

Operational Regulations of the Audit Committee

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Audit Committee Operating Regulations

【Enacted】 2018.02.14

【Amended】 2020.07.15

Chapter 1 General Provisions

Article 1 (Purpose)

The purpose of these Regulations is to provide for standards and terms of operation for the Audit Committee (the “Committee” hereinafter) to perform auditing duties in a proper and effective manner.

Article 2 (Applicability)

- ① Operational standards and procedures of the Committee shall be governed by these Regulations unless stipulated otherwise in applicable laws, The Articles of Incorporation, and so forth.
- ② These Regulations may be also applicable when the Auditor audits subsidiaries and/or controlled entities.

Article 3 (Definitions)

- ① The Internal Control System mentioned herein refers to a series of processes consistently used by the Board of Directors, management leadership and other members of the Company to ensure efficient and effective corporate operations, reliability of financial data, and reasonably assure compliance with applicable laws/regulations and policies, etc.
- ② The Internal Accounting Management System mentioned herein refers to a series of processes consistently used by the members of the Company including the Board of Directors and management leadership, etc. to assure reliability of financial statements as a part of the internal control system.
- ③ The Internal Accounting Manager mentioned herein refers to a person defined in Article 8, Paragraph 3 of the Act on External Audit of Stock Companies (the “External Audit Act” hereinafter).
- ④ The Internal Audit Department mentioned herein refers to a department defined in the internal organization directory as responsible for overseeing auditing operations including the development and implementation of internal corporate audit plan and reporting of audit findings, etc.
- ⑤ A person who instructs another person to execute duties (duty execution instructor in short) refers to an executive or employee listed in Article 401-2 of the Commercial Act.
- ⑥ Audits are classified as follows by function:
Depending on functions, audits may be classified into management audit, business audit, financial audit, compliance audit, IT audit, etc.
 1. Management audit refers to a series of auditing processes to assess the appropriateness and usefulness of the management leadership’s approach to and procedures pertaining to risks and controls and thereby enable the Company to fulfill its business objectives.
 2. Business audit refers to a series of processes to check/analyze internal business procedures and systems other than financial and compliance audits to analyze organizational structure or assess job breakdown, etc.
 3. Financial audit refers to a series of processes to assess the appropriateness of financial policies, financial guidelines or financial accounting methods and evaluate the accuracy, reliability and usefulness of accounting data and financial reports.
 4. Compliance audit refers to a series of processes to inspect whether compliance monitoring (or compliance control) systems established in-house to verify and constantly monitor compliance with applicable laws/regulations, The Articles of Incorporation, in-house rules, etc. and suggest improvement options as needed.
 5. IT audit refers to a series of processes to assess the stability and integrity of information

technologies.

⑦ Audits are conducted as follows:

When conducting audits classified by function, the Committee divides audits into routine audit, comprehensive audit and extraordinary audit as follows:

1. Routine audit

A. Routine audit refers to an audit in which the Committee reviews businesses and important documents of the Company specified by it before and after they are approved by a person with final approval authority and presents opinion as necessary.

B. When presenting its views, the Committee shall recommend not only corrective actions for applicable case but also improvement strategies that can prevent similar cases from recurring.

2. Comprehensive audit

A. Comprehensive audit refers to an audit that is conducted regularly every year on business in general per worksite including head office, branch, office, etc.

B. Comprehensive audit is conducted per function such as management, business, finance, compliance, IT, etc. according to regular audit plan and the efficacy of functional business systems and processes are assessed to inform a comprehensive audit report that identifies issues and suggest improvement options which may be submitted as included in an internal account management system operation assessment report as necessary.

3. Extraordinary audit refers to an audit that is conducted on a specific matter as unscheduled if deemed necessary by the Committee or requested by the Representative Director.

Article 4 (Principle of independence & objectivity)

① The Committee shall conduct auditing duties independently of the Board of Directors, executive organizations and other departments.

② The Committee shall remain objective in conducting auditing duties.

Article 5 (Duties & authorities)

① The Committee shall audit how directors conduct their duties.

② The Committee has the authority to:

1. Require directors, etc. to report on operations and investigate businesses/properties of the Company
2. Require a subsidiary to report on operations and investigate businesses/properties of the subsidiary
3. Call to order an extraordinary meeting of shareholders
4. Receive expert advice at the Company's cost
5. Present a view concerning dismissal of an audit committee member
6. Receive reports from directors
7. Issue an injunction against a director's illegal activity
8. Represent the Company in a lawsuit between a director and the Company
9. Verify accounting irregularities reported/notified, keep the identity of the reporter/notifier confidential and confirm disadvantageous treatment against the reporter/notifier if any
10. Consent to the approval of financial statements (including consolidated ones) by the Board of Directors
11. Approve enactment/amendment of internal accounting management regulations and assess operation thereof
12. Select an external auditor

③ The Committee may require any of the following and a person who is required by the Company shall comply unless there is a special reason otherwise:

1. All data, information and fund of the Company required for conducting its duties

2. Attendance and responses of relevant persons
3. Matters concerning storage, safe, books, relevant documents, evidence, and supplies
4. Other items required for conducting auditing duties
- ④ When an executive/employee of the Company is involved in an irregular activity (practices violating laws/regulations or The Articles of Incorporation or other inappropriate conducts evoking social criticism), the Committee may require a director or a duty execution instructor to conduct business to investigate or directly investigate applicable case. In this case, the Committee shall conduct extraordinary audit without delay.
 1. Depending on the findings of the investigation under Paragraph 4, the Committee shall monitor and verify responses of the director or the duty execution instructor concerning fact-finding of the irregularity, identification of cause, prevention of extended damage, early resolution, prevention of recurrence, and external public disclosure, etc.
 2. If the responses of the director or the duty execution instructor under the foregoing subparagraph are not appropriate in terms of independence, objectivity and transparency, the Audit Committee shall take appropriate action at the Company's cost, seeking help from an external expert as necessary.
 3. When notified of non-compliance with the Company's accounting standards by an external auditor, the Committee shall appoint an external expert at the Company's cost who will conduct investigation and require rectification to the representative of the Company in accordance with the findings of the investigation.

Article 6 (Obligations)

- ① The Audit Committee members shall conduct their duties towards the Company with good care and due diligence.
- ② The Audit Committee members shall not disclose trade secrets of the Company that they become aware of as a part of their duty not only when they are in office but also after resignation.
- ③ Where a director is involved or likely to be involved in an activity violating laws/regulations or The Articles of Incorporation, the Committee shall report it to the Board of Directors.
- ④ To manage and supervise financial reporting to external audience and internal accounting management system, the Committee shall:
 1. Manage and supervise internal accounting management system
 2. Manage and supervise internal audit department
 3. Manage and supervise and external auditor
 4. Manage and supervise anti-corruption programs
 5. Manage and supervise policies, procedures, and reporting pertaining to the Audit Committee

Article 7 (Responsibilities)

- ① Where an Audit Committee member violates laws/regulations or the Articles of Incorporation or neglects an obligation therein by willful misconduct or gross negligence, the Audit Committee member shall be held jointly and severally liable to the Company for damage, provided, however, that the Audit Committee members' liability may be reduced as stipulated in the Articles of Incorporation.
- ② Where an Audit Committee member fails to honor his/her duty by willful misconduct or gross negligence, the Audit Committee member shall be held jointly and severally liable to a 3rd party for damage.

Article 8 (Presentation of views by the Committee)

- ① The Committee may present its view, advice, or recommendation to the directors in connection with their duties in any of the following cases:
 1. Where the Committee has a view on appropriate operation and rationalization, etc. of the corporate operations
 2. Where a fact indicating that significant damage or material incident affecting the Company is likely to happen is found

3. Where a fact indicating that duty execution of the Company violates or is likely to violate laws/regulation, the Articles of Incorporation or accounting standards, etc. is found

② When the Committee presents a view, advice or recommendation, the directors and duty execution instructors, etc. shall sufficiently investigate relevant facts and background with sense of responsibility.

Composition & Operation of the Committee

Article 9 (Composition)

Article 9

Chapter 2

- ① The Audit Committee members shall be appointed in the shareholders' meeting.
- ② The Committee shall be staffed with at least three directors and at least 2/3 of the Audit Committee members shall be outside directors.
- ③ At least one of the Audit Committee members shall be an accounting or financial expert set forth in Article 542-11, Paragraph 2 of the Commercial Act and the Audit Committee members who are not outside directors shall meet the requirements set forth in Article 542-11, Paragraph 3 of the Commercial Act.
- ④ The Audit Committee members may be dismissed by the shareholders' meeting that shall fill vacancies in the Committee resulting from dismissal, expiration of term of office or personal reason, etc. as stipulated in laws/regulations.
- ⑤ The Committee may have a secretary who will assist with the Committee Chairperson and administer the overall operations of the Committee.

Article 10 (Chairperson)

- ① The Committee shall select a Chairperson to represent the Committee among outside directors by a resolution under Article 14. In this case, multiple Audit Committee members may be appointed to jointly represent the Committee.
- ② The Committee Chairperson oversees the operation of the Committee and may assign duties to each Audit Committee member for efficient operation of the Committee.
- ③ When the Committee Chairperson is absent, a member selected by the Committee shall chair the Committee on his/her behalf.

Article 11 (Meetings & expenses)

- ① The Committee shall meet in ordinary and extraordinary sessions.
- ② The ordinary session of the Committee shall be convened in one month from the end of each quarter.
- ③ The extraordinary session of the Committee may be convened from time to time as necessary.
- ④ Expenses required for meeting and other operation shall be borne by the Company.

Article 12 (Convocation authority)

- ① The Committee shall be called to order by the Committee Chairperson.
- ② Each Audit Committee member may require the Committee Chairperson to convoke the Committee by submitting agenda and reason for convocation. Where the Committee Chairperson does not convoke the Committee without justifiable ground, the Audit Committee member who called for convocation of the Committee may call the Committee to order.

Article 13 (Convocation procedure)

- ① When the Committee is called to order, a meeting date shall be specified and notified to each Audit Committee member 48 hours in advance.
- ② When the Audit Committee members agree unanimously, the Committee may be called to order any time without going through the process under Paragraph 1.

Article 14 (Resolution method)

- ① The Committee shall resolve by attendance of a majority of the members in office and votes by a majority of the attending members, provided, however, that attendance of at least 2/3 of the committee

members in office and votes by a majority of the attending members shall be required for a resolution on the selection or change of external auditor, request for dismissal.

② The Committee may allow all or some Audit Committee members to participate in resolution by a means of communication that transmits/receives audio at the same time, without attending the meeting in person. In this case, such Audit Committee members shall be deemed to attend the Committee in person. However, in the cases where the External Audit Act requires in-person meeting attendance, notwithstanding the foregoing, the Audit Committee members may be allowed to participate in resolution only by video conference systems installed in different places and designed to transmit/receive audio and video at the same time.

③ A person who has special interest in an agenda of the Committee may not cast a vote on the agenda. In this case, the number of votes that cannot be cast shall not be counted in the number of votes cast by the Audit Committee members.

Article 15 (Matters to be referred)

Matters that can be referred to the Committee include:

1. Matters concerning shareholders' meeting

- (1) Request for convocation of extraordinary shareholders' meeting
- (2) Statement on the agenda and documents of shareholders' meeting

2. Matters concerning directors and the Board of Directors

- (1) Obligation to report to the Board of Directors
- (2) Drafting/submission of audit report
- (3) Injunction against an illegal activity by a director
- (4) Requiring a director to report on operation
- (5) Matters delegated by the Board of Directors

3. Matters concerning audit

- (1 Investigation of business/property
)
- (2 Investigation of a subsidiary
)
- (3 Receiving of director's report
)
- (4 Representing the Company in a suit between a
) director and the Company
- (5 Decision on filing of lawsuit when a minority
) shareholder calls for a suit against a director
- (6 Audit plan and findings
)
- (7) Review of the appropriateness of material accounting standards and viability of change in accounting assumptions
- (8) Assessment of internal control system (including internal accounting management system)
- (9) Verification of corrective action taken in response to audit findings
- (10) Consent to appointment/dismissal of responsible person in audit-affiliated organ
- (11) Selection and dismissal of external auditor
- (12) Enactment/amendment of terms concerning compensation for external auditor, audit time and audit resources
- (13) Enactment/amendment of standards and procedures required for selecting external auditor
- (14) Follow-up on selected external auditor
- (15) Receiving reports from external auditor on violation of accounting standards by the Company, investigation of applicable violation and requiring corrective action to the Representative Director
- (16) Approval of the Company's request for designation of auditor filed to the Korea Securities & Futures Commission

- (17) Approval of the Company's request for re-designation of auditor filed to the Korea Securities & Futures Commission
- (18) Enactment/amendment of these Regulations and guidelines

Article 16 (Meeting minutes)

- ① The Committee meetings shall be minuted.
- ② The meeting minutes shall state agenda, proceedings, voting results, objecting members and reason for objection and bear seal impression or signature by the attending Audit Committee members.
- ③ The Committee meeting minutes shall be kept in the head office.

Chapter 3 Audit-affiliated Organ

Article 17 (Audit-affiliated Organ)

- ① To facilitate efficient operation of the Committee, a dedicated department in the Company may be utilized and the head of the department shall be designated as the secretary of the Committee.
- ② A person responsible for the audit-affiliated organ and its staff members (the “internal audit staff” hereinafter) shall assist the Committee and conduct their duties as directed by the Committee.
- ③ A person responsible for internal audit staff shall be appointed/dismissed at a consent of the Committee.
- ④ The Representative Director, directors, and management leadership shall extend support and cooperation required for establishing and operating audit-affiliated organ.

Article 18 (Qualification of internal audit staff)

- ① Internal audit staff members with appropriate qualifications shall be secure to facilitate audit operations.
 1. Internal audit staff members shall be equipped with knowledge, skills and professional qualifications required for conducting auditing duties and approved by the Audit Committee.
 2. Where necessary, the Committee may request the Representative Director to hire external experts as internal audit staff member.
 3. Internal audit staff members shall be appointed and transferred by the Representative Director without delay upon a written request by the Committee, provided, however, that where delay is unavoidable, the Representative Director shall notify applicable reason in writing.
 4. Separate HR evaluation criteria may be developed and applied to internal audit staff members.
 5. Internal audit staff members may be paid with audit allowance separately budgeted.
- ② Any of the following persons may not be an internal audit staff member:
 1. A person who was subject to disciplinary action equal to reprimand or higher in less than two years ago
 2. A person hired for temporary position or on condition
 3. Other person deemed unqualified by the Committee

Article 19 (Internal audit staff’s code of conduct)

When conducting audit, internal audit staff shall uphold the following code of conduct:

1. Audit shall be conducted in a fair manner.
2. Secrets known as a part of duty shall not be disclosed without authorization or used for a purpose other than business operation.
3. Applicable laws/regulations and instructions shall be complied with and duties shall be conducted based on facts and evidence.
4. When conducting audit, internal audit staff shall take care not to discourage the audited people’s creativity and activity in business operations.

Chapter 4 Auditing

Article 20 (Audit planning)

- ① Audit plan shall cover the period from the day immediately following ordinary shareholders' meeting to the ordinary shareholders' meeting date of the immediately following fiscal period.
- ② The Committee shall develop an auditing system that reasonably specifies auditing strategy, policy, objectives, resources, organization, procedures, standards, and assessment, etc. as components in relation to audit operations.
- ③ The Committee shall closely cooperate with internal audit department (including compliance officer or compliance supporter), external auditor and other audit organs to determine the scope of audit and develop audit plan in consideration of the significance of applicable case and appropriateness of audit timing.

Article 21 (Auditing)

- ① When conducting audit, the Committee may request business support of the employees of the audited department to the head of the audited department. In this case, the head of the audited department shall comply with such request.
- ② For audit for each sector such as internal controls, etc., separately developed audit checklists shall be used.
- ③ When the Company changes accounting system or method, the Committee shall require the director to report on reason for and impact of change in advance. The Committee shall present a view to the director if change in accounting policy or assumption is not appropriate or other accounting method is deemed inappropriate.
- ④ When auditing, the Committee shall review and confirm the following:
 1. Reliability of transaction records
 2. Accuracy of facts stated in each account
 3. Viability of financial statements representation method
 4. Compliance of financial statements with accounting standards and fair and viable accounting practices
 5. Continuity of accounting policy
 6. Whether financial statements appropriately represent financial status and management performance of the Company
- ⑤ The Committee shall audit whether consolidated financial statements have been documented in compliance with applicable laws/regulations.

Article 22 (Director's reporting duty)

- ① When an urgent event may result in material damage to the properties of the Company, the Committee shall require a director to give verbal or written report or notice immediately.
- ② When the director reports that the Company is likely to suffer significant damage, the Committee shall investigate possible impacts on the Company and take necessary action such as issuing advice or recommendation, etc.

Article 23 (Communication between Audit Committee members)

- ① An Audit Committee member who has obtained information via business report from a director, duty execution instructor or employee and investigation into daily operations shall communicate such information to other Audit Committee members.
- ② Each Audit Committee member shall communicate sufficiently with each other concerning the development of audit plan, drafting of audit report and exercise of his/her authority as an Audit Committee member.
- ③ When responsibilities are assigned to two or more Audit Committee members, their roles and responsibilities shall be clearly specified.

④ The Committee may hold open discussions to communicate information and views related to business. Such open discussions shall not be regarded as a meeting under Article 11.

Article 24 (Interface with internal audit department)

① The Committee shall maintain close cooperation with internal audit department (including compliance officer or compliance supporter) and utilize the internal audit department's audit plan, procedure and findings to ensure that the purpose of audit is fulfilled.

② The Committee may require internal audit department to report on audit findings or request the department to investigate specific cases.

Article 25 (Internal accounting management system)

① The Committee shall assess the operation status of internal accounting management system, report in person on the assessment of internal accounting management system no later than one week prior to ordinary shareholders' meeting in each fiscal year and keep the assessment report in the head office of the Company for five years. If it is recommended to rectify the administration/operation of internal accounting management system, the assessment report shall contain such rectification recommendation.

② The assessment report of internal accounting management system shall include:

1. A title describing that it is an assessment report by the Committee
2. Addresses being shareholders and the Board of Directors
3. Statement that the effectiveness of internal accounting management system design and operation has been assessed over the assessment period as of the assessment base date
4. Statement that the management leadership of the Company are responsible for internal control system selected by it and corresponding design and operation of internal accounting management system and that the Committee is responsible for controlling and supervising the systems
5. Statement that the Committee has conducted assessment in reference to the internal accounting management system operation status report, and followed additional review procedure if applicable
6. Assessment findings as to whether internal accounting management system effectively contributed to the documentation and disclosure of reliable accounting data and recommendation for corrective action
7. Assessment findings as to false entry or representation or omission of entry or representation in internal accounting management system operation status report and corresponding action

Article 26 (Assessment of viability of internal control system)

The Committee shall monitor and assess the operation of internal control system of the Company at least once a year, and if an issue is identified, may present assessment findings on internal control system including the following to the Board of Directors, recommending/requesting a strategy to rectify the issue:

1. Appropriate recognition of risks and operation of relevant risk control system
2. Legal compliance and consistency with management objectives in business planning and strategy development processes
3. Viability of change in accounting policy or assumption, appropriateness of accounting method and consistency with management objectives
4. Appropriateness of information reporting, sharing and management system
5. Efficiency and effectiveness of department-specific business performance analytics system
6. Appropriateness of internal control training plan for executives/employees
7. Appropriateness of compliance officer or compliance supporter system operation
8. Appropriateness of internal control system in organization structure

Article 27 (Attendance in major meetings)

- ① The Audit Committee members may attend and present opinion in management executive meeting and other major meetings to understand how management policies are made and management and business status.
- ② Where not attending the foregoing meetings, the Audit Committee members may receive reports on applicable meeting agenda and access meeting minutes, documents, etc.

Article 28 (Access to document, etc.)

- ① The Committee may access documents critical to its duties in a timely manner and require a director or employee to provide explanation as necessary.
- ② The Committee shall specify the scope of accessible documents in consultation with directors.
- ③ The Committee may investigate management and retention status of important records and information and require a director or employee to provide explanation as necessary.

Article 29 (Investigation of properties)

The Committee shall investigate management, acquisition and disposal of major properties of the Company and extraordinary material transactions, etc. and report non-compliance with laws/regulations or the Articles of Incorporation or significant irregularities to the Board of Directors.

Article 30 (Investigation of transactions)

Where the Company gives material property gains free of charge or engage in an extraordinary transaction with a subsidiary or shareholder, the Committee shall require the responsible director to report in advance and report non-compliance with the director's duty, if found, to the Board of Directors.

Article 31 (Field study)

- ① The Committee shall investigate head office, branches, plants, offices, etc. to understand the status of corporate business operation and verify legal compliance and appropriateness of business operations at the same time.
- ② When issuing a view, advice or recommendation as a result of investigating head office, branches, plants, offices, etc., the Committee shall do so to the director in principle.

Article 32 (Review of public notice by electronic means)

Where the Company issues a public notice such as convocation notice of shareholders' meeting with electronic means, the Committee shall take care, reviewing whether the director is taking applicable action as specified in laws/regulations and the Articles of Incorporation in terms of public notice term and contents, etc.

Chapter 5 Interface with external auditor**Article 33 (Interface with external auditor)**

- ① The Committee shall maintain close relations with the external auditor and utilize the external auditor's audit plan, procedure and findings to ensure that audit purpose is fulfilled.
- ② The Committee shall receive explanation on the overview of audit plan from the external auditor and explain its own accounting audit plan to the external auditor and try to coordinate such plans.
- ③ The Committee shall meet with the external auditor at least once a quarter to discuss the external auditor's audit plan, procedure and findings.

- ④ The Committee shall require the external auditor to give a notice of irregularity or material violation of legal/regulatory requirements or the Articles of Incorporation by a director in conducting his/her duty or non-compliance with accounting standards of the Company.
- ⑤ The Committee shall notify the external auditor of irregularity or material violation of legal/regulatory requirements or the Articles of Incorporation by a director in conducting his/her duty.
- ⑥ When notified of non-compliance with accounting standards of the Company by the external auditor, the Committee shall submit immediately investigation findings on applicable non-compliance and corrective action results of the Company to the Korea Securities & Futures Commission and the external auditor.

Article 34 (Selection of external auditor)

- ① The Committee shall select an external auditor, and when the Company changes or dismiss the external auditor, check whether the external auditor engaged in the previous fiscal period or dismissed has any objection, and allow the external auditor to present his/her view orally or in writing.
- ② The Committee shall develop standards and procedures required for selecting auditor under Article 13, Paragraphs 3 and 4 in the Enforcement Decree of the External Audit Act.
- ③ The Committee shall document terms and conditions of auditor's compensation, audit time, and resources.
- ④ The Committee shall hold an in-person meeting to select external auditor and document the following:
 1. Review results of the items set forth in Paragraph 3
 2. Frequency of in-person meetings, details of attendees, key comments, etc.
- ⑤ When receiving an audit report under Article 23, Paragraph 1 of the External Audit Act, the Committee shall verify compliance with Paragraphs 2 and 3.

Article 35 (Independence of external auditor)

The Committee may review material matters related to the external auditor and the Company, items that can have impact on the independence of the external audit, and other sources of conflicts of interest and present an appropriate opinion to the Board of Directors accordingly.

Article 36 (Communication with external auditor)

The Committee may maintain close cooperation with the external auditor and communicate with the external auditor on the appropriateness of internal control system and financial statements, etc. of the Company.

Chapter 6 Report of audit findings

Article 37 (Documentation of audit notes)

- ① The Committee shall document/retain audit notes on audits that have been conducted.
- ② The audit notes shall state audit procedures and findings and bear seal impression and signature of each Audit Committee member who conducted the audit.

Article 38 (Documentation/submission of audit report)

- ① The Committee shall document audit reports accurately and clearly based on routine audits after a review under Article 21, Paragraph 3 and under the procedure in Article 22. If the Company is a consolidated controlling entity, audit reports shall be documented on consolidated financial statements as well.
- ② The Committee shall state documentation dates in the foregoing audit reports which shall be attached with seal impression or signature of the Committee Chairperson.
- ③ The Committee shall submit audit reports to the Representative Director.
- ④ Audit reports shall be stated as specified in laws and regulations.

Article 39 (Reports to shareholders' meeting, etc.)

- ① The Committee shall investigate agenda and documents to be submitted by the directors to shareholders' meeting and present its view on possible violation of laws/regulations or the Articles of Incorporation or material irregularity to the shareholders' meeting.
- ② When asked by a shareholder in shareholders' meeting, the Committee shall provide an answer to the extent allowed by its duties.

Addenda

These Regulations shall go into effect on Feb. 14, 2018.

These Regulations shall go into effect on Jul. 15, 2020.