

COMPLIANCE GUIDELINE

Chapter 1 General

Article 1. Purpose

Poongsan Corporation (the “**Company**”) shall enact and implement these compliance guideline(this “**Guideline**”) in order to achieve fairness and transparency in its business transactions through compliance and to strive for development of the Company and gain the trust of customers.

Article 2. Definitions

The following terms used herein shall have the meanings prescribed to them in paragraphs below:

1. “**Compliance**” shall mean any and all policy establishments and controlling activities conducted by the Company through the review of the relevant laws and regulation, compliance of which are required for the businesses of the company (the “**Law**”) and internal review of officers’ and employees’ compliance of the Law, in order to prevent violations and systematically prepare for the Legal Risk.
2. “**Legal Risk**” shall mean the risk of civil, criminal, administrative liabilities or damages due to invalidation of contracts, caused by non-compliance of the Laws by the officers and employees of the Company (the “**Employees**”).
3. “**Compliance Officer**” shall mean the person who is appointed pursuant to Article 542-13 of the Korean Commercial Code (the “**KCC**”), and who (i) implements compliance training and education programs, (ii) monitors the Compliance hereunder, and (iii) reports the Compliance related matters to the board of directors.

Article 3. Applicability

1. This Guideline shall apply to all of the business activities of the Company and all activities of the Employees related thereto.
2. Other regulations of the Company related to this Guideline shall comply with this Guideline and unless provided otherwise in the laws or in the articles of incorporation of the Company, this Guideline shall prevail.

Article 4. Establishment and Amendment

The Representative Director shall enact and amend this Guideline through resolution of the Board of Directors.

Chapter 2 Compliance Structure

Article 5. Principles for Department Structure and Roles & Responsibilities

Structuring of departments and assignment of roles and responsibilities for the Compliance shall be accomplished in considerations of the efficiency of the Compliance, independence of the Compliance Officer, and clarity in the relevant Employees' roles and responsibilities.

Article 6. Duties of Departments

1. The board of directors shall make decisions regarding this Guideline and any major matters related thereto. The board of directors shall also monitor the representative director's establishment of the Compliance system reflecting the decisions of the board of directors and actual management of such system.
2. Pursuant to this Guideline and the decisions of the board of directors, the representative director shall establish/modify/manage the Compliance system corresponding to the size and business characteristics of the Company, and shall monitor the operation

thereof.

3. The Compliance Officer shall comprehensively manage the Compliance related activities and shall (i) establish and implement compliance training and education programs, (ii) monitor the Compliance hereunder, and (iii) reports the Compliance related matters to the board of directors, etc.

Article7. Appointment of Compliance Officer

1. The Compliance Officer shall be appointed by the Representative Director through resolution of the Board of Directors.
2. The Representative Director may dismiss the Compliance Officer if he or she has any of the followings:
 - (i) in case of physical or mental disability that prevents the person from performing his or her
 - (ii) in case of cheating or in violation of laws or articles of association in relation to one's duties
 - (iii) in case of causing losses to the company on purpose or negligence
3. The Compliance Officer shall not be dismissed without a just cause during his or her term in office, and in the event of his dismissal during his term, the Representative Director shall provide sufficient evidence to prove the reasons for his dismissal under paragraph 2.
4. The Compliance Officer may state his or her comment on dismissal at the Board of Directors.
5. In the event that the Compliance Officer is dismissed or leaves office due to the expiration of his term or resignation, the Representative Director shall promptly appoint a new Compliance Officer to maintain continuity of the relevant business.

Article8. Qualifications, Tern and Status of Compliance Officer

1. The Compliance Officer shall be appointed from the persons who satisfy the requirements set forth in Article 542-13 of the Korean

Commercial Code and Article 40 of the Enforcement Decree of the Korean Commercial Code.

2. An auditor or a member of the audit committee of the Company may not be appointed as the Compliance Officer.
3. The Compliance Officer shall be full-time, and his or her term of office shall be three years, and he or she may serve consecutive terms.

Article 9. Authorities and Duties of Compliance Officer

1. The Compliance Officer shall be authorized to do the followings:
 - (i) implementation of compliance training and education programs;
 - (ii) scheduled and non-scheduled monitoring and reporting related to the compliance of this Guideline;
 - (iii) collection of information and request for submission of materials or testimony necessary for conducting the duties of the Compliance Officer;
 - (iv) request for compliance and request for suspension, improvement or correction of matters deemed to be in violation, to the Employees;
 - (v) request for sanction to the Employees who violated this Guideline;
 - (vi) attendance and provision of testimony at the meeting of the board of directors, etc. in connection with the Compliance;
 - (vii) management of compliance department and making of recommendations related to personnel in the relevant departments; and
 - (viii) other matters authorized by the board of directors.
2. If necessary, the Compliance Officer may seek counsels and assistances of an outside expert, at the Company's expenses.
3. The Compliance Officer shall owe fiduciary duty and shall not disclose trade secrets of the Company, which he or she comes to the knowledge while conducting duties as the Compliance Officer, during or after the term.

Article 10. Independence of Compliance Officer

1. With respect to the duties of the Compliance Officer, the Compliance officer may report directly to the board of directors or the representative director, in a timely manner.
2. The Compliance Officer may request the Representative Director to convene a meeting of the Board of Directors if necessary for the reporting of paragraph 1.
3. The Compliance Officer shall be entitled to have a title which enables the Compliance Officer to conduct the compliance and monitoring activities independently and effectively.
4. The Company shall not subject a current or former Compliance Officer to disadvantages in personnel management for a reason related to the duties of the Compliance Officer.

Article 11. Restriction on Concurrent Duties of Compliance Officer

The Compliance Officer shall not be engaged in sales related works which may affect his or her duties related to the Compliance.

Article 12. Legal Risk Assessment

1. The board of directors shall prepare and manage comprehensive Legal Risk assessment and management system which can effectively operate under the overall risk management system of the Company.
2. The Compliance Officer shall review the size and frequency of the Legal Risk, determine the probability of the Legal Risk, and categorize major activities related to the Legal Risk. In case where the Compliance Officer requests cooperation for the categorization mentioned above, the relevant departments and the Employees shall promptly and diligently respond to such request.

Article 13. Legal Risk Management

1. The Employees shall understand and comply with domestic and foreign Laws, this Guideline, and other internal rules of the Company related to the Legal Risk associated with their works.
2. In case where violation of the Laws or this Guideline is found, the Employees shall immediately report such violation in accordance with the procedures set forth herein and shall not get involved in or cooperate with such violation.
3. The Compliance Officer and the relevant departments shall take measures necessary for preventing spread of the Legal Risk to other departments or expansion of the Legal Risk.
4. Based on the Legal Risk assessment, the Compliance Officer shall cause the Employees to fully understand and acknowledge their duties pursuant to paragraphs (1) and (2) above.

Article 14. Compliance Training and Education

1. In order to enable the Employees to understand and be prepared in advance of the Legal Risk associated with their works, the Compliance Officer shall design and implement detailed and systematic compliance education and training programs.
2. The Compliance Officer shall provide the following compliance education for all employees for at least a certain amount of time each year :
 - (i) Regular Compliance Education: regular compliance education for all employees
 - (ii) Compliance Education for hiring: Compliance education for newly hired executives and employees should be conducted before job assignment
 - (iii) Special Compliance Education: Compliance education provided by Compliance Officer for departments that are expected to have high

legal risks or need education

3. The Compliance Officer can conduct compliance education under paragraph 2 through "On-line education" using information and communication media.
4. The Compliance Officer shall evaluate the effectiveness of the compliance education and training programs and conduct surveys regarding any suggestions for improvement, if necessary.
5. In addition to the operation of the education and training programs, the Compliance Officer may implement counseling program for the Employees who are exposed to higher level of the Legal Risk at their works.

Article15. Ongoing Compliance Assistance

1. The Compliance Officer shall provide on-going legal counseling for the Employees and shall enable the Employees to consult the Compliance Officer in advance, if such Employees conduct works closely related to the Legal Risk, such as an execution of a contract.
2. The Compliance Officer shall prepare a procedure for employees to report violation of the law or this Guideline.
3. The representative director shall establish a system where the Employees may communicate with the Compliance Officer regarding the Legal Risk at work or compliance related issues.

Article16. Voluntary Compliance Monitoring by Employees

1. Each department voluntarily shall establish compliance monitoring plans, including compliance education and regularly evaluate the status of voluntary compliance monitoring.
2. Each department may prepare and manage the list of items for monitoring for effective voluntary compliance monitoring.

3. The Compliance Officer shall supervise the establishment of compliance monitoring plan by each department pursuant to paragraph (1) above and shall evaluate the status of the voluntary compliance monitoring.

Article 17. Compliance Monitoring by Compliance Officer

1. The Compliance Officer shall establish and manage a compliance monitoring system which inspects matters such as all Employees' compliance of this Guideline.
2. Compliance monitoring by the Compliance Officer include regular monitoring and nonregular or special monitoring to be conducted when certain legal issues arise.
3. In order for effective compliance monitoring, the Compliance Officer may specify certain reporting items for each department and may mandate reporting of certain matters, if necessary.
4. The Compliance Officer shall report the results of the compliance monitoring to the board of directors.

Article 18. Whistleblowing

1. The representative director may establish whistleblowing channel through which a direct report to the Compliance Officer, etc., can be made with respect to the violations or unfair practices of the Employees.
2. The person who receives or processes the whistleblowing report shall keep the identity of the whistleblower and the contents of the report confidential.
3. If the whistleblower reports violations or unfair practices related to him or her, such report can be considered as mitigating factor. All whistleblowers shall not be subject to any disadvantages in personnel management due to the whistleblowing.

Article 19. Handling of Compliance Violations

1. Upon the discovery of the violation of this Guideline, etc., the Compliance Officer may (i) notify such violation to the head of the

relevant department or report the representative director, (ii) demand appropriate measures of suspension, improvement, correction, sanction, etc. or (iii) if necessary, prepare comprehensive response plan with consultation with the relevant departments and recommend such plan to the representative director, etc. However, in case of emergency, the Compliance Officer may, at his or her own discretion, implement necessary measures such as requesting suspension, improvement, correction of the relevant activities, etc. to the Employees, prior to the reporting or making of recommendation mentioned above.

2. The Company shall implement sanctions corresponding to the gravity of violation to the Employee who violated this Guideline, etc.
3. The Compliance Officer may prepare a plan for the prevention of any future identical or similar violation and make recommendations to the board of directors or the representative director. Once the prevention plan is decided, the Compliance Officer shall notify the corresponding and relevant departments of such plan and shall reflect it when improving the related programs or policies.

Article 20. Management of Information

1. The Compliance Officer may request the Employees of the relevant departments to submit the information and materials necessary for the compliance, in usable form. Employees under such request shall promptly and diligently comply with the request.
2. The Compliance Officer shall prepare comprehensive information management system for systematic and safe storage of compliance related information and materials.
3. Information or materials gathered or prepared under the compliance system shall be kept for 5 years or longer.

Chapter 4 Efficacy Testing

Article 21. Standards and Procedures for Efficacy Testing

1. The board of directors shall regularly review whether this Guideline and related systems are effectively designed and managed, and if improvement or supplementation is needed, shall prepare the plans for improvement.
2. The Compliance Officer shall conduct the evaluation of the effectiveness of the compliance and monitoring system and shall report the results thereof to the board of directors.
3. Separately from the evaluation by the Compliance Officer, the board of directors may conduct company-wide compliance system efficiency evaluation.
4. For the efficiency evaluation, the appropriateness and efficacy of the contents of this Guideline, evaluation and management system of the Legal Risk, compliance monitoring and reporting system, systematic independence of the Compliance Officer, and sanction system for the violations shall be reviewed.

Article 22. Measures subsequent to Efficacy Testing

1. Based on the results of the efficiency evaluation, the board of directors shall establish improvement plan for any omissions or defects. For the establishment of such plan, the board of directors shall seek the opinions of the Compliance Officer.
2. The representative director shall take actions for improvement under the result of the Efficacy Testing.

Chapter 5 Miscellaneous

Article 23. Rewards to Employees

The Compliance Officer may recommend rewards or promotions for a person who is deemed to have diligently complied with this Guideline and contributed to the prevention or reduction of the damages to the Company.

Article 24. Additional Details

The Compliance Officer may determine the details necessary for the implementation of this Guideline.

Addendum

Article 1. Effective Date

This Guideline shall be effective as of May, 15, 2012.

Addendum

Article 1. Amendment

This Guideline shall be amended and effective as of Feb. 1, 2019.