

COMPLIANCE GUIDELINE OPERATING MANUAL

Article 1. Purpose

This Compliance Guideline Operating Manual (this “Manual”) sets forth specific matters related to the compliance activities pursuant to the Compliance Guideline.

Article 2. Compliance System

1. The Compliance Officer shall comprehensively manage the compliance related matters and shall report the results of compliance monitoring to the board of directors.
2. The Compliance Department shall assist the Compliance Officer and conduct planning/management of compliance activities and compliance trainings.
3. The Legal Department shall conduct day-to-day compliance activities (i.e., contract reviews, legal advising, lawsuit/dispute resolution assistance, etc.).
4. The Audit Department shall investigate any violation of the relevant laws and unethical behaviors, and shall report the results of the investigation to the Compliance Officer.
5. The officer who is in charge of a department (a department or division, hereinafter, “Voluntary Compliance Unit”) (the “Voluntary Compliance Director”) shall conduct voluntary compliance monitoring for day-to-day activities; provided that the Voluntary Compliance Unit may be modified by agreement of the Compliance Officer and the relevant department, depending on the circumstances of the department.

Article 3. Assessment and Management of Legal Risk

1. All agenda for the shareholders’ meeting, the board of directors’ meeting, and the meetings of the committees established under the board of directors shall require prior confirmation from the Compliance Officer.

2. For each Voluntary Compliance Unit, the Compliance Officer shall categorize the legal risks on the basis of the relevant laws and regulations applicable for each Voluntary Compliance Unit, prepare the voluntary compliance check list, and provide such check list to the Voluntary Compliance Director.
3. Every 6 months or upon a request of the Compliance Officer, the Voluntary Compliance Director shall notify the Compliance Officer of the results of the voluntary compliance monitoring based on the voluntary compliance check list.
4. In case of any enactment or amendment of the relevant laws and regulations related to potential legal risks, the Voluntary Compliance Director shall modify the voluntary compliance check list accordingly; provided that the Voluntary Compliance Director shall notify and consult with the Compliance Officer prior to such modification of the voluntary compliance check list.
5. Business activities, contracts, and lawsuits/disputes of each department shall be subject to the review of the Legal Department or shall be notified to the Legal Department in accordance with the legal processing regulations of the Company.
6. The Compliance Officer may directly conduct compliance monitoring of each department or assess the voluntary compliance monitoring, and may attend and provide statements to management meetings or other business related meetings, for the compliance purposes.

Article 4. Reporting and Handling of Violations Related to Bribery

The reports of violations related to bribery (i.e., provision and receipt of bribery) received by the Compliance Officer, the Audit Department, and the Voluntary Compliance Director shall be handled by the Audit Department in accordance with the rules of the Company and the Compliance Officer shall be notified of the results thereof.

Article 5. Reporting and Handling of Violations of the Relevant Laws and Regulations

1. Upon the receipt of a report of violations of the relevant laws and regulations, and unethical

behaviors, the Audit Department and the Voluntary Compliance Director shall notify the Compliance Officer of the details of such report.

2. The Audit Department shall conduct the investigation such as fact checking regarding the reports of violation of the relevant laws and regulations, etc. received by the Compliance Officer, the Voluntary Compliance Director, and the Audit Department and shall report the results of such investigation to the representative director, the auditing institutions (audit or the audit committee), or the Compliance Officer, depending on the nature of violations.
3. If it is deemed necessary by the Compliance Officer, the Compliance Officer may request investigation of the violation of the officers or employees of the Company (the “Employees”) to the Audit Department.

Article 6. Communications with the Compliance Officer

With respect to the reporting of or consultation related to violations of the laws and regulations, or the Code of Ethics, all Employees may freely communicate with the Compliance Officer through any means and major channels for contacting the Compliance Officer are as follows:

- Address: Compliance Officer, Poongsan Corporation, Poongsan Building, 23, Chungjeong-ro, Seodaemun-gu, Seoul, Korea, 03737

Addendum

Article 1. Effective Date

This Manual shall be effective as of November, 1, 2015.