

Korea Corporate Governance Service

Proxy Voting Guidelines

Revised as of Feb 2014



Proxy Voting Guidelines Principle

This guideline is based on CGS' independent determination of what would be in the best long-term interests of shareholders and consists of the following four principles.

- **Enhancing Company's Long-Term Shareholders' Value**
 - ▷ Protecting shareholders' rights and equal treatment among shareholders.
 - ▷ Responsible management for the shareholders' and the company.
 - ▷ Efficient organizational and operational structure of the board of directors.
 - ▷ Enhancing transparency of the corporate management.

Revised as of Feb 2014

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I

**A Board of Directors·
Supervisory Board·
Board Committee**

I

A Board of Directors · Supervisory Board · Board Committee

1. Board of Directors

1.1 (Changing The Board Size)

We recommend vote AGAINST proposals to change board size that appear too small to ensure sufficient diversity in decision-making with independent directors or too large to reach consensus and to make timely decisions.

1.2 (Proportion of Independent Directors)

We recommend vote FOR proposals of increasing the proportion of independent directors and proposals of decreasing the proportion with adequate justification.

1.3 (Separation of The Roles of Chairman and Chief Executives)

We recommend vote FOR proposals to separate the roles of board chairman and representative director.

We recommend that shareholders vote FOR chief executives who serve on or chair the board only with adequate justification.

1.3.1 (Appointing The Independent Director as Board Chairman)

We recommend vote FOR proposals that the independent director serves as the chairman of the board.

1.3.2 (Appointment of The Lead Independent Director)

We recommend vote FOR proposals of appointing a lead independent director to preside at all meetings of the board when the representative director serves as the chairman of the board.

1.3.3 (Separating The Roles of Corporate Officers and The Chairman of the Board)

We recommend vote FOR proposals that the corporate officer such as a chief financial officer (CFO) or a chief operating officer (COO) should not serve as the chairman of the board.

1.4 (Diversity of Board Composition)

We recommend vote FOR proposal that appoint directors with diverse experience and competence.

2. Audit Committee

2.1 (Establishing an Audit Committee in The Company Where Such System is Not Mandatory)

In general, we recommend vote FOR the establishment of an audit committee as a replacement for the internal auditor system. However, we recommend vote AGAINST proposals of establishing an audit committee in order to avoid the article 409-2 of the Commercial Act.

2.1.1 (Establishing an Audit Committee in The Company having Full-Time Auditor)

According to the article 542-10 of the Commercial Act, we recommend vote FOR the establishment of an audit committee as a replacement for the full-time auditor.

2.2 (Proportion of Independent Directors in an Audit Committee)

We recommend vote FOR proposals of decreasing the proportion of

independent directors in an audit committee only with adequate justification.

3. Board Committee (General Rules)

3.1 (Establishing Other Committees in The Board of Directors)

We recommend vote FOR proposals to establish a new board committee that potentially would not hinder a company's flexibility and independence to determine an appropriate oversight mechanism for itself. We also recommend vote FOR proposals of abolishing the committee in the board only with adequate justification.

3.2 (Arranging Committee Provisions and Public Disclosure)

We recommend vote FOR proposals of arranging the detailed committee provisions such as the members qualification, responsibilities, decision making procedures, obligation to voluntarily evaluate and report and making a public disclosure of this.

3.3 (Ratio of Independent Directors to The Board Size)

We recommend vote FOR proposals of establishing the committee with majority of independent directors, though not mandated by law. We recommend vote FOR proposals of decreasing the rate of existing independent directors only with adequate justification.

4. Nominating Committee

4.1 (Composition of The Nominating Committee)

We recommend vote FOR proposals that all members of the nominating committee should be comprised of independent directors.

4.2 (Independence of The Nominating Committee)

We recommend vote FOR proposals of preventing either the majority

shareholders or CEOs from getting involved in the nominating committee.

5. Compensation Committee

5.1 (Composition of Compensation Committee)

We recommend vote FOR proposals that all members of compensation committee should be comprised of independent directors.

6. Insider Trade Committee

6.1 (Establishing an Insider Trade Committee)

We recommend vote FOR proposals of establishing a committee having the nature of independence for pre-screening and approving relevant trade in order to determine appropriateness of trade (hereinafter referred to as “Insider Trade”) such as “insider trading” based on “Monopoly Regulation And Fair Trade Act”, trade defined by “Prohibition of the use of corporate opportunity and assets”, “trade between a director and the company”, and trade with “interested parties or controlling shareholders” based on “the Commercial Act” and to improve transparency regardless of the names of committee such as management committee, insider trade committee, and trade committee of interested parties.

6.2 (Composition of Insider Trade Committee)

We recommend vote FOR proposals that all members of insider trade committee should be comprised of independent directors.

6.3 (Approval of Insider Trade at The General Meeting)

We recommend vote FOR proposals that over a certain size of insider trading shall be approved by shareholder at the general meeting.

II

Director • Auditor



II Director · Auditor

7. Inside Director

7.1 (Reasons for Disqualification of Inside Director Candidates)

We recommend vote AGAINST proposals appointing inside directors with one or more disqualifying reasons below

- A director has been indicted by the Prosecutors' Office and there are pending investigations;
- In case of not fulfilling shareholder proposal approved at the general meeting without a valid reason;
- When adequate information to be considered when shareholders exercise voting rights for relevant resolutions related to the company's financial status or board of directors resolution has been intentionally hidden or distorted;
- An inside director sits on more than two public company boards;
- An inside director has breached fiduciary duties or engaged in willful misconduct that brings damages to the company or the shareholders' value

7.2 (Inside Director Indemnification and Liability Protection)

We recommend vote FOR proposals of reducing inside directors' liability to cover damage under the following preconditions

- When the company clearly and reasonably presents the concept of "compensation in the recent one year" that becomes the basis of liability limit.

- When the company specifically presents the conditions of indemnification;
- When shareholders approve resolutions at the general meeting in order to reduce directors' liability;
- When the company clearly presents the case that excludes the directors from liability protection in accordance with the Commercial Code article 400 clause 2 (the case when the inside director was involved in competitive business, inside transaction, usurpation of corporate opportunity and when the inside director intentionally or by major negligence caused damage to the company) as the minimum standard
- When the company reasonably limits the liability by considering the benefits driven from the management by directors;
- When the director was found to have acted in good faith and in a manner that he reasonably believed the conduct was in the company's best interests.

8. Independent Directors

8.1 (Reasons for Disqualification of Independent Director Candidate)

We recommend vote AGAINST proposals of appointing independent directors with one or more disqualifying reasons below.

<Reasons for disqualifications which are the same as those of the inside directors>

- A director has been indicted by the Prosecutors' Office and there are pending investigations;
- In case of not fulfilling shareholder proposal approved at the general meeting without a valid reason;
- When adequate information to be considered when shareholders exercise voting rights for relevant resolutions related to the company's financial status or board of directors resolution has been intentionally hidden or distorted;
- An independent director sits on more than two public company boards, in

violation of the Commercial Act and accompanying presidential decree;

- An independent director has not acted in the best interests of all shareholders;
- An independent director has breached fiduciary duties or engaged in willful misconduct that brings damages to the company or the shareholders' value

<Reasons for disqualifications such as suppression of the independence of independent director>

- If a director has been a majority or controlling shareholder or has had a special relationship with him/her in the last five years;
- If a company has been a majority or controlling shareholder or has had a special relationship with him/her in the last five years
- If a director has a special relationship with the individual or corporation that has an important business relationship, a competitive relationship or a cooperative relationship with the largest shareholder, affiliate company or the company in the last three years.
- If an executive, spouse or direct family is or has been an employee in the company, affiliate company, non profit organization other than as an independent director in the last five years.
- If the director has served in the company as an independent director for more than seven consecutive years including the new term (five years for financial industry) (when calculating the term that the director served, the tenure at an affiliate company should be included, and when an independent director is re-elected within the two year period after the prior term has ended, the term should be counted as on a continual basis)
- An independent director has attended less than 75 percent of board meetings in any financial year in the last three years

8.1.1 (Independent Director's Professional Experience)

We recommend vote AGAINST directors who have served on boards with not enough professional experience. In general, the Independent Director should qualify one or more conditions in the below :

- A professional manager (A person who is or has been in the executive officer position or equivalent in the legal entity undergoing an external audit according to "Act on External Audit of Stock Companies" or equivalent foreign regulations)
- A person who has been working in the relevant fields for more than five years as a lawyer or a certified public accountant
- A person who has been working at research institutes or universities as a researcher or a full-time lecturer with a master's or higher degree in the field of finance, economics, business, law, and accounting for more than five years
- A person who has been working, for more than five years, at government agencies, local governments, public institutions according to the "Act on the Management of Public Institutions", Financial Supervisory Service, Korea Exchange according to the "Capital Market and Financial Investment Business Act" or institutions related to financial investment (excluding associations related to financial investment) according to the clause 17 of Article 9 of the "Capital Market and Financial Investment Business Act."
- In addition, a person whose qualifications are recognized as equivalent to the above by the board of directors or the nominating committee

8.2 (Disclosure with Regard to Directors' Independence)

We recommend vote FOR proposals of disclosure with regard to independent directors' independence.

8.3 (Independent Director's Term Limit)

We recommend vote FOR proposals of changing the independent directors' term limits with adequate justification.

8.4 (Independent Director Indemnification and Liability Protection)

We recommend vote FOR proposals of reducing independent directors' liability to cover damage under the following preconditions

- When the company clearly and reasonably present the concept of “compensation in the recent one year” that becomes the basis of liability limit.
- When the company specifically presents the conditions of indemnification;
- When shareholders approve resolutions at the general meeting in order to reduce directors' liability;
- When the company clearly presents the case that excludes the directors from liability protection with the Commercial Code article 400 clause 2 (the case when the inside director was involved in competitive business, inside transaction, usurpation of corporate opportunity and when the inside director intentionally or by major negligence caused damage to the company) as the minimum standard
- When the company reasonably limits the liability by considering the benefits driven from the management by directors;
- When the director proved that he has acted in good faith and in a manner that he reasonably believed the conduct was in the company's best interests.

9. Chief Executive Officer

9.1 (CEO Nominees' Professional Experience and Qualifications)

We recommend vote FOR proposals of approving the CEO nominee if it is determined that there are no problems that he/she may performe duties by considering expertise, experience, reputation, professional ethics, and whether holding more than one position.

9.2 (CEO's Serving More Than Three Consecutive Terms)

We recommend vote FOR proposals of strengthening the requirements of resolutions of the board or converting them to resolutions of the general

meeting when the resolution do not fall under the general meetings' decision making authority, if CEO is serving more than three consecutive terms.

9.3 (Public Disclosure for Regulations of CEO Succession)

We recommend vote FOR proposals of arranging detailed and comprehensive CEO succession plan having contents of structure·operation·authority·responsibility of organizations responsible for the CEO succession plan, self-evaluation of the efficiency of organization's operation, performance evaluation for senior executives, process of CEO succession in case of emergency or retirement, and training program for the CEO nominee.

10. Auditor·Audit Committee Members

10.1 (Reasons for The Disqualification of Auditor · Audit Committee Members)

We recommend vote AGAINST proposals of appointing either audit committee members or auditors under one or more of the following circumstances:

- Common reasons of disqualification listed for the independent directors
- In the event that the non-audit fees paid by the company to the auditor or audit committee member are larger than the audit fees except for the cost related to significant one-time capital structure events such as initial public offering, bankruptcy, restructuring, and tax compliance/preparation if the person was a member of audit committee or auditor of that company in the last five years
- In the event that the company received an opinion other than the "Unqualified" in the company's financial statement from its' external auditor or administrative or judicial sanctions in connection with external audit if the person was a member of audit committee or auditor of that company in the last five years

10.2 (Qualification for Audit Committee Members Who Are Not Independent Directors)

We recommend vote FOR proposals of applying qualification (or

disqualification) requirements of independent directors to audit committee members who are not independent directors.

10.3 (Nominees for Audit Committee Members)

We recommend vote FOR proposals of nominating nominees for audit committee members by nominating committee of independent directors, nominating committee of audit members, or other committees equivalent to the nominating committee in their composition and functions.

10.4 (Separate Election of Audit Committee Members)

We recommend vote FOR proposals of separately electing directors that will be audit committee members from other directors when the audit committee members are being appointed.

11. Executive Officer

11.1 (Introduction of Executive Officer System)

We recommend vote FOR proposals of introducing executive officer system.

11.2 (Public Disclosure for Detailed Regulations of Executive Officer)

We recommend vote FOR proposals of arranging detailed regulations including the authority and responsibility of an executive officer and making a public disclosure when introducing an executive officer system.

12. Election of Directors

12.1 (Voting Principle of Director Nominees)

We recommend vote FOR director nominees suitable for increasing shareholders' value in the medium-and long-term.

12.1.1 (Method of the Election of Directors)

We recommend vote FOR proposals of adopting a majority vote standard, with a carve-out for plurality voting in situations where there are more nominees than board seats.

12.2 (Voting Method for Multiple Director Nominees)

We recommend vote FOR electing directors individually. We recommend vote AGAINST slate elections for directors.

12.3 (Classified Board Structure)

We recommend vote AGAINST proposals of classifying the board to reduce the accountability of the entire board of directors or using it as a takeover defense.

12.4 (Cumulative Voting)

We recommend vote AGAINST proposals that eliminate cumulative voting.

We recommend vote FOR proposals that restore or provide cumulative voting.

12.5 (Disclosure of Director's Attendance and Voting Track Records)

We recommend vote FOR proposals of publicly disclosing individual director's attendance rate and voting track records of major items on the agenda.



**Executive Remuneration •
Compensation**



III Executive Remuneration Compensation

13. Remuneration of Directors·Internal Auditors

13.1 (The Remuneration Cap on Directors)

We recommend vote FOR the approval of a remuneration cap on directors, unless the proposed limit on directors remuneration is excessive considering the size and business performance of the company.

13.2 (Providing Stocks as a Remuneration for Directors)

We recommend vote FOR proposals of providing stocks as a part of cash remuneration for directors.

13.3 (Expanding Public Disclosure of Individual Directors' Remuneration Cap)

We recommend vote FOR proposals of expanding public disclosure of remuneration cap, contents and structures on individual directors.

13.3.1 (Expanding Public Disclosure of Individual Directors' Remuneration)

We recommend vote FOR proposals of publicly disclosing remuneration of the directors above a certain rank including the chief executive officer even if the remuneration is below 5 billion KRW won, or bringing down the level of disclosure of individual directors remuneration below 5 billion KRW won.

13.3.2 (Public Disclosure of Unregistered Directors' Remuneration)

We recommend vote FOR proposals of expanding public disclosure of individual directors remuneration to include unregistered directors' remuneration such as Chief Financial Officer, largest shareholders and their related parties (family).

13.3.3 (Public Disclosure of The Total Remuneration of The Largest Shareholder and Others)

We recommend vote For proposals of disclosing the total remuneration of registered and unregistered directors who are the largest shareholders and their related parties (family).

13.3.4 (Detailed Disclosure of Compensation Content and Structure)

We recommend vote For proposals of mandating disclosure of belows about remuneration structures and others.

- Information about the total amount of remuneration (Distinguishing fixated and fluctuating portion in the amount of remuneration)
- The amount and structure of the fluctuating portion of remuneration (Cash, stock, equity linked product and etc.)
- The criteria to distribute cash and stock compensation
- The performance based remuneration
- The criteria to evaluate performance and adjust risk
- The criteria to confirm deferral or payment
- Eligible deferred compensation (payment made in that fiscal year)
- Other information about specific compensations that can affect the company

13.4 (Remuneration Cap on Internal Auditor)

We recommend vote FOR the approval of remuneration of internal auditors unless the proposed limit on directors remuneration is excessive considering the size and business performance of the company.

14. Compensation

14.1 (Payment of Unconditional Bonus)

We recommend vote AGAINST proposals of paying unconditionally guaranteed bonus regardless of business performance. However, resolutions of paying unconditionally guaranteed bonus shall be voted FOR only for the newly elected directors under the condition that the presented amount is reasonable and justifiable and that it is paid for a period of less than one year.

14.2 (Granting Stock Option)

We recommend vote AGAINST proposals of granting stock options under one or more of the following circumstances.

- If the size of stock options is excessive compared to the total number of issued shares
- If the dilution rate is excessive
- If there has been an adjustment of contract conditions such as repricing without shareholders' approval

14.2.1 (Exercising Stock Options Linked with Performance)

We recommend vote FOR proposals that exclude the influence of market factors and that include the performance when setting the exercise conditions of stock options.

14.2.2 (Repricing Stock Options)

We recommend vote AGAINST proposals of repricing stock options if 1) adjusting exercise price are ex-post facto, 2) it was allowed in original contract or 3) outstanding stock options are canceled and exercise price is adjusted in exchange for stock options. However, we recommend vote FOR proposals of adjusting exercise price in order to maintain actual value of existing stock options or stock values of existing shareholders in response to stock value fluctuations that are prompted by capital increase or retirement of shares.

14.2.3 (Approval of Granting Stock Options at The General Meeting)

We recommend vote FOR proposals that require approval at the general meeting before granting stock options.

14.3 (Criteria of Granting Pay For Performance)

We recommend vote FOR the approval of the payment of the performance-based compensation for the management set at a reasonable level in consideration of peer group performance and market situations.

14.4 (Granting Long Term Pay For Performance)

We recommend vote FOR proposals of granting long-term performance-based stocks under the following circumstances.

- If clear and reasonable performance goals are presented
- If appropriate selling restriction period is set
- If reasonable granting method and payment criteria are presented
- If appropriate stock compensation scale compared to total issued shares is set

14.5 (Prevention of Risk Hedging for Equity Linked Compensation)

We recommend vote FOR proposals of prohibiting making relevant derivative contracts for the purpose of avoiding the risk of equity linked compensation by directors.

14.6 (Deferred Payment of Pay For Performance)

We recommend vote FOR proposals of deferring payment of more than 60% of performance-based compensation for directors over three years period.

14.7 (Clawback of Illegal Pay For Performance)

We recommend vote FOR proposals of introducing restitution policy if the performance-based compensations for the directors are paid based on the deceptive performance criteria such as accounting fraud, false disclosure, and stock price manipulation.

14.8 (Pay For Performance for Independent Directors)

We recommend vote AGAINST proposals of compensating independent directors with plans that are linked with stock price such as performance bonus, retirement bonus, and stock options.

15. Retirement Compensation

15.1 (Retirement Bonus)

We recommend vote AGAINST proposals of paying retirement bonus to directors if the compensation is excessive when considering the prior business performance, the company's financial status, and reasons of retirement.

15.2 (Retirement Benefits for Independent Directors)

We recommend vote AGAINST proposals of granting retirement benefits to independent directors.

IV

**Financial Statement·
Dividend**



IV Financial Statement • Dividend

16. Financial Statement

16.1 (Approval of Financial Statement)

We recommend vote AGAINST proposals of approving financial statement Unless the external auditor's opinion is "Unqualified".

17. External Audit

17.1 (Determination of External Auditor's Remuneration)

We recommend vote FOR proposals of attributing the decision of external auditor's remuneration to the audit committee or auditor nominating committee as an agenda requiring approval.

17.2 (Non-Audit Consulting Services)

We recommend vote FOR proposals of preventing client companies from receiving non-audit consulting services from an external auditor.

18. Dividend

18.1 (Dividend Payments)

We recommend vote FOR proposals of paying dividend if the level of dividend payments is neither excessive nor so low as much to damage the value of shareholder when considering profits, financial status, investment plan, dividend ratio in comparison with the peer group.

18.2 (Interim · Quarterly Dividends)

We recommend vote FOR proposals of allowing interim or quarterly dividends.

18.3 (Decision of Dividend Payment by the Resolution of the Board)

We recommend vote FOR proposals of deciding dividend payment by the resolution of the board and not by the general meeting only in case of arranging and disclosing dividend policy that specify dividend principle, criteria, and procedures such as connecting company's performance to the dividend, in order not to damage shareholders' value.

18.4 (Preparing and Disclosing The Dividend Policy)

We recommend vote FOR proposal of preparing and disclosing dividend policy that specify dividend principle, criteria and procedure such as connecting the amount of dividend with the performance of the company in order to protect shareholders' value.

18.5 (Commodity Dividend)

We recommend vote FOR proposals that enable dividend payment in commodity other than cash only if there is no possibility of damaging shareholders' value when considering the marketability and liquidity of the commodity.

V

Capital Structure

**V****Capital Structure****19. Capital Increase****19.1 (Capital Increase)**

We recommend vote FOR proposals of increasing the total number of stocks to be issued according to the articles of incorporation only when there is an obvious objective, such as increasing capital and so on.

19.1.1 (Capital Increase Preparing for The Executive Officer's Exercise of Stock Options)

We recommend vote FOR proposals of increasing the total number of stocks to be issued according to the articles of incorporation if the purpose is to prepare for the employees' exercise of stock options.

19.1.2 (Capital Increase in Order to Escape Management Risk)

We recommend vote FOR proposals of inevitably increasing the total number of stocks to be issued according to the articles of incorporation in order to avoid management risk such as delisting.

19.2 (Capitalization of Surplus Reserve)

We recommend vote FOR proposals of capitalization of surplus reserve to increase capital.

19.3 (Exclusion · Limitation of Preemptive Rights)

We recommend vote AGAINST proposals of excluding or limiting shareholder's preemptive rights if the basis, purpose, scope and criteria of exclusion·limitation do not accord with just and fair methods and procedures.

19.3.1 (Criteria of Issuing New Stocks to a Third Party)

We recommend vote FOR proposals of issuing new stocks to a third party if the purpose, scale and price of issuance as well as issuing targets are rational and fair, and do not damage shareholder's value.

19.4 (Issuing New Stocks for the Purpose of Readjusting Liabilities)

We recommend vote FOR proposals of issuing common stocks or class stocks for the purpose of readjusting liabilities if the resolutions are reasonable when considering the dilution of existing shareholder's right, proposal condition, financial status, relevant management rights, and conflict of interests.

19.5 (Approval of Issuance of New Shares at The General Meeting)

We recommend vote FOR proposals of requiring shareholders' approval at the general meetings when issuing new shares.

19.6 (Allocation of Forfeited Shares)

We recommend vote FOR proposals of prohibiting allocations of forfeited shares to controlling shareholders and their related parties, employees, and independent directors.

20. Class Stocks

20.1 (Issuing Class Stocks)

We recommend vote FOR issuing class stocks that aim at diversifying sources of funding and efficiently responding against hostile takeovers and AGAINST issuing class stocks that damage shareholders' value or unfairly defend against reasonable M&As.

21. Capital Reduction

21.1 (Capital Reduction)

We recommend vote AGAINST proposals of reducing capital except under one or more of the following circumstances

- If it's inevitable for corporate work-out, financing, restructuring
- If it's to avoid delisting
- If it's a reduction of capital accompanied by cash consideration which does not damage shareholders' value

21.2 (Reduction in Capital not Accompanied by Cash Consideration to Improve the Practical Value of Existing Stock Options)

We recommend vote AGAINST proposals of implementing reduction of capital not accompanied by cash consideration that seek to improve practical value of existing stock options.

22. Treasury Stock

22.1 (Acquisition of Treasury Stock)

We recommend vote FOR proposals of acquiring treasury stocks only with adequate justification when considering the scale of profits, financial status, appropriateness of past acquisition, matters relevant to management rights.

22.1.1 (Acquisition of Treasury Stock for The Purpose of Management Right Protection)

We recommend vote FOR proposals of acquiring treasury stocks for the purpose of management right protection only with adequate justification that does not harm shareholders' value.

22.1.2 (Reporting results of Acquisition·Disposal of Treasury Stock)

We recommend vote FOR proposals of reporting results of acquisition·disposal of treasury stock at the general meeting.

22.2 (The Counterparty of Treasury Stock's Disposal and Methods of Disposal)

We recommend vote FOR proposals of restricting counterparties and methods of disposal of treasury stock in order to avoid situations such as damaging the principle of equal treatment of stockholders or using it for improperly defending management rights.

22.2.1 (Approval of Disposal of Treasury Stock at The General Meeting)

We recommend vote FOR proposals of requiring shareholders' approval at the general meetings for disposal of treasury stock.

22.3 (Loans to Employees for Buying Treasury Stock)

We recommend vote AGAINST proposals of providing loans to employees to buy treasury stock except when required by law such as employee stock ownership association.

23. Corporate Bond

23.1 (Issuing Equity-linked Bond)

We recommend vote FOR proposals of issuing convertible bonds, bonds with warrant or the following equity-linked bonds if the resolutions are reasonable when considering the dilution of existing shareholder's right, price of conversion and new stocks, financial status, relevant management rights, and conflict of interests.

- bonds that allow participation in dividends
- bonds that can be exchanged for or redeemed by stocks or other securities
- bonds that can be redeemed or whose price can be determined according to predetermined methods in connection with fluctuations of securities,

currency or other assets or indices.

23.2 (Issuing Equity-linked Bonds Allotted to Specific Shareholders and Third Parties)

We recommend vote FOR proposals of issuing equity-linked bonds allotted to specific shareholders or third parties if the purpose and scale of issuance are proper, conflicts of interests are not severe and the market response is not negative.

23.2.1 (Issuing Equity-linked Bonds Allotted to The Third Parties in Order to Prevent Bankruptcy)

We recommend vote FOR proposals of expanding the issuance of equity-linked bonds through allotment to the third parties in case where bankruptcy has to be filed unless liabilities are readjusted.

23.3 (Approval of Issuing Equity-linked Bonds at The General Meeting)

We recommend vote FOR proposals of requiring approval at the general meeting when issuing the equity-linked bonds.

23.4 (Issuing Participating Bonds to Parties Other Than The shareholders)

We recommend vote FOR proposals of issuing participating bonds to third parties other than the shareholders as a part of debt restructuring if the scale of the issuance is not large, and terms and contents of participating dividend are based on rational and fair criteria.

24. Split Consolidation of Stocks

24.1 (Proportional Stock Split)

We recommend vote FOR proposals of splitting stocks that proportionally increase the total number of stocks to be issued according to the articles of incorporation.

24.2 (Proportional Stock Consolidation)

We recommend vote FOR proposals of consolidating stocks that proportionally decrease the total number of stocks to be issued according to the articles of incorporation.

24.2.1 (Consolidation of Stocks That Does Not Cause Proportional Decrease of The number of Issued Shares)

We recommend vote AGAINST proposals of consolidating stocks that does not cause proportional decrease of the number of issued shares except when the resolutions don't harm existing shareholders through cases such as penalizing stocks held by the majority shareholders in terms of taking managerial responsibilities and are made by fair and rational criteria.

VI

**Corporate
Restructuring**



VI Corporate Restructuring

25. Mergers and Acquisitions

25.1 (Mergers and Acquisitions)

We recommend vote FOR proposals of the mergers and acquisitions under the condition that mergers and acquisitions are able to increase long-term shareholders' value when considering in comprehension the appropriateness of merger proceeds, level of disclosure of relevant information, market reaction such as stock flow, business synergies, effects on the environment·social·governance, appropriateness of procedures and legal risk.

25.1.1 (Mergers and Acquisitions Involving Unfair Practices)

We recommend vote AGAINST proposals of the mergers and acquisitions involving unfair practices such as insider trading, market manipulation and unfair trade practices.

25.1.2 (Mergers and Acquisitions for Pursuing Private Benefits)

We recommend vote AGAINST proposals of the mergers and acquisitions pursuing private benefits of employees or controlling shareholders of the company.

26. Spin-Off and Merging Through Division

26.1 (Spin Off and Merging Through Division That Are Expected To Damage Shareholders' Value)

We recommend vote AGAINST proposals of the spin off and merging through division that are expected to damage shareholders' value.

26.1.1 (Spin Off and Merging Through Division for Defending Management Right or Management Succession)

We recommend vote AGAINST proposals of the spin off and merging through division for the purpose of maliciously defending management right or management succession.

27. Delisting

27.1 (Resolution of Voluntary Delisting)

We recommend vote AGAINST proposals of voluntary delisting under one or more of the following circumstances

- If the minority shareholders are not entitled to official right to raise an objection or to present an opinion
- If the problems of the procedures and purposes of voluntary delisting are intentionally undisclosed when such problems exist
- If the compensation of delisting given to the existing shareholders is not adequate

27.2 (Conditional Delisting Due to The Change of The Market That The Company Belongs To)

We recommend vote FOR proposals of conditional delisting due to the change of the market that the company belongs to only if the resolutions are beneficial to shareholders when considering tangible·intangible profits of company and shareholders that are caused by changes of company brand awareness, corporate finance, and regulatory systems.

28. Takeover Defense

28.1 (Hostile Takeover Defense Strategies)

We recommend vote AGAINST proposals of introducing following hostile takeover defence strategies.

- Capital restructuring strategy such as liquidating the company's major assets necessary for business activities and paying excess dividends
- Prior agreements to liquidate assets to a third party or to grant preemptive rights and etc.
- Excessive retirement compensation contracts (Golden Parachute) prepared for involuntary retirement of CEO or directors caused by hostile takeover

VII

The General Meeting and Shareholders' Right



VII The General Meeting and Shareholders' Right

29. Notice Resolution of The General Meeting

29.1 (Changes of Notice Period for The General Meeting)

We recommend vote FOR proposals of extending the notice period for the general meeting regulated by the articles of incorporation and AGAINST proposals of shortening it except with adequate justification.

29.2 (Changing The Date, Time and Place of The General Meeting)

We recommend vote FOR proposals of changing the date, time and place of the general meeting in order to encourage the shareholders' attendance at general meetings.

29.3 (Changes of The Requirements of Exercising The Minority Shareholders' Rights)

We recommend vote FOR proposals of relieving stock holding period or stock holding rate necessary for exercising the minority shareholders' rights and vote AGAINST proposals of strengthening them except with adequate justification.

29.4 (Changes of The Principal of Resolutions)

We recommend vote AGAINST proposals of changing resolutions that may be resolved at the general meetings into resolutions to be resolved at the board

meeting without adequate justification.

30. Changes of Company Name·Fiscal Year

30.1 (Changes of Company Name)

We recommend vote AGAINST proposals of changing the company name if there is high possibility that such change would damage the shareholders' right including decreasing brand awareness.

30.2 (Changes of Fiscal Year)

CGS will recommend vote AGAINST proposals of changing the fiscal year if there is high possibility that such frequent change would damage the shareholders' right and when adequate justification is not provided.

31. Introducing an Agenda

31.1 (Method of Introducing an Agenda)

We recommend vote FOR proposals of introducing an agenda at the general meeting separately and banning introducing an agenda that are brought up as a bloc.

31.2 (Agenda That Are Brought up as a Bloc)

We recommend vote FOR proposals of the agenda brought up as a bloc only when agreement is made to all the individual items.

31.3 (Processing Undisclosed Agenda)

We recommend vote AGAINST proposals of directly presenting and processing an agenda at the general meeting without prior disclosure.

32. Exercising Voting Right

32.1 (Quorum Change)

We recommend vote FOR proposals of changing quorum for proceedings or voting at the general meeting only with adequate justification.

32.2 (Scope of Proxy Voters)

We recommend vote AGAINST proposals of restricting the qualification of exercising proxy voting rights to specific shareholders. We recommend vote FOR proposals of entitling the same right to parties other than shareholders.

32.3 (Verification of Proxies)

We recommend vote AGAINST proposals of requiring excessive written submission of verification by representatives such as the submission of copy of identification, certificate of seal impression, and attendance paper from proxy voters entitled with voting rights.

32.4 (Electronic and Written Ballot Voting)

We recommend vote FOR proposals of exercising voting rights through electronic and written ballot voting, and recommend vote AGAINST proposals of restricting exercise of voting right only to the method of using either electronic voting or voting by letter ballot.

32.5 (Changing The Period of Closing Shareholders' List)

We recommend vote FOR proposals of shortening the period of closing shareholder's list, and recommend FOR the proposals of lengthening it only with adequate justification.

VIII

**Corporate Internal
Control**



VIII Corporate Internal Control

33. Internal Norms of Corporate Governance

33.1 (Establishment of Corporate Governance Principles)

We recommend vote FOR proposals of arranging internal norms of corporate governance principles including defining specific principles and procedures to be observed when operating the board of directors in order to protect the shareholders' rights.

34. Compliance Control

34.1 (Preparation of Compliance Control Criteria)

We recommend vote FOR proposals of arranging criteria and procedures of compliance control to be observed when employees perform their duties in order to comply to legislation and properly manage the business.

34.2 (Introduction of Compliance Officer System)

We recommend vote FOR proposals of hiring compliance officers in the companies for whom such system is not mandatory.



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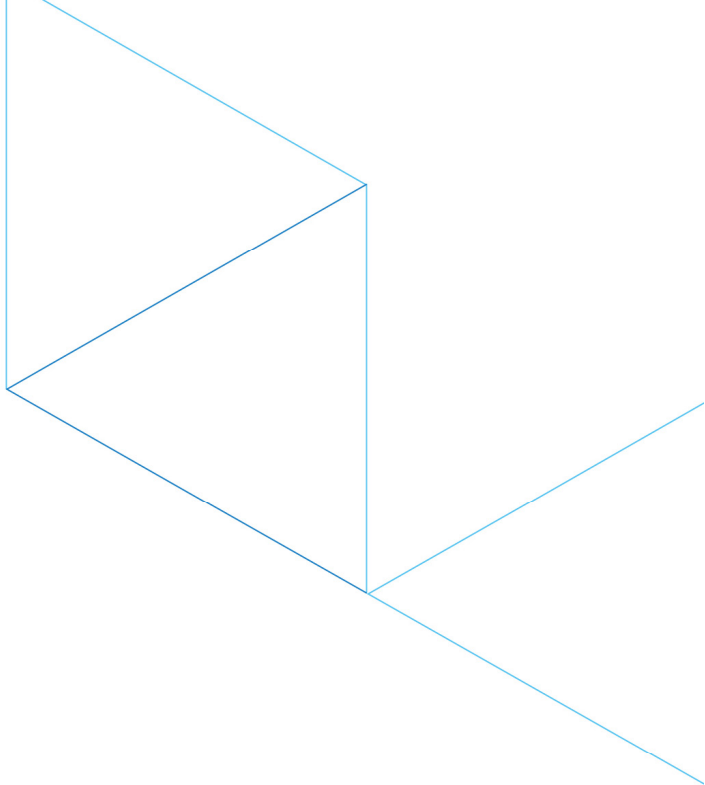
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