist of mostly independent directors who can make independent and objective decisions and expand their responsibility to supervise management from a more diverse perspective. Especially, the Audit Committee must include at least 1 accounting or financial expert according to the Commercial Act and director Mr. Choi Seung Hwan who has Certificated Public Accountant licenses in Korea is serving as the chairman of that committee, thus meeting the statutory requirement and reinforcing the committee's expertise. The changes in committee members, in consideration of expertise in the relevant areas, check against the management, etc., are minimized during the directors' terms of office.

## 3. The Board and Committees

| Organization | Composition (Independent Directors/total Directors) | Chairman (Executive or Independent) | Responsibility |
|---|---|---|---|
| Board of Directors | 4/7 | Choo Sung Yob (Executive) | ➢ Make resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, matters delegated by a general meeting of shareholders, as well as on important matters concerning basic policies and execution of the Company's business<br>➢ Supervise management. |
| Independent Director Nominating Committee | 3/4 | Oh Kwang Soo (Independent) | ➢ Assess the independence, diversity, and ability of potential candidates for Independent Director positions<br>➢ Recommend candidates to the Board |
| Audit Committee | 3/3 | Choi Seung Hwan (Independent) | ➢ Review and audit matters concerning management of the Company, including the Company's financial situation |
| Internal Transactions Committee | 3/4 | Oh Keum Seok (Independent) | ➢ Voluntarily comply with fair transaction regulations to enhance corporate transparency |
| Remuneration Committee | 3/3 | Oh Kwang Soo (Independent) | ➢ Ensure the objectivity and transparency of the decision-making process for Director compensation |

# Ⅱ. Shareholders

## 1. Shareholders' Rights

(Key Principle 1) Shareholders' rights

▪ Shareholders should receive sufficient and necessary information in a timely manner prior to exercising their rights, and should be able to exercise their rights through appropriate procedures.

(Sub-principle 1-①) Corporate should provide sufficient information about the general meeting of shareholders well in advance of the meeting. The information should include the date, venue, agenda and allow the shareholders to fully participate in the general meeting of shareholders and to offer their suggestions.
(Sub-principle 1-②) Corporate should enable the shareholders to easily propose an agenda to the general meeting of shareholders, and allow questions and explanations to be freely asked and called upon on the agenda suggested by shareholders at the general meeting of shareholders.
(Sub-principle 1-③) Corporate should provide its dividend policy and the future dividend plan to the shareholders, and the shareholders' rights to be granted with proper level of dividend in accordance with the related policy should be respected.

### 1) Convocation of meetings

The Company provides shareholders with the date, time, place, and list of agenda items for resolution at least four weeks prior to a general meeting from 2019, so shareholders can sufficiently review the matters before exercising voting rights. The following is a summary of recent shareholders meetings.

<Summary of shareholder meetings in recent three years>

| | 53rd AGM | 52nd AGM | 51st AGM |
|---|---|---|---|
| Date of the Board's resolution | Feb 11, 2019 | Feb 8, 2018 | Feb 22, 2017 |
| Date of notice | Feb 26, 2019 | Mar 8, 2018 | Mar 7, 2017 |
| Date and time | Mar 27, 2019(Wed) am 10:00 | Mar 23, 2018(Fri) am 10:00 | Mar 22, 2017(Wed) am 10:00 |
| Location | Council Camber | Conference Hall A | Council Camber |
| Duration | 50mins | 50mins | 55mins |
| Attendance of members of the Board | Three directors attended (Choo Sung Yob, Cheon Se Gi, Choi Seung Hwan) | Two directors attended (Choo Sung Yob, Choi Seung Hwan) | Two directors attended (Choo Sung Yob, Choi Seung Hwan) |
| Notice in English | O (Singapore Exchange) | O (Singapore Exchange) | O (Singapore Exchange) |

## 2) Results of shareholder meetings and exercise of voting rights

The results of the votes on the Resolution items at the 53rd AGM are as set forth below, and the information is also available on our website. Although the company did not adopt a voting in writing, the company has made efforts to increase the shareholders' participation rate by adopting the electronic voting and proxy system from the 53rd AGM. Meanwhile, there have been no agendas proposed by shareholders at the AGM in recent three years. The Company has not yet established internal standards and procedures for handling shareholder proposals. However, in order to make it easier for shareholders who have the right to exercise shareholder proposal rights, we are trying to take measures such as guiding the methods and procedures through our homepage.

<53rd AGM Voting results of Resolution items >

| No. | | Method of adopting resolutions | Resolution Item | Approval or rejection | Total number of issued shares which have voting rights | Number of shares which exerted voting rights | Number of shares which approve / Number of shares which disapprove or abstain |
|---|---|---|---|---|---|---|---|
| Resolution 1 | | Ordinary | To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2018. | Approved | 534,569,207 | 402,078,918 | 396,192,195 (98.54%) |
| | | | | | | | 5,886,723 (1.46%) |
| Resolution 2 | | Special | To approve amendments of Articles of Incorporation | Approved | 534,569,207 | 402,078,918 | 368,822,764 (91.73%) |
| | | | | | | | 33,256,154 (8.27%) |
| Resolution 3 | 3-1 | Ordinary | Appointment of Executive Director (Hong Kuk Kim) | Approved | 534,569,207 | 402,078,918 | 367,044,500 (91.29%) |
| | | | | | | | 35,034,418 (8.71%) |
| | 3-2 | Ordinary | Appointment of Executive Director (Sung Yob Choo) | Approved | 534,569,207 | 402,078,918 | 396,771,519 (98.68%) |
| | | | | | | | 5,307,399 (1.32%) |
| | 3-3 | Ordinary | Appointment of Executive Director (Se Gi Cheon) | Approved | 534,569,207 | 402,078,918 | 336,803,788 (83.77%) |
| | | | | | | | 65,275,130 (16.23%) |
| | 3-4 | Ordinary | Appointment of Independent Director (Seung Hwan Choi) | Approved | 534,569,207 | 402,078,918 | 400,808,114 (99.68%) |
| | | | | | | | 1,270,804 (0.32%) |
| | 3-5 | Ordinary | Appointment of Independent Director (Kwang Soo Oh) | Approved | 534,569,207 | 402,078,918 | 401,654,696 (99.89%) |
| | | | | | | | 424,222 (0.11%) |
| | 3-6 | Ordinary | Appointment of Independent Director (Christopher Anand Daniel) | Approved | 534,569,207 | 402,078,918 | 317,582,489 (78.99%) |
| | | | | | | | 84,496,429 (21.01%) |
| Resolution 4 | 4-1 | Ordinary | Appointment of Audit committee Member (Seung Hwan Choi) | Approved | 237,910,704 | 105,420,415 | 104,535,034 (99.16%) |
| | | | | | | | 885,381 (0.84%) |
| | 4-2 | Ordinary | Appointment of Audit committee Member (Kwang Soo Oh) | Approved | 237,910,704 | 105,420,415 | 104,994,416 (99.60%) |
| | | | | | | | 425,999 (0.40%) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Resolution 5 | Ordinary | To approve the ceiling on remuneration for directors of year 2019 | Approved | 534,569,207 | 402,078,918 | 401,538,331 (99.87%) |
| | | | | | | 540,587 (0.13%) |
| Resolution 6 | Ordinary | To approve the renewal of the Interested Person Transactions Mandate. | Approved | 242,169,207 | 109,678,918 | 109,189,164 (99.55%) |
| | | | | | | 489,754 (0.45%) |

<52nd AGM Voting results of Resolution items >

| No. | Method of adopting resolutions | Resolution Item | Approval or rejection | Total number of issued shares which have voting rights | Number of shares which exerted voting rights | Number of shares which approve |
|---|---|---|---|---|---|---|
| | | | | | | Number of shares which disapprove or abstain |
| Resolution 1 | Ordinary | To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2017. | Approved | 534,537,812 | 384,588,748 | 381,322,037 (99.15%) |
| | | | | | | 3,266,711 (0.85%) |
| Resolution 2 | Ordinary | Appointment of Independent Director (Oh Keum Seok) | Approved | 534,537,812 | 384,588,748 | 361,424,415 (93.98%) |
| | | | | | | 23,164,333 (6.02%) |
| Resolution 3 | Ordinary | Appointment of Audit committee Member (Oh Keum Seok) | Approved | 238,808,907 | 88,892,998 | 78,440,370 (88.24%) |
| | | | | | | 10,452,628 (11.76%) |
| Resolution 4 | Ordinary | To approve the ceiling on remuneration for directors of year 2018 | Approved | 534,537,812 | 384,621,903 | 384,587,967 (99.99%) |
| | | | | | | 33,936 (0.01%) |
| Resolution 5 | Ordinary | To approve the renewal of the Interested Person Transactions Mandate. | Approved | 262,537,812 | 112,621,903 | 112,609,984 (99.99%) |
| | | | | | | 11,919 (0.01%) |

## 3) Dividends

The Company may pay dividends in cash or shares in accordance with Articles of Incorporation. In case of share dividends, if the Company has issued the class shares, the Company may by a resolution of the shareholders distribute shares of a class that is a different class from the shares held by the shareholders. Also, interim dividends may be paid once every fiscal year in cash by a resolution of the Board. Interim dividends shall be paid to the shareholders of the Company as of June 30 of each fiscal year. Meanwhile, the Company did not provide dividend in recent three years because there was no enough amount for the dividend based on the Commercial Act. Currently, the company does not have dividend policy but intends to establish a dividend policy and guide shareholders before 2020, when profit available for dividends is expected to arise.

## 2. Fair treatment of shareholders

(Key Principle 2) Fair treatment of shareholders

▪ Shareholders should hold fair voting rights according to the type and number of shares owned, and companies should equip an adequate system to provide fair information to shareholders.

(Sub-principle 2-①) Corporate should create an environment where infringement on the voting rights of shareholders does not take place, and provide sufficient corporate information to the shareholders at the right time, in a fair manner..
(Sub-principle 2-②) The corporate should equip and operate protective measures that can protect the shareholders from unfair internal transaction and self dealing of other shareholders such as controlling shareholder etc.

### 1) Shares outstanding

As of June 3 2019 which is the report submission date, the total number of shares outstanding was 534,569,207. The total number of shares permitted to be issued as specified in the Articles of Incorporation is 3,000,000,000(face value of KRW 1,000). Currently, issued shares are all registered common stock.

### 2) IR events

The Company holds earnings release regular meeting in order to report its financial results for the preceding year, first quarter, second quarter and third quarter, respectively. We continue to engage in and strengthen communication with our shareholders via participating in over 200 meetings annually through IR events such as investor forums and conferences organized by securities company, non-deal roadshows and direct meeting with investors. Information on IR events can be found in disclosures submitted to electronic disclosure systems(http://kind.krx.co.kr or http://dart.fss.or.kr or https://www2.sgx.com)

| Date | Target Audience | Method | Key Topics |
|---|---|---|---|
| 2018.2.8 | Analysts | Explanation to participants | Performance review on the fourth quarter of 2017 |
| 2018.2.9~13 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2018.2.19~23 | Investors(foreign) | | |
| 2018.4.26 | Investors(local) | Explanation to participants | |
| 2018.5.11 | Analysts | Explanation to participants | Performance review on the first quarter of 2018 |
| 2018.5.14~16 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2018.5.17 | Investors(foreign) | Conference | |
| 2018.8.14 | Analysts | Explanation to participants | Performance review on the second quarter of 2018 |
| 2018.8.16~17 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2018.11.13 | Analysts | Explanation to participants | Performance review on the third quarter of 2018 |
| 2018.11.15 | Investors(local) | Corporate Day | |
| 2018.11.16~20 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2019.2.26 | Analysts | Explanation to participants | Performance review on the fourth quarter of 2018 |
| 2019.2.27~3.4 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2019.3.12~15 | Investors(foreign) | | |
| 2019.5.15 | Analysts | Explanation to participants | Performance review on the first quarter of 2019 |
| 2019.5.16 | Investors(foreign) | Conference | |
| 2019.5.20~22 | Investors(local) | NDR(Non Deal Roadshow) | |
| 2019.5.31 | Investors(local) | Corporate Day | |

### 3) Public disclosure of corporate information

Information related to the Company and IR contact such as telephone number(82-2-316-5160) and email address(irpr@panocean.com) is available on our website (http://www.panocean.com), and also on electronic disclosure systems(http://kind.krx.co.kr or http://dart.fss.or.kr or https://www2.sgx.com). The Company has been listed both Korea Exchange and Singapore Exchange and submits public disclosures in English through the SGX disclosure system. Therefore, we do not submit public disclosures in English through KIND (http://kind.krx.co.kr) or DART(http://dart.fss.or.kr) in a separate format. Meanwhile, there was no fair disclosure during the disclosure period (1 Jan 2018 ~ 3 Jun 2019) and the Company has not designated as unfaithful disclosure corporation since the first listing in 2007.

### 4) Internal control procedure for related-party or self-dealing transactions

The Company has internal regulations to prevent related-party or self-dealing transactions that are in management's or a controlling shareholder's own interests. In accordance with Article 9 Section 15 and Section 16 of the Regulations of the Board provide that approval of related party transactions and approval of transactions between the Company and director shall be considered by the Board. The Company has voluntarily established Internal Transactions Committee to review related party transactions, aiming to enhance corporate transparency by building a compliance system that promotes fair transactions. The committee conducts preliminary reviews and approves related party transactions that are worth KRW 5 billion or above, and other transactions that are deemed significant. Also, the committee receives reports on related party transactions with affiliates and can request detailed reports. For related party transactions that materially violate relevant laws or regulations of the Company, the committee has the right to propose corrective measures to the Board.

# Ⅲ. Board of Directors

## 1. Roles and Responsibilities

(Key Principle 3) Functions of the board of directors("the Board")

▪ The Board must establish the business objectives and strategies in the best interests of the corporation and its shareholders, and effectively supervise the activities of the management.

(Sub-principle 3-①) The board of directors should effectively perform its duty of management decision-making and management supervision.
(Sub-principle 3-②) The board of directors should prepare and operate and consistently improve and complement succession policy(including contingency appointment plan) and internal control policy(risk management, compliance with the relevant rule and regulations, Internal Accounting Control System etc.) for the Chief Executive Officer.

### 1) Institutional framework to support effective performance of the Board

The Company shall stipulate the number of directors in Chapter 5, Article 30 of Articles of Incorporation for independent judgment and decision making, with at least four or more, but not exceeding nine directors. And the company shall have at least three independent directors, at least one of one of whom must be resident (either a citizen or permanent resident) in Singapore. Independent directors should comprise more than half of the Board.

As of June 3 2019 which is the report submission date, the Company has appointed four out of seven directors as independent directors, and one out of all independent directors is Singaporean. In order to secure professionalism of the board of directors, the company forms independent directors as experts in the legal and accounting fields, supports all material and human resources to provide information on the Board's decision making, and provides training to the Board's members through time for company introduction and sharing business issue. As an internal support organization of the Board, the planning team exclusively supports the Board. It helps the Board make efficient decisions through regular and irregular contacts.

### 2) Matters to be resolved

The Board makes resolutions on matters provided for by the relevant laws or the Articles of Incorporation, matters delegated by a general meeting of shareholders, and important matters related to the Company's management policies and business operations. In accordance with Article 9 of the Regulation on the operation of the Board of Directors, matters to be submitted to the Board are as follows:

1) Matters concerning general meetings of shareholders
   a. Convocation of general meeting of shareholders
   b. Amendments of the Articles of Incorporation
   c. Election and dismissal of directors and members of the Audit Committee
   d. Remuneration of the directors
   e. Any other matters which shall be submitted to shareholders for consideration
2) Matters concerning financing and reduction of capital
   a. Issuance of new shares and reduction of capital

b. Financing over 5% of equity capital
c. Issuance of bonds

3) General matters of management
   a. Matters concerning business plan of the Company
   b. Settlement of accounts and resolution of financial statements
   c. Distribution of dividends
   d. Determination and amendment of basic policy of management
4) Matters concerning assets of the Company
   a. Annual plan of investment;
   b. Acquisition and disposition of vessels requiring over 3% of equity capital
      (A portion of which is not reflected in the annual plan of investment)
   c. Contract of affreightment accompanied with the acquisition of vessels described in item b.
   d. Acquisition and disposition of non-current assets except for vessel requiring over ten(10) billion won(or 2.5% of total amount of assets) per case
5) Equity investment and disposal
   a. Establishment and Liquidation of the investee companies (except for ship-finance-related SPC)
   b. Equity investment (referring to acquisition of stocks or capital contribution certificates issued by other corporations) or disposition of equity investment requiring over ten(10) billion won(or 2.5% of equity capital)
   c. Investment contract
      - Joint Venture, Joint Investment Agreement, Shareholders′ Agreement, MOU (which incurs investment obligation)
   d. Corporate governance of subsidiary companies
      - Merger, division, all-inclusive share swap and transfer, transfer of business and others
6) Strategic Alliances(Contract)
   a. Contracts for license or technical importation, acquisition of intellectual properties
   b. Any other matters of important contracts necessary for agreement with other parties
7) Offer of security(only for the third party) and guaranty(except for performance guaranty and tax guaranty) over 2.5% of equity capital
8) Acquisition, disposition and retirement of treasury shares
9) Material matters concerning policies on personnel and reward and punishment
10) Matters concerning remuneration of officers of the Company
11) Matters concerning material law suits and reconciliations
12) Enactment and abrogation of important regulation of the Company
13) Election and dismissal of the Representative Director
14) Matters concerning the Board of Directors meetings
   a. Election and dismissal of the Chairman and Vice Chairman
   b. Set-up, operation and abolition of committees
   c. Election and dismissal of the members of committees
15) Approval of large scale transactions with or for the largest shareholder, his/her specially related persons, and the Company's specially related persons
16) Approval of transactions between directors, etc. and the Company
17) Any other matters as prescribed in laws or the Articles of Incorporation, delegated from general meeting of shareholders and of which the Chairman or the Representative Director deem necessary

### 3) Delegation of authority

The Board can establish committees under the Board and delegate certain responsibilities to the committees in accordance with Article 42 of the Articles of Incorporation and Article 9-14 of the Regulation on the operation of the Board of Directors, except as otherwise stipulated by relevant laws. Each agenda approved by the Board committees is notified to all directors, and a director may call for the convocation of a Board meeting to the chairman of the Board to have the resolution approved by the Board if deemed necessary. However, agendas approved by the Audit Committee are excluded to ensure the committee's independence. Matters resolved at Board meetings are executed by the Company's relevant departments led by the Company's CEO.

### 4) CEO succession plan

The company has a large number of candidates for CEO with a broad knowledge and with an extensive experience in the field of shipping business, who passed a regularly internal selection process and the group of candidates continues to be trained in order to develop their own capability and to be regularly assessed by internal regulation, even though CEO succession plan including appointment policy in emergency situation is not currently documented. The executive director is elected by the general meeting of shareholders in accordance with the Regulation of the Board, the Articles of Incorporation and the Commercial Act. The Board shall elect the Representative Director. In the event that the Representative Director is unable to serve, then the other inside directors shall act on behalf of the Representative Director as being determined by the Board. The Company operates the system for selection and assessment of CEO candidates and the counterplan in emergency as mentioned above. The documentation regarding to CEO succession plan will be prepared in the near future.

### 5) Risk management

A. Compliance Management

The Company appointed compliance officer in accordance with Article 542-13 of the Commercial Act and established the ethical management team for supporting compliance officer as follow.

| Name | Career |
|---|---|
| Young-Ju, Kim | - 2000 : passed the 42th bar exam<br>- 2002 : completed the course of judicial training, graduated in law school at EWU<br>- 2003~2009 : the law firm A-Ram, Chinhung International, Inc.<br>- 2010~ : Pan Ocean Co., Ltd. |

<Support Organization for Compliance Officer>

| Team | Staff | Position | The Main Activities |
|---|---|---|---|
| Ethical Management Team | 2 | General Manager 1,<br>Senior Manager 1 | Supporting the performance of compliance self-assessment according to Compliance Guidelines |

The Company conducts compliance control activity in accordance with Compliance Control Standards which was introduced in 2012 and the performance in 2018 is as follows.

| Activity | Detail |
|---|---|
| Compliance Guidelines Validity Evaluation | • Ethical Management Team established Compliance Guidelines execution system and performed compliance self-assessment, the result of which was reviewed and the validity of which was confirmed according to the Article 6, 11, 14 and 21 of Compliance Guidelines. |
| Appointment of staffs in charge of compliance | • 1 person per team (50 teams) |
| Reviewing Validity of self-assessment lists | • Reflecting the results of validity evaluation of last-year checklists and amendments thereto<br>→ distribution of 143 items in total (68 individual, 75 common) to 50 teams |
| Execution of Compliance self-assessment | • Evaluation Period : 10 Dec ~ 14 Dec (5 days)<br>• Target : 50 teams (all teams in company)<br>• Method : Self-assessment by staffs in charge of compliance in respective teams → report to division or department heads / confirmation → report to Compliance Officer / confirmation<br>• Result: 100% fulfilled, 0% non-fulfilment |

B. Organizational status of disclosure, and disclosure management system status

The Company has established organization for disclosure in accordance with relevant regulation of Korea Exchange and Financial Services Commission. A dedicated disclosure team provide all disclosures requirements of material information are timely, complete and accurate under the chief of disclosure's control.

| Team | Staff | Position |
|---|---|---|
| Planning Department | 1 | Vice President 1 |
| Business Management Team | 3 | General Manager 1, Senior Manager 1, Assistant manager 1 |

C. Establishment of policies and operation for Internal Accounting Control System

The company has enacted internal accounting control regulations for internal accounting management. In accordance with these regulations, the company has established internal control team as of January 1 2019.

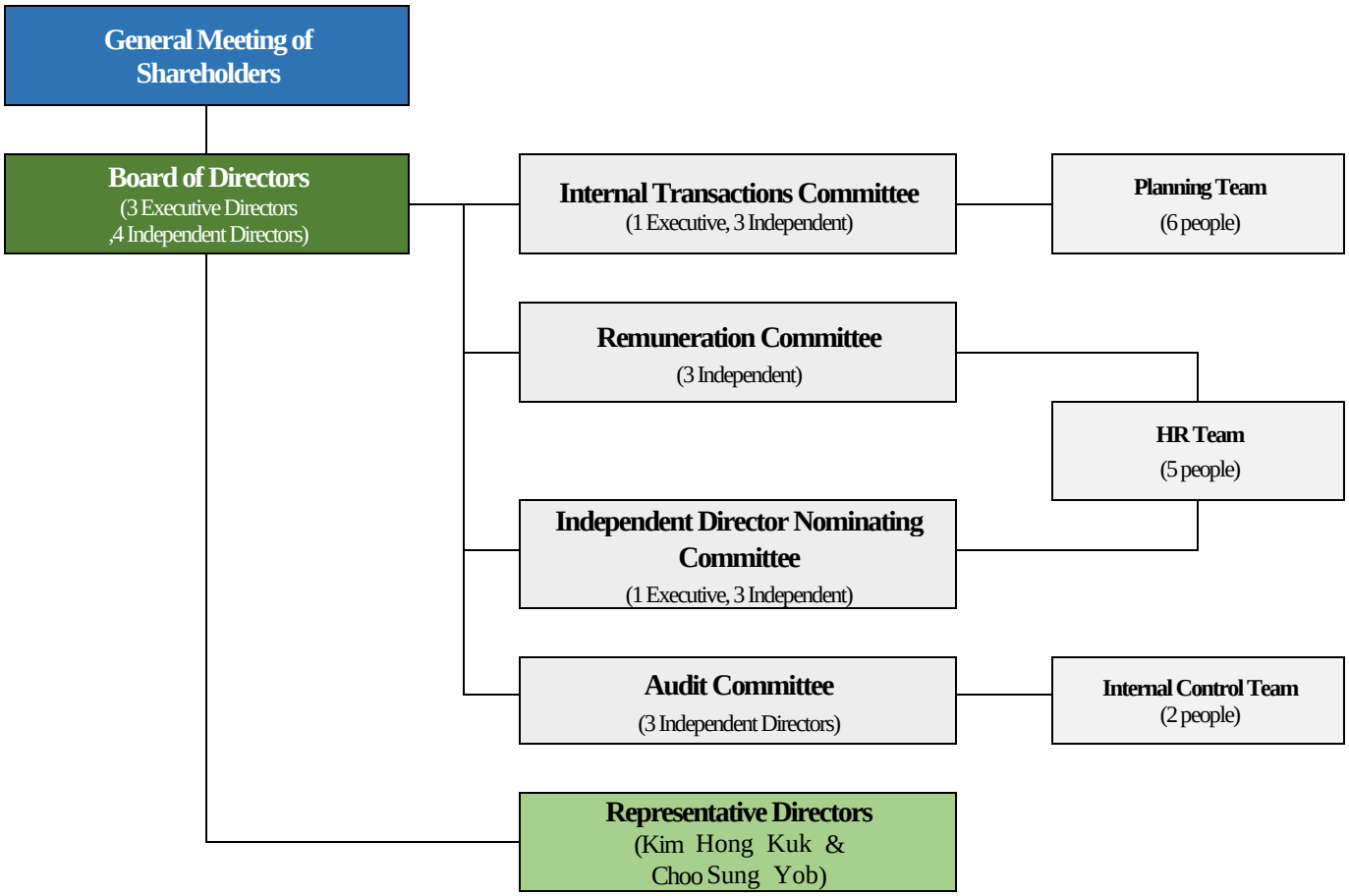
## 2. Composition and Appointment of directors

(Key Principle 4) Composition of the Board

▪ The board should be composed so as to facilitate effective decision-making and supervision of management, and directors should be appointed through a transparent process, which reflects the diverse opinions of shareholders.

(Sub-principle 4-①) The board of directors should be composed in a way that effective and prudent discussion and decision-making is possible, with enough number of independent directors so that it can fulfill its function independently from the management and the controlling shareholders.
(Sub-principle 4-②) The board of directors should be comprised of responsible and competent professionals in various fields considering their knowledge and career so that they can effectively contribute to the corporate management.
(Sub-principle 4-③) Fairness and independence should be secured during the recommendation and appointment process of the candidates for the directors.
(Sub-principle 4-④) People who are responsible for the defamation of the enterprise value or infringement of shareholders' equity interest should not be appointed as an executive officer.

### 1) Composition



A general meeting of shareholders is the Company's highest decision-making body. It decides on and approves important issues concerning the Company's management, including the election of directors, amendments to the Articles of Incorporation, approval of financial statements, etc. The Board makes resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, on matters delegated by a general meeting of shareholders, and on important matters concerning basic policies and execution of the Company's business. To review more technical matters, the Board supervises and delegates authority to 4 committees, with related departments tasked in a supporting role. The two Representative Directors appointed by the Board operate and manage ordinary business.

The Board shall have at least four but no more than nine directors, in accordance with Article 30 of the Articles of Incorporation. While having more than three directors is in accordance with Article 383 of the Commercial Act, we believe that the maximum number should not exceed nine to ensure efficient decision-making at and management of meetings. As of June 3 2019 which is the report submission date, the Board comprises seven directors, of which four members are independent directors. This meets the requirement of Article 542-8 of the Commercial Act, which states that a company shall have at least three independent directors and that independent directors shall constitute a majority of the Board. In order to make strategic decisions quickly and strategically in preparation for the rapidly changing shipping market, the company has appointed Mr. Choo Sung Yob, a top shipping experts, to serve as both CEO and chairman of the Board. The Company makes sufficient efforts to strengthen the independence and supervisory functions of the Board, so we did not appoint a senior executive director or adopt an executive officer system.

| Name | Position | Date of appointment | Term expiration date | Committee |
|---|---|---|---|---|
| Kim Hong Kuk | Executive Director | 2015.7.18 | 2022.3.26 | - |
| Choo Sung Yob | | 2015.7.18 | 2022.3.26 | Independent Director Nominating Committee<br>Internal Transactions Committee |
| Cheon Se Gi | | 2015.7.18 | 2022.3.26 | - |
| Choi Seung Hwan | Independent Director | 2015.7.18 | 2022.3.26 | Independent Director Nominating Committee<br>Remuneration Committee<br>Internal Transactions Committee<br>Audit Committee |
| Oh Keum Seok | | 2018.3.23 | 2021.3.22 | Independent Director Nominating Committee<br>Remuneration Committee<br>Internal Transactions Committee<br>Audit Committee |
| Oh Kwang Soo | | 2019.3.27 | 2022.3.26 | Independent Director Nominating Committee<br>Remuneration Committee<br>Internal Transactions Committee<br>Audit Committee |
| Christopher Anand Daniel | | 2013.12.24 | 2022.3.26 | - |

## 2) Election of Directors

A director is elected by a resolution of a general meeting of shareholders, in accordance with Article 382 of the Commercial Act, and an independent director is elected from candidates recommended by the Independent Director Nominating Committee, according to Article 542-8 of the Commercial Act. The Independent Director Nominating Committee is a committee under the Board whose role is to recommend independent director candidates to be presented at a general meeting of shareholders after an in-depth review. The Committee meets the requirement of Article 542-8 of the Commercial Act, which states that Independent Directors must constitute a majority of in order to ensure the Committee's independence and transparency. A candidate for Independent Director needs to meet the requirements of relevant laws and the Articles of Incorporation, have no material interests with the Company, and be able to fulfill the roles and responsibilities of supervising management from an independent position. The Independent Director Nominating Committee selects candidates with abundant knowledge and expertise in areas including business management, economics, accounting, law, etc. Candidates who can independently add a diverse perspective to the Board, regardless of ethnicity, nationality, gender, region of origin, religion, or area of specialty, will be the primary considerations. The company continues to make an effort to reinforce the expertise, the responsibility, and the diversity like appointment of female director.

<History of appointments and changes of the directors from 1st Jan. 2017 to 3rd June 2019>

| Name | Date of original appointment | Date of tenure expiration | Date of change | Reason for change | Employment |
|---|---|---|---|---|---|
| Kim Hong Kuk | 2015.7.18 | 2022.3.26 | 2019.3.27 | Re-Appointment | Employment |
| Choo Sung Yob | 2015.7.18 | 2022.3.26 | 2019.3.27 | Re-Appointment | Employment |
| Cheon Se Gi | 2015.7.18 | 2022.3.26 | 2019.3.27 | Re-Appointment | Employment |
| Shin Jeong Shik | 2015.7.18 | 2019.3.24 | 2018.3.6 | Resignation | Retirement |
| Chang Yoo Whan | 2015.7.18 | 2019.3.26 | 2019.3.26 | Termination | Retirement |
| Choi Seung Hwan | 2015.7.18 | 2022.3.26 | 2019.3.27 | Re-Appointment | Employment |
| Oh Keum Seok | 2018.3.23 | 2021.3.22 | 2018.3.23 | New-Appointment | Employment |
| Oh Kwang Soo | 2019.3.27 | 2022.3.26 | 2019.3.27 | New-Appointment | Employment |
| Christopher Anand Daniel | 2013.12.24 | 2022.3.26 | 2019.3.27 | Re-Appointment | Employment |

## 3) Director Nominating process

In order to provide more information regarding to candidates of director, the announcement of holding the 53rd general meeting of shareholders on 27 March 2019 is done 4 weeks advance of the meeting, 26, February, 2019. And the announcement which contains the activity history and compensation detail of the independent directors. However, the notice announcement before the 53rd meeting didn't include the details of executive directors. The Company will announce the details of all the directors from the next shareholder's meeting, Meanwhile, in electing two (2) or more directors, the concentrated voting system pursuant to Article 382-2 of the Korean Commercial Act was not applied.

<Information provided on the candidates for directors during the time period between the starting date of a business year to which the disclosure period belongs and the disclosure report submission date>

| Date of information submission | Date of general meeting of shareholders | Candidates for directors | Provided information |
|---|---|---|---|
| 2019.2.26 | 2019.3.27 | Kim Hong Kuk | 1. Detailed career and areas of expertise of the candidates<br>2. Confirmation of independence(no conflict of interests)<br>3. Recommender<br>4. Relation with the Largest shareholder |
| | | Choo Sung Yob | |
| | | Cheon Se Gi | |
| | | Choi Seung Hwan | |
| | | Oh Kwang Soo | |
| | | Christopher Anand Daniel | |
| 2018.3.8 | 2018.3.23 | Oh Keum Seok | |

## 4) The Status of Directors

The company clarifies the pre-qualification procedure during the process of director appointment, in order to prevent the candidate with damage to the enterprise value or with infringement on stockholders' interest from being elected as director. There are no directors with embezzlement or dereliction of duty in the past. Instead of adopting Corporate Executive Officer System, the company pursuit the efficiency comprehensively performing decision making, monitoring and execution through the Board and the Representative Director. As of June 3 2019 which is the report submission date, the list of current directors is as below.

| Name | Gender | Position | Registration | Full/ Part Time | Duty | Career |
|---|---|---|---|---|---|---|
| Kim Hong Kuk | Male | CEO (Chairman) | Registered Director | Full Time | Representative Director | 1990 ~ CEO of Harim Corp.<br>2001 ~ Chairman of Harim group<br>2018 ~ CEO of Harimholdings Corp.<br>2015 ~ CEO(Representative Director) |
| Choo Sung Yob, | Male | CEO (President) | | Full Time | Representative Director / Chairman of BOD | 2013 CEO / STX Corp<br>2015 Advisor / Harim Corp<br>2015~ CEO(Representative Director) |
| Cheon Se Gi | Male | Senior Vice President | | Full Time | Head of Ethical Management Dept. | 2012 Business Support Team Leader / Harim Corp.<br>2019~ Business Support Team Leader / Harim Corp.<br>2015~ Head of Ethical Management Dept |
| Choi Seung Hwan | Male | Independent Director | | Part Time | Independent Director | 2006 KPMG Vice President<br>2015~ Independent Director / KangNam Jevisco<br>2015~ Independent Director |
| Oh Kwang Soo | Male | Independent Director | | Part Time | Independent Director | 2018~ Lawyer / Inwol LLC<br>2019~ Independent Director |
| Oh Keum Seok | Male | Independent Director | | Part Time | Independent Director | 2004~ Lawyer / Bae, Kim & Lee LLC,<br>2018~ Independent Director |

| Name | Gender | Position | Registration | Full/ Part Time | Duty | Career |
|---|---|---|---|---|---|---|
| Christopher Anand Daniel | Male | Independent Director | | Part Time | Independent Director | 1995~ Lawyer / Advocatus Law LLP(SGP)<br>2013~ Independent Director |
| Kim Bo Yeon | Male | Deputy President | Non - Registered Director | Full Time | Head of Administration Division Group | 2013 Head of Management Support Div. Group<br>2015~ Head of Administration Div. Group |
| Ahn Joong Ho | Male | Deputy President | | Full Time | Head of Business Division Group | 2013 Head of Business Division Group<br>2015 Head of Business Division 2 Group<br>2019~ Head of Business Division Group |
| Jun Kang Hyun | Male | Senior Vice President | | Full Time | Head of Law & Insurance Department | 2013 Head of Global Law Dept./ STX Corp<br>2013~ Head of Law & Insurance Department |
| Chae Ho Seok | Male | Senior Vice President | | Full Time | Head of Specialized Carriers Division | 2012 Head of Project Divisoin<br>2013~ Head of Specialized Carriers Division |
| Rah Byung Chul | Male | Senior Vice President | | Full Time | Head of Tramper Division | 2013 Head of Business Coordination Dept.<br>2015~ Head of Tramper Division |
| Heo Uk | Male | Vice President | | Full Time | Head of Large Bulk Division 2 | 2014 Head of Large Bulk Division<br>2015~ Head of Large Bulk Division 2 |
| Kim Dong Gyun | Male | Vice President | | Full Time | Head of Liner Division | 2013 Head of Management Support Dept.<br>2017~ Head of Liner Division |
| Bang Sang Doo | Male | Vice President | | Full Time | Head of Container Division | 2012 Head of Container CIC Korea Branch<br>2013~ Head of Container Division |
| Chung Do Shik | Male | Vice President | | Full Time | Head of Planning Department | 2010 Planning Team Leader<br>2013~ Head of Planning Department |
| Kim Eun Jin | Male | Vice President | | Full Time | Head of IT Department | 2012 Seoul IT Team Leader / ForceTec㈜<br>2014~ Head of IT Department |
| Moon Kyong Ju | Male | Vice President | | Full Time | Head of Atlantic Division | 2014 CEO / PanOcean Brasil Apoio Maritimo Ltda.<br>2017~ Head of Atlantic Division |

## 3. Responsibilities of Independent Directors

(Key Principle 5) Responsibilities of Independent Directors

▪ Independent directors should be able to independently participate in important corporate management decision-making, and to supervise and support the management as a Board member.

(Sub-principle 5-①) Corporate should identify, during the appointment stage of the process, that independent directors do not have significant personal interests in the corporate.
(Sub-principle 5-②) Independent directors should put enough amount of time and efforts to sincerely fulfill their duty, and the corporate should provide enough amount of information and resources necessary for the independent directors' performance of duty.

Independent directors are able to independently participate in important corporate management decision-making and supervise and support the management as a Board member. As of June 3 2019 which is the report submission date, the incumbent Independent directors have no significant interests with the Company, and the Company have checked their interests from the beginning of the selection process. The Company will implement the verification procedures thoroughly in the future and strives to prepare internal regulations, including the internal standard of allowing Independent director's having concurrent position in another corporate.

< Relationship status between incumbent Independent directors and group·affiliated companies>

| Name | Past employment history | | Transaction history of the recent 3 years | |
|---|---|---|---|---|
| | Relevant corporate | Affiliated companies of the relevant corporate | Relevant corporate | Affiliated companies of the relevant corporate |
| Choi Seung Hwan | N/A | N/A | N/A | N/A |
| Oh Keum Seok | N/A | N/A | N/A | N/A |
| Oh Kwang Soo | N/A | N/A | N/A | N/A |
| Christopher Anand Daniel | N/A | N/A | N/A | N/A |

Since the company is both listed on the Korea Exchange (KRX) and the Singapore Stock Exchange (SGX), the company is obliged to comply with Korean laws, regulations and part of the SGX listing rules, and at least one independent director must be resident in Singapore. Under these conditions, independent director Christopher Anand Daniel has been in office for more than six years from the end of 2013 to the present considering his knowledge and career as an independent director.

<The tenure of service for each incumbent independent director and the reason of having an independent director, if there is any, who has been working more than 6 years As of June 3 2019 which is the report submission date>

| Name | Tenure of service | Reason of having an independent director, if there is any, who has been working more than 6 years |
|---|---|---|
| Choi Seung Hwan | 2015.7.18 ~ present | N/A |
| Oh Keum Seok | 2019.3.27 ~ present | N/A |
| Oh Kwang Soo | 2018.3.23 ~ present | N/A |
| Christopher Anand Daniel | 2013.12.24 ~ present | To comply with SGX Listing rules |

In addition, it is considered to be proper that the independent directors put their time and effort enough to fulfill their own duty, considering status of concurrent office, and a responsible department is designed to respond to the information demanded by independent directors. As of June 3 2019 which is the report submission date, the status of concurrent office for 4 independent directors is as below.

< Status of concurrent position of the independent directors as of June 3 2019 which is the report submission date>

| Name (member of audit committee) | Date of original appointment | Date of tenure expiration | Current office | Status of concurrent office | | | |
|---|---|---|---|---|---|---|---|
| | | | | Concurrent institution | Concurrent position | Tenure of service in the concurrent institution | Listed/non-listed institution (concurrent) |
| Choi Seung Hwan* (Chairman of audit committee) | 2015.7.18 | 2022.3.26 | - | Kangnam Jevisco co., ltd. | Independent director | 2015 ~ | Listed |
| Oh Keum Seok | 2018.3.23 | 2021.3.22 | Lawyer of BAE, KIM & LEE LLC | | | | |
| Oh Kwang Soo | 2019.3.27 | 2022.3.26 | Lawyer of InWol Law Firm | | | | |
| Christopher Anand Daniel | 2013.12.24 | 2022.3.26 | Lawyer of Advocatus Law LLP | | | | |

Independent directors must meet all requirements set forth in Article 382 and Article 542-8 of the Commercial Act. In addition to the legal requirements, we have a number of criteria to meticulously review a candidate's independence, expertise, and experience in order to determine the most appropriate nominee.

## 4. Evaluation of Independent Directors

(Key Principle 6) Evaluation of Independent directors' activities

▪ To promote active performance of duties by the independent directors, their activities should undergo fair evaluation; and the decisions on their remuneration and reappointment should be made on the basis of the outcomes of such evaluation.

(Sub-principle 6-①) Evaluation of the independent director should be based on the individual performance, and the remuneration should be determined at a proper level in consideration of accountability, risk of fulfilling the duty, and the time spent.
(Sub-principle 6-②) The appraisal result of the independent directors should be reflected in the remuneration estimation and the decision on the reappointment.

### 1) Evaluation of Independent Directors

In the event of re-appointment for Independent Directors, their attendance record, a level of contribution, and independence during tenure of service are evaluated over all, the Independent Director Nomination Committee determine acceptance or rejection of re-appointment. However the relevant regulations is not made yet, but the company is trying to make the detailed method of appraisal and relevant regulations

### 2) Remuneration of Independent Directors

In accordance with Article 388 of the Commercial Act, Article 41 of the Articles of Incorporation, the ceiling on independent director remuneration is determined by a resolution at a general meeting of shareholders. The Remuneration Committee deliberates a reasonable remuneration limit to be submitted at the general meeting of shareholders, and the remuneration is later determined within the limit set at the meeting. Under the Company policy, an independent director's remuneration is not tied to his performance. Rather, it is predetermined in order to avoid any inhibitions that may impede participation if compensation is based on performance. Remuneration of independent directors is limited to base salary and business-related expenses. Remuneration paid to independent directors in 2018 is as follows:

(Unit : million KRW)

| | No. | Total | Average |
|---|---|---|---|
| Directors except for independent and members of Audit committee | 3 | 1,130 | 376 |
| Independent directors except for members of Audit committee | 1 | 29 | 29 |
| Members of Audit committee | 3 | 106 | 35 |

## 5. Operation of Board of Director

(Key Principle 7) Operation of the Board

▪ The Board should be operated efficiently and rationally to ensure that the management decisions are made in the best interests of the corporation and shareholders.

(Sub-principle 7-①) The Board of directors should be held in principle, on a regular basis, and the corporate should prepare operational regulations that stipulate the authority, responsibility and operational procedures of the board of directors in detail.
(Sub-principle 7-②) The board of directors should record minutes in detail for every meeting and disclose the attendance rate of each director at the board meeting and the activities such as the approval and disapproval on the agenda.

### 1) Convocation and operation of meetings of the Board of Directors

The Board holds seven to eight ordinary meetings each year, for matters such as approving quarterly financial statements and convening the AGM. Extraordinary meetings can be called when deemed necessary. In accordance with Article 38 of the Articles of Incorporation and Article 7 of the Regulation on the operation of the Board of Directors, a meeting of the Board shall be convened by the Chairman of the Board, and the Chairman shall give notice to each Director of the date, time, place, and meeting agenda two days prior to the meeting. Directors may request the Chairman to convene a Board meeting when deemed necessary to perform his duties and shall explain the agenda and reasons to the Chairman. If the Chairman refuses to convene the meeting without justifiable grounds, the Director who made the request may convene a meeting directly. In accordance with Article 39 of the Articles of Incorporation and Article 8 of the Regulation on the operation of the Board of Directors, the presence of a majority of all Directors shall constitute a quorum for a meeting of the Board and the resolutions of the Board shall be adopted by a majority of the votes of the Directors attending the meeting. In accordance with Article 391 of the Commercial Act, the Board may adopt a resolution without all or some of the Directors being present at the meeting in person if they are present by means of a remote communications system that enables the simultaneous transmission and receipt of the voice of the Directors. In such cases, the relevant Directors shall be deemed as being directly present at the meeting. According to Article 8 of the Regulation on the operation of the Board of Directors, a director with a special interest in a resolution of the Board shall not exercise his or her voting right in order to eliminate the possibility of conflict of interest. The proceedings of the meeting shall be recorded in the minutes, including the agenda, details, results, those opposed to the agenda, and the reasons for such opposition. Names and signatures of all Directors present shall be affixed to the minutes, which shall be distributed to all Directors to ensure transparency of the decision-making process. The outcomes of the Board meetings, attendance rate of Directors, and voting results are disclosed through business reports on a quarterly basis.

### 2) Meetings of the Board

In 2018, the Board held 10 meetings(5 ordinary meetings, 5 extra-ordinary meeting)

(a) 1st meeting : 8 Feb 2018 (Notice date : 2 Feb 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Attended | Attended | Abstain | Attended | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report resolution of audit committee as of date | No particular comments | | | | | | | |
| ② To report operation of internal control over financial reporting(ICFR) | No particular comments | | | | | | | |
| ③ To report result of Compliance Guidelines validity evaluation | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve Business Plan for 2018 | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ② To approve the date & venue and Agenda for Annual General Meeting for 2018 | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ③ To approve financial statements of 2017 | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ④ To approve ceiling on remuneration for directors of year 2018 | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ⑤ To approve the renewal of the IPT mandate | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ⑥ To approve the 52nd Annual Report | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ⑦ To approve the standard of performance evaluation & incentive payment of year 2018 for CEO | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |
| ⑧ To approve remuneration plan of the executive officers for year 2018 | Concur | Concur | Abstain | Concur | Concur | Concur | Concur | Approved |

(b) 2nd meeting : 6 Mar 2018 (Notice date : 2 Mar 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Attended | Attended | Abstain | Attended | Attended | Attended | Abstain | |
| 3. Resolutions | | | | | | | | |
| ① To approve the change of agenda of annual general meeting for 2018 | Concur | Concur | Abstain | Concur | Concur | Concur | Abstain | Approved |
| ② To approve appointment of Independent Directors & Audit Committee Members | Concur | Concur | Abstain | Concur | Concur | Concur | Abstain | Approved |
| ③ To approve donation | Concur | Concur | Abstain | Concur | Concur | Concur | Abstain | Approved |

(c) 3rd meeting : 23 Mar 2018 (Notice date : 20 Mar 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | Attended | Attended | Abstain | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report the Long-Term Fleet Management Plan | No particular comments | | | | | | | |
| ② Plan for sulfur oxides(SOx) emission regulation | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve the paid-in capital increase on Q1 2018 | Concur | Concur | Concur | Concur | Concur | Concur | Abstain | Approved |
| ② To approve the appointment of members of committees | Concur | Concur | Concur | Concur | Concur | Concur | Abstain | Approved |

(d) 4th meeting : 8 May 2018, (Notice date : 7 May 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Abstain | Abstain | Attended | Attended | |
| 3. Resolutions | | | | | | | | |
| ① To approve participation in a long-term shipping contract tender | Concur | Concur | Concur | Abstain | Abstain | Concur | Concur | Approved |

(e) 5th meeting : 10 May, 2018 (Notice date : 7 May 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Abstain | Attended | Attended | Attended | Attended | Abstain | Abstain | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report First Quarter results of FY 2018 | No particular comments | | | | | | | |
| ② To report the Newbuilding of 2 units of 1,800TEU Class Container Carrier | No particular comments | | | | | | | |

(f) 6th meeting : 21 June, 2018 (Notice date : 19 June 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | Attended | Attended | Attended | |
| 3. Resolutions | | | | | | | | |
| ① To Approve Issuance of the 19th Unsecured Private Placement Bond | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ② To Approve Guarantee for Pan Ocean (America) Inc.'s Loan Agreement | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ③ To approve for Shipbuilding Contract of 2 units of 37,500 DWT Bulk Carrier | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ④ To approve for scrubber installation to response SOx regulation | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ⑤ To approve the paid-in capital increase on Q2 2018 | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |

(g) 7th meeting : 14 August, 2018 (Notice date : 19 June 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report First Half results of FY 2018 | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve for Shipbuilding Contract of 2+1 units of 63,500 DWT Bulk Carrier | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ② To Approve Issuance of Bank Guaranteed USD FRN(Floating Rate Note) | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ③ To approve transactions between directors, etc. and the company | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ④ To approve reappointment of the Compliance Officer | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |

(h) 8th meeting : 20 September, 2018 (Notice date : 17 September, 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Abstain | Attended | Attended | Attended | Attended | Attended | Abstain | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 3. Comments on reported matters | | | | | | | | |
| ① To report contract of scrubber installation | No particular comments | | | | | | | |
| ② To report a progress status of tendering bids for long-term contract | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve the paid-in capital increase on Q3 2018 | Abstain | Concur | Concur | Concur | Concur | Concur | Abstain | Approved |

(i) 9th meeting : 13 November, 2018 (Notice date : 7 November, 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report 3rd quarter results of FY 2018 | No particular comments | | | | | | | |
| ② To report the process status of tendering bids for long-term contract and Newbuilding contract of 208,000DWT bulk carrier | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve delegation of authority for ship financing on 6 new 325,000dwt vessels | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ② To approve the Conversion of Vale CVC Contracts | Concur | Concur | Concur | Concur | Concur | Concur | Concur | Approved |

(j) 10th meeting : 20 December, 2018 (Notice date : 13 December, 2018)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Christopher Anand Daniel | Whether or not approve |
| 2. Attendance status | Abstain | Attended | Attended | Attended | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report the appointment of external auditor of FY 2019 | No particular comments | | | | | | | |
| ② To report the exercise of option for 3rd 63,500 DWT bulk carrier newbuilding | No particular comments | | | | | | | |
| ③ To report the installation of Scrubber on the newbuilding vessels | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ① To approve internal transactions of FY 2019 | Abstain | Concur | Concur | Concur | Concur | Concur | Concur | Approved |
| ② To approve the revision of internal accounting management regulations | Abstain | Concur | Concur | Concur | Concur | Concur | Concur | Approved |

In 2019, the Board held 4 meetings. (3 ordinary meetings, 1 extra-ordinary meeting)

(a) 1st meeting : 25 January 2019 (Notice date : 24 January 2019)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Abstain | Attended | Attended | Abstain | Attended | Abstain | Attended | |
| 3. Resolutions | | | | | | | | |
| ① To approve Business Plan for 2019 | Abstain | Concur | Abstain | Abstain | Concur | Abstain | Concur | Approved |
| ② To approve for newbuilding contract of 208,000DWT bulk carrier | Abstain | Concur | Abstain | Abstain | Concur | Abstain | Concur | Approved |

(b) 2nd meeting : 11 February 2019 (Notice date : 1 February 2019)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | Attended | Abstain | Attended | Abstain | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report resolution of audit committee as of date | No particular comments | | | | | | | |
| ② To report operation of internal control over financial reporting(ICFR) | No particular comments | | | | | | | |
| ③ To report result of Compliance Guidelines validity evaluation | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve the date & venue and Agenda for Annual General Meeting for 2019 | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ② To approve amendments of Articles of Incorporation | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ③ To approve financial statements of 2018 | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ④ To approve the 53rd Annual Report | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ⑤ To approve appointment of Directors & Audit Committee Members | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ⑥ To approve ceiling on remuneration for directors of year 2019 | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ⑦ To approve the renewal of the IPT mandate | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ⑧ To approve the standard of performance evaluation & incentive payment of year 2019 for CEO | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ⑨ To approve remuneration plan of the executive officers for year 2019 | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |
| ⑩ To approve the introduction of electronic voting & proxy system | Concur | Concur | Concur | Concur | Abstain | Concur | Abstain | approved |

(c) 3rd meeting : 27 March 2019 (Notice date : 25 March 2019)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Oh Kwang Soo | Oh Keum Seok | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Abstain | Attended | Attended | Attended | Attended | Abstain | Abstain | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report the current status of US Subsidiary | No particular comments | | | | | | | |
| 4. Resolutions | | | | | | | | |
| ① To approve the appointment of CEO and Chairman of BOD | Abstain | Concur | Concur | Concur | Concur | Abstain | Abstain | approved |
| ② To approve the appointment of members of committees | Abstain | Concur | Concur | Concur | Concur | Abstain | Abstain | approved |
| ③ To approve the revision of audit committee regulations | Abstain | Concur | Concur | Concur | Concur | Abstain | Abstain | approved |

(d) 4th meeting : 13 May 2019 (Notice date : 26 April 2019)

| Items | Activities of directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. Name of director | Kim Hong Kuk | Choo Sung Yob | Cheon Se Gi | Choi Seung Hwan | Oh Kwang Soo | Oh Keum Seok | Christopher Anand Daniel | Whether or not approved |
| 2. Attendance status | Abstain | Attended | Attended | Attended | Abstain | Attended | Attended | |
| 3. Comments on reported matters | | | | | | | | |
| ① To report First Quarter results of FY 2019 | No particular comments | | | | | | | |
| ② To report the election of the chairmen of committees | No particular comments | | | | | | | |
| ③ To report the resignation of member of Remueration Committee | No particular comments | | | | | | | |

<Attendance rate and approval rate of each director in the recent 3 business years>

| Name | Tenure of service | Attendance rate(%) | | | | Approval rate(%) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Avg | Recent 3 years | | | avg | Recent 3 years | | |
| | | | 2018 | 2017 | 2016 | | 2018 | 2017 | 2016 |
| Kim Hong Kuk | 2015.07.18. ~present | 48.5 | 70.0 | 33.3 | 45.5 | 100.0 | 100.0 | 100.0 | 100.0 |
| Choo Sung Yob | 2015.07.18. ~present | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Cheon Se Gi | 2015.07.18. ~present | 87.9 | 80.0 | 92.0 | 90.9 | 100.0 | 100.0 | 100.0 | 100.0 |
| Choi Seung Hwan | 2015.07.18. ~present | 97.0 | 90.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Christopher Anand Daniel | 2013.12.24. ~present | 51.5 | 60.0 | 33.3 | 63.6 | 100.0 | 100.0 | 100.0 | 100.0 |
| Oh Keum Seok | 2018.03.23. ~present | 87.5 | 87.5 | - | - | 100.0 | 100.0 | 100.0 | 100.0 |
| Oh Kwang Soo | 2019.03.27. ~present | - | - | - | - | 100.0 | 100.0 | 100.0 | 100.0 |
| Chang Yoo Whan | 2015.07.18. ~ 2019.03.27. | 84.8 | 90.0 | 67.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Shin Jeong Shik | 2012.3.5. ~ 2018.03.06. | 96.0 | 100.0 | 92.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

## 6. Committees

(Key Principle 8) Committees of the Board

▪ For an efficient operation, the Board should establish internal committees which are responsible for the performance of specific functions and roles.

(Sub-principle 8-①) At least majority of members of the committees of the board of directors should be composed of independent directors, and all of the members of the audit committee and remuneration committee should be comprised of independent directors.
(Sub-principle 8-②) Organization, operation and the authority of all the committees should be stipulated in the express provision, and the committee should report the resolutions to the board of directors.

The Board has established four committees in accordance with Article 42 of the Articles of Incorporation and Article 9-14 of the Regulation on the operation of the Board of Directors, and has delegated certain responsibilities to the committees to ensure efficient operation of the Board. As of June 3 2019 which is the report submission date, information about the committees and their compositions is listed below.

| Committee | Composition | | Role |
|---|---|---|---|
| | Position | Name | |
| Independent Director Nominating Committee | Chairman | Choi Seung Hwan | To review, and supplement the principles of the independent director election, recommend candidates for the independent directors to be elected at the general meeting of shareholders, manage the independent director candidate pool at all times, and verify the qualifications of the candidates. |
| | Member | Choo Sung Yob | |
| | Member | Oh Keum Seok | |
| | Member | Oh Kwang Soo | |
| Audit Committee | Chairman | Choi Seung Hwan | To deliberate and resolve accounting and operational audits and such matters as delegated by the Board. |
| | Member | Oh Keum Seok | |
| | Member | Oh Kwang Soo | |
| Internal Transactions Committee | Chairman | Choi Seung Hwan | To conduct preliminary reviews of and approve related party transactions worth KRW 5 billion and over, and other transactions that are deemed significant according to the Monopoly Regulation and Fair Trade Act and |
| | Member | Choo Sung Yob | |
| | Member | Oh Keum Seok | |
| | Member | Oh Kwang Soo | |
| Remuneration Committee | Chairman | Choi Seung Hwan | To execute its fiduciary duty toward the Company's remuneration policy and achieve harmony between the remuneration system for the executives, etc. and the Company's performance and risk structure |
| | Member | Oh Keum Seok | |
| | Member | Oh Kwang Soo | |

### 1) Independent Director Nominating Committee

The Independent Director Nominating Committee was established in accordance with Article 43 of the Articles of Incorporation and Article 542-2 of the Commercial Act and has the role of making the recommendation of the Company's independent director candidates transparent and sound in order to accord with interest of the company and the shareholders, based on the Regulation on the operation of the Board of Directors and the role of verifying the relevant legal qualification of the Independent Director candidates. Furthermore, for enhancing the

transparency of electing procedure, the BOD verifies the result of qualification and the recommendation of the committee, once more. The Committee held 3 meetings during the disclosure period(1 Jan 2018 ~ 3 Jun 2019).

(a) 1st meeting in 2018 : 6 Mar 2018 (Notice date : 2 Mar 2018)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Shin Jeong Shik | Chang Yoo Whan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | Attended | |
| 3. Resolutions | | | | | |
| ① To nominate independent directors | Concur | Concur | Concur | Concur | Approved |

(b) 1st meeting in 2019: 11 Feb 2019 (Notice date : 1 Feb 2019)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Oh Keum Seok | Chang Yoo Whan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | Attended | | Attended | |
| 3. Resolutions | | | | | |
| ① To nominate independent directors | Concur | Concur | | Concur | Approved |

(c) 2nd meeting in 2019: 13 May 2019 (Notice date : 26 Apr 2019)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Oh Keum Seok | Oh Kwang Soo | Choi Seung Hwan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | | Attended | Attended | |
| 3. Resolutions | | | | | |
| ① To approve the appointment of Chairman of Remuneration Committee | Concur | | Concur | Concur | Approved |

## 2) Internal Transactions Committee

The Internal Transactions Committee was established by a resolution of the Board, without legal mandates, to enhance transparency of the Company's management through a voluntary compliance system. The Committee is permitted to conduct preliminary reviews of and approve related party transactions worth KRW 5 billion and over according to the Monopoly Regulation and Fair Trade Act and transactions pursuant to Article 393-2 of the Commercial Act. If deemed necessary, the Committee shall be convened by the Chairman according to Article 6 of Regulation on the operation of Internal Transaction Committee. The Committee held 3 meetings during the disclosure period(1 Jan 2018 ~ 3 Jun 2019).

(a) 1st meeting in 2018 : 21 June 2018 (Notice date : 12 June 2018)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choo Sung Yob | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | |
| 3. Resolutions | | | | | |
| ① To Approve Guarantee for Pan Ocean (America) Inc.'s Loan Agreement | Concur | Concur | Concur | Concur | Approved |

(b) 2nd meeting in 2018: 20 December 2018 (Notice date : 13 December 2018)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choo Sung Yob | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approve |
| 2. Attendance status | Attended | Attended | Attended | Attended | |
| 3. Resolutions | | | | | |
| ① To approve internal transactions of FY 2019 | Concur | Concur | Concur | Concur | Approved |

(c) 1st meeting in 2019: 13 May 2019 (Notice date : 29 April 2019)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choo Sung Yob | Choi Seung Hwan | Oh Kwang Soo | Oh Keum Seok | Whether or not approve |
| 2. Attendance status | Attended | Attended | Abstain | Attended | |
| 3. Resolutions | | | | | |
| ① To approve election of the chairmen of committee | Concur | Concur | Abstain | Concur | Approved |

## 3) Remuneration Committee

The Remuneration Committee was established by a resolution of the Board, without legal mandates, to reinforce transparency and objectiveness of the decision-making process regarding remuneration of Directors. The Committee shall suggest Criteria of Performance Evaluation and Remuneration, Performance Evaluation and Incentive Payments based on the accomplishment of the business management goals and Method of Incentive Payment regarding the remuneration systems of the members of BOD, major executives, full-time directors and representative director or Executives of same or higher level. Meanwhile, by the guideline of Corporate Governance Report, in which the Remuneration Committee should be comprised of the independent directors, one executive director resigned on 13th May 2019. As a result of the resignation, this committee currently is comprised of 3(three) independent directors, as member of its committee. The Committee held 3 meetings during the disclosure period(1 Jan 2018 ~ 3 Jun 2019).

(a) 1st meeting in 2018 : 8 Feb 2018 (Notice date : 2 Feb 2018)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Shin Jeong Shik | Chang Yoo Whan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | Attended | |
| 3. Resolutions | | | | | |
| ① To approve ceiling on remuneration of year 2018 for directors | Concur | Concur | Concur | Concur | Approved |
| ② To approve the standard of performance evaluation & incentive payment of year 2018 for CEO | Concur | Concur | Concur | Concur | Approved |
| ③ To approve remuneration plan of the executive officers for year | Concur | Concur | Concur | Concur | Approved |

(b) 1st meeting in 2019 : 11 Feb 2019 (Notice date : 1 Feb 2019)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Oh Keum Seok | Chang Yoo Whan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | Attended | | Attended | |
| 3. Resolutions | | | | | |
| ① To approve ceiling on remuneration of year 2019 for directors | Concur | Concur | | Concur | Approved |
| ② To approve the standard of performance evaluation & incentive payment of year 2019 for CEO | Concur | Concur | | Concur | Approved |
| ③ To approve remuneration plan of the executive officers for year | Concur | Concur | | Concur | Approved |

(c) 2nd meeting in 2019 : 13 May 2019 (Notice date : 26 Apr 2019)

| Items | Activities of directors | | | | |
|---|---|---|---|---|---|
| 1. Name of director | Oh Keum Seok | Oh Kwang Soo | Choi Seung Hwan | Choo Sung Yob | Whether or not approved |
| 2. Attendance status | Attended | | Attended | Attended | |
| 3. Comments on reported matters | | | | | |
| ① To report the resignation of member of Remueration Committee | No particular comments | | | | |
| 4. Resolutions | | | | | |
| ① To approve the appointment of Chairman of Remuneration Committee | Concur | | Concur | Concur | Approved |

# Ⅳ. Audit System

## 1. Internal Auditor

(Key Principle 9) Internal auditing bodies

▪ Internal auditing bodies should perform their auditing duties faithfully by maintaining independence from the management and controlling shareholders, and the details of key activities of internal auditing bodies should be disclosed.

(Sub-principle 9-①) Internal auditing bodies should secure independence and professionalism
(Sub-principle 9-②) Internal auditing bodies should execute auditing work with sincerity e.g. hosting regular meetings and transparently disclose the details of activities.

### 1) Audit Committee

The Audit Committee deliberates and resolves accounting and operational audits and such matters as delegated by the Board. It supervises the directors' and executives' execution of duties so that they can make reasonable business judgments. Under the Articles of Incorporation and the Audit Committee Regulation, the Audit Committee consists of more than 3 directors, with independent directors accounting for at least two thirds of the members and at least 1 member shall be an accounting or financial expert as required by the applicable laws. When conducting an audit, they shall maintain objectivity independent from the Board and executive bodies including the management. When its chairman deems it necessary, the Audit Committee may request the management and the relevant personnel to appear before the committee and give statements or to provide necessary materials. Audit Committee may also request a third party to appear before the committee and give opinions. It can also receive assistance from experts at the Company's expenses.

Article 6 of the Audit Committee Regulation set forth the specific roles of the Audit Committee as follows.

- Ask a director, etc. for reporting his/her operation and investigate the Company’s business and property state
- Ask any of subsidiaries for reporting its operation and investigate the subsidiary’s business and property state
- Claim to convene an extra-ordinary shareholders’ meeting
- Ask assistance of an expert at the Company’s expense
- State its opinion for dismissal of an auditor
- Receive a report from a director
- Claim to injunction for a director’s illegal act
- Represent the Company in a litigation between a director and the Company
- For internal report or notification of accounting fraud/irregularity, check the fact and any action taken to correct it, confidentiality for the identity of the reporter and/or the person who notifies it, etc., and disadvantageous treatment of the reporter and/or the person who notifies it
- Give its consent for the Board of Directors’ approval on the financial statements (including the consolidated financial statements)
- Approve enactment and revision of the Internal Accounting Control System and evaluate the actual status of the operation thereof
- Appoint/Select an external auditor

As of June 3 2019 which is the report submission date, the Audit Committee consists of three independent directors including experts in the area of accounting and laws who give independent opinion on management decision. Although all members have experience and knowledge, the company is planning to educate Audit committee members about accounting and internal control over financial reporting in 2019.

| Name | Executive/Independent Director | Title | Date of election | End of term | Accounting or financial expert |
|---|---|---|---|---|---|
| Seung Hwan Choi | Independent Director | Chairman | March 27, 2019 | March 26, 2022 | Applicable (CPA) |
| Keum Seok Oh | Independent Director | Member | March 27, 2019 | March 26, 2022 | N/A |
| Kwang Soo Oh | Independent Director | Member | March 27, 2019 | March 26, 2022 | N/A |

The Audit Committee held eight meetings during the disclosure period(1 Jan 2018 ~ 3 Jun 2019). Results of meetings are reported to all Directors. The Audit Committee in 2018 approved the evaluation of operation effectiveness of internal control over financial reporting, submission of audit report of 2017, audit committee's opinion on internal monitoring system, agenda of 52nd Annual general meeting, renewal of the IPT Mandate, revision of internal accounting management regulations, appointment of external auditor of FY 2019. Results of meetings are recorded in the minutes and are reported to Board of Directors and Shareholders' Meeting if needed. Samil PwC as an external auditor attended the meetings quarterly. They discussed issues related to accounting and reported directly to Audit Committee.

(a) 1st meeting : 8 February 2018 (Notice date : 7 February 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | |
| ① To report financial statements and business report of 2017 | No particular comments | | | |
| ② To report operation of internal control over financial reporting(ICFR) | No particular comments | | | |
| ③ To report activities of the Internal audit department | No particular comments | | | |
| 4. Resolutions | | | | |
| ① Submission of audit report | Concur | Concur | Concur | Approved |
| ② Evaluation of operation effectiveness of internal control over financial reporting(ICFR) | Concur | Concur | Concur | Approved |
| ③ Audit committee's opinion on internal monitoring system | Concur | Concur | Concur | Approved |
| ④ Review of agenda of 52nd Annual general meeting | Concur | Concur | Concur | Approved |
| ⑤ Renewal of the IPT Mandate | Concur | Concur | Concur | Approved |

(b) 2nd meeting : 6 Mar 2018 (Notice date : 5 Mar 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Shin Jeong Shik | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | |
| 3. Resolutions | | | | |
| ① Change of agenda of annual general meeting for 2018 | Concur | Concur | Concur | Approved |

(c) 3rd meeting: 10 May 2018 (Notice date : 9 May 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approved |
| 2. Attendance status | Attended | Attended | Abstain | |
| 3. Comments on reported matters | | | | |
| ① To report financial statements of Q1 2018 | No particular comments | | | |

(d) 4th meeting: 14 Aug 2018 (Notice date : 13 Aug 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | |
| ① External auditor's opinion on audit of 2018 | No particular comments | | | |
| ② To report activities of the Internal audit department | No particular comments | | | |
| ③ To report financial statements of 1st half of 2018 | No particular comments | | | |

(e) 5th meeting : 13 Nov 2018 (Notice date : 12 Nov 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approved |
| 2. Attendance status | Attended | Attended | Attended | |
| 3. Comments on reported matters | | | | |

| | | | |
|---|---|---|---|
| | ① To report review of 3Q 2018 with external auditors and discuss key audit matters | No particular comments | |
| | ② To report financial statements of Q3 2018 | No particular comments | |
| | ③ To report the operation plan of internal control over financial reporting for 2018 | No particular comments | |

(f) 6th meeting : 14 Dec 2018 (Notice date : 13 Dec 2018)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approved |
| 2. Attendance status | Attended | Attended | Abstain | |
| 3. Comments on reported matters | | | | |
| ① To report request for review of internal control over financial reporting | No particular comments | | | |
| 4. Resolutions | | | | |
| ① Revision of internal accounting management regulations | Concur | Concur | Abstain | Approved |
| ② Appointment of external auditor of FY 2019 | Concur | Concur | Abstain | Approved |

(g) 1st meeting in 2019: 11 Feb 2019 (Notice date : 7 Feb 2019)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Chang Yoo Whan | Oh Keum Seok | Whether or not approved |
| 2. Attendance status | Attended | Abstain | Attended | |
| 3. Comments on reported matters | | | | |
| ① To report operation of internal control over financial reporting(ICFR) | No particular comments | | | |
| ② To report financial statements and business report of 2018 | No particular comments | | | |
| ③ To report activities of the Internal audit department | No particular comments | | | |
| 4. Resolutions | | | | |
| ① Evaluation of operation effectiveness of internal control over financial reporting(ICFR) | Concur | Abstain | Concur | Approved |
| ② Submission of audit report of 2018 | Concur | Abstain | Concur | Approved |
| ③ Audit committee’s opinion on internal monitoring system | Concur | Abstain | Concur | Approved |
| ④ Review of agenda of 53rd Annual general meeting | Concur | Abstain | Concur | Approved |

| | | | | |
|---|---|---|---|---|
| ⑤ Renewal of the IPT Mandate | Concur | Abstain | Concur | Approved |

(h) 2nd meeting in 2019: 13 May 2019 (Notice date : 9 May 2019)

| Items | Activities of directors | | | |
|---|---|---|---|---|
| 1. Name of director | Choi Seung Hwan | Oh Keum Seok | Oh Kwang Soo | Whether or not approved |
| 2. Attendance status | Attended | Attended | Abstain | |
| 3. Comments on reported matters | | | | |
| ① To report financial statements of Q1 2019 | No particular comments | | | |
| ② To report the operation plan of internal control over financial reporting for 2019 | No particular comments | | | |
| 4. Resolutions | | | | |
| ① Appointment of audit committee chairperson | Concur | Concur | Abstain | Approved |

<The attendance rate and approval rate of individual directors in recent 3 years>

| Name | Tenure of service | Attendance rate(%) | | | | Approval rate(%) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | avg | Recent 3 years | | | avg | Recent 3 years | | |
| | | | 2018 | 2017 | 2016 | | 2018 | 2017 | 2016 |
| Choi Seung Hwan | 2015.7.18 ~present | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Oh Keum Seok | 2018.3.23 ~present | 50.0 | 50.0 | - | - | 100.0 | 100.0 | - | - |
| Oh Kwang Soo | 2019.3.27 ~present | - | - | - | - | - | - | - | - |
| Chang Yoo Whan | 2015.7.18 ~ 2019.3.24 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Shin Jeong Shik | 2015.7.18 ~ 2018.3.6 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

## 2) Other internal support and auditors

The company has an internal control team to support the audit activities of the Audit Committee. The Internal Control Team consists of 2 members, one of which is a certified as KICPA.

## 2. External Auditor

(Key Principle 10) External auditors

▪ In order to make certain that the shareholders and other users have confidence in the corporate financial information, an external auditor must perform his/her auditing tasks fairly and independently from the corporation audited, including its management and controlling shareholders.

(Sub-principle 10-①) Internal auditing bodies should prepare and operate the policy to secure the independence, and professionalism when they appoint external auditors.
(Sub-principle 10-②) Audit committee should communicate with the auditors periodically in every phase of audit pipeline such as external auditing and audit result reporting etc.

In accordance with Article 10 (4) of Act on External Audit of Stock Companies, the Company has appointed external auditors selected by Audit Committee as a stock-listed corporation pursuant to Article 10 (3) (Appointment of Auditors) for three consecutive business years. The Audit Committee performed comprehensive assessments including auditor's competence, accounting firm's competence, adequacy of audit procedures with previously elected selection criteria at the appointment of external auditors. At 6th Audit Committee meeting held on 14 December 2018, Audit Committee appointed PwC as the external auditor from 2019 to 2021 for three consecutive business years, reported the auditor selection result to the board of directors on 20 December 2018. The Company has three non-audit contracts including tax adjustment service and consulting service in 2018. Audit Committee has restrictively approved non-audit services between the Company and external auditors unless non-audit service has a material effect on auditors' independence management pursuant to tax adjustment service and its regulations. Before approving service contracts, Audit Committee comprehensively reviews whether the services follow rules from Article 21 (Restrictions on Functions) of Certified Public Accountant Act and Enforcement Decree Article 14 (Restrictions on Functions) of Enforcement Decree of the same act, and check possibility of independence damage, need of contracts, the appropriateness of contracts' amount. The external auditors directly report to Audit Committee after each final audit (review) and Audit Committee communicates with external auditors to confirm material facts including violations of laws and articles of incorporation and violations related the Company's material accounting standards, audit and review results and management duties. Related above facts, Audit Committee and PwC had face-to-face meetings four times without managements in 2018.

【attachment】Relevant Regulations

1. Articles of Incorporation
2. Regulation on the operation of the board of directors
3. Regulation on the operation of independent director nominating committee
4. Regulation on the operation of audit committee
5. Regulation on the operation of internal transactions committee
6. Regulation on the operation of remuneration committee
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March 27th, 2019

# Pan Ocean Co., Ltd.

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# ARTICLES OF INCORPORATION
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| | |
|---|---|
| Adoption | May 28, 1966 |
| Amendment | December 1, 1967 |
| Amendment | June 4, 1970 |
| Amendment | September 1, 1970 |
| Amendment | December 22, 1973 |
| Amendment | August 26, 1980 |
| Amendment | September 26, 1980 |
| Amendment | February 1, 1982 |
| Amendment | December 22, 1983 |
| Amendment | March 29, 1984 |
| Amendment | May 3, 1984 |
| Amendment | October 23, 1984 |
| Amendment | December 20, 1985 |
| Amendment | November 5, 1993 |
| Amendment | March 1, 1997 |
| Amendment | June 26, 2002 |
| Amendment | November 8, 2004 |
| Amendment | March 16, 2005 |
| Amendment | April 18, 2005 |
| Amendment | March 26, 2007 |
| Amendment | October 31, 2008 |
| Amendment | March 29, 2010 |
| Amendment | March 29, 2012 |
| Amendment | February 20, 2013 |
| Amendment | March 26, 2013 |
| Amendment | November 22, 2013 |
| Amendment | July 24, 2015 |
| Amendment | March 27, 2019 |

## CHAPTER 1 GENERAL PROVISIONS

### Article 1 Company Name

The name of the company is "팬오션 주식회사(Pan Ocean *Chushikhoesa*)" and "Pan Ocean Co., Ltd." in English, and may be abbreviated as "팬오션" or "Pan Ocean" (the "Company").

**Article 2 Business Objectives**

The business objectives of the Company are to engage in the following activities:

(1) Marine transportation;

(2) Trading business;

(3) Multimodal logistics business;

(4) Multimodal freight forwarding business;

(5) Port operation business;

(6) Port facilities maintenance business;

(7) In-land transportation business;

(8) In-land freight forwarding business;

(9) Cargo terminal business;

(10) Storage business;

(11) Grain silo business;

(12) Real estate business;

(13) Provision of services in relation to transportation;

(14) Telecommunication business;

(15) Trade agency business;

(16) Agricultural and marine products, livestock products wholesale and retail sales;

(17) Operation of training institutes;

(18) Investment and financing in the businesses set forth in Items (1) through (17); and

(19) Any other businesses incidental to the businesses set forth in Items (1) through (18).

**Article 3 Location of Head Office and Branch Office**

(1) The head office of the Company shall be located in Seoul, Korea.

(2) The Company may establish its branches, agencies, business offices or subsidiaries as required, within or outside Korea, by a resolution of the Company's board of directors ("Board of Directors").

**Article 4 Notice**

All public notices of the Company shall be placed at the Company's internet homepage (www.panocean.com); provided, however, that in the event that the internet homepage is not available due to the network system failure or any other unavoidable cause, public notices shall be placed in the Korea Economic Daily (*Hankook Kyoungje Shinmoon*), a daily newspaper published in Seoul, Korea.

## CHAPTER 2 SHARES

**Article 5 Total Number of Authorized Shares**

(1) The total number of shares which the Company is authorized to issue shall be three billion (3,000,000,000) shares.

(2) [Deleted]

**Article 6 Par Value per Share**

The par value of each common share and each Class Share (as defined in Article 9(1) below) to be issued by the Company shall be one thousand (1,000) Korean Won.

**Article 7 Total Number of Shares to be Issued by the Company at the Time of Incorporation**

The total number of shares to be issued by the Company at the time of incorporation shall be twenty five thousand (25,000) shares of par value 5,000 Korean Won each.

**Article 8 Class of Shares**

(1) All shares to be issued by the Company shall be common shares in non-bearer form and Class Shares (as defined in Article 9(1) below) in non-bearer form.

(2) [Deleted]

(3) [Deleted]

(4) [Deleted]

**Article 9 Issuance of Class Shares**

(1) The term, "Class Shares," shall mean, collectively, the Preferred Shares (as defined in Article 9-2(1) below), the Shares without Voting Rights (as defined in Article 9-3(1) below), the Redeemable Shares (as defined in Article 9-4(1) below), the Convertible Shares (as defined in Article 9-5(1) below) and any combination of the foregoing, all to be issued by the Company.

(2) In the event that the Company issues any type of the Class Shares, the Company shall comply with the applicable provisions set forth in Articles 9-2 through 9-5 below, and in the event that the Company issues any combination of the Class Shares, the Company shall comply with the provisions set forth in Articles 9-2 through 9-5 applicable to such combination of the Class Shares.

**Article 9-2 Preferred Shares to be Issued by the Company and Rights of Shareholders of Preferred Shares**

(1) The Company may issue the Preferred Shares, which have the preferential right to dividend payment (the "Preferred Shares"); provided that the Preferred Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.

(2) [Deleted]

(3) [Deleted]

(4) [Deleted]

(5) The dividend on the Preferred Shares shall be paid at the rate determined by the Board of Directors at the time of the issuance of the Preferred Shares in cash to the holders thereof; provided that the dividend on each Preferred Share so paid may not exceed the par value of the Preferred Share.

(6) If the dividend rate of the common shares exceeds the dividend rate of the Preferred Shares, the excess dividend amount shall also be paid to the shareholders of Preferred Shares commensurate to the rate applicable to common shares.

(7) If the dividend for a fiscal year is not fully paid on the Preferred Shares as above,

the unpaid portion of dividend for that year should be paid cumulatively and preferentially at the time of payment of dividends for the following years.

(8) [Deleted]

(9) In the case where the Company issues new shares with cash contribution, the shareholders of Preferred Shares shall be allocated with common shares, while in the case where the Company issues new shares without cash contribution, the shareholders of Preferred Shares shall be allocated with the same type of Class Shares.

(10) The Preferred Shares shall be converted to common shares after ten years following the date of issuance; provided, however, that where the dividend payable on the Preferred Shares is not made during the ten–year period from the date of issuance, then such period shall be extended until the dividend payable is paid. The provisions of Article 13 shall be applied in connection with the dividend for new shares issued through such conversion.

**Article 9-3 Shares without Voting Rights**

(1) The Company may issue shares without voting rights (the "Shares without Voting Rights"); provided that the Shares without Voting Rights so issued may not exceed one quarter (1/4) of the total number of the issued and existing shares of the Company

(2) Shareholders of the Shares without Voting Rights shall not have the voting rights at general meetings of shareholders of the Company.

(3) Notwithstanding the provisions in Article 9-3(2), in the event that the Shares without Voting Rights have preferential rights to the dividend payment, and in the event that a resolution of not paying preferred dividends has been passed at a meeting of shareholders of the Company, the shareholders of the Shares without Voting Rights shall be granted voting rights from the convening date of the meeting of shareholders immediately following such meeting of shareholders until the date of the meeting of shareholders at which a resolution is passed in favor of payment of the preferred dividends.

**Article 9-4 Redeemable Shares**

(1) The Company may issue shares redeemable with and up to its own profit (the "Redeemable Shares") provided that the Redeemable Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.

(2) In the event that the Company issues to the shareholders of the Company the

Redeemable Shares redeemable at the option of the Company, the Company shall determine each of the following items at the time when the Company resolves the issuance of the Redeemable Shares:

(a) Redemption Price: The redemption price per Redeemable Share shall be the sum of (i) the issue price per Redeemable Share and (ii) an additional price per Redeemable Share. The additional price per Redeemable Share shall be determined by the Board of Directors at the time of the issuance of the Redeemable Share taking into consideration the dividend rate, market condition or any other circumstances around the issuance of the Redeemable Share.

(b) Redemption In-kind: In the event that the Company is permitted to pay all or a portion of the redemption price of the Redeemable Shares with securities (except for other types of Class Shares) or any other assets, other than cash, the terms of the redemption in-kind, such as the type of the securities and any other assets subject to the redemption in-kind, the valuation method for such securities and any other assets and redemption method, shall be determined at the time when the Company resolves the issuance of the Redeemable Shares; provided, however, that in any event the valuation price of the securities and any other assets subject to the redemption in-kind shall not exceed the redemption price of the Redeemable Shares.

(c) Redemption Period: The redemption period shall be determined by the Board of Directors at the time of the issuance of the Redeemable Shares and shall be within the period starting on the date immediately following the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year when the Redeemable Shares are issued, and ending on the date which is one month from the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year which the 20th anniversary of the issuance of the Redeemable Shares falls on; provided, however, if any of the following events occurs:

(i) any preferred dividend payable on the Redeemable Shares with preferential rights to the dividend payment has not been fully paid; and

(ii) the Company is not sufficiently profitable to redeem the Redeemable Shares during the redemption period,

the redemption period may be extended until such date that the preferred dividend payable on the Redemption Shares with preferential rights has been fully paid or, as the case may be, the Company becomes sufficiently profitable to redeem the Redemption Shares.

(d) Redemption Notice: In the event that the Company intends to redeem the

Redeemable Shares, the Company shall notify each of the shareholders of the Redeemable Shares or any person who is entitled to such redemption right under the Register of Shareholders or make a public notification at least two (2) weeks prior to the intended redemption date that the shareholder or the eligible person shall deliver the certificates of the Redeemable Shares to the Company. Upon the expiration of the two (2)-week period, the Redeemable Shares shall be redeemed.

(e) Redemption Method: The Company may redeem all or a portion of the Redeemable Shares. In the event that the Company redeems only a portion of the Redeemable Shares, the Company may redeem the Redeemable Shares either by balloting or in proportion to the respective shareholding interests in the Company held by the shareholders of the Redeemable Shares. Any fractional interests in the Redeemable Shares occurring in the redemption in proportion to the respective shareholding interests in the Company shall not be redeemable.

(3) Notwithstanding the provisions in Article 9-4(2), in the event that the Company issues to the shareholders of the Company the Redeemable Shares redeemable at the request of the shareholders, the Company shall determine the following matters at the time when the Company resolves the issuance of the Redeemable Shares:

(a) The matters specified in Items (a), (b) and (e) in Article 9-4(2).

(b) Redemption Period and Method: The redemption period, during which the shareholders of the Company may elect to claim redemption of their Redeemable Shares, shall be determined by the Board of Directors at the time of the issuance of the Redeemable Shares and shall be within the period starting on the date immediately following the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year when the Redeemable Shares are issued, and ending on the date which is one month from the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year which the 20th anniversary of the issuance of the Redeemable Shares falls on; provided, however, if any of the following events occurs:

(i) any preferred dividend payable on the Redeemable Shares with preferential rights to the dividend payment has not been fully paid; and

(ii) the Company is not sufficiently profitable to redeem the Redeemable Shares during the redemption period,

the redemption period may be extended until such date that the preferred dividend payable on the Redemption Shares with preferential rights has been fully paid or, as the case may be, the Company becomes sufficiently

profitable to redeem the Redemption Shares.

**Article 9-5 Convertible Shares**

(1) The Company may issue shares convertible into common shares or any other type of Class Shares (the "Convertible Shares"); provided that the Convertible Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.

(2) In the event that the Company issues the Convertible Shares convertible at the request of the shareholders, the Company shall determine each of the following items at the time when the Company resolves the issuance of the Convertible Shares:

(a) Conversion Terms: The issue price per common share or any other type of Class Shares issuable upon the conversion of the Convertible Share shall be the issue price per the Convertible Share.

(b) Conversion Period: The conversion period, during which the shareholders of the Company may elect to convert their Convertible Shares into common shares or any other type of Class Shares, shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares and shall be within the period commencing on the first (1st) anniversary of the issue date and ending on the tenth (10th) anniversary of the issue date.

(c) Number and Type of Shares Issuable upon Conversion: The number of shares issuable upon the conversion of the Convertible Shares shall be the same number of the Convertible Shares elected for conversion. The type of shares issuable upon the conversion of the Convertible Shares shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares.

(3) Notwithstanding the provisions in Article 9-5(2), in the event that the Company issues the Convertible Shares convertible at the option of the Company even without the request of the shareholders of such Convertible Shares, the Company shall determine the following matters at the time when the Company resolves the issuance of the Convertible Shares:

(a) The matters specified in Items (a) and (c) in Article 9-5(2).

(b) Events for Conversion: The events for conversion shall be based on the Company's management needs, emergency funding requirements, adoption of important technology and/or other material management requirements based on any of the foregoing, which events shall be determined by the Board of Directors at the time of issuance of the Convertible Shares.

(c) Conversion Period: The period during which the Company may elect to convert the Convertible Shares into common shares or any other type of Class Shares shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares and shall be within the period commencing on the first (1st) anniversary of the issue date and ending on the tenth (10th) anniversary of the issue date.

(d) Conversion Notice: When any event for the conversion occurs, the Board of Directors shall notify each of the shareholders of the Convertible Shares or any person who is entitled to such Convertible Shares under the Register of Shareholders or make a public notification of the details of the Conversion, including without limitation (i) the details of the Convertible Shares to be converted, (ii) the requirement that the shareholder or the eligible person shall deliver the certificates of the Convertible Shares to the Company within a designated period, which shall be more than two (2) weeks, and (iii) the caution that the certificates of the Convertible Shares shall become void if the shareholder or the eligible person fails to deliver the certificates to the Company within the designated period.

(4) Article 13 shall be applicable to the dividend payment to the shares to be issued upon the conversion of the Convertible Shares.

**Article 10 Electronic Registration of Rights to be Registered with Shares and Certificates of Preemptive Rights**

(1) [Deleted]

(2) The Company shall register electronically to the electronic registration account of the electronic registration agency any right to be registered with shares and certificates of preemptive rights, in lieu of issuance of share certificates and certificate of preemptive rights.

(3) [Deleted]

**Article 11 Preemptive Rights**

(1) Shareholders of the Company shall have preemptive rights in proportion to the number of shares held by each of them with respect to any issuance of new shares of the Company. In the event that the shareholders of the Company waives or forfeits their preemptive rights with respect to any issuance of new shares of the Company or any fractional lot of shares occurs in the allocation of the new shares, the Board of Directors may determine the method to dispose of such unsubscribed or fractional shares.

(2) Notwithstanding the provisions of Article 11(1), the Company, by a resolution of the Board of Directors, may issue new shares to third parties other than shareholders in any of the following events:

(a) issuance of new shares by way of a general public offering by the Company pursuant to a resolution of the Board of Directors in accordance with Article 165-6 of the Financial Investment Services and Capital Markets Act;

(b) issuance of new shares by the Company to the members of the Employee Stock Ownership Plan, in accordance with Article 165-7 of the Financial Investment Services and Capital Markets Act;

(c) issuance of new shares by the Company in accordance with the exercise of a stock purchase option in compliance with Article 12 in accordance with Article 340-2 and Article 542-3 of the Korean Commercial Code;

(d) issuance of new shares by the Company in accordance with issuing of Depositary Receipts in accordance with Article 165-16 of the Financial Investment Services and Capital Markets Act;

(e) issuance of new shares by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business;

(f) issuance of new shares by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company;

(g) issuance of new shares by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment;

(h) issuance by public offering, or to the underwriter(s) for underwriting, of the new shares; or

(i) issuance of new shares by a conversion of investment on common benefit claims, rehabilitation secured claims and rehabilitation claims;

(j) issuance of new shares by M&A for financial improvement;

[Deleted]

(3) In the case of the issuance of new shares pursuant to Article 11(1) or Items (a) or

(d) through (i) in Article 11(2), the class, number, and issuing price of any new shares and other matters shall be decided by the resolution of the Board of Directors.

(4) [Deleted]

**Article 12 Stock Purchase Options**

(1) The Company may by a special resolution of the shareholders grant stock purchase options to officers and employees ("Officers and Employees" including officers and employees of affiliated companies of the Company as provided in Article 9(1) of the Presidential Decree to the Korean Commercial Code) of the Company who have contributed or have the ability to contribute to the Company's establishment, management, and technological innovation, etc., up to a limit of fifteen (15) % of the total number of the shares issued and existing at the time of the resolution; provided, however, that the Company by a resolution of the Board of Directors may grant stock purchase options to such officers and employees of the Company (excluding any director of the Company) to the extent of lesser number of shares between three (3) % of the total number of the shares of the Company issued and existing at the time of the resolution and 3,000,000 shares of the Company. In such cases, the stock purchase options granted by the resolution of the shareholders or the Board of Directors may be linked to the achievement of management performance goal or the market index, etc.

(2) In the event that any stock purchase option is granted pursuant to the proviso of Article 12(1), such grant shall be approved at the general meeting of shareholders to be held immediately after the date when the relevant stock option is granted.

(3) Any shares to be delivered upon the exercise of the stock purchase option (and the shares which shall become the standard for calculation of the difference between the exercise price under the stock purchase option and the then-current market price of shares, where the Company pays the difference in cash or in the Company's own shares) shall be decided in shareholders' meeting or the Board of Directors Meeting in which the stock purchase option is granted among the shares defined in Article 8.

(4) The purchase price per share of the shares delivered through the exercise of the stock purchase options shall be not less than the following price. The same shall apply if the exercise price is to be adjusted after such stock purchase options have already been granted.

(a) For newly issued shares, the higher of the following items:

(i) the fair market value of the shares as of the date the stock purchase options were granted; or

(ii) the par value per share of the shares

(b) In the case of transfer of treasury shares, the fair market value of the shares as of the date the stock purchase options were granted.

(5) The stock purchase options shall be exercised within five (5) years from the date immediately following the expiration of two (2) years following the shareholders' meeting which adopted such stock purchase option grants pursuant to Article 12(1).

(6) Any person who has been granted stock purchase options may exercise them only if he/she serves at least for two (2) years after the date of the resolution from such shareholders' meeting pursuant to Article 12(1). However, if the person passes away, or retires or resigns due to reaching the retirement age or any other reasons not attributable to him/her within two (2) years after the date of the resolution from such shareholders' meeting, he/she may exercise his/her stock purchase option during the exercise period.

(7) The provisions of Article 13 shall be applied in connection with the dividend for additional shares issued through exercise of stock purchase options.

(8) The Company may cancel the grant of stock purchase options by a resolution of the Board of Directors under any of the following circumstances:

(a) where the officer or employee who has been granted stock purchase options resigns or retires on his/her own volition;

(b) where the officer or employee who has been granted stock purchase options causes substantial damage to the Company intentionally or by negligence;

(c) where stock purchase options cannot be exercised due to bankruptcy, dissolution, etc. of the Company; or

(d) where any of the reasons for cancellation set forth in the stock purchase option agreement comes to existence.

**Article 13 Date from which Dividends Accrue on Additional Shares**

In relation to the dividends for additional shares which the Company issues through issuance for cash contribution and without cash contribution, or stock dividends, such additional shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year during which such additional shares were issued.

**Article 14 Transfer of Shares, Alteration of Entry, etc.**

(1) The Company shall establish a transfer agent with regard to shares.

(2) The transfer agent, the place of its business and the scope of delegated activities shall be determined by a resolution of the Board of Directors.

(3) The Register of Shareholders or its duplicate shall be kept at the business place of the transfer agent and all the matters with regard to the shares including the electronic registration of shares, management of the Register of Shareholders, and any other stock-related business shall be handled by the transfer agent, as authorized by the Company.

(4) The procedures on the business activities as mentioned in Article 14(3) shall comply with the regulation for alteration of the Register of Shareholders established by the transfer agents.

(5) [Deleted]

(6) [Deleted]

**Article 15 Report of Address, Name and Seal or Signature, etc.**

(1) The shareholder and registered holder of a right of pledge shall report his/her name, address and seal, etc. to the transfer agent described in Article 14 above.

(2) The shareholder and registered holder of a right of pledge residing overseas shall determine and report the place to receive notices, and his/her agent in Korea; provided, however, that such notices shall not be necessary with respect to shares deposited to Central Depository (Pte) Limited.

(3) This Article shall apply in case of any changes relating to the information in Articles 15(1) and 15(2).

**Article 16 Suspension of Entry of Alteration in the Register of Shareholders and Record Date**

(1) The Company shall cease to make any changes in shareholder's list in regard to transfer of shares, registration and cancellation of pledge rights, indication and cancellation of trust property and any modification of any other rights during the period from January 1st to January 15th of every year.

(2) The Company shall deem the shareholders listed in the final Register of Shareholders as of December 31 each year as the shareholders who shall exercise rights at the ordinary general meeting of shareholders for that fiscal year.

(3) If necessary for convening an extraordinary general meeting of shareholders or

for other purposes, the Company may by a resolution of Board of Directors suspend the entry (in the Register of Shareholders) of any alterations concerning shareholder rights for a period not exceeding three (3) months, or may deem the shareholders listed in the Register of Shareholders on a certain date determined by a resolution of the Board of Directors as the shareholders who shall exercise such rights. If the Board of Directors deems it necessary, the Company may set a record date simultaneously with the suspension of entry (in the Register of Shareholders) of any such alterations. The Company shall give public notice of the above at least two (2) weeks in advance.

## CHAPTER 3 BONDS

### Article 17 Issuance of Convertible Bonds

(1) The Company, by a resolution of the Board of Directors, may issue convertible bonds.

(2) The Company, by a resolution of the Board of Directors, may issue convertible bonds to third parties other than shareholders in any of the following events:-

(a) issuance of convertible bonds by public offering to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(b) issuance of convertible bonds by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(c) issuance of convertible bonds by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(d) issuance of convertible bonds by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won; or

(e) issuance of convertible bonds by the Company in foreign countries to the extent that the total sum of the face value of the debts of the Company shall not

exceed one trillion (1,000,000,000,000) Korean Won.

(3) The Company may issue the convertible bonds referred to in Article 17(1) with a partial conversion condition.

(4) The shares to be issued upon conversion shall be common shares. The conversion price shall be determined by the Board of Directors, at the time of the issuance of such convertible bonds, to be the par value of the shares, or higher.

(5) The conversion period during which conversion may be made shall be from the day immediately following one (1) month after the date of issuance of the convertible bonds, until the day immediately prior to the date of redemption of the convertible bonds. The conversion period, however, may be adjusted by a resolution of the Board of Directors during the period of time mentioned above.

(6) The provisions of Article 13 shall be applied to distribution of dividends on shares issued due to conversion, and for the payment of interest on convertible bonds.

**Article 18 Issuance of Bonds with Warrants ("BWs")**

(1) The Company, by a resolution of the Board of Directors, may issue BWs.

(2) The Company, by a resolution of the Board of Directors, may issue BWs to third parties other than shareholders in any of the following events:-

(a) issuance of BWs by public offering to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(b) issuance of BWs by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(c) issuance of BWs by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

(d) issuance of BWs by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion

(1,000,000,000,000) Korean Won; or

(e) issuance of BWs by the Company in foreign countries to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won.

(3) The amount for subscription of new shares by the BWs shall be determined by the Board of Directors, such amount being up to the total face value of the bonds.

(4) The shares to be issued upon the exercise of the warrants shall be common shares. The issue price shall be determined by the Board of Directors at the time of the issuance of such bonds to be the par value of the shares, or higher.

(5) The period during which the warrants may be exercised shall be from the day immediately following one (1) month after the date of issuance of the bonds until the day immediately prior to the date of redemption of the bonds with warrants. The aforementioned period, however, may be adjusted by a resolution of the Board of Directors during the period of time mentioned above.

(6) The provisions of Article 13 shall be applied to the distribution of dividends on the shares issued due to the exercise of the warrants.

**Article 18-2 Electronic Registration of Rights to be Registered with Bonds and Certificates of Preemptive Rights**

The Company shall register electronically to the electronic registration account of the electronic registration agency any right to be registered with bonds and certificates of preemptive rights, in lieu of issuance of bond certificates and certificate of preemptive rights.

**Article 19 Delegation of Resolution on Issuance of Bonds**

The Board of Directors may delegate to the Representative Director the issuance of bonds within one year after the resolution of the Board of Directors to the extent that the type and issue price of the bonds and the interest rates, the maturity dates and the issuance method of the bonds are as specified by the resolution of the Board of Directors.

**Article 19-2 Applicable Regulations on Issuance of Bonds**

The provisions of Article 14 and Article 15 shall be applied to the issuance of bonds *mutatis mutandis*.

## CHAPTER 4 GENERAL MEETING OF SHAREHOLDERS

**Article 20 Convening Period**

(1) General meetings of shareholders of the Company shall be ordinary and extraordinary.

(2) Ordinary general meetings of shareholders shall be held within three (3) months after the end of each fiscal year, while extraordinary general meetings of shareholders shall be held when necessary.

**Article 21 Person to Convene the Meeting**

(1) The general meeting of shareholders shall be convened by the Representative Director, with a resolution of the Board of Directors, unless otherwise stated in other laws or regulations.

(2) In the event that the Representative Director is unable to serve, the provisions of Article 35(2) shall be applied.

**Article 22 Convening Notification and Public Notice**

(1) Written or electronic notice of the date, time, place and agenda of general meetings of shareholders shall be dispatched to each shareholder at least fourteen (14) days prior to the date set for such meeting in convening each general meeting of shareholders.

(2) Notice for shareholders with less than one percent stake of the issued shares can be substituted with two or more public announcements on 'Korea Economic Daily' and 'Maeil Business Newspaper' in two weeks advance of the meeting or, posting on electronic disclosure system of Financial Supervisory Service or Korea Exchange.

(3) [Deleted]

(4) [Deleted]

**Article 23 Place for Convening General Meeting of Shareholders**

General meetings of shareholders shall be held in the head office of the Company, but may be convened in any other adjacent locations if necessary.

**Article 24 Chairman**

(1) The Representative Director shall be a Chairman at all general meetings of shareholders. If there is more than one Representative Director, the Chairman shall be elected by the Board of Directors.

(2) In the event that the Chairman is unable to serve, the provisions of Article 35(2) shall be applied.

**Article 25 Chairman's Right for Maintenance of Order**

(1) The Chairman of general meetings of shareholders may order any person to stop his/her speech or leave the meeting if he/she speaks or acts in order to interfere with the proceedings on purpose or disturbs the order of the meeting.

(2) The Chairman of general meetings of shareholders may limit the duration and the frequency of a shareholder's statement, if he/she feels it necessary for the smooth progress of proceedings.

**Article 26 Voting Rights**

(1) Each shareholder shall have one (1) vote for each share.

(2) [Deleted]

(3) [Deleted]

(4) [Deleted]

(5) [Deleted]

(6) [Deleted]

**Article 27 Voting by Proxy**

(1) The shareholders may exercise their voting rights by proxy.

(2) Any person desiring to exercise voting rights by proxy shall submit to the Company a document establishing its power of representation, such as a power of attorney, prior to exercising voting rights.

(3) [Deleted]

**Article 28 Adoption of Resolution at Shareholders Meetings**

(1) Except as otherwise provided by law, all resolutions of general meetings of shareholders shall be adopted by the affirmative vote of the majority of shareholders present at the meeting; provided, however, that such votes present shall represent at least one fourth (1/4) of total number of issued and existing shares of the Company.

(2) [Deleted]

**Article 29 Minutes of General Meeting**

The proceedings and resolutions of the general meeting of shareholders, after being signed or sealed (with names) by the Chairman of such meeting and all the directors present, shall be kept at the Company's head office and branch offices.

## CHAPTER 5 DIRECTORS, BOARD OF DIRECTORS, AND COMMITTEES

**Article 30 Number and Composition of Directors**

(1) The Company shall have four (4) or more, but not exceeding nine (9), directors.

(2) The Company shall have at least three independent directors, at least one of whom must be resident (either a citizen or permanent resident) in Singapore. Independent directors should comprise more than half of the Board of Directors.

**Article 31 Appointment of Directors**

(1) [Deleted]

(2) [Deleted]

(3) The directors shall be appointed at a general meeting of shareholders pursuant to applicable laws.

(4) In electing two (2) or more directors, cumulative voting pursuant to Article 382-2 of the Korean Commercial Code shall not apply.

(5) In appointment of directors, appointment shall be distinguished as inside directors, independent directors and directors not involved in daily management.

**Article 32 Term of Office of Directors**

(1) A term of office of a director shall be no more than three (3) years. However, if the term of office expires after the end of the last fiscal year and prior to the date of the ordinary general meeting of shareholders concerning such fiscal year, the term of the office shall be extended to the close of such general meeting of shareholders.

(2) [Deleted]

**Article 33 Election of Directors to Fill Vacancy**

(1) A Director shall be elected at the general meeting of shareholders in the event that there is a vacancy, except where the number of directors in office is not short of the numbers provided in Article 30, and does not cause any disturbances to the execution of business activities.

(2) [Deleted]

(3) In any case of lack of the quorum under the Clause 30 of the Article of Incorporation, as a result of independent director's death, resignation etc.,independent director(s) shall be appointed in order to for the quorum at the general meeting firstly held after such event(s) happened.

**Article 34 Election of Representative Director**

The Board of Directors shall elect the Representative Director.

**Article 35 Responsibilities of Directors**

(1) The Representative Director represents the Company and conducts its business activities as resolved by the Board of Directors. The Representative Director shall be subject to the control of the Board of Directors.

(2) In the event that the Representative Director is unable to serve, then the other inside directors shall act on behalf of the Representative Director in the order as determined by the Board of Directors.

(3) The directors shall, upon witnessing any facts that may cause material damage to the Company, immediately report such facts to the Audit Committee.

**Article 36 Non-Registered Officers and Advisors**

(1) The Company may have non-registered officers such as Chairman, Vice

Chairman, President, Senior Executive Vice President, Executive Vice President (*JeonMoo*), Senior Vice President (*SangMoo*) and Junior Vice President (*BooSangMoo*), etc. by a resolution of the Board of Directors.

(2) The non-registered officers shall respectively conduct business of the Company in compliance with the decisions of the Board of Directors.

(3) The number, term of office, title, compensation and appointment of the non-registered officers shall be decided by a resolution of the Board of Directors.

(4) The Company may have some advisors or consultants if necessary for the management of the Company.

**Article 37 Composition, Duties and Powers of Board of Directors**

(1) The directors of the Company shall constitute the Board of Directors of the Company. The Chairman and Deputy Chairman shall be elected by a resolution of the Board of Directors.

(2) The Board of Directors shall have the power to pass resolutions on the material issues of the Company's business activities in compliance with the regulations on the operation of the Board of Directors made by the Board of Directors.

**Article 38 Convening of Board of Directors**

(1) The Board of Directors meeting may be convened by the Chairman. In the event of Chairman's absence or inability, the Deputy Chairman shall act for Chairman. In the event of both Chairman and Deputy Chairman's absence or inability, the provisions of Article 35(2) shall be applied.

(2) Notice for each Board of Directors meeting shall be given to the directors of the Company at least two (2) days prior to the date of such meeting; provided that such notice may be omitted if the consent of all directors is received prior to such meeting.

**Article 39 Adoption of Resolution by the Board of Directors**

(1) All resolutions of the Board of Directors meeting shall be adopted by the affirmative vote of the majority of the directors present at the meeting, provided the majority of the directors are present at the meeting.

(2) A director with a material interest (whether direct or indirect) in any contract or proposed contract or arrangement shall not vote on the resolution with regards to that matter.

(3) The Board of Directors may permit all or some of Directors to participate in the resolution by means of remote communication system which transmits and receives simultaneously sounds without personally attending the meetings. In this case, the relevant directors shall be deemed to be present at the meeting personally.

(4) [Deleted]

**Article 40 Minutes of Meeting of the Board of Directors**

(1) All minutes shall be prepared with regard to the Board of Directors meeting.

(2) The minutes shall record the agenda, summary of proceedings of the meeting, the results thereof, the directors against the resolution and reason for opposition of such directors. All directors present at the meeting shall write their names and sign, or affix their seals on, the minutes.

**Article 41 Remuneration and Severance Pay of Directors**

(1) The remuneration and severance pay of the directors shall be determined by a resolution of the Board of Directors within the scope adopted at the general meeting of shareholders; provided, however, that fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(2) Fees payable to directors, including remuneration of the directors, shall be by a fixed sum and not by a commission or on a percentage of profits or turnover, and within the scope adopted at the general meeting of shareholders.

(3) The severance pay of the directors shall be made in accordance with the Internal Regulations on the Severance Pay of Directors adopted at the general meeting of shareholders.

**Article 41-2 Limitation of Liability of Directors**

The liability of a director of the Company under Article 399 of the Korean Commercial Code shall be limited to the amount equal to six (6) times (in case of an independent director, three (3) times) of the remuneration (including bonus payment and the profit arising out of the exercise of his/her stock options) of the director for the one full year prior to the date when any events to cause his/her liability have occurred; provided, however, that in the event that (i) the director causes damages arising out of his/her willful conduct or gross negligence, (ii) the director breaches his/her obligation of non-

competition or prohibition of outside work under Article 397 of the Korean Commercial Code, (iii) the director breaches his/her obligation of no appropriation of the Company's business opportunity or assets under Article 397-2 of the Korean Commercial Code, or (iv) the director breaches his/her obligation as a director of the Company in a transaction between the Company and himself/herself under Article 398 of the Korean Commercial Code, the foregoing limitation shall not apply to the director.

**Article 42 Committees**

The Board of Directors may form such committees as it deems appropriate and delegate certain of the Board of Directors' powers to such committees as it deems appropriate. The following committees shall be mandatory: the Independent Director Nominating Committee, Remuneration Committee, and the Audit Committee.

**Article 43 Independent Director Nominating Committee**

(1) The Independent Director Nominating Committee shall make recommendations to the Board of Directors on the independent directors who meet the qualifications required under the Korean Commercial Code and the other applicable laws and regulations.

(2) The Independent Director Nominating Committee shall comprise of at least three directors, a majority of whom, including the Chairman of this committee, shall be independent.

**Article 44 Remuneration Committee**

(1) The Remuneration Committee shall recommend to the Board of Directors a framework of remuneration for directors and key executives, and specify remuneration packages for each director and key executive.

(2) The Remuneration Committee shall comprise of at least three directors, a majority of whom shall be independent directors and chaired by an independent director. The Remuneration Committee should also comprise of at least one director who is knowledgeable in the field of executive compensation, failing which the committee should have access to expert advice inside and/or outside the company.

**Article 45 Audit Committee**

(1) The Board of Directors shall provide written regulations for the Audit Committee which clearly sets out its authority and duties. Such duties of the Audit Committee shall include:

(a) keeping under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(b) meeting with the external auditors, and with the internal auditors, without the presence of the company's management, at least annually;

(c) reviewing the independence of the external auditors annually;

(d) appointing the external auditor(s)

(e) monitoring transactions of the Company in which a director is directly or indirectly interested.

(2) The Audit Committee shall comprise at least 3 directors, all of whom should not be involved in daily management of the company, and two-thirds, including the Chairman of the Audit Committee, shall be independent.

(3) All Audit Committee members other than independent directors shall comply with qualifications listed Article 542-10 of the Korean Commercial Code, Paragraph (2).

(4) If, as a result of resignation or death of an outside director, there is a vacancy in the Audit Committee as provided in Article 45, the requirements concerning such a vacancy shall be satisfied at the general meeting of shareholders to be first convened after a cause of vacancy has occurred

**Article 46 Audit Report**

The Audit Committee shall keep an audit report on the audit conducted, and it shall contain information such as the audit procedure and results, and the chairman of Audit Committee and the members of Audit Committee, after conducting the audit, shall affix its seal or sign on the audit report.

## CHAPTER 6 ACCOUNTING

**Article 47 Fiscal Year**

The fiscal year of the Company shall commence on January 1 and end on December 31 of each year.

**Article 48 Preparation and Safe-keeping of Financial Statements and Business Report**

(1) The Representative Director of the Company shall prepare the following documents, their supplementary schedules and the business report, submit them to the Audit Committee six (6) weeks prior to the day of the ordinary general meeting of shareholders and submit the following documents and the business report to the ordinary general meeting of shareholders:

(a) The balance sheet;
(b) The income statement;
(c) The consolidated financial statements; and
(d) Any other document showing the Company's financial status and the business performance as specified in the Korean Commercial Code and the related regulations thereunder.

(2) Notwithstanding Article 48(1), upon the satisfaction of each of the following requirements, the Representative Director shall submit each of the documents referred to in Article 48(1) to the meeting of the Board of Directors for the approval, and upon the approval of the Board of Directors, the Representative Director shall report the content of the documents referred to in Article 48(1) to the ordinary general meeting of shareholders:

(a) An opinion provided by an external auditor stating that each of the documents referred to in Article 48(1) fairly shows the Company's financial status and business performance pursuant to the applicable laws and regulations and these Articles; and

(b) The consent of each member of the Audit Committee to the documents referred to in Article 48(1).

(3) The Audit Committee shall submit the audit report to the Representative Director within four (4) weeks of its receipt of the documents referred to in Article 48(1).

(4) The Representative Director shall, starting from one (1) week prior to the date of the ordinary general meeting of shareholders, keep the documents described in Article 48(1) and their supplementary schedules together with the business report and the audit report at the head office of the Company for five (5) years, and certified copies of all of such documents at the branches of the Company for three (3) years.

(5) The Representative Director shall give public notice of the balance sheet of the Company and the external auditor's audit opinion immediately after the documents referred to in Article 48(1) are approved at the general meeting of shareholders or the meeting of the Board of Directors.

**Article 49 Appointment of External Auditor**

The Company shall appoint an external auditor designated by the Audit Committee in compliance with the Act on External Audit of Stock Companies, Etc. and (i) report on the appointment of the external auditor at the ordinary general meeting of shareholders which is held immediately after such appointment or (ii) give a personal or public notice of such appointment to the shareholders in accordance with the Enforcement Decree of the Act on External Audit of Stock Companies, Etc.

**Article 50 Appropriation of Profits**

The Company shall dispose of the profits of each fiscal year (including profit surplus carried over from the previous fiscal year) in the following order;

(a) earned surplus reserves;
(b) any other statutory reserves;
(c) dividends;
(d) voluntary reserves; and
(e) any other retained earnings to be disposed.

**Article 51 Retirement of Shares**

[Deleted]

**Article 52 Payment of Dividends**

(1) Dividends may be paid in cash or shares.

(2) In case of stock dividends, if the Company has issued the Class Shares, the Company may by a resolution of the shareholders distribute shares of a class that is a different class from the shares held by the shareholders.

(3) Interim dividends may be paid once every fiscal year in cash by a resolution of the Board of Directors.

(4) Notwithstanding Article 9, the ratio of interim dividends distributed in respect of the Preferred Shares will be the same as that for common shares.

(5) Dividends referred to in Articles 52(1) and 52(3) shall be paid to the shareholders of the Company or to pledgees who are registered in the Register of Shareholders as of the end of each fiscal year or as of June 30 of each fiscal year in case of the payment of interim dividends (respectively, the "Record Date"); provided,

however, that the respective Record Dates may be changed, if and only to the extent that the Board of Directors determine such other date and comply with the Korean Commercial Code prior to the relevant Record Date.

(6) The provisions of Article 13 shall apply to distribution of interim dividends on the new shares issued (including the case of capitalization of reserves, stock dividends, application for conversion of convertible bonds, exercise of the warrants to subscribe for new shares of BWs) before the record date for interim dividends in Article 52(3) after the first date of the fiscal year.

**Article 53 Limitation Period of Claim for Dividend**

The limitation period to claim for the distribution of dividend shall run, if the claim is not made for five (5) years.

## CHAPTER 7 DISSOLUTION

**Article 54 Grounds for Dissolution**

The Company shall undergo dissolution in the following cases:

(1) adoption of special resolution of the general meeting of shareholders pursuant to Article 434 of the Korean Commercial Code;

(2) bankruptcy of the Company; and

(3) court's order or judgment for dissolution of the Company.

**Article 55 Disposal of Residual Property**

The residual property and profits after the completion of the dissolution of the Company shall be divided among the shareholders in proportion to the number of shares held first to the shareholders holding the Class Shares with the preferential rights to the distribution of the liquidated assets and then to the common shareholders.

## CHAPTER 8 TAKE-OVERS

**Article 56 Take-overs**

[Deleted]

## CHAPTER 9 NOTIFICATION OF SHAREHOLDING BY DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### Article 57 Notification of Shareholding

[Deleted]

## ADDENDUM

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of April 18, 2005.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the English version will prevail.

## ADDENDUM (March 26, 2007)

**Article 1 Effective Date**

The revised provisions of Article 2 and Article 11(1) shall take effect as of March 26, 2007; provided, however, that the revised provisions of Article 9, Article 10, Article 11(2), Article 12, Article 51 and Article 52 shall become effective when the Company completes the listing of its shares on the Stock Market of the Korea Exchange.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the English version will prevail.

## ADDENDUM (March 29, 2010)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of March 29th, 2010.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

## ADDENDUM (March 29, 2012)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of April 15, 2012.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

## ADDENDUM (February 20, 2013)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of February 20, 2013.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

## ADDENDUM (March 26, 2013)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of March 26, 2013.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

## ADDENDUM (November 22, 2013)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of November 22, 2013.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

## ADDENDUM (July 24, 2015)

**Article 1 Effective Date**

These Articles of Incorporation shall take effect as of July 24, 2015.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

**ADDENDUM (March 27, 2019)**

**Article 1 Effective Date**

These Articles of Incorporation shall take effect from March 27, 2019 except amendments in Articles 10, 14, 18-2, which shall take effect from a day when the Enforcement Decree of the Act on Electronic Registration of Shares, Bonds, Etc. is enforced.

**Article 2 Language**

These Articles of Incorporation may be prepared in Korean and English. In the event of conflict in interpretation, the Korean version will prevail.

# Regulation on the operation of the Board of Directors

Enactment: Nov. 8, 2004
Amendment: Jan. 9, 2006
Amendment: Aug. 17. 2007
Amendment: Mar 28, 2008
Amendment: Mar 29, 2010
Amendment: Jan 17, 2011
Amendment: Feb 17, 2011
Amendment: Mar 28, 2011
Amendment: Mar 29, 2012
Amendment: Jan. 8, 2016

## Chapter1. General Rules

**Article 1 Purpose**

The purpose of this Regulation is to stipulate required provisions for effective operation of the Board of Directors.

**Article 2 Scope of application**

This Regulation shall be applicable to matters concerning the Board of Directors unless otherwise stipulated by laws or Articles of Incorporation of the Company.

**Article 3 Power**

1) The Board of Directors shall pass resolution on matters stipulated under the laws and Articles of Incorporation, matters delegated from general meeting of shareholders and on important matters regarding basic policy and execution of affairs of the Company.
2) The Board of Directors shall supervise conduction of duties by the directors and non-registered officers of the Company. (Amendment 2012.03.29)

## Chapter2. Organization

**Article 4 Composition**

All directors of the Company shall constitute the Board of Directors of the Company.

**Article 5 Chairman and Vice Chairman**

1) The Chairman shall represent the Board of Directors and preside over the meeting.

2) The Chairman and vice chairman of the Board of Directors shall be elected by a resolution of the Board of Directors and in the event that the Chairman is unable to serve, the vice chairman shall act on behalf of the Chairman. In the event that both the Chairman and vice chairman are unable to serve, then the inside directors shall act on behalf of the Chairman by a resolution of the Board of Directors (Amendment 2012.03.29)
3) The term of office of the Chairman and vice chairman shall be same as the term of office of a director. (Amendment 2008.03.28)

## Chapter3. Meeting

**Article 6 Types**

1) Meetings of the Board of Directors shall be ordinary and extraordinary.
2) Ordinary meeting of the Board of Directors shall be held at least once every three (3) months.
3) Extraordinary meeting of the Board of Directors shall be held from time to time when necessary.

**Article 7 Convocation**

1) The Board of Directors shall be convened by the Chairman. In the event that the Chairman is unable to serve, the provision of Article 5, paragraph (2) shall be applied. (Amendment 2016.01.08)
2) For convocation of the Board of Directors meeting, date of the meeting shall be fixed and notice shall be given to each director two (2) days prior to the date of such meeting. However, in the event that the consent of all directors is received prior to such meeting, such procedure may not be required. (Amendment 2010.03.29)
3) Any director may request the Chairman to convene a Board of Directors meeting. Where the Chairman refuses to convene the meeting without justifiable grounds, other directors may convene the meeting. (Newly Inserted 2016.01.08)

**Article 8 Adoption of Resolution**

1) Resolutions of the Board of Directors meeting shall be adopted by the affirmative vote of the majority of the directors present at the meeting, provided the majority of the directors are present at the meeting. In case, it is particularly written in Korean Commercial Code, the relevant laws and Articles of Incorporate, Resolutions of the Board of Directors meeting shall be adopted by that regulation. (Amendment 2012.03.29)
2) The Board of Directors may permit all or some of Directors to participate in the resolution by means of remote communication system which transmits and receives simultaneously sounds without personally attending the meetings. In this case, the relevant directors shall be deemed to be present at the meeting personally. (Amendment 2012.03.29)

3) A director with a special interest in a resolution of the Board of Directors shall not exercise his voting right.
4) Directors who can not exercise their voting right according to the provisions of Paragraph (3) above shall not be taken into account as directors present at the meeting.

**Article 9 Resolution**

The Board of Directors shall pass resolutions on the matters set forth as follows: (Amendment 2010.03.29)

1) Matters concerning general meetings of shareholders
   a. Convocation of general meeting of shareholders;
   b. Amendments of the Articles of Incorporation;
   c. Election and dismissal of directors and members of the Audit Committee;
   d. Remuneration of the directors;
   e. Any other matters which shall be submitted to shareholders for consideration;
2) Matters concerning financing and reduction of capital; (Amendment 2010.03.29)
   a. Issuance of new shares and reduction of capital;
   b. Financing over 5% of equity capital;
   c. Issuance of bonds;
3) General matters of management:
   a. Matters concerning business plan of the Company;
   b. Settlement of accounts and resolution of financial statements;
   c. Distribution of dividends;
   d. Determination and amendment of basic policy of management;
4) Matters concerning assets of the Company: (Amendment : 2016.01.08)
   a. Annual plan of investment;
   b. Acquisition and disposition of vessels requiring over 3% of equity capital (A portion of which is not reflected in the annual plan of investment)
   c. Contract of affreightment accompanied with the acquisition of vessels described in item b.
   d. Acquisition and disposition of non-current assets except for vessel requiring over ten(10) billion won(or 2.5% of total amount of assets) per case
5) Equity investment and disposal (Amendment 2016.01.08)
   a. Establishment and Liquidation of the investee companies (except for ship-finance-related SPC)
   b. Equity investment (referring to acquisition of stocks or capital contribution certificates issued by other corporations) or disposition of equity investment requiring over ten(10) billion won(or 2.5% of equity capital)
   c. Investment contract
      - Joint Venture, Joint Investment Agreement, Shareholders′ Agreement, MOU (which incurs investment obligation)

d. Corporate governance of subsidiary companies
   - Merger, division, all-inclusive share swap and transfer, transfer of business and others

6) Strategic Alliances(Contract) (Amendment 2016.01.08)
   a. Contracts for license or technical importation, acquisition of intellectual properties
   b. Any other matters of important contracts necessary for agreement with other parties
7) Offer of security(only for the third party) and guaranty(except for performance guaranty and tax guaranty) over 2.5% of equity capital; (Amendment 2011.01.17)
8) Acquisition, disposition and retirement of treasury shares; (Amendment 2012.03.29)
9) Material matters concerning policies on personnel and reward and punishment;
10) Matters concerning remuneration of officers of the Company;
11) Matters concerning material law suits and reconciliations;
12) Enactment and abrogation of important regulation of the Company;
13) Election and dismissal of the Representative Director;
14) Matters concerning the Board of Directors meetings; (Amendment 2016.01.08)
   a. Election and dismissal of the Chairman and Vice Chairman;
   b. Set-up, operation and abolition of committees;
   c. Election and dismissal of the members of committees;
15) Approval of large scale transactions with or for the largest shareholder, his/her specially related persons, and the Company's specially related persons; (Amendment 2016.01.08)
16) Approval of transactions between directors, etc. and the Company; (Amendment 2016.01.08)
17) Any other matters as prescribed in laws or the Articles of Incorporation, delegated from general meeting of shareholders and of which the Chairman or the Representative Director deem necessary. (Amendment 2010.03.29)

**Article 10 Report**

The Board of Directors shall report the matters set forth as follows:

1) Results of matters delegated to committees;
2) Matters concerning resolution of the Audit Committee that a director acts or is likely to act in violation of laws or the Articles of Incorporation of the Company;
3) Acquisition and disposition of non-current assets except for vessel between three(3) billion won to ten(10) billion won(or 2.5% of total amount of assets) per case; (Amendment 2016.01.08);
4) Equity investment or disposition of equity investment between three(3) billion won to ten(10) billion won(or 2.5% of equity capital) per case; (Newly Inserted 2016.01.08)
5) Any other important matters with regards to the management of business of the Company.

**Article 11 Attendance of other persons concerned**

When the Chairman deems necessary, he may require relevant officers and/or employees or external personnel to attend the Board of Directors meeting and listen to their opinion.

**Article 12 Right to supervise conduction of businesses by non-registered officers**

1) The Board of Directors may request presentation of relevant data, investigation and explanation when a non-registered officer acts or is likely to act in violation of laws or the Articles of Incorporation of the Company, handles or is likely to handle business in an excessive unfair manner.
2) In case of Paragraph 1 above, the Board of Directors may request suspension or change of conduction of such business.

**Article 13 Minutes of meeting**

1) All minutes shall be prepared with regard to the Board of Directors meeting.
2) The minutes shall record the agenda, summary of proceedings of the meeting, the results thereof, the directors against the resolution and reason for opposition of such directors. All directors present at the meeting shall write their names and sign, or affix their seals on the minutes.

**Article 14 Secretary**

1) The Board of Directors may have a secretary.
2) The secretary shall be in charge of the affairs of the Board of Directors according to the instruction of the Chairman.

**Supplementary Rules**

1. (Effective date) This regulation shall be effective from Nov. 8, 2004.
2. (Abrogation of other regulation) Regulation of the board of directors (Enacted on Oct. 1, 1982) shall be abrogated.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Jan. 9, 2006.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Aug. 17, 2007.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Mar 28, 2008.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Mar 29, 2010.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Jan 17, 2011.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Feb 17, 2011.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Mar 28, 2011.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Apr 15, 2012.

**Supplementary Rules**

(Effective date) This regulation shall be effective from Jan 8, 2016.

# Regulation on the Operation of Independent Director Nominating Committee

**PanOcean. Co., Ltd.**

# Regulation on the Operation of Independent Director Nominating Committee

Enactment : Feb. 21, 2013
Revision : August. 12, 2015

## Chapter 1. General Rules

**Article 1 Purpose**

The purpose of this Regulation is to stipulate details regarding composition, power, operation and etc. of Independent Director Nominating Committee(hereinafter to be referred to as “IDNC”) in accordance with Articles of Incorporation of PanOcean((hereinafter to be referred to as “Company”) Article 42 and Article 43.

**Article 2 Scope of Application**

This Regulation shall be applicable to matters concerning INDC unless otherwise stipulated by laws or Articles of Incorporation of the Company.

**Article 3 Authority**

1) The Committee shall have the Authority to nominate the candidates for Independent Director.
2) The Committee shall comprise candidate recommended by Shareholder who has right to execute Commercial code, Article 363, Clause 2 (Shareholder Proposal Right).

## Chapter 2. Organization

**Article 4 Composition**

1) Members of the Committee("Members") shall be elected and dismissed by the Board of Directors.
2) The Committee shall comprise at least three directors, a majority of whom, including the Chairman shall be independent.

**Article 5 Chairman**

1) The Committee shall elect the chairman of the Committee from the Members by the resolution of the Committee.
2) The Chairman shall represent the Committee and preside over the meeting.

**Article 6 Term of Office**

The term of office of the Members shall be same as the term of office of a director.

## Chapter 3. Meeting

**Article 7 Convoker**

1) The Committee shall be convened by the Chairman.
2) Each member may request the Chairman to convene the meeting with the agenda and the reason.

**Article 8 Convocation Procedure**

1) For Convocation of the Committee, date of the meeting shall be fixed and notice shall be given to each director two(2) days prior to the date of such meeting.
2) In the event that the consent of all directors is received prior to such meeting, procedure of clause 1 may not be required.

**Article 9 Adoption of Resolution**

Resolutions of the Committee shall be adopted by the majority vote of the registered member.

**Article 10 Agenda**

The Committee shall present the matters to the committee set forth as belows;

1) Nomination of Independent Director candidate.
2) Any other requisites required for nominating Independent Director candidate.

**Article 11 Listening parties of the opinion**

When the Committee deems necessary, it may require relevant officers and/or employees or external personnel to attend the meeting and listen to their opinion.

**Article 12 Obligation to notify**

The Committee shall notify the resolved matters, within two(2) days after the resolution.

**Article 13 Minutes of meeting**

1) All minutes shall be prepared with regard to the Committee meeting.
2) The minutes shall record the agenda, summary of proceedings of the meeting, the result thereof, the committee members against the resolution and the reason for opposition of such members. All members present at the meeting shall write their names and sign, or affix their seals on the minutes.

## Chapter 4. Supplementary Rules

**Article 14 Secretary**

1) The Committee may have a secretary.
2) Head or Leader in charge of HR becomes secretary and the secretary

shall be in charge of the affairs of the Committee according to the instruction of the Chairman..

**Article 15 Revision and Abolition of the Regulation**

The revision and abolition of this regulation shall be determined by the Committee resolution.

## Supplementary Provision

(Effective date) This regulation shall be effective from Feb. 21, 2013

(Effective date) This regulation shall be effective from Aug.12, 2015

# Rules for the Operation of Audit Committee

Revised Mar/27/2019
Revised Aug/12/2015
Enacted Mar/27/2009

## Chapter 1. General Rules

### Article 1 (Objective)

These Rules are enacted to decide the standard of performance of the Audit Committee (hereinafter, 'the Committee')'s duties and any articles required to operate the Committee in order to make the Committee perform the auditing properly and effectively.

### Article 2 (Applicable Scope)

① Any article with regard to the Committee shall conform to these Rules unless otherwise stipulated in a law, the Articles of Incorporation, etc.

② These Rules may be applied even to the auditing of the subsidiary company by the Committee.

### Article 3 (Definitions of Terms)

① 'Internal Control System' herein shall mean a series of process consistently carried out by the Company's Board of Directors, the management, and other members in order to offer reasonable confidence for security of the efficiency and effectiveness on the company operation, security of the reliability on the financial information, whether or not a relevant law and regulation and policy is observed, etc.

② 'Internal Accounting Control System' herein shall mean a process consistently carried out by the member(s) of the organization such as the Company's Board of Directors, the management, and so on for the purpose of securing the reliability on the financial statements which is a part of Internal Control System.

③ 'Internal Accounting Controller' herein shall mean a person prescribed in Article 8-(3) 「*Act on External Audit of Stock Companies, Etc.*」 (Hereinafter, 'the Act').

④ 'Executive Directors' herein shall mean a person prescribed in Article 408-2 to Article 408-9 of 「*Commercial Act*」.

⑤ 'Internal Audit Department' herein shall mean a department on the internal organization chart, which generally and collectively carries out audit works such as establishment of the Company's internal audit plan, the execution of the audit plan, and report of the audit results, etc. pursuant to the Company's Internal Audit Rules.

## Article 4 (Fundamental Attitude)

① A member of the Audit Committee (hereinafter, 'the Auditor') shall carry out its duties with each attitude of followings:

1. He/she shall recognize to monitor the Company's management as a person entrusted by the Company and make an effort for the healthy management of the Company, protection of shareholders' rights and interests, and maintenance and improvement of social trust of the Company; and
2. He/she shall always take a fair attitude in fact-finding and expressing and representing his/her judgment and opinion thereon.

② The Auditor shall pay attention to each of followings:

1. He/she shall smoothly exchange opinions with the Company's directors with interest in the progress of business performance and changes of management environment and make an effort to organize the audit environment by collecting information and data from the official and/or employee of the relevant department and understanding the actual status of the business;
2. He/she shall make an effort to acquire any knowledge required to carry out his/her audit duties, research the relevant theories, and improve audit skills;
3. He/she shall pay sharp attention to and watch out the possibility of dishonesty, an error/mistake, non-efficiency, dissipation, inadequacies of a policy, and/or conflict of interest; and
4. He/she shall make an effort to make the Internal Audit Control System be operated smoothly by evaluating the actual status on the operation of Internal Audit Control System, reporting the evaluation report to the Board of Directors and making to correct it.

③ The Auditor shall carry out his/her duties based on a fact and evidence pursuant to the relevant rules and regulations, etc. and secure sufficient records and documentary evidences for auditing.

## Article 5 (Principles of Independence and Objectivity)

① The Committee shall carry out its audit duties at the independent position from the Board of Directors and Executive Body, and other departments.

② The Committee shall retain objectivity in carrying out its audit duties.

## Article 6 (Duties and Rights)

① The Committee shall monitor and inspect the director's execution of duties.

② The Committee may exercise any right to carry out followings:

1. Ask a director, etc. for reporting his/her operation and investigate the Company's business and property state;
2. Ask any of subsidiaries for reporting its operation and investigate the subsidiary's business and property state;
3. Claim to convene an extra-ordinary shareholders' meeting;

4. Ask assistance of an expert at the Company's expense;
5. State its opinion for dismissal of an auditor;
6. Receive a report from a director;
7. Claim to injunction for a director's illegal act;
8. Represent the Company in a litigation between a director and the Company;
9. For internal report or notification of accounting fraud/irregularity, check the fact and any action taken to correct it, confidentiality for the identity of the reporter and/or the person who notifies it, etc., and disadvantageous treatment of the reporter and/or the person who notifies it;
10. Give its consent for the Board of Directors' approval on the financial statements (including the consolidated financial statements);
11. Approve enactment and revision of the Internal Accounting Control System and evaluate the actual status of the operation thereof; and
12. Appoint/Select an external auditor

③ The Committee may request any of followings and the person who is asked shall accept the request unless there is any special reason:

1. All or any data, information and matters concerning costs in the Company required to carry out its duties;
2. Attendance and reply of the persons concerned;
3. Matters concerning a warehouse, a strongbox, a book, relevant documents, documentary evidences, goods, etc.; and
4. Other matters require to carry out its accounting duties

④ The Committee may ask every head of department for reporting an illegal act or gross negligence of an official and/or employee without delay. In this case, the Committee shall undertake a special inspection without delay.

## Article 7 (Obligations)

① The Auditor shall carry out his/her duties with the Fiduciary Duty for the Company.

② The Auditor shall not disclose and/or release, during his/her term of office and even after retirement, the Company's business secrets that he/she has known and acquired.

③ When the Committee deems that a director committed any act contrary to a law or the Articles of Incorporation or is feared to commit the act, it shall report the illegal act to the Board of Directors.

## Article 8 (Responsibilities)

① If the Auditor intentionally and/or negligently commits any act contrary to a law or the Articles of Incorporation or is negligent in carrying out its duties, he/she shall be responsible for indemnifying the Company for damage in solidum: Provided that, the responsibility of the Auditor may be reduced and/or mitigated by what prescribed in the Articles of Incorporation.

② If the Auditor neglects its duties with malice or gross negligence, he/she shall indemnify

a third party for damage in solidum.

### Article 9 (Representation of the Audit Committee's Opinion)

① The Committee may represent its opinion such as suggestion, advice, recommendation, etc. in any case of followings:

1. If it has any opinion for proper operation of the Company's business and the rationalization, etc.;
2. If it discovers a fact that may cause severe damage or gross accident, etc. on the Company; or
3. If it discovers a fact that the business execution by the Company violates or is feared to violate a law, the Articles of Incorporation, the Accounting Standard, etc.

② If the Committee suggests its opinion, gives advice or recommend, a director or executive director shall sufficiently investigate the fact relevance and background, etc. with responsibility.

## Chapter 2. Organization of Audit Committee and the Operation

### Article 10 (Organization)

① The Auditor shall be appointed at the shareholders' meeting.

② The Committee shall consist of three (3) directors or more and two-third (2/3) of auditors or more shall be independent directors.

③ One (1) auditor or more shall be an accounting or financial specialist/expert prescribed in Clause 2 of Article 542-11 of 「*Commercial Act*」, and an auditor who is not an independent director shall be qualified the requirements prescribed in Clause 3 of Article 542-11 thereof.

④ If the component ratio of independent directors set forth in clause ② above or the organization requirements of the Committee set forth in clause ③ above is not met by the resignation, death, etc. of an auditor who is an independent director, such vacancy shall be filled at the shareholders' meeting which will be held firstly after occurrence of the reason of the vacancy.

⑤ The Committee may appoint an assistant administrator, which takes charge of the office work of the Committee.

### Article 11 (Chairman)

① The Committee shall appoint the chairman among independent directors under the resolution set forth in Article 15 hereof and the chairman shall represent the Committee. In this case, it may decide that several auditors jointly represent the Committee.

② The Chairman generally and collectively directs the Committee's duties and may assign

the duties of auditors for the purpose of efficient operation of the Committee.

③ If the Chairman is absent, a member designated at the Committee shall take the chairman's duties by proxy.

### Article 12 (Term of Office)

The Auditor's term of office shall be same as the director's term of office.

### Article 13 (Meetings)

① The meetings of the Committee shall consist of a regular meeting and an extra-ordinary meeting.

② The regular meeting shall be held before the Board of Directors which is held firstly after closing the settlement.

③ The extra-ordinary meeting shall be held occasionally as necessary.

### Article 14 (The Person Entitled to Convene)

① The Committee's meeting shall be convened by the Chairman.

② Every auditor may ask the Chairman for convening the meeting by submitting the bill(s) and the reason. If the Chairman does not convene the meeting without a just reason, the auditor who asked to convene it may convene the meeting directly.

### Article 15 (Procedure to Convene)

① When convening the meeting, the Committee shall decide the date to convene and notify it to each auditor two (2) days before.

② The meeting may be held at any time under common consent of all auditors without the procedure to convene set forth in clause ①

### Article 16 (Resolution)

① The resolution of the Committee shall be adopted by a majority attendance of members registered and a majority vote of the members present.

② The Committee may allow all or a part of auditors to participate in the resolution by a communication means which all auditors transmit and receive voice simultaneously without personal attendance to the meeting, and In this case, the auditors shall be deemed personally attended the meeting: Provided that notwithstanding the text hereof, the Committee may allow all auditors to participate in the resolution by only a remote video conference at different places where are equipped with the simulcast transmit-receive device of a video and voice if the Act requires a face-to-face meeting.

③ Any person who is specially concerned in the bill shall not exercise his/her voting right(s). In this case, the number of non-voting rights shall not be added up to the number of voting rights of the auditors present in person.

### Article 17 (Matters referred to the Committee)

The matters to be referred to the Committee are as follows :

① Matters for Resolution

1. Matters for Shareholders' Meeting
   (1) Claim to convene an extra-ordinary shareholders' meeting; and
   (2) Confirmation of the bill(s) referred to the shareholders' meeting and document investigation
2. Matters for Directors and the Board of Directors
   (1) Submission and Approval of Audit Report;
   (2) Injunction for Illegal Act(s) by a director;
   (3) Request a director to report the business operation;
   (4) Matter(s) entrusted by the Board of Directors;
   (5) If a minority shareholder asks to file a suit against a director, whether or not the decision to file a suit; and
   (6) Representation for the suit filed between and by a director and the Company
3. Matters for External Audit
   (1) Appointment and dismissal of an external auditor;
   (2) Enactment and revision of standards required to appoint an external auditor;
   (3) Receipt of the report from an external auditor that the Company violates the accounting standards, investigation on such violation, and request the representative director to correct it;
   (4) If the Company intends to ask the Securities and Futures Commission for appointing an external auditor, the approval for the asking; and
   (5) If the Company intends to ask the Securities and Futures Commission for appointing another auditor other than an auditor designated, the approval for the asking
4. Matters for Internal Audit
   (1) Auditing superintended by the Audit Committee;
   (2) Consent to the appointment and dismissal of the responsible person of the organization exclusively affiliated to the Audit Committee; and
   (3) Evaluation on the Internal Control System (including the Internal Accounting Control System)
5. Other matters prescribed in a law

③ Matters to be reported

1. Matters for Auditors
   (1) Receipt of the report by a director;
   (2) Report of Inspection/Audit Plan and the Results (the organization affiliated to the Committee/ Internal Inspection/Audit Organization / Internal Exclusive Accounting Organization(actual state on the operation);
   (3) Checking the action(s) taken for the matter(s) to be corrected as a result of inspection/audit superintended by the Audit Committee;
   (4) Reviewing the adequacy of important accounting standards and the validity of

changes in accounting estimates;
(5) Post-evaluation for the external auditor appointed; and
(6) Enactment and revision of matters for auditing remuneration of an external auditor, audit time, and personnel required for auditing
2. Other matters prescribed in a law

### Article 18 (Minutes)

① Minutes shall be recorded for the proceedings of the Committee.
② The Minutes shall include the bill(s) subject to proceedings, the progress, the result, and the objector(s) and the reason(s), and the auditors present shall sign or seal thereto.

### Article 19 (Obligation to Report)

The Committee shall resolve the bill referred thereto and report the result to the Board of Directors which will be held firstly after the resolution.

## Chapter 3. Classification of Audit and the Method

### Article 20 (Functional Classification of Audit)

The Committee may carry out the Operating Audit, the Financial Audit, etc. using the organization exclusively affiliated thereto as follows (revised Apr/30/2012) :

1. The Operating Audit shall mean a series of process to inspect and analyze the job process and system in the organization other than financial and compliance audit in order to analyze the structure of the organization or evaluate the job distribution method, etc.
2. The Financial(accounting) Audit shall mean a series of process to evaluate the adequacy of the accounting policies, courses and/or accounting standards and assess the accuracy, reliability and usefulness of the accounting information and financial report, etc. (revised Apr/30/2012).

### Article 21 (Audit Method)

The Committee may carry out the Integrated Audit and the Special Audit as follows:

1. Integrated Audit
   a. The Integrated Audit shall mean a regular audit every year for the whole business by business units such as headquarters, factories, etc.
   b. The Integrated Audit is carried out in the ways of i) carrying out an audit by functions such as business management, operation, finance, compliance, IT, etc. pursuant to the regular audit plan, ii) evaluating the effectiveness of the business performance systems by functions and the processes, and iii) preparing and submitting the comprehensive audit report to remove a problem and propose an improvement plan.

2. The Special Audit shall mean an irregular audit, which is carried out for special issues if the Committee deems necessary to hold a meeting or the representative director requests for special issues.

### Article 22 (Countermeasures for Illegal Acts)

① If any gross misconduct (including any act contrary to a law or the Articles of Incorporation and other inappropriate act that may cause social condemnation, etc.) is generated, the Committee may ask a director or executive director, etc. for investing and/or reporting it or may directly investigate it.

② The Committee shall monitor and verify the countermeasures of a director and executive director, etc. with reference to verification of the fact relevance of the misconduct, understanding the cause(s), prevention of further damage, early handling, prevention of re-occurrence, and public announcement, etc. according to the result of the investigation set forth in clause ① above.

③ If the countermeasures of the director and executive director set forth in clause ② above are inappropriate in the view point of the independence, objectivity, and transparency, etc., the Committee shall look for a proper action such as asking for an advice of an external expert, and so on at the Company's expense.

④ If the Committee is notified the Company's violation of the accounting standards from an external auditor, it shall appoint an external expert at the Company's expense, make the expert to investigate the violation, and ask the representative of the Company for correcting it according to the investigation result.

## Chapter 4. Affiliated Organization

### Article 23 (Affiliated Organization)

① The Committee may establish an organization which is exclusively affiliated to the Committee in order to carry out its duties efficiently and smoothly: Provided that the Committee may carry out the audit business using the Internal Audit Department, the Internal Exclusive Accounting Organization and an external expert, etc. if it is difficult to establish an affiliated organization under the Committee.

② The responsible person and employees (hereinafter, 'Internal Audit Personnel') of the organization exclusively affiliated to the Committee shall support the Committee's duties and carry out its duties under the direction and instruction of the Committee.

③ The appointment and/or dismissal of the responsible person of the affiliated organization shall have the consent of the Committee.

④ The Company's representative director, directors, and the management shall support and cooperate as required in order that the Committee and the Board of Directors establish and operate an affiliated organization. If it fails to establish an affiliated

organization, the Company shall support and cooperate for a department to carry out audit, the organization, an expert, etc. as requested by the Committee.

### Article 24 (Behavior Rules of Internal Audit Personnel)

The Internal Audit Personnel shall comply with any of following behavior rules in carrying out audit, and the Internal Audit Personnel shall :

1. carry out the audit fairly;
2. not voluntarily release any secret acquired in carrying out its duties or use it for any reason other than the purpose of the duty;
3. comply with a relevant law and instructions and carry out its duties based on the fact and evidence; and
4. be careful not to be intimidated the occupational creativity and activities of the auditee in carrying out audit

## Chapter 5. Execution of Audit

### Article 25 (Establishment of Audit Plan)

① The Committee shall establish an audit system which is a rational substance in relation to the performance of auditor's duties consisting of audit strategies, audit courses, audit goals, audit resources, audit process, audit standards, audit assessment, etc.

② The Committee shall make its affiliated organization prepare and report an annual audit plan including audit/investigation time, audit scope, etc.

③ If the Committee does not establish its affiliated organization, it shall be reported the annual audit plan from the Company's Internal Audit Department.

### Article 26 (Execution of Audit)

① The Committee may ask the head of the department to be audited for supporting by the affiliated employee thereof in performing its duties. In this case, the head of the department to be audited shall cooperate for such request.

② If the Company modifies or amends its accounting system or accounting method, the Committee shall ask a director for reporting the reason of the modification/amendment and the influence on the modification/amendment. If changes in accounting policies or accounting estimates are unfair or other accounting method is inappropriate, the Committee shall propose its opinion to a director.

③ The Committee shall review and check any of followings in carrying out audit:

1. Reliability on the records of transactions;
2. Adequacy on the facts entered in each account;
3. Validity on presentation of the financial statements;
4. Whether the financial statements comply with the accounting standard and fair and just accounting practices or not;

5. Continuity of the accounting policies; and
6. Whether the financial statements fairly present the Company's financial status and management performance or not

④ The Committee shall audit whether the consolidated financial statements are prepared by the relevant law(s) or not.

### Article 27 (Request to report for Directors)

① If there will be any urgent matter that may cause gross damage in preserving the Company's properties, the Committee shall ask a director for reporting or notifying, orally or in writing, the matter without delay.

② If the Committee is reported from a director that it is feared to generate severe damage on the Company, it shall investigate expected influence on the Company and look for any necessary action to take such as advice or recommendation, etc.

### Article 28 (Exchange of Opinions among Auditors)

① The Auditor shall deliver other auditors the business information reported from a director, executive director or employee and/or acquired by investing the daily business.

② Each auditor shall sufficiently exchange their opinions each other for preparation of audit plan, preparation of audit report, and exercise of right as a member of the Committee.

③ If two (2) auditors or more share the businesses, each duties and responsibilities per auditor shall be clearly classified.

④ The Committee may hold a discussion meeting in order to exchange the information and opinions concerning its duties. In this case, the discussion meeting shall not be deemed as the meeting of the Committee set forth in Article 12 hereof.

### Article 29 (Connection with the Internal Audit Department)

① The Committee shall keep the close cooperative tie with the Company's Internal Audit Department and make an effort to accomplish the audit purpose using the Internal Audit Department's audit plan, procedure and results.

② The Committee may ask the Internal Audit Department for investing any special matter(s).

### Article 30 (Internal Accounting Control System)

① The Committee shall i) assess the actual state on the operation of Internal Accounting Control System by holding a face-to-face meeting, ii) report the assessment report for the Internal Account Control System to the Board of Directors face-to-face one (1) week before the annual meeting of shareholders, and iii) place the assessment report at the head office for five (5) years. If it has any opinion to correct the management and operation of the Internal Accounting Control System, it shall include it on the report.

② The assessment report of the Internal Accounting Control System shall include following

items:

1. The report title ‘Evaluation Report by the Audit Committee’;
2. The addressees ‘Shareholders and the Board of Directors’;
3. The fact that the effectiveness of design and operation of the Internal Accounting Control System for the period to be assessed is assessed as of the assessment date;
4. The fact that the Company’s management including the representative director and internal accounting officer shall be responsible for the design and operation the Internal Control System and the Internal Accounting Control System adopted by the Company’s management and the Committee shall be responsible for supervision of the management thereof;
5. The fact that the assessment was made based on the Operation Report of Internal Accounting Control System and the fact that the Committee carries out any additional review (if any);
6. The result whether the Internal Accounting Control System actually contributes to reliable preparation of accounting information and the public disclosure or not, and corrective opinions;
7. The result of the review whether there is anything falsely stated or indicated and/or missed in the Operation Report of Internal Accounting Control System or not, and the corrections;
8. The result of the review whether the corrective plan of the Operation Report of Internal Accounting Control System actually contributes to the improvement of the Internal Accounting Control System or not, and the counterplan;
9. The fact that the assessment, report and the Best Practices of the Internal Accounting Control System are used based on the assessment standard of the design and operation thereof;
10. The conclusion of the assessment of the Internal Accounting Control System based on the assessment, report, and the best practices thereof in the view point of materiality;
11. For any significant vulnerability, the explanation thereof in designing and operating the Internal Accounting Control System;
12. For any significant vulnerability, the corrective plan thereof or the procedure which is already in progress;
13. Reporting Date;
14. The Auditor(s)’ signatures and seals; and
15. Miscellaneous
    a. The Brief of the Matters reported by the Representative Director (conclusion of the assessment, significant imperfection(s), corrective action(s) and future plan, etc.);
    b. As a result of the assessment, additionally discovered matter(s); or
    c. Recommendation(s)

### Article 31 (Assessment on Adequacy of Internal Control System)

The Committee shall monitor and assess the operation of the Company's Internal Control System once a year. If any problem is discovered, the Committee may propose its assessment opinion for the Internal Control System to the Board of Directors using the organization exclusively affiliated to the Committee or an external expert in order to recommend and request to prepare for the improvement plan.

### Article 32 (Attendance to Major Conference)

① The Auditor may attend a directors' meeting and other major conference and state his/her opinion in order to understand the decision and progress of management policies, business management, and business status.

② If the Auditor fails to attend the meeting set forth in clause ① above, he/she may be reported the deliberation and read the minutes and materials, etc.

### Article 33 (Reading of Document, etc.)

① The Committee shall read any important documents for business execution in time and may ask a director or employee for explaining the business execution as necessary.

② The Committee shall decide the scope of documents to read under mutual agreement with a director.

③ The Committee shall investigate the managerial status of maintenance and preservation of important records and other materials and data, etc. and may ask a director or employee for explaining the records and materials.

### Article 34 (Investigation of Properties)

The Committee shall investigate management, purchase, disposal and special transaction of the Company's major properties. If it discovers any fact contrary to a law or the Articles of Incorporation or severely unfair fact, it shall report it to the Board of Directors.

### Article 35 (Investigation of Transactions)

If the Company grants major interest(s) on property(ies) free of charge or makes a specific transaction with its subsidiary or shareholder(s), the Committee shall ask the director in charge of it for reporting such transaction(s) in advance under mutual agreement. If the Committee discovers any violation of a director against his/her duties, it shall report such violation to the Board of Directors.

### Article 36 (Field Investigation)

① If necessary, the Committee may investigate the Company's head office, branches, local offices, etc., understand the actual state of the overall business and check whether the businesses have been legally and properly performed or not.

② As the result of the investigation of the Company's head office, branches, and local offices, etc., the Committee shall, in principle, propose an opinion, make an advice or

recommendation to a director.

# Chapter 6. Connection with an External Auditor, Etc.

## Article 37 (Connection with External Auditor)

① The Committee shall maintain a close tie with an external auditor and make an effort to accomplish the goal of audit using the audit plan, procedure and result of the external auditor.

② The Committee shall adjust the audit plan by listening to the overview of audit plan from an external auditor and explaining its audit plan.

③ The Committee shall make a discussion with an external auditor for the progress or situation of the auditing from time to time.

④ If an external auditor discovers any illegal act or gross fact contrary to a law or the Articles of Incorporation in performing his/her duties and/or that the Company violates the accounting standards, the Committee ask the external auditor for notifying them to the Committee.

⑤ If the Committee discovers any illegal act or gross fact contrary to a law or the Articles of Incorporation with reference to a director's performance of duties, it shall notify it to an external auditor.

⑥ If the Committee is notified the Company's violation of the accounting standards from an external auditor, it shall report the result of the investigation on the violation and the result of the Company's correction, etc. to the Securities and Futures Commission and the external auditor without delay.

## Article 38 (Appointment of External Auditor, etc.)

① The Committee shall appoint an external auditor. If the Company replaces or dismisses the external auditor, the Committee shall check whether the external auditor during the previous period or the dismissed external auditor has any opinion or nor and give an opportunity to state his/her opinion orally or in writing.

② The Committee shall decide the matters for auditing remuneration of an external auditor, the audit time, and personnel required for auditing in writing.

③ The Committee shall prepare for, in advance, the standard and procedure to appoint an external auditor including following items:

1. The adequacy of audit time, audit personnel, remuneration, and audit plan;
2. The independence and specialty of an external auditor;
3. The opinion(s) of the external auditor of the previous period, and following items:
   a. the result of assessment whether the external auditor of the previous period faithfully implemented the audit time, audit personnel, remuneration, audit plan, etc. agreed when appoint him/her or not;
   b. if the external auditor of the previous period asked the Company for consulting

with an external agency for the interpretation of the accounting standards, assessment on the values of properties/assets, etc. with reference to auditing, the contents agreed between the Committee and the external auditor of the previous period for the external consultation, the result of external consultation, and the application of the result;

c. the number of face-to-face meetings held by and between the Committee of the pertinent year and the external auditor of the previous period, personal information of the attendees to the face-to-face meetings, and major remarks, etc.; and

d. Other matter(s) designated by the Financial Services Commission as the standard required to secure the objectivity and reliability on the appointment of an external auditor

④ The Committee shall hold a face-to-face meeting in order to appoint an external auditor and prepare and manage any of followings:

1. the results of reviews on each item set forth in clause ③ above; and
2. the number of face-to-face meetings, personal information of attendees, major remarks, etc.

⑤ The Committee shall assess the audit report submitted by an external auditor every business year and prepare and manage the result of assessment in writing.

### Article 39 (Independence of External Auditor)

The Committee may review with an external auditor any matter that may influence on the independence of the external auditor including major issues concerning the Company and other high-conflict matters and then state proper opinions to the Board of Directors.

### Article 40 (Exchange of Opinions with External Auditor)

The Committee may exchange opinions with an external auditor with reference to the Company's Internal Control System and the adequacy of the financial statements, etc. under a close ties with him/her. (revised Apr/30/2012)

## Chapter 7. Report of Audit Results

### Article 41 (Preparation of Audit and Inspection Record)

① The Committee shall prepare and place an audit and inspection record for the auditing performed.

② The audit and inspection record shall include the procedures of auditing and the results and each auditor shall sign and seal thereto.

### Article 42 (Preparation of Audit Report and the Submission)

① The Committee shall prepare the audit report for consolidated financial statements.
② The Committee shall enter the preparation date on the audit report set forth in clause ① and the chairman of the Committee shall sign or seal thereto.
③ The Committee shall submit the audit report to the Company's representative director.
④ The method to fill in the audit report shall conform to what prescribed in a law.

### Article 43 (Report to Shareholders' Meeting, etc.)
① The Committee shall investigate the bill(s) and document(s) that a director intends to submit to the shareholders' meeting and state its opinions at the shareholders' meeting whether they violate a law or the Articles of Incorporation or have considerably unfair matter(s) or not.
② The Committee shall faithfully make a reply within its scope of duties for any question given by a shareholder at the shareholders' meeting.

## Chapter 8. Supplementary Rules

### Article 44 (Revision of Rules)
These Rules shall be opened and/or closed by resolution of the Board of Directors.

## Addendum

### Article 1 (Effective Date)
1. These Rules shall come into effect from March 27, 2009.
2. These Rules shall be revised and come into effect from August 12, 2015.
3. These Rules shall be revised and come into effect from March 27, 2019.

# Regulation on the operation of

# Internal Transactions Committee

**PanOcean. Co., Ltd.**

# Regulation on the operation of Internal Transaction Committee

Enactment : Aug. 12, 2015

**Article 1 (Purpose)**

The purpose of this Regulation is to stipulate required provisions for effective operation of the Internal Transaction Committee (hereinafter referred to as "Committee") pursuant to Article 393-2 of the Korean Commercial Code and Article 11-2 of the Monopoly Regulation and Fair Trade Act (hereinafter referred to as "Fair Transaction Act").

**Article 2 (Scope of Application)**

This Regulation shall be applicable to matters concerning the Committee unless otherwise stipulated by laws or Articles of Incorporation of the Company, or the Regulation of the Board of Directors.

**Article 3 (Composition)**

① The Committee members (hereinafter referred to as "Members") shall be elected and dismissed by the Board of Directors.

② The Committee shall be composed of three (3) or more directors. Not less than three (3) members shall be outside directors, not less than 2/3 of the Committee members shall be outside directors.

③ The term of office of members shall be that of directors.

**Article 4 (Chairman)**

① The Committee shall select a chairman by a resolution of the provision of Article 8.

② The Chairman shall represent the Committee and serve as a chairman for the Committee meetings.

③ When the Chairman is unable to participate in the Committee meeting, a member designated by the Committee shall represent his or her duties.

**Article 5 (Authorities of Committee)**

① The Committee shall make resolutions for each of the following large scale internal transactions (the transactions for not less than 5/100 or not less than KRW 5 billion of a greater of the Company's total ownership interests or its capitals) in which a specially

related person is the other party or for a specially related person as stipulated in the Fair Transaction Act and the Enforcement Decree of the Act:

1. Offering or transacting funds of provisional payments or borrowings, etc.
2. Offering or transacting negotiable instruments of securities or corporate bonds, etc.
3. Offering or transacting assets of real estate or intangible property rights
4. Offering or transacting goods or services for which the Company's affiliate is the other party or for the Company's affiliate as stipulated in Article 17-8 Section 3 of the Enforcement Decree of the Fair Transaction Act, considering composition of shareholders, etc.

② The Committee shall conduct prior examination with respect to transactions required to be approved by the Board of Directors as stipulated in Article 542-9 Section 3 of the Korean Commercial Code, among transactions for which the Company's largest shareholder, his or her specially related person, or the Company's specially related person is the other party or for such a person,

**Article 6 (Convocation Right Holder)**

① The Committee shall be convened by the Chairman. However, when the Chairman is absent, a member designated by the Committee shall represent his or her duties according to Article 4 Section 3.

② Each member may request the Chairman of the Committee to convene a meeting by presenting an item(s) and the grounds for consideration. In the event that the Chairman does not convene the Committee meeting without a reasonable ground, the member who has requested convocation of the Committee may convene the Committee meeting.

**Article 7 (Convocation Procedure)**

① For convocation of the Committee meeting, date of the meeting shall be fixed and notice shall be given to each director one (1) week prior to the date of such meeting.

② In the event that the consent of all members is received prior to such meeting, the Committee may hold meetings at any time without the procedures in Section 1.

**Article 8 (Resolution)**

Resolutions of the Committee meeting shall be adopted by the affirmative vote of the majority of the members present at the meeting, provided the majority of the members are present at the meeting. In this case, he Committee may permit all or some of members to participate in the resolution by means of remote communication system which transmits

and receives simultaneously sounds without personally attending the meetings. In this case, the relevant members shall be deemed to be present at the meeting personally.

**Article 9 (Matters to be Submitted for Consideration)**

The following matters shall be submitted to the Committee for consideration:

1. Approval of large scale internal transactions
2. Approval of other transactions required to be approved by the Board of Directors under Article 542-9 Section 3 of the Korean Commercial Code.

**Article 10 (Opinion Listening by Other Persons Concerned)**

When the Committee deems necessary, it may request a relevant officer or employee or an outside person to participate in meetings and listen to their opinions.

**Article 11 (Duty to Notify)**

The Committee shall notify each director of resolutions within two (2) days. In this case, each director receiving such a notification may request convocation of the Board of Directors, and the Board of Directors may reconsider the resolutions made by the Committee.

**Article 12 (Minutes of Meeting)**

① All minutes shall be prepared with regard to the Committee meeting.

② The minutes shall record the agenda, summary of proceedings of the meeting, the results thereof, the members against the resolution and reason for opposition of such members. All members present at the meeting shall write their names and sign, or affix their seals on the minutes.

**Article 13 (Secretary)**

① The Committee shall have a secretary.

② The secretary shall be one appointed by the Chairman among the Company's officers or employees, and shall be in charge of the affairs of the Committee according to the instruction of the Chairman.

**Article 14 (Amendment to Regulation)**

This regulation shall be amended or abrogated by a resolution of the Board of Directors.

## Supplementary Rules

This regulation shall be effective from August 12, 2015.

# Regulation on the Operation of Remuneration Committee

**PanOcean. Co., Ltd.**

# Regulation on the Remuneration Committee

Enactment: April. 13, 2009
Revision : August. 12, 2015

## Chapter 1. General Rules

**Article 1 Purpose**

The purpose of this Regulation is to stipulate details regarding composition, authority, duties, operation and etc. of Remuneration Committee(hereinafter to be referred to as “RC”) in accordance with Articles of Incorporation of PanOcean(hereinafter to be referred to as “Company”) Article 42 and Article 43.

**Article 2 Scope of Application**

This Regulation shall be applicable to matters concerning RC unless otherwise stipulated by laws or Articles of Incorporation of the Company.

**Article 3 Authority**

The Committee shall suggest the following matters regarding the remuneration systems of the members of BOD, major executives, full-time directors and representative director(or Executives of same or higher level), whom is part-time director.

1. Criteria of Performance Evaluation and Remuneration
2. Performance Evaluation and Incentive Payments based on the accomplishment of the business management goals.
3. Method of Incentive Payment

## Chapter 2. Organization

**Article 4 Composition**

1) Members of the Committee("Members") shall be elected and dismissed by the Board of Directors.
2) The Committee shall comprise at least three directors, a majority of whom, including the Chairman shall be independent director.
3) At least one director shall have knowledge of the remuneration of the company's directors, otherwise the Committee shall be able to get advices from internal and(or) external experts.

**Article 5 Chairman**

1) The Committee shall elect the chairman of the Committee of its Members, whom is independent director, by the resolution of the Committee
2) The Chairman shall represent the Committee and preside over the meeting.

**Article 6 Term of Office**

The term of office of the Members shall be same as the term of office as a director.

## Chapter 3. Meetings

**Article 7 Convoker**

1) The Committee shall be convened by the Chairman.
2) Each member may request the Chairman to convene the meeting with the agenda and the reason.

**Article 8 Convocation Procedure**

1) For Convocation of the Committee, date of the meeting shall be fixed and notice shall be given to each director two(2) days prior to the date of such meeting.

2) In the event that the consent of all directors is received prior to such meeting, procedure of clause 1 may not be required.

**Article 9 Convocation**

1) Regular Committee shall convene once a year.
2) Special Committee shall convene at any time, if necessary.

**Article 10 Adoption of Resolution**

Resolutions of the Committee shall be adopted by the majority vote of the registered member.

**Article 11 Listening parties of the opinion**

When the Committee deems necessary, it may require relevant officers and/or employees or external personnel to attend the meeting and listen to their opinion.

**Article 12 Obligation to notify**

The Committee shall notify the resolved matters to the first BOD meeting to be held immediately after the resolution.

**Article 13 Minutes of meeting**

1) All minutes shall be prepared with regard to the Committee meeting.
2) The minutes shall record the agenda, summary of proceedings of the meeting, the result thereof, the committee members against the resolution and the reason for opposition of such members. All members present at the meeting shall write their names and sign, or affix their seals on the minutes.

## Chapter 4. Supplementary Rules

**Article 14 Secretary**

1) The Committee may have a secretary.

2) Head or Leader in charge of HR becomes secretary and the secretary shall be in charge of the affairs of the Committee according to the instruction of the Chairman.

**Article 15 Revision and Abolition of the Regulation**

The revision and abolition of this regulation shall be determined by the Committee resolution.

## Supplementary Provision

(Effective date) This regulation shall be effective from April. 13, 2009

(Effective date) This regulation shall be effective from Aug.12, 2015

# Pan Ocean Co., Ltd.
# Compliance Control Standards

**August 12, 2016**

# Chapter 1 General Provisions

## Article 1 (Purpose)

The purpose of these Compliance Control Standards (the "Standards") is to establish a basic procedure and standard which the officers, directors and employees of Pan Ocean Co., Ltd. (the "Company") should observe in performance of their duties in order for the Company to manage its business in a fair and transparent manner in compliance with the relevant laws and regulations and business ethics, and thereby attain healthy corporate growth as well as clients' trust, pursuant to Article 542-13 of the Korean Commercial Code ("KCC")

## Article 2 (Definition)

The definitions of the terms used in the Standards are as follows; provided, however, that the definitions of terms that are not prescribed by the Standards shall be as designated by the KCC, the Enforcement Decree of the KCC and other relevant laws and regulations:

1. "Compliance Control" means all processes of establishing policies and control activities adopted by the Company in order to prevent unlawful actions and to respond to various legal risks in a well-structured fashion by understanding laws that the Company must comply with in its operation of the business and by assessing the compliance of the Company's officers, directors and employees with the relevant laws and regulations.

2. "Compliance Officer" means an individual that is appointed in accordance with Article 542-13 of the KCC to perform compliance-related tasks in order to accomplish the goal of the Compliance Control defined by these Standards, including monitoring the compliance of the Standards and reporting matters related to thereof to the Board of Directors.

3. "Compliance Control System" means a system consisting of all codes of professional conduct related to the Company's operation of its business, including the relevant laws and regulations to be complied with by the officers, directors and employees of the Company to achieve Compliance Control in accordance with these Standards, these Standards, and the Detailed Rules prescribed by Article 5 of the Standards, and an organization (the "Compliance Team") that performs compliance-related tasks pursuant to the Standards.

4. "Code of Ethics" means an ethical standard with which every officer, director and employee of the Company must be familiar and comply in order for the Company to effectuate ethical management in its management activities and operation of business.

5. "Detailed Rules" mean the Company's Code of Ethics, internal regulations, rules, and policies enacted by the Representative Director or the Compliance Officer in connection with the details of the Compliance Control System necessary to achieve the Compliance Control pursuant to the Standards.

6. "Legal Risks" mean all risks that may incur civil, criminal or administrative liabilities or financial damages or losses to the Company or officers, directors and employees thereof due to their failure to comply with the relevant laws, regulations, the Standards, and/or the Detailed Rules.

**Article 3 (Scope)**

① The Standards shall apply to the Company and all officers, directors and employees thereof.

② The Standards and the Detailed Rules shall apply to all matters related to the Compliance Control unless otherwise prescribed by the relevant laws or regulations.

③ The Detailed Rules shall accord with the Standards. In the event of any conflict between the Detailed Rules and the Standards, the Standards shall prevail.

**Article 4 (Enactment and Amendment)**

① Any enactment or amendment of the Standards shall be made by the resolution of the Board of Directors.

② Notwithstanding Paragraph 1, an amendment of the Standards prompted by the enactment, amendment or repeal of the relevant laws and regulations that does not substantially alter the Standards, such as a simple change of wording, may be executed upon the approval of the Representative Director. In such case, the Representative Director shall report the amendment to the first meeting of the Board of Directors convened after executing the amendment and obtain confirmation.

③ The Board of Directors or Representative Director shall reflect the Compliance Officer's opinions in the enactment or amendment of the Standards.

**Article 5 (Enforcement Ordinance)**

① Any matters that are necessary to achieve the Compliance Control in accordance with the Standards but not prescribed in detail by the Standards may be enacted or amended by the Representative Director as the Enforcement Ordinance.

② In enacting or amending the Enforcement Ordinance, the Representative Director shall reflect the Compliance Officer's opinions thereon. Also, within the reasonable scope prescribed by the Standards, the Representative Director may also delegate the authority to enact or amend detailed rules necessary to enforce the Enforcement Ordinance to the Compliance Officer.

## Chapter 2 Compliance Control System

**Article 6 (Structure of Compliance Control System)**

① The Company shall establish a Compliance Control System that is necessary for the proper and effective achievement of Compliance Control in accordance with the Standards.

② The Company may establish a Compliance Team necessary for the Compliance Officer's performance of his or her duties.

③ The Company may not impose unfair disadvantages on any officers, directors or employees who belong or belonged to the Compliance Team in regards to their human resources affairs for reasons related to their performance of compliance-related tasks.

**Article 7 (Duties and Obligations)**

① The Board of Directors shall supervise general affairs of the composition and management of the Compliance Control System and help establish the compliance culture in the Company.

② The Representative Director shall create and manage a proper Compliance Control System, supervise specific matters related thereto, and take measures necessary for the effective management of the Compliance Control System.

③ The Compliance Officer shall supervise all practical matters relevant to the management of the Compliance Control System, including inspection of the compliance by the Company's

officers, directors and employees with the Standards and reporting to the Board of Directors the result of the investigation on any violation of the Standards by the officers, directors or employees.

④ The Company's officers, directors and employees shall acknowledge that the primary responsibility of achieving the Compliance Control pursuant to the Standards lies with themselves, and observe the relevant law and regulations, the Standards, and the Detailed Rules. Officers, directors and employees shall also provide the Compliance Officer with full cooperation in the event of receiving a request for the submission of any data or information.

## Chapter 3 Compliance Officer

**Article 8 (Qualifications)**

① The Compliance Officer shall meet one of the following conditions to be appointed as a Compliance Officer:

1. Licensed to practice as a lawyer;
2. Taught jurisprudence as an assistant professor (or in a higher position) for five (5) or more years at an academic institution established pursuant to Article 2 of the Higher Education Act;
3. Worked as an auditor, a member of an audit committee or a compliance officer or in a legal division related to the aforementioned positions in a listed company for a total of ten (10) or more years; or
4. Has a master's degree (or a higher degree) in the discipline of jurisprudence and worked as an auditor, a member of an audit committee or a compliance officer or in a legal division related to the aforementioned positions in a listed company for five (5) or more years;

② An auditor or a member of an audit committee of the Company cannot serve as a Compliance Officer.

**Article 9 (Appointment and Dismissal)**

① An individual who satisfies the condition stipulated in Article 8 shall be appointed as a Compliance Officer by the resolution of the Board of Directors.

② The Compliance Officer shall not be dismissed during the term of office unless any of the following events occur, provided, however, that a dismissal due to Paragraphs 2 or 3 below shall be decided by the resolution of the Board of Directors:

1. If the Compliance officerresigns or dies;
2. If the Compliance officer is determined not to have the qualification required by Article 8; or
3. If the Compliance Officer is unable to maintain his or her position under reasonable circumstances (e.g. being subject to a penalty that is more severe than suspension due to the internal rules of the Company).

③ In case of a dismissal of a Compliance Officer, the Board of Directors shall appoint a new Compliance Officer by the next board meeting unless it is unable to do so for a special reason.

**Article 10 (Term of Office and Position)**

① A Compliance Officer's term in office is three (3) years. A Compliance Officer may serve consecutive terms.

② The Compliance Officer's position shall be full-time.

**Article 11 (Authorities and Obligations)**

① The Compliance Officer shall have the following authorities:

1. The authority to request the collection and submission of data and informations related to the performance of business by the Company and its officers, directors and employees, and statements relevant thereto within a reasonable scope for the purpose of the Compliance Control;
2. The authority to monitor compliance with the relevant laws and regulations, the Standards, and the Detailed Rules and to handle any case of violations;
3. The authority to demand the cessation, rectification, or improvement of unlawful or unfair activities committed by the Company's officers, directors and employees
4. The authority to give opinions to the department in charge of disciplinary actions in regards to personnel who committed a violation;

5. The authority to report important compliance-related matters to administrative bodies such as the Representative Director, the Board of Directors, and committees designated by the Board of Directors;

6. The authority to manage the Compliance Team and the officers, directors and employees who belong thereto; and

7. Other authorities designated by the Board of Directors or the Representative Director.

② The Compliance Officer shall have the following obligations:

1. The duty to inspect the compliance with the Standards and report the result of such inspections to the Board of Directors;

2. The duty to perform the tasks in the capacity of the Compliance Officer in good faith;

3. The duty to maintain the confidentiality of the Company's trade secrets obtained during the performance of his or her duties as a Compliance Officer, both during and after the employment with the Company;

4. The duty not to undertake sales-related tasks which may affect the performance of compliance-related tasks; and

5. The duty not to gain unjust enrichment by using data or information obtained during the performance of his or her duties as a Compliance Officer or by using the position as a Compliance Officer

6. The duty to post reviews on law-related agenda in resolution of the Board of Directors

**Article 12 (Guarantee of Independence)**

The Company shall guarantee the independence of the Compliance Officer so that the Compliance Officer may perform compliance-related matters in a fair and objective manner. The Company shall not impose unfair disadvantages on the current or former Compliance Officer(s) in regards to their human resources affairs for reasons related to their performance of compliance-related tasks.

## Chapter 4 Compliance Control Activities

**Article 13 (Compliance Obligations of Officers, Directors and Employees)**

① The Company's officers, directors and employees shall familiarize themselves and comply with the domestic and overseas laws and regulations, the Standards, and the Company's internal regulations related to the Legal Risks in their work.

② The Company's directors and employees shall report to the Compliance Officer upon discovering unlawful activities or violations of the Standards and they shall not become involved with or aid such violation.

③ The Representative Director shall publish the Standards and the Company's internal regulations on the Company electronic network so that the Company's officers, directors and employees may familiarize themselves and comply with such regulations and the Standards.

**Article 14 (Inspection and Investigation)**

① The Compliance Officer shall perform inspections and investigations of the compliance with the relevant laws and regulations, the Standards, and Detailed Rules on a regular basis or from time to time to prevent violations of the relevant laws and regulations, the Standards, and the Detailed Rules in advance and to verify any problems in the operation of the Compliance Control System.

② The Compliance Officer may inspect and investigate compliance with the Standards and the Detailed Rules under the following manner:

1. Compliance support for the execution of directors' and employees' tasks on a daily basis;

2. Inspection and investigation by reviewing accusations, reports, and checklists that were prepared and submitted as per the request of the Compliance Officer;

3. Investigation of persons in violation of the relevant laws and regulations, the Standards, or the Detailed Rules; and

4. Inspection and investigation of any other matter necessary for the Compliance Control.

③ The Compliance Officer shall instruct each department to monitor its own compliance, and shall assess the self-monitoring of each department.

**Article 15 (Daily Compliance Support)**

① The Compliance Officer shall provide regular counseling to the Company's officer, directors and employees in their performance of tasks related to the Legal Risks.

② The Compliance Officer may designate the following matters as items that require a prior consultation with the Compliance Officer:

1. The enactment or amendment of the articles of incorporation, internal regulations, and policies of the Company;
2. Matters subject to the consideration of the Board of Directors and other important committees of the Company;
3. Proposals for the development of new ventures and products that may give rise to the Legal Risks;
4. Transactions with related parties;
5. Various matters subject to public announcement;
6. Important data or documents submitted to the governmental authorities; and
7. Other matters reasonably necessary for the Compliance Control.

③ If the Compliance Officer determines that the Company's officers, director or employees need advice or consultation from another department in the performance of their duties pursuant to this Article, the Compliance Officer may request such officers, directors or employees obtain advice or consultation from such department.

**Article 16 (Enactment and Amendment of Detailed Rules)**

The Compliance Officer may enact or amend specific policies required for implementation of the Enforcement Ordinance of the Standards if delegated to do so by the Representative Director.

**Article 17 (Management of Reporting System)**

① The Representative Director may establish a Reporting System through which the unlawful or unfair performance of tasks by the Company's officers, directors and employees may be reported; provided, however, if the Company already has a reporting system in operation, such a reporting system may be used as the Reporting System prescribed in this Paragraph.

② The Compliance Officer shall not disclose or divulge personal informations of and contents of a report made by the Company's officers, directors and employees. The Compliance Officer may propose to the Representative Director rewarding an officer, director or employee who achieved excellent results in connection with the report.

③ Officers, directors and employees who report unlawful or unfair activities shall not be subject to disadvantages in regards to their human resources affairs.

**Article 18 (Training of Employees)**

① The Compliance Officer shall establish and conduct a training program necessary for the Compliance Control and corporate ethics for the Company's officers, directors and employees from time to time or on a regular basis.

② A training program established pursuant to Paragraph 1 above shall include matters and plans designed to increase the understanding of the Standards of the officers, directors and employees.

**Article 19 (Handling of Violations)**

① Upon discovering a violation by the officers, directors or employees of the relevant laws and regulations, the Standards, and/or the Detailed Rules (the "Violation"), the Compliance Officer shall take appropriate actions such as report to the Representative Director and the department in charge of disciplinary measures, demand of proper corrective measures, and preparation of an improvement plan.

② The Compliance Officer shall take measures necessary for preventing the recurrence of the Violation by inspecting and investigating any problems in the Compliance Control System, preparing improvement plans, etc.

③ Measures shall be taken against the officers, directors and employees who committed a violation not specified in this Article as prescribed by the Company's internal regulations.

**Article 20 (Submission and Management of Information and Data)**

The Compliance Officer may request that the Company's officers, directors and employees submit information and data necessary for the performance of his or her duties as a Compliance Officer in a format that is ready to use. Upon receiving such a request, officers, directors and employees shall comply in a prompt and fully cooperative manner.

**Article 21 (Compliance Team)**

The Compliance Officer may establish a separate Compliance Team if it is necessary for the independent performance of duties as a Compliance Officer. The Compliance Officer may also have employees of another department at disposal if cooperation of such department is necessary.

**Article 22 (Assessment of Efficiency)**

① The Board of Directors shall conduct a periodic assessment of whether the Standards are being enforced in an effective manner for the achievement of Compliance Control; provided, however, that the Board of Directors shall delegate the authority of this assessment to the Compliance Officer.

② The Compliance Officer shall report to the Board of Directors the result of the assessment conducted pursuant to the delegation provided in Paragraph 1.

③ The Board of Directors shall take measures necessary to reflect on the Compliance Control System the result of the efficiency assessment conducted pursuant to this Article.

**Article 23 (Report)**

The Compliance Officer shall report to the Board of Directors on a regular basis or from time to time in regards to the inspection of compliance with the Standards, matters related to the training of officers, directors and employees, results of efficiency assessments, and other important issues pertaining to the Compliance Control.

## Chapter 5 Miscellaneous

**Article 24 (Proposals Including Rewards for Employees)**

The Compliance Officer may propose to the Representative Director rewarding or promoting officers, directors and employees who diligently observed the Standards and thereby made an outstanding contribution in regards to the prevention and reduction of the Legal Risks that may be incurred by the Company or its officers, directors or employees in connection with the Compliance Control.

## Supplementary Rules

The Standards shall take effect on August 14, 2012; provided, however, that any Compliance Officer appointed prior to the enactment of the Standards shall be regarded to have been appointed pursuant to the Standards, and any task related to the Compliance Control performed by the Compliance Officer pursuant to the KCC prior to the enactment of the Standards shall be regarded to have been executed in accordance with the Standards.

## Supplementary Rules

The Standards shall take effect on August 12, 2016.

# Pan Ocean Co., Ltd.

# Enforcement Rules of the Compliance Control Standards

## August 12, 2016

# Enforcement Rules for the Compliance Control Standards

## Chapter 1 General Provisions

### Article 1 (Purpose)

In relation to the Compliance Control Standards (the "Standards") enacted by Pan Ocean Co., Ltd. (the "Company") pursuant to Article 542-13 of the Korean Commercial Code (the "KCC"), these Enforcement Rules of the Compliance Control Standards (the "Rules") are established for the purpose of deciding upon specifics of the Compliance Control System.

### Article 2 (Enactment and Amendment)

① The Representative Director may enact or amend the Rules.

② In enacting or amending the Rules, the Representative Director shall reflect the Compliance Officer's opinions thereon.

③ The Representative Director may delegate to the Compliance Officer the authority to enact or amend specific instructions necessary for enforcing the Rules.

## Chapter 2 Compliance Control System

### Article 3 (Composition of Compliance Control System)

① The Company may establish a Compliance Department within the Company with a number of personnel necessary for the proper execution of tasks related to the Compliance Control (collectively, the "Compliance Department Members"). If such department is established, it shall be under the direct supervision of the Representative Director.

② The Representative Director shall appoint a compliance manager in each department for the smooth management of the Compliance Control System (each a "Compliance

Manager"). In such case, as a matter of principle, the head of each department or the person occupying the next highest position shall be appointed as the Compliance Manager.

③ The Representative Director shall consider the opinions given by the Compliance Officer in making personnel decisions with respect to the Compliance Department Members.

④ The Company shall guarantee the independence of the Compliance Department Members and/or the Compliance Manager so that they may perform compliance-related matters in a fair and objective manner. The Company may not impose unfair disadvantages on the Compliance Department Members or the Compliance Manager in regards to its human resources affairs for reasons related to the performance of compliance-related tasks.

**Article 4 (Support for Compliance Control System)**

① The Company shall provide physical resources that are required for the Compliance Team's performance of compliance-related tasks.

② The Compliance Officer may request that the Representative Director provide physical resources that are required for the management of the Compliance Team.

③ In consideration of the Compliance Officer's opinions, the Company may install an electronic system necessary for the effective enforcement of the Compliance Control.

**Article 5 (Duties of Compliance Team and Manager)**

① Each Compliance Department Member and Compliance Manager shall perform his or her duties in good faith in order to assist the Compliance Officer's performance of compliance-related duties.

② Each Compliance Department Member and Compliance Manager shall maintain the confidentiality of the Company's trade secrets obtained during the performance of his or her duties related to the Compliance Control, both during and after the employment with the Company.

③ Each Compliance Manager shall report to the Compliance Team the results of his or her department's performance of compliance-related at least once every one (1) year. If an important issue related to the Compliance Control arises in the department, the Compliance Manager shall report it to the Compliance Team without delay.

④ The Compliance Manager shall fully operate with the Compliance Officer by providing related data or information, etc. upon request by the Compliance Officer in connection the Compliance Officer's performance of the tasks related to the Compliance Control.

**Article 6 (Duty to Cooperate)**

① In order to aid the effective operation of the Compliance Control, departments the cooperation of which is required for the performance of the tasks relating to the Compliance by the Compliance Officer ("Compliance Related Departments") shall provide full cooperation to and support the performance of tasks pursuant to the Standards and the Rules conducted by the Compliance Officer, Compliance Department Member, and Compliance Manager.

② The Representative Director may establish a Compliance Committee consisting of the Compliance Officer and the heads of the Compliance Related Departments in order to facilitate cooperation among the departments described in Paragraph 1.

## Chapter 3 Compliance Control Activities

**Article 7 (Self-Monitoring of Compliance)**

① Each department shall form a plan to monitor its own compliance and shall assess such self-monitoring on a regular basis.

② Each department shall create and manage a checklist ("Checklist for Self-monitoring") for an effective self-assessment of its compliance.

③ The Compliance Officer shall supervise the establishment of the monitoring plan of each department under Paragraph 1 and assess its self-monitoring process.

**Article 8 (Inspection and Investigation)**

① The Representative Director shall establish and manage a system which allows inspections and investigations required for prior identification of and/or response to the Legal Risks that may occur during the performance of duties by the officers, directors and employees.

② The Compliance Officer shall conduct an inspection and investigation of matters related to the Compliance Control once a year on a regular basis. In case of any report from officers, directors or employees or if deemed reasonably necessary for maintaining the Compliance Control, the Compliance Officer shall conduct such inspection and/or inspection from time to time after consulting the Representative Director.

③ The Compliance Officer may conduct an inspection and investigation of matters pertaining to the Compliance Control via interviews with the officers, directors and employees, on-site investigations, management of a reporting system, electronic inspections, etc. If necessary, the Compliance Officer may consult the Representative Director and delegate the above tasks to an outside expert.

④ The Compliance Officer may designate certain affairs of each department as items that require the prior consultation with the Compliance Officer in order to perform the inspection and investigation under this Article in an effective fashion.

**Article 9 (Management of Reporting System)**

① The Company may use an existing reporting system of the Company as a Reporting System under these Rules. In such case, the department overseeing such reporting system shall notify the Compliance Officer of the reports and discuss contents thereof.

② The Compliance Officer may allow officers, directors and employees to report via an electronic system in order to increase the approachability to the Reporting System.

③ Based on the investigation result of a report, the Compliance Officer may either a) prepare the appropriate measures that are required for the prevention or reduction of the Legal Risks of the reported activity or b) notify the Compliance Manager in the department related to the report in order that such measures would be taken. In the latter case, the Compliance Manager shall take appropriate measures that are required for the prevention and/or reduction of the Legal Risks of the reported activity, and report the result thereof to the Compliance Officer without delay.

④ Any person receiving or processing reports shall not disclose or divulge personal information of the reporter or contents of the report.

⑤ The Compliance Officer may propose to the Representative Director rewarding the officers, directors and employees who made a contribution in regards to the prevention and reduction of the Legal Risks that may arise with respect to the Company or its officers, directors or employees.

⑥ If an officer, director or employee reports a matter in connection with his or her performance of work, such a report may be considered in taking measures against the officer, director or employee for a violation of the relevant laws or regulations, the Standards, and/or the Detailed Rules ("Violation").

**Article 10 (Compliance Control Training)**

① Either on its own or through the Compliance Department Member(s), the Compliance Officer shall conduct training on the Compliance Control one or more times a year on a regular basis to all officers, directors and employees.

② Either on its own or through the Compliance Department Member(s), the Compliance Officer may conduct training on the Compliance Control to the officers, directors and employees of the departments in connection with which the Legal Risks may arise.

③ Either on its own or through the Compliance Department Member(s), the Compliance Officer may conduct training on the Compliance Control to the officers, directors and employees who committed a Violation.

④ The Compliance Officer may conduct training under this Article via online or various other media that is easily accessed by the officers, directors and employees.

⑤ The Compliance Officer may conduct training via the department in charge of personnel training or coordinate a joint training with other training program such as an internal ethics training program.

**Article 11 (Handling of Violations)**

① Upon discovery of a Violation by an officer, director or employee, the Compliance Officer may report the Violation to the Representative Director or the Compliance Manager for proper corrective measures such as cessation, rectification, or improvement; provided, however, if deemed urgent by the Compliance Officer for the Compliance Control of the Company, the Compliance Officer may directly take necessary measures against the officer, director or employee who committed the Violation such as cessation, rectification or improvement, which shall be reported to the Representative Director without delay.

② If the Compliance Officer reasonably considers that a Violation committed by an officer, director or employee should be subject to disciplinary actions in accordance with the internal regulations of the Company, the Compliance Officer may report such opinions to the department in charge of disciplinary actions. In such an event, the Compliance Officer

shall give the officer, director or employee who committed the Violation an opportunity to explain his or her actions.

③ Upon receiving from the Compliance Officer a notification described in Paragraph 2, the department in charge of disciplinary actions shall decide on whether to commence the disciplinary procedures after sufficiently taking the Compliance Officer's opinions into account as well as those of the Compliance Manager who oversees the department to which the officer, director or employee who committed the Violation belongs.

④ If the Compliance Officer determines that the Compliance Control System need be improved in regards to a Violation, the Compliance Officer shall prepare a proposal accordingly and submit it to the Representative Director.

**Article 12 (Assessment of Efficiency)**

① The Compliance Officer shall conduct an assessment of whether the Standards are being enforced in an effective manner for the achievement of the Compliance Control once a year on a regular basis.

② The Board of Directors may reflect opinions of the following personnel on the assessment of efficiency of the Standards: the Compliance Officer, officers, directors and employees of the Company including those of the Compliance Team.

**Article 13 (Follow-Up Measures for Assessment of Efficiency)**

① Based on the result of the assessment of efficiency of the Standards, the Board of Directors shall prepare an improvement plan for defects or flaws in the Standards or the Compliance Control System to be implemented by the Representative Director. The Representative Director may establish specific measures to implement the above improvement plan.

② The opinions of the Compliance Officer shall be reflected when the Board of Directors prepares a plan for improvement pursuant to Paragraph 1 or the Representative Director implements such a plan.

**Article 14 (Reports)**

① The Compliance Officer shall report to the Board of Directors in regards to the inspection of compliance with the Standards, matters related to the training of officers, directors and

employees, results of efficiency assessments, and other important issues pertaining to the Compliance Control once a year on a regular basis.

② If necessary, the Compliance Officer may make frequent reports to the Board of Directors in regards to the result of the inspection of compliance with the relevant laws and regulations, the Standards or the Detailed Rules and other matters pertaining to the Compliance Control.

## Chapter 4 Sharing and Communication of Information and Data

**Article 15 (Sharing and Communication of Information and Data)**

① The Representative Director shall provide a well-structured system for the management of information and data collected via the operation of the Compliance Control System.

② The Representative Director may install an electronic system necessary for the effective sharing and communication of all information and data related to the Compliance Control including those mentioned in Paragraph 1.

③ The Compliance Officer may request to a Compliance Manager the collection and submission of data and information related to his or her department and statements relevant thereto within a scope reasonably necessary for the Compliance Control. The Compliance Manager shall provide full cooperation upon receiving such a request.

④ The Company shall retain information and data collected for the management of the Compliance Control System for five (5) years.

## Chapter 5 Responsibilities of Directors and Employees

**Article 16 (Duty of Compliance)**

① The Company's officers, directors and employees shall comply with the relevant laws and regulations, the Standards, and the Detailed Rules in their performance of their duties.

② When unsure of whether they are complying with the relevant laws and regulations, the Standards, and/or or the Detailed Rules, the officers, directors and employees shall

consider the consultation they received from the Compliance Team and perform their tasks accordingly.

③ At the time of joining the Company and once a year thereafter, the officers, directors and employees shall sign or affix their seal on the undertaking of compliance prescribed by the Company and submit the same to the Company.

④ Officers, directors and employees shall not become involved in or aid a Violation of the relevant laws and regulations, the Standards, or the Specific Rules by another officer, director or employee of the Company.

⑤ Officers, directors and employees working overseas shall comply with the laws of the country in which they work and shall not engage in activities that damage the reputation of Korea or the Company.

**Article 17 (Duty to Report)**

In the event of the following occurrences, officers, directors and employees shall report to the Compliance Officer, and if requested by the Compliance Officer to allow access of or submit relevant data or information or to provide cooperation, they shall do so in an honest manner and good faith:

1. If the Company or its officer, director or employee violated the relevant laws and regulations, the Standards, or the Detailed Rules or there are reasonable grounds to suspect so;

2. If it is expected the position or role of an officer, director or employee will cause a conflict of interest with the Company's clients or those that are in a business relationship with the Company;

3. If a gift or an offer of gift is made to the government authorities or the representatives thereof related to the Company or the performance of duties by the Company's officers, directors or employees;

4. If the Company's clients or those that are in a business relationship with the Company report issues related to the Compliance Control;

5. If frauds or other dishonest activities occur in a relationship that involves the Company's clients or those that are in a business relationship with the Company, or if there are reasonable grounds to suspect so;

6. If it is discovered that the Company or its officer, director or employee is or may be subject to arrest, prosecution, judgment of a conviction, or sanction by the government;

7. If it is discovered that the Company or its officer, director or employee is involved in a government hearing or lawsuit; or

8. If any other matter reasonably determined to be required to be reported to the Compliance Office in connection with the Compliance Control is discovered.

**Article 18 (Duty of Good Faith)**

① The Company's officers, directors and employees shall perform their duties and obligations in good faith.

② The Company's officers, directors and employees shall perform their duties and obligations diligently and maintain a level of dignity as officers, directors and employees of the Company.

## Supplementary Rules

The Rules shall take effect on August 14, 2012; provided, however, that any task related to the Compliance Control performed by the Compliance Officer pursuant to the KCC prior to the enactment of the Rules shall be regarded to have been executed in accordance with the Rules.

## Supplementary Rules

The Rules shall take effect on August 12, 2016.