

Regulation on Audit Committee

Chapter 1 General Provisions

Article 1 (Purpose)

The purpose of this Regulation is to establish standards and rules required for proper and efficient audit operations of the Audit Committee(hereinafter referred to as “the Committee.”)

Article 2 (Scope of Application)

- ① Unless otherwise stipulated by applicable law or Articles of Incorporation, the Regulation shall apply to all the matters concerning the operation of the Committee.
- ② This Regulation may apply to the cases where the Committee audits the Company’s affiliated or subsidiary companies.

Article 3 (Definition of Terms)

- ① In this Regulation, “Internal Control System” shall refer to a series of processes that are continuously implemented by the Company’s Board of Directors, the management and other members in order to ensure efficiency and effectiveness of the Company’s operation, provide reliable financial information and secure reasonable confidence regarding the Company’s compliance with regulations and policies.
- ② In this Regulation, “Internal Accounting Management System” shall refer to a series of processes that are continuously implemented by the members of the Company including the Board of Directors, the management, etc., for the purpose of ensuring trustworthiness of financial statements, which is a part of internal control systems.
- ③ In this Regulation, “Internal Accounting Manager” shall refer to the person who is designated per Article 8.4 of Act on External Audit of Stock Companies, etc.
- ④ In this Regulation, “Executive Officer” shall refer to the person designated by Article 408.2 and A08.9 of Commercial Act.
- ⑤ In this Regulation, “Internal Audit Department” shall refer to the department responsible for overall audit operations including audit planning, audit implementation and audit result reports per the Company’s organization chart.

Article 4 (Principle of Independence and Objectivity)

- ① The Committee shall perform audit operations independently from the BOD, other executive organizations or other departments.
- ② The Committee shall maintain objectivity in performing its audit operations.

Article 5 (Roles and Authorities)

- ① The Committee shall audit on the performances of Directors.
- ② The Committee shall have the following authorities:
 1. To request Directors to report on the Company's operations and examine on the Company's business, asset status. etc.,
 2. To request affiliated companies to report on their operations and examine their business and asset status, etc.,
 3. To convene extraordinary general meeting of stockholders
 4. To receive experts' assistance at the Company's expense,
 5. To provide opinions regarding the dismissal of Auditors
 6. To receive reports from Directors
 7. To claim injunction on Director's act of illegality,
 8. To represent the Company in a lawsuit of Director Vs. the Company,
 9. When any internal whistleblowing or reporting on the Company's accounting fraud is made, the Committee shall check and confirm the facts and follow-up measures; maintain the confidentiality of the whistle blower's identity; check if there has been any mistreatment against the whistle blower or the person who made the internal report,
 10. To concur with the BOD's approval of financial statements(including consolidated financial statements), and
 11. To address the Company's other business affairs delegated by the BOD.
- ③ The Committee may request any of the followings and the person who receives the request from the Committee shall respond to it unless there are any special reasons.
 1. Any information in the Company,
 2. Attendance or response by the related person related,
 3. Matters regarding warehouse, safe, accounting ledger and associated documents, backup documents or supplies, or
 4. Other matters required for the audit performance
- ④ The Committee shall have authority to require the head of each department to immediately report on irregularities or gross negligence committed by officers or employees of the Company. In such case, the Committee shall initiate a special audit

immediately.

Article 6 (Obligations)

- ① Auditors shall perform their duties with proper care and attention as required for bona fide manager of the Company.
- ② Auditors shall not divulge any business secrets or confidential information that come into the possession of Auditors over their conduct of audit works both during their tenure as Auditors and post their tenure.
- ③ When the Committee acknowledges that violation of laws or Articles of Incorporation was committed by a Director(s) or a concern for such violation exists, this shall be reported to the BOD.
- ④ The Committee shall submit Audit Report within 4 weeks after receiving documents such as financial statements and operating report from Directors.
- ⑤ Auditors and the Committee shall fulfill other obligations required by Commercial Act or other applicable laws than is stipulated by Article 6.1 thru 6.4.

Article 7 (Responsibilities)

- ① When Auditor intentionally or unintentionally violates relevant laws or Articles of Incorporation or neglects one's duty, the Auditor shall be responsible for compensating associated damage to the Company jointly. Provided, however, the Auditor's liability may be mitigated as provided by Articles of Incorporation.
- ② When Auditor fails to perform one's duty with malign intension or owing to gross negligence, the Auditor shall be compensating associated damage jointly with regard to the third party.

Chapter 2 Composition and Operation

Article 8 (Composition)

- ① Auditors shall be elected and appointed at General Meeting of Stockholders.
- ② The Committee shall be comprised or 3 or more Directors and more than two thirds of Auditors shall be Outside Directors.
- ③ At least one or more Auditors shall be experts in accounting or financial fields as provided in Article 542.11.1 of Commercial Act. Auditors who are not Outside Directors shall be qualified per the requirements of Article 542.11.3 of Commercial Act.

- ④ The term of Auditors shall be defined as “lasting until the end of Regular General Meeting of Stockholders which is supposed to deliberate on the final settlement term within 2 years from the appointment date. Provided, however, that term of Auditor who backfilled the vacancy position shall be defined as the remaining term of his/her predecessor.
- ⑤ When the Committee’s composition requirements regarding the ratio of Outside Directors per Article 8.2 or the qualification requirements per Article 8.3 cannot be met due to the resignation or death of an Auditors who is one of Outside Directors, the Committee shall take necessary actions at the shareholders’ meeting to be convened first time after said incident occurred to ensure that the Committee’s composition requirements be fulfilled.
- ⑥ The Committee may appoint a Secretary. The Committee Chairperson shall designate a person among the Company’s officers or employees so that he or she can perform administrative works of the Committee.

Article 9 (Chairperson)

- ① The Committee shall elect the Chairperson among Outside Directors to represent the Committee by a resolution as provided in Article 10. For this case, a multiple number of Auditors may be elected to the position of Chairperson to jointly represent the Committee.
- ③ The Chairperson shall preside over the Committee’s affairs and may assign roles and responsibilities for each Auditor for efficient operation of the Committee.
- ④ When the Chairperson is absent, the Committee member assigned by the Committee shall substitute for the Chairperson and perform the Chairperson’s duty instead.

Article 10 (Meeting)

- ① The Committee meetings are comprised of regular meeting and ad-hoc meetings.
- ② Regular meetings are convened once every quarter.
- ③ Ad-hoc meetings are convened on ad-hoc basis as required.

Article 11 (Authority to Convene the Meeting)

- ① The Chairperson shall have the authority to call for the Committee meeting.
- ② Each Auditor may call on the Chairperson of the Committee to convene a meeting by presenting meeting agenda and associated reasons. When the Chairperson fails to convene a meeting without any valid reason, the Auditor who had called for the meeting may convene

the Committee meeting instead.

Article 12 (Convocation Procedures)

- ① When convening a Committee meeting, the meeting date shall be set and the meeting notice shall be sent to each Auditor no later than 3 days before the meeting date.
- ② Provided, however, that, with a unanimous agreement of all Auditors, the Committee may convene the meeting anytime despite above provision 12.1.

Article 13 (Resolution Method)

- ① The resolution of the Committee shall require the presence of a majority of all Auditors to constitute the quorum for the meeting as well as the affirmative vote of a majority of all Auditors attending the meeting.
- ② Meetings of the Committee may be conducted through the use of any means of remote communication by which all or a part of the meeting participants may transmit and receive sound simultaneously during the meeting rather than all Auditors physically attending the meeting. Participants by these means shall be deemed to be present in person at meeting of the Committee.
- ③ Any Auditor who has a special interest in a matter subject to resolution shall not exercise his or her vote upon such matter. In such case, the number of directors whose vote cannot be exercised shall not be included in the number of Auditors attending the meeting.

Article 14 (Agenda Subject the Committee)

Matters subject to the Committee shall be as follows:

1. Matters related with General Meeting of Stockholders
 - (1) Convocation of Extraordinary General Meeting of Stockholders
 - (2) Representations for General Meeting of Stockholders agenda and documents
2. Matters concerning Directors and the Board of Directors
 - (1) Obligatory reporting to the BOD
 - (2) Audit Report development and submission
 - (3) Injunction claim against Director's act of illegality
 - (4) Request for Director's business operation report
 - (5) Other matters delegated by the BOD

3. Audit related matters

- (1) Examination of business operation, assets,
- (2) Examination of affiliated company's operation,
- (3) Reception of Directors' reports,
- (4) Representing the Company in a lawsuit of Directors Vs. the Company,
- (5) Decision on whether to file a lawsuit when minority shareholders requests for filing a lawsuit against Director(s),
- (6) Audit plans and results,
- (7) Review of adequacy of major accounting treatment standards and validity of accounting estimate changes,
- (8) Assessment of internal control system (Including internal accounting management system),
- (9) Confirmation of actions taken to redress audit findings,
- (10) Consent to appointment of officers to audit-related organization,
- (11) Approval for appointment, change or dismissal of Outside Auditors,
- (12) Reception of reports from Outside Auditors concerning the material misdemeanor or act of illegality committed by a Director(s) while performing one's duty in violation of laws or Articles of Incorporation,
- (13) Reception of reports from Outside Auditors concerning the Company's violation of accounting treatment standards while conducting its accounting operations, etc., and
- (14) Assessment of audit activities performed by Outside Auditor

Article 15 (Minute of Meeting)

- ① Discussions and proceedings of the Committee shall be documented in minute of meeting.
- ② The minute of meeting shall document meeting agenda, proceeding, discussion results, the members who objected to the resolution and the reasons for the objection, and then be sealed or signed by Auditors who attended the meeting.
- ③ The Committee shall provide copies of the meeting minute to each Director and Auditor within 7 days from the meeting date.
- ④ When the Committee conducted a closed-door meeting, the Committee may decide not to release the minute of closed-door meeting for a certain period of time. Whether to release the meeting minute or not, and how long the minute should be kept confidential shall be decided by the Committee case by case.

Article 16 (Responding to Act of Irregularity)

- ① When the Company committed any act of irregularities(violation of laws or Articles of Incorporation or other inappropriate act that would cause social condemnation), the Committee may immediately call on Directors or Executive Officers, etc. to investigate the case and make the report thereof, or do the investigation directly.
- ② Based on the results of investigation per above provision ①, the Committee shall monitor and validate how Directors and/or Executive Officers addressed and responded to associated actions including fact finding efforts of said irregularities, prevention of consequential damage, quick handling of incidents, prevention of recurrence and internal/external disclosure, etc.
- ③ When handling and responses of Directors and/or Executive Officers as provided in above provision ② are deemed to be inappropriate in terms of independence, objectivity and transparency aspects, the Committee shall take proper actions such as seeking out the assistance of outside experts at the company's expense, etc.

Article 17 (Internal Accounting Management System)

- ① The Committee shall evaluate the operation status of internal accounting management system and report to the BOD every business year, and the evaluation report shall be placed at the company's head office for five years. If the Committee has any recommendation for corrective measures regarding the management and operation of internal accounting management system, said recommendation shall be included in the Committee's report.
- ② The operation status evaluation report on the Company's internal accounting management system shall include the followings:
 1. Title specifying that the document is the Committee's evaluation report,
 2. Representation of the fact that the evaluation was performed as to the effects of the Company's internal accounting management system's establishment and operation for the period subject to evaluation period on the evaluation base date,
 3. Representation of the fact that the Company's management including the Internal Accounting Manager is responsible for the establishment and operation of the internal accounting management system.
 4. Representation of the fact that the Committee performed its evaluation by referring to the evaluation report provided by Internal Accounting Manager regarding the operation status of the Company's internal accounting management system.
 5. Representation of the fact that the report used Model Criteria for Internal

Accounting Management System(name of other criteria, if other criteria was used) as the basis of evaluation for the internal accounting system's establishment and operation,

6. Overall evaluation result based on Model Criteria in terms of materiality principle,
7. Description of material weaknesses residing in the establishment and operation of internal accounting management system if such material weaknesses exist,
8. Explanation on corrective measures to redress material weaknesses in the accounting management system if such material weaknesses exist,
9. Report documentations date,
10. Signature and seal by Auditors and
11. Other items as described below:
 - A. Summary of Internal Accounting Manager's report (Evaluation result, significant deficiency, corrective measures and future plans, etc.),
 - B. Other issues identified as the result of evaluation and
 - C. Recommendation

Article 18 (Assessment of Adequacy for Internal Control System)

The Committee shall monitor and evaluate the operation of the Company's internal control system more than one time per year, and make recommendations to address any issue identified over the course of the Committee's monitoring and evaluation. When it makes the recommendations, the Committee's assessments on the following matters regarding internal control system may be presented to the BOD.

1. Whether risk factors are properly identified and associated risk control system is working,
2. Whether business planning, strategy formulation processes are in compliance with the applicable laws and regulations, and whether they are aligned with the Company's business objectives,
3. Whether accounting policy or estimate changes are valid, accounting treatment methods are adequate and are aligned with the Company's business objective,
4. Whether information reporting, sharing and management systems are adequate,
5. When each department's performance analysis systems are efficient and effective,
6. Whether employee training plans regarding internal control are adequate,
7. Whether the operation of Compliance Officer or Compliance Office System is adequate, and
8. Whether internal control system is adequate in terms of the corporation

organizational structure.

Article 19 (Attendance of Parties Concerned, etc.)

- ① For the purpose of its operation, the Committee may request the attendance of the Company's officers or employees or Outside Auditors in the Committee meetings as well as submission of related documents and statements of their opinions.
- ② Except for the case as provided in above provision ①, when other persons who are neither the Committee members nor Secretary intend to attend or observe the Committee meeting, such persons shall obtain a prior approval of the Committee Chairperson.

Article 20 (Revision or Deletion of the Regulation)

Revision or deletion of this Regulation shall be determined by the resolution of the BOD.

Addendum

Article 1.

This Regulation shall enter into force on 26 June 2019.

Article 2

Article 10.2 shall be effective on the date when the Company's issued stocks are listed in securities market per Issuance Regulations of Stock Exchange. Prior to the enforcement of said provision, Regular Meeting shall be held once every year.