

Guidance on the Exercise of Voting Rights

Enactment on Feb. 4, 2009

Chapter 1. (General Provisions)

Article 1 (Purpose): The purpose of this guidance is to prescribe the necessary detailed matters such as standards, methods, procedures, etc. regarding the exercise of voting rights of Shinhan BNP Paribas Asset Management Co., Ltd. (hereinafter referred to as “Company”) in accordance with Article 87 of the Financial Investment Services and Capital Markets Act (hereinafter referred to as “Act”) and Article 89, 90, and 91 of Enforcement Decree of the same Act (hereinafter referred to as “Enforcement Decree”) for the Company.

Article 2 (Fiduciary duty): The Company shall exercise the voting rights sincerely in accordance with the principle of good faith for the investors of the collective investment organization.

Chapter 2. Standards of Exercise

Article 3 (Whether to exercise voting rights, etc.) ① The Company may freely determine whether to exercise the voting rights, etc. regarding shares being currently possessed by the collective investment property. However, if a situation under Articles 5, 6, and 7 is present, this clause shall not be applied.

② Notwithstanding the regulations mentioned previously in the main text of paragraph 1, the voting rights, in principle, shall be actively exercised upon any matters with important influence on the collective investment property such as merger, transfer of business, take over, appointment of an executive, change of Articles of Association, and other similar matters of the corporation that issued the share being possessed.

Article 4 (Direction of exercise) The Company shall exercise the voting rights in the direction of protecting investors’ rights and benefits as well as the improvement of economic value of the collective investment property considering each of following elements.

1. Protection of the rights and benefits of shareholders of the corporation that issues the relevant share
2. Improvement of profitability in accordance with the business activity of the corporation that issues the relevant share
3. Increase of intrinsic value of the corporation that issues the relevant share
4. Improvement of the controlling structure and financial structure of the corporation that issues the relevant share

Article 5 (Exercise method) ① When one of followings is relevant, the Company shall exercise shadow voting. However, when it is a matter related to the merger of the corporation that issues the share (collective investment property), transfer / take-over of business, appointment of an executive, change of Articles of Association, and other similar matters and it is clearly expected to cause loss to the collective investment property, this may not be applied.

1. When a person relevant to one of followings attempts to incorporate the corporation that issues the share of the collective investment property, as an affiliate company
 - A. Company, persons specially related with Company, and co-owner in accordance with paragraph 2, Article 141 of Enforcement Decree
 - B. A person, who exercises actual controlling interest on the Company, relevant to one of the followings
 - 1) Related investment trader, related investment broker, and its affiliate company in accordance with regulations of paragraph 4, Article 84 of Enforcement Decree
 - 2) Major shareholder of the Company (including a shareholder having a special relationship with the largest shareholder)
2. When there is a relationship relevant to one of followings between the Company and the corporation that issues the share of collective investment property:
 - A. When there is a relationship of an affiliate company;
 - B. When there is a relationship to exercise actual controlling interest on the Company, and the person is relevant to one of followings
 - 1) Related investment trader, related investment broker, and its affiliate company in accordance with regulations of paragraph 4, Article 84 of the Enforcement Decree

2) Major shareholder of the Company (including a shareholder, who has a special relationship with the largest shareholder)

3. When there is a concern of harm to the proper operation of the collective investment property or harm to investors' interests, and it is prescribed by Presidential decree

② When the Company belongs to a business group subject to limitations on cross shareholding (hereinafter referred to as "business group subject to limitations on cross shareholding") in accordance with paragraph 1, Article 9 of the Monopoly Regulation and Fair Trade Act, partial conditions other than each of paragraph 1 hereof shall not be applied in principle. However, when the company owns the share issued by the listed company, which is an affiliate of Company, with collective investment property and if it is clearly expected that shadow voting on the merger of such corporation with other corporation, transfer of all or important parts of business, appointment of an executive, or alteration of Articles of Association, would cause loss of the collective investment property, the voting rights may be exercised aggressively. In this case, the number of shares with active exercise of voting rights may not exceed 15% of total number of issued shares of such corporation after addition with the number of shares to be exercised by persons with a special relationship (it means a person with a special relationship in accordance with paragraph 1-5-a, Article 7 of the Monopoly Regulation and Fair Trade Act) with such corporation.

③ Notwithstanding the matters mentioned previously in paragraph 2, when the company belongs to a business group subject to limitations on cross shareholding and the company acquires the shares issued by an affiliate company with collective investment property in excessive of the investment limit (10% of same category) specified in paragraph 1-1-a, Article 81 of the Act in accordance with partial conditions of each subparagraph of paragraph 1, Article 82 of the Act, shadow voting shall be exercised upon such excessive shares.

Article 6 (Prohibition of exercise) The Company may not exercise the voting rights on shares that are acquired in excess of the investment limit in accordance with paragraph 1, Article 81 and paragraph 4, Article 84 of the Act.

Article 7 (Prohibition of cross-exercise and evasive behavior) The Company may not engage in behavior to evade the application of regulations in Article 5 and 6 hereunder with methods such as cross-exercising of voting rights based on agreements with 3rd

parties, etc.

Chapter 3. Exercise Method

Article 8 (Principal of exercise) The Company shall exercise the voting rights directly or through the operation of instructions through a trustee, and if necessary, the power of attorney may be provided to the corporation that issues shares as collective investment property for the exercise of voting rights. In this case, the power of attorney shall have to be listed with the intention on agenda (for or against).

Article 9 (Provision of venue) The Company may provide the venue for the purpose to secure the quorum of deliberation in accordance with the request of the company that issues the share as collective investment property. In this case, the voting rights shall be deemed not to be exercised.

Article 10 (Exercise in writing, etc.) The Company may exercise the voting rights by using a document, electronic means, etc. in accordance with matters prescribed by the Articles of Association of the company that issues the share as collective investment property.

Article 11 (Diverse exercise) When the exercise of unificative voting rights is considered to be difficult due to the existence of conflicting relationship among each of the collective investment properties, the Company may exercise the voting rights unificatively.

Chapter 4. Exercise Procedure

Article 12 (Comprehension of the opening of the general meeting of shareholders) ① The Company shall sincerely comprehend the time, venue, agenda, etc. of general meeting of shareholders of the company that issues the share as collective investment property, prior to the exercise of voting rights.

② The Company shall maintain a mutual cooperation system such that the trustee, upon receipt of a notification of convocation of the general meeting of shareholders, can convey such notification to the Company immediately.

Article 13 (Decision making) ① The major matters related to the exercise of voting rights

such as whether to exercise, and contents, methods, etc. of voting rights, shall be determined by the executive in charge of the operation of shares based on the opinion of the personnel in charge of analysis on the relevant category.

② The executive in charge of the operation of shares, the head of share operation department, or personnel in charge of analysis on the relevant category may request to the corporation that issues the share as collective investment property for the provision of additional material related to the agenda other than the purpose being notified or announced.

③ In instances where the voting right is exercised, the Company shall exercise the voting right as stipulated by the “Guidelines on the Exercise of Voting Right” being separately attached.

Article 14 (Listening to opinion and submission of material) If necessary, the executive in charge of the operation of shares may request the submission of related material or may request the opinion of the operating personnel of other collective investment property and other related personnel of external expert institutions.

Chapter 5. Public Disclosure, etc.

Article 15 (Corporation required to disclose its voting rights to the public) Among collective investment organizations subject to the Act, a company, which issues shares being possessed in excess of 5/100 of the total amount of assets in each collective investment organization or 10 billion won from each collective investment property, is required to disclose its voting rights to the public.

② Among collective investment organizations subject to the Indirect Investment Asset Management Business Act, a company, which issues shares being possessed in excess of 5/100 of the total amount of assets in each collective investment organization or 1 billion won from each collective investment property, is required to disclose its voting rights to the public.

Article 16 (Contents of public disclosure) ① The Company shall disclose the contents of the exercise of voting rights, etc. in accordance with each of following classification directly or through the general business consignee company.

1. When the voting right is exercised on matters related to the alteration of management rights such as merger, transfer / take-over of business, appointment of an executive, alteration of Articles of Association, etc. in accordance with the regulations of paragraph 1 through 3 of Article 5: Specific Contents of Exercise of Voting Rights
 2. When the voting right is exercised on a corporation required to disclose its voting rights to the public: Specific contents of the exercise of voting rights in accordance with Articles 3, 5, and 18
 3. When the voting right is not exercised on a corporation required to disclose its voting rights to the public: Specific cause not to exercise the voting rights in accordance with Articles 3, 5, and 18
- ② When matters related to whether to exercise the voting right are disclosed in accordance with paragraph 1, the Company shall have to disclose each of the following as necessary information for the investor to comprehend the propriety, etc. on whether to exercise such voting rights.
1. Internal guidance of the Company related to the exercise of voting rights
 2. Number of Korean depositary receipts and shares owned by Company on each collective investment organization in relation with the exercise of voting rights
 3. Whether the relationship between the Company and the corporation required to disclose its voting rights to the public is relevant to the relationship described in paragraph 1-1-a and 1-1-b of Article 5

Article 17 (Method of public disclosure) ① When the corporation that issues the share to exercise the voting rights is a listed company, the contents of voting rights to be exercised shall have to be disclosed to the public through the stock exchange 5 days prior to the date of the general meeting of shareholders.

② When it is difficult to make a public disclosure as prescribed by paragraph 1, 5 days prior to the date of the general meeting of shareholders owing to reasons such as the specific contents or purpose of general meeting of shareholders not being confirmed 5 days prior to the date of general meeting of shareholders, etc., such information shall be disclosed prior to the date of the general meeting of shareholders, and the contents of voting rights being exercised at such general meeting of shareholders shall be disclosed to the public in accordance with the method of public disclosure in each of the followings of paragraph 1 within 5 days from the date of the general meeting of shareholders.

Article 18 (Record maintenance) ① The Company shall record, in the assets management report, whether to exercise the voting rights on a corporation required to disclose its voting rights to the public and its contents (when the voting right is not exercised, its cause). Such record shall be made in accordance with Article 88 of the Act and the business report in accordance with Article 90 of the Act.

Article 19 (Internal control): The compliance officer shall inspect whether the exercise of voting rights of the Company complies with the related legislations and this guidance.

Addendum

Article 1: This guidance shall be effective as of Feb. 4, 2009.

[Annex material]

Guidelines for Exercising of Voting Rights

- Table of Contents -

I. Principles of the guideline

II. Guidelines for Exercising of Voting Rights

A. Controlling Structure

1. Rights of Shareholders and the General Meeting of Shareholders

- 1.1. Protection of shareholders' rights
- 1.2. General meeting of shareholders
- 1.3. Extraordinary general meeting of shareholders
- 1.4. Shareholder suggestions
- 1.5. Disclosure of agenda
- 1.6. Linked agenda
- 1.7. Alteration of the date and venue of the general meeting of shareholders
- 1.8. Suggestion of value maximization
- 1.9. Secret ballot
- 1.10. Alteration of the name of the company
- 1.11. Alteration of fiscal year
- 1.12. Alteration of the quorum of deliberation

2. Board of Directors

- 2.1. Committee for recommendation of director candidates
- 2.2. Appointment of directors
- 2.3. Scale of the board of directors
- 2.4. Independent directors
- 2.5. Dismissal, re-appointment, or age restriction during the term of office
- 2.6. Cumulative voting system of directors
- 2.7. Staggered election
- 2.8. Disclosure of directors' activity
- 2.9. Assessment of the board of directors
- 2.10. Responsibility and exemption of directors

2.11. Separation of the chairman of the board of directors from the position of CEO

3. Audit and Audit Committee

- 3.1. Audit committee
- 3.2. Appointment of auditors and members of the audit committee
- 3.3. Ratification of external audit
- 3.4. Audit opinion of external auditors
- 3.5. Disclosure of the expense of external audits

4. Remuneration of Employees and Executives

- 4.1. Composition of the compensation committee
- 4.2. Remuneration of independent directors
- 4.3. Remuneration of management and incentives for management achievements
- 4.4. Share compensation system
- 4.5. Stock options of directors and management
 - ① Exercise price
 - ② Dilution
 - ③ Re-adjustment of exercise price
 - ④ Retention period for rights of options
- 4.6. Loan of Company for the purchase of stock
- 4.7. Compensation system
- 4.8. Public disclosure of the remuneration of management and ownership of share
- 4.9. Employee stock ownership system
- 4.10. Employee stock purchase system
- 4.11. Retirement benefits for independent directors
- 4.12. Shareholder suggestion regarding the remuneration of employees and executives

5. Corporate Restructuring

- 5.1. Corporate restructuring accompanied with risk or responsibility
- 5.2. Assets purchase and sales
- 5.3. Conversion of stock
- 5.4. Re-adjustment of debt
- 5.5. Establishment of holding company
- 5.6. Joint ventures
- 5.7. Liquidation
- 5.8. Spin offs

5.9. Leverage buyout

6. Corporate Takeover, Proxy Battle, and Defense on Takeover

- 6.1. Corporate takeover and defense on takeover
- 6.2. Proxy battle
- 6.3. Transaction for conversion into a privately held company
- 6.4. Crown jewel defense
- 6.5. Green mail
- 6.6. Golden parachute
- 6.7. Reinforcement on conditions of special resolution
- 6.8. Relocation of the head office

B. Capital Structure

1. Adjustment of the face value of common stock
2. Increase of legal capital
3. Issuance of new shares and sales of treasury shares
4. Preemptive rights
5. Allocation of forfeited stock
6. Preferred shares
7. Private placement, warrant, convertible non-warrant bonds
8. Restructuring of capital structure
9. Reverse stock split and reduction of capital
10. Purchase of treasury shares
11. Stock split and stock dividends
12. Dividends policy
13. Issuance of bonds
14. Provision of collateral
15. Expansion of borrowing limitation

C. Social responsibility of the Company

1. Labor relationships
2. Social issues

2.1. Politics and charity donations

2.2. Establishment of business place and fair consumer service

2.3. Product liability

3. Environmental problems

4. International market and human rights issues

I. Principles of the guideline

This guideline for exercising of voting rights will suggest a direction for the fulfillment of fiduciary duty toward customers or shareholders of the assets management company along with fulfillment of the company's social responsibility and the maximization of value for the investment company's shareholders in the long-term, through the exercise of voting rights of the shares owned by the assets management company.

The core principles considered in this Guideline are as follows.

- . Improvement of long-term corporate value
- . Securement of the management and directors' responsibility toward shareholders. Securement of the transparency of management
- . Equal treatment to all investors
- . Secure the monitoring function on the establishment of strategic direction and management

Upon the exercise of voting rights on overseas shares, the voting rights may be exercised differently from this Guideline considering related legislations, etc. of the relevant country.

II. Guidelines for Exercising of Voting Rights

A. Controlling Structure

1. Rights of Shareholders and the General Meeting of Shareholders

1.1. Protection of shareholders' rights

1.1-1) Any proposals to assist with the reinforcement of shareholders' rights and benefits such as alteration of the Articles of Association, enactment of rules, etc. shall be voted in favor, and if the alteration of the Articles of Association, enactment of rules, etc. cause limitation to shareholders' rights, it shall be voted against.

1.1-2) Any proposals to assist with shareholders' long-term benefits such as mergers, business takeovers and transfers, split up, liquidation, reduction of capital, comprehensive exchange and transfer of share, etc. shall be voted in favor, and if it causes loss on shareholders' benefits, it shall be voted against.

1.2. General meeting of shareholders

1.2-1) A proposal to hold a general meeting of shareholders only by electronic means without actual participation of shareholders shall be voted against.

1.2-2) A proposal to restrict the claim of convocation of an extraordinary general meeting of shareholders by shareholder shall be voted against.

1.2-3) A proposal to allow implementation of written vote of shareholders shall be voted in favor.

1.2-4) A proposal to allow the implementation of electronic voting of shareholders shall be voted in favor.

1.3. Extraordinary general meeting of shareholders

1.3-1) A reasonable restriction on shareholders' rights to convene the extraordinary general meeting of shareholders shall be voted in favor, but a proposal to delete this right in its entirety shall be voted against.

1.4. Shareholder suggestions

1.4-1) The suggestions of shareholder shall be voted on each agenda considering the policy direction of this Guideline and the long-term benefits of shareholders.

1.4-2) Re-appointment of a director, who failed to implement suggestions that had been approved by majority of shareholders, shall be voted against.

1.5. Disclosure of agenda

1.5-1) When the preliminary disclosure of the agenda of a general meeting of shareholders is insufficient and the request of shareholders to disclose the agenda in advance is not a big burden, the preliminary disclosure of agenda of the general meeting of

shareholders shall be voted in favor.

1.5-2) There is a high possibility of uncertainty occurring in any unexpected agenda that is not disclosed in advance, so the presentation to the general meeting of shareholders shall be opposed, and a proposal to seek the permission to process such agenda shall be voted against.

1.6. Linked agenda

1.6-1) When an effort occurs to pass an agenda to damage the long-term benefits of shareholders in connection with an agenda that is popular with shareholders, unless there is any special circumstance, the linked agenda shall be voted against.

1.7. Alteration of the date and venue of general meeting of shareholders

1.7-1) In case shareholders present a suggestion regarding the alteration of the date and venue of the general meeting of shareholders, it shall be analyzed to understand whether these changes would increase the participation and attendance of shareholders, and it shall be voted based on each agenda.

1.7-2) If a proposal is raised to grant the authority to postpone the ordinary general meeting of shareholders or extraordinary general meeting of shareholders to the management, if there is no probable basis to justify such proposal, it shall be voted against.

1.8. Suggestion of value maximization

1.8-1) In case a resolution is passed seeking the value maximization measure suggested by shareholders, it shall be reviewed closely considering the situation and based on each agenda for voting.

1.9. Secret ballot

1.9-1) A proposal to make sure that all procedures of proxy voting shall be made in secret, shall be voted in favor.

1.10. Alteration of the name of company

1.10-1) When the change of company name is considered to make a positive influence on the share price by raising the level of recognition from the original company name, a proposal to change the company name, shall be voted in favor.

1.11. Alteration of fiscal year

1.11-1) Unless the purpose of the change of fiscal year is to damage shareholder value with frequent change of fiscal year, etc., or to infringe shareholder benefits such as the postponement of annual general meeting of shareholders, etc., the change of fiscal year shall be voted in favor.

1.12. Alteration of the quorum of deliberation

1.12-1) In case a proposal is raised to change the quorum of deliberation of the general meeting of shareholders or the number of necessary voting rights for resolution, if

there is no probable basis to justify such proposal, it shall be voted against.

2. Board of Directors

2.1. Committee for recommendation of director candidates

2.1-1) A proposal submitted by the committee for recommendation of director candidates, when composed of more than the majority of independent directors, shall be voted in favor.

2.1-2) A proposal to increase the ratio of independent directors within the committee for recommendation of director candidates shall be voted in favor.

2.2. Appointment of directors

2.2-1) In general, when it is not in violation of this Guideline or the long-term achievements of the company or directors are not unsatisfactory, directors being recommended by the committee for recommendation of director candidates shall be voted in favor.

2.2-2) The following categories of director candidates shall be in general voted against:

- . When a director did not take any measures on the proposals selected by the majority of shareholders in the previous year and failed to provide any proper reasons;
- . When a director fails to attend meetings of the board of directors or major committee of board of directors for more than 3/4 of the sessions;
- . When a director continuously pursues the benefits of specific shareholders group instead of the benefits of entire shareholders;
- . When a director has a conflict of interest related with inside trading, violation of legislations, problems related to the social responsibility of the corporation, etc. or has a criminal record related to finance / corporate / marketable securities;
- . When there is evidence of intentional efforts on the director's part to distort or to hide the financial status of the company.

2.2-3) When there is no selection rights to vote on each director candidate individually, a proposal to request the introduction of a system to allow such selection shall be voted in favor.

2.2-4) A proposal to appoint a director with various career experiences and capabilities shall be voted in favor.

2.2-5) When there is competition between the management and its opposition upon the appointment of a director, each of the associated agenda shall be reviewed, and a candidate who may maximize shareholders' benefits shall be voted in favor.

2.3. Scale of the board of directors

2.3-1) In case a proposal is presented regarding the number of directors, it shall be reviewed

and voted on each agenda, but a proposal to structure the board of directors in a scale that allows prompt and careful decision making as well as the effective discussion shall be voted in favor.

2.3-2) A proposal to restrict the number of directors in a way that places restrictions on the activity of the core sub-committee of the board of directors, or to have many directors such that it will incapacitate the influence of individual directors, shall be voted against.

2.4. Independent directors

2.4-1) A proposal to appoint more than majority of the board of directors' positions with independent directors shall be voted in favor.

2.4-2) An agenda to disclose every year whether the following independent elements of independent directors are satisfied, shall be voted in favor.

○ Independence element of independent directors (Example)

An example of material relationship to be considered for selection as an independent director, is as follows.

. A person, who was a former employee and/or executive and has not passed 5 years after the resignation;

. A person, who is an employee of Company (present and past), and related person of an external audit company and its affiliate company, and has not passed years after the performance of audit and related work.

. Employees and executives of the company, where employees and executives of relevant company are independent directors

. A person having special relationship with aforementioned people excluded for appointment

2.5. Dismissal, re-appointment, or age restriction during the term of office

2.5-1) During the term of office of a director, unless there is an illegal behavior, material fact of the violation of legislations or Articles of Association, or reasons of inadequacy for the performance of duty, a proposal of dismissal prior to the expiration of the term of office shall be voted against.

2.5-2) A proposal to restrict the term of office or age of directors, regardless of their achievement or capability at the board of directors for the operation of the company, shall be voted against. However, in instances where it is clear that the independence of the board of directors stands to be damaged with excessive re-appointment of directors, the re-appointment of directors shall be voted against.

2.6. Cumulative voting system of director

2.6-1) A proposal to exclude or to delete the exclusion clause of the cumulative voting system

shall be reviewed and voted on each agenda. However, when there is a justifiable cause, such as when the cumulative voting system is clearly likely to cause a dispute in order to seek their short-term benefits while rather ignoring minority shareholders, etc., the introduction of the cumulative voting system shall be voted against.

2.7. Staggered election

2.7-1) A proposal for the introduction or abolition of staggered election shall be reviewed and voted on each agenda.

2.8. Disclosure of directors' activity

2.8-1) A proposal to request the directors to attend more than 7% of the meeting of the board of directors including the meeting of committee, shall be voted in favor.

2.8-2) A suggestion of shareholders for the public disclosure of the attendance record of individual directors in the board of directors' meetings and whether to vote in favor or not by individual director regarding the agenda subject to major public disclosure, shall be voted in favor.

2.9. Assessment of the board of directors

2.9-1) A proposal to assess the board of directors regularly and to report the assessment standards and results of the board of directors to the general meeting of shareholders, and to disclose the assessment details through the business report, shall be voted in favor.

2.10. Responsibility and exemption of directors

2.10-1) If there is a reasonable basis, any behaviors adopted in good faith or under the belief that such behavior is legitimate, or when a director performs his / her duty by a method he/she sincerely and reasonably considered to be in the best interests of the company during the process of management judgment, after the collection and careful review of substantial materials and information that are reasonably reliable, a proposal to exempt the director from the responsibility, shall be voted in favor.

2.10-2) When the exemption on directors allows a director to violate legislations or Articles of Association, or to neglect his / her duty, a proposal to exempt the director shall be voted against.

2.10-3) A proposal for the company to pay the insurance premium of liability insurance to compensate for the damage caused by a director, in order to guarantee the activity of a director in good faith and under cautious and reasonable judgment, shall be voted in favor, to the extent that the damage was not caused by irresponsible management judgment,.

2.11. Separation of the chairman of the board of directors from the position of CEO

2.11-1) In general, the separation of the position of CEO from the chairman of the board of

directors shall be voted in favor.

2.11-2) In general, a proposal to prohibit the higher management (CEO, CFO), etc., from performing the role of chairman of board of directors shall be voted in favor.

2.11-3) When the position of CEO is not separated from the chairman of board of directors, a proposal to introduce a senior independent director (lead director) system shall be voted in favor.

3. Audit and Audit Committee

3.1. Audit committee

3.1-1) A proposal to establish an audit committee instead of the position of a permanent auditor, and to replenish it with independent directors constituting more than 2/3 of its members, shall be voted in favor.

3.2. Appointment of auditors and members of the audit committee

3.2-1) An auditor or audit committee has the authority and responsibility to audit the execution of duty by the directors and management. Hence, if a candidate is considered to be not equipped with sufficient knowledge and experience to perform audits, or any personnel not independent from the management are proposed as an auditor or member of audit committee, it shall be voted against.

3.3. Ratification of external audits

3.3-1) The appointment of external auditor shall be voted in favor if the following problems are ruled out:

- . When it is difficult to regard an external auditor as independent since there is a relationship or monetary interest in the company;
- . When the commission fee on the non-audit service is excessive
- . When an external auditor provides an opinion on the financial status of the company, which are not accurate and have the nature of suggestive information

3.3-2) A proposal to prohibit contacting an external auditor for management consultations, etc. except the audit, shall be voted in favor.

3.4. Audit opinion of external auditors

3.4-1) In relation with the approval of financial statements, it shall be voted against when the auditor's opinion of the external auditor is other than unqualified opinion.

3.5. Disclosure of the expense of external audit

3.5-1) A proposal to request the public disclosure of the relationship of the external auditor with the audited company, and information such as the accounting audit expenses, non-audit expense structure, etc., shall be voted in favor. When other problems

related to the external auditor are present, a proposal seeking consent for the ratification of the president of the audit committee shall be reviewed and voted on each agenda.

4. Remuneration of Employees and Executives

4.1. Composition of the compensation committee

4.1-1) A proposal to request the establishment of a compensation committee within the board of directors, to review and verify the salary of employees and executives regularly, shall be voted in favor.

4.1-2) A proposal to compose all members of the compensation committee with independent directors shall be voted in favor.

4.2. Remuneration of independent directors

4.2-1) The salary of independent directors shall be disclosed and explained in the proxy circular, and a proposal to request the approval of shareholders on these, shall be voted in favor.

4.2-2) A proposal to pay parts of the salary of independent directors with share or stock options with conditions that such share or stock options may not be sold until the time of resignation, shall be voted in favor.

4.3. Remuneration of management and incentives for management achievements

4.3-1) An objective and fair management remuneration system being submitted by the board of directors or compensation committee, shall be voted in favor, and excessive compensation shall be voted against.

4.3-2) A proposal to assess the work of management and to link the overall achievement of management in terms of finance, labor relationships, safety of products, remediation of environment problems, etc. with the remuneration, shall be voted in favor.

4.3-3) A management remuneration system, which is not related to the achievement, shall be voted against.

4.4. Share compensation system

4.4-1) A proposal to pay parts of cash remuneration to be provided to the management with shares, shall be voted in favor.

4.4-2) A proposal to prohibit sale of the shares granted by the share compensation system for a certain period, shall be voted in favor.

4.5. Stock options of the directors and management

4.5-1) A suggestion to obtain approval of shareholders at the general meeting of shareholders for the plan to grant stock options of more than a certain scale to employees and

executives, shall be voted in favor.

4.5-2) In case of specific design of stock options, it shall be voted on each agenda considering the following guideline.

① Exercise price: A proposal to exclude the influence of market elements on the remuneration of executives by establishment of exercise price in connection with the share price index, etc. shall be voted in favor.

② Dilution of shareholder value: It shall be a principle to review on each agenda, but when the level of value dilution of stock options is more than 10% or the scale of stock options is in excess of 2% of the total number of outstanding shares, it shall be voted against.

③ Re-adjustment of exercise price: In general, a proposal to adjust the exercise price of stock options afterward or to issue new stock options after the cancellation of previously issued stock options and the adjustment of exercise price, shall be voted against. Also, a stock options plan with the possibility of re-adjustment and re-issuance in the future shall be voted against. However, when it is adjusted to maintain the share value of existing shareholders and the actual value of existing stock options upon the change of stock value such as capital increase, capital reduction, etc., it shall be voted in favor.

④ Retention period of the exercise of option: A proposal to shorten the retention period of exercise of stock options shall be voted against. However, the exercise of rights on each achievement, i.e., a stock options plan that allows exercising of the rights in accordance with the achievement of specific objectives, shall be voted in favor.

4.6. Loan of Company for the purchase of treasure shares

4.6-1) A proposal to provide loan to employees and executives for the purchase of treasure shares even if the loan interest rate is similar to the market interest rate, shall be voted against.

4.7. Compensation system

4.7-1) A salary system that pays the bonus even if the achievement of company is normal or less, shall be voted against.

4.7-2) A salary system that pays the bonus if the achievement of management is outstanding, shall be voted in favor.

4.7-3) A proposal to prescribe the upper limit of annual bonus shall be voted in favor.

4.7-4) A proposal to add achievement objectives with the current salary system shall be voted in favor.

4.8. Public disclosure of the remuneration of management and ownership of shares

4.8-1) A proposal to provide sufficient disclosure to the shareholders, regarding the salary system and possession of shares by individual directors, shall be voted in favor.

4.9. Employee stock ownership system

4.9-1) In general, a proposal to form an employee's stock ownership association or the preferential assignment of shares to employee's stock ownership association, shall be voted in favor.

4.10. Employee stock purchase system

4.10-1) The employee stock purchase system shall be reviewed and voted on each agenda in principle, and if all of following conditions are satisfied, this proposal shall be voted in favor, but if one of these conditions is not satisfied, it shall be voted against.

. When the purchase price is at least more than 85 percent of the fair market price;

. When the provision period is less than 24 months;

. When the dilution of voting rights due to this system is less than 10 percent.

4.11. Retirement benefits of independent directors

4.11-1) In case of independent directors other than the CEO or internal directors, a proposal to grant retirement benefits shall be voted against.

4.12. Shareholder suggestion regarding the remuneration of employees and executives

4.12-1) A suggestion of shareholders to request a report regarding the relationship between the remuneration of employees and executives, and corporate restructuring, shall be reviewed and voted on each agenda.

4.12-2) A proposal to request a report regarding the relationship between the remuneration of employees and executives, and social performance, shall be voted against.

5. Corporate Restructuring

5.1. Corporate restructuring accompanied with risk or responsibility

5.1-1) In general, a proposal of merger and restructuring accompanied with financial, social, and environmental risk or responsibility, shall be voted against.

5.2. Assets purchase and sales

5.2-1) In case of an offer to purchase assets, the purchase price, fairness, financial and strategical benefits, conflict of interests, etc. shall be considered and voted on each agenda.

5.2-2) In case of an offer to sell assets, the influence on the balance sheet, expected effects in finance and business, expected place of use of funds, fairness of transaction, conflict of interests, etc. shall be considered and voted on each agenda.

5.3. Conversion of stock

5.3-1) The dilution on existing shareholders, conversion price on the market value, financial issue, management issue, conflict of interests, etc. shall be considered and voted on each agenda.

5.4. Re-adjustment of debt

5.4-1) As a part of the re-adjustment of debt, a proposal to increase or to issue common shares or preferred shares shall be voted on each agenda after reviewing the dilution on the position of existing shareholders, conditions of proposal, financial considerations, considerations of management, conflict of interest issues, etc. When the application of bankruptcy is needed unless the debt re-adjustment is not conducted, it shall be voted in favor.

5.5. Establishment of holding company

5.5-1) A proposal regarding the establishment of a holding company shall be voted on each agenda after reviewing the reasons of such change, financial or taxation benefits, benefits in regulations, change of capital structure, change of Articles of Association, influence on the corporate value, etc.

5.6. Joint ventures

5.6-1) A proposal to establish a joint venture shall be voted on each agenda considering the weight of assets to be provided, weight of ownership equity, financial and strategical benefits, conflict of interests, etc.

5.7. Liquidation

5.7-1) A proposal regarding liquidation shall be reviewed with the related elements and shall be voted on each agenda, and if it is a situation where the company needed to apply for bankruptcy unless the liquidation is passed at the general meeting of shareholders, a proposal of liquidation shall be voted in favor.

5.8. Spin offs

5.8-1) A proposal to start a spin off shall be voted on each agenda in view of the benefits of tax and regulation, value assessment, fairness, benefits to the parent company, conflict of interests, incentives of management, change of the controlling structure of the company, change of capital structure, etc.

5.9. Leverage buyout

5.9-1) A proposal of leverage buyout shall be voted considering the benefits of tax and regulation, value assessment, fairness, conflict of interests, alternatives, etc.

6. Corporate Takeover, Proxy Battle, and Defense on Takeover

6.1. Corporate takeover and defense on takeover

- 6.1-1) The social influence, etc. shall be considered, but a proposal to take over other company for the increase of shareholder value, shall be voted in favor.
- 6.1-2) The diversification of investment risks from the perspective of shareholders can be achieved more efficiently through the efficient management of portfolio at the stock market, so if the synergy effects of takeover are not very big, a takeover just for the sake of diversification shall be voted against.
- 6.1-3) The resolution for the takeover itself, or increase of legal capital or issuance of new share to assist thereto, shall be reviewed, and voted on each agenda, and the following matters shall be considered to determine whether such transaction may increase value for shareholders.
 - . Prospects of the combined company, and financial & business advantages
 - . Price
 - . Fairness
 - . Negotiation method of the transaction
 - . Change of controlling structure of the company
 - . Change of capital structure
 - . Conflict of interests
- 6.1-4) Upon an attempt of hostile takeover by other company, a proposal to reinforce the resistance capability of the board of directors and management for the reception of fair price, shall be voted in favor.

6.2. Proxy battle

- 6.2-1) Upon a proxy battle, the following elements shall be sufficiently considered to be voted on each agenda regarding whether to vote in support of the current management or its challenger:
 - . Past performance of the company in comparison with the competitor
 - . Measures being taken by the board of directors for solving the problem
 - . Response of the company on the suggestion of shareholders
 - . Differences in the quality of the corporation or corporate controlling strategy between the current management and the challenger
 - . Influence of voting in favor of the challenger on the independence and diversification of the board of directors
 - . Experience and ability of the director candidates
 - . Level of the management entrenchment of the current management
 - . Propriety of the takeover defense strategy of the company
- 6.2-2) A proposal for the company to pay the expense spent on the proxy battle shall be

reviewed and voted on each agenda.

6.3. Transaction for conversion into a privately held company

6.3-1) When the stock transaction for conversion into a privately held company is not conducted in a competitive environment where multiple number of takeover participants participate, and hence the best price cannot be offered to the shareholders, a proposal to convert into the privately held company shall be voted against.

6.3-2) Directors, who support the transaction for the conversion into a privately held company that is not in the best interests of shareholders, shall be voted against.

6.3-3) When the stock transaction for the conversion into a privately held company is certain to bring fair value to the shareholders, it shall be voted in favor.

6.4. Crown jewel defenses

6.4-1) Unless a crown jewel defense that sells the core business section of company brings fair value to the shareholders, it shall be voted against.

6.5. Green mail

6.5-1) In principle, a proposal to oppose the green mail shall be voted in favor, and the provision of green mail shall be voted against.

6.6. Golden parachutes

6.6-1) A proposal to introduce or do away with golden parachute shall be reviewed and voted on each agenda.

6.7. Reinforcement on conditions of special resolution

6.7-1) A proposal on the new enactment or abolition of the clause of reinforcement of conditions of a special resolution, shall be reviewed and voted on each agenda.

6.8. Relocation of the head office

6.8-1) A relocation of head office that may be beneficial to the shareholders shall be voted in favor. However, when this proposal is to block a takeover proposal or to reduce the benefits to shareholders, it shall be voted against.

B. Capital Structure

1. Adjustment of Face Value of Common Stock

1.1. A proposal of management to reduce the face value of common share shall be voted in favor.

2. Increase of Legal Capital

2.1. A proposal to increase the number of outstanding common stock shall be carefully reviewed and

voted on each agenda.

- 2.2. If the company already owns a large number of legal issuance share but has not yet issued, or the company reserves it for stock options plan or tries to increase the number of legal issuance share with more than 100% of the current number of legal issuance share, such proposal, in general, shall be voted against. If there is no obvious business plan for the funds to be increased through increasing the number of legal issuance share, the unissued shares among the number of legal issuance shares can be used for poison pill security or other defense measures against a corporate takeover.
- 2.3. When the share of the company is under the risk of becoming unlisted or the company is facing difficulties in sustaining the business activity continuously unless the legal capital is not increased, it shall be voted in favor.
- 2.4. An increase of the number of legal issuance share for stock split shall be voted in favor.
- 2.5. A proposal to increase the legal capital in preparation for the exercise of stock options by employees and executives, shall be voted in favor.

3. Issuance of New Share and Sales of Treasury Share

- 3.1. When there is a management dispute, a proposal to request approval of the general meeting of shareholders regarding issuance of new shares or sales of treasury shares shall be voted in favor.
- 3.2. A proposal to sell the treasury shares in relation with a corporate takeover shall be reviewed and voted on each agenda.

4. Preemptive Rights

- 4.1. A proposal on the exclusion of preemptive rights shall be reviewed on each agenda. Upon the assessment of the exclusion of stock purchase warrant, various conditions such as the scale of company, characteristics of shareholder distribution, liquidity of shares, issuance price, issues related to the management, etc., shall be reviewed and voted.

5. Allocation of Forfeited Stock

- 5.1. A proposal to prohibit the allocation of forfeited stock to the largest shareholder, person with a special relationship, employees and executives, independent director, etc., shall be voted in favor.

6. Preferred Share

6.1. Unless the voting rights, conversion rights, and other rights of preferred share are not clearly and reasonably used for measures to defend against a corporate takeover, it shall be voted in favor.

7. Private Placement, Warrant, Convertible Non-warrant Bond

7.1. It shall be voted on each agenda, but if such purpose is not reasonable and not for the long-term benefits of shareholders, it shall be voted against.

8. Restructuring of Capital Structure

8.1. The restructuring of capital structure shall be voted on each agenda considering the following matters. In other words, the simplification of capital structure, increase of liquidity, fairness of conversion conditions, influence on voting rights and dividends, cause of restructuring of capital structure, conflict of interests, existence of other alternatives, etc. shall be considered.

9. Reverse Stock Split and Reduction of Capital

9.1. A reduction of capital shall be sufficiently reviewed and voted in accordance with the case, and if company revitalization measures are difficult to be arranged without the reduction of capital, a proposal of reduction of capital shall be voted in favor.

9.2. When the number of legal shares is reduced proportionally, a proposal of reverse stock split shall be voted in favor.

9.3. A proposal regarding the reverse stock split to avoid delisting shall be voted in favor.

9.4. A proposal of reverse stock split that reduces the number of legal share not proportionally, shall be reviewed and voted on each agenda.

10. Purchase of Treasure Shares

10.1. A proposal for the institutionalization of the purchase of treasure share from the open market, where all shareholders may participate with the same conditions, shall be voted in favor.

10.2. If there is an evidence of company to have abused the authority in the past, or there is no measure to prevent the discriminative purchase of treasure share, a proposal for the purchase of treasure share shall be voted against.

10.3. A proposal related to the purchase of treasure share for the protection of management rights

shall be reviewed and voted on each agenda.

10.4. A purchase for the company to implement treasury shares, when new business investment is necessary, shall be voted against.

11. Stock Split and Stock Dividends

11.1. Unless the number of shares to be issued is excessively increased due to the increased number of legal shares, a proposal to increase the number of legal shares of common shares for stock split or stock dividends shall be voted in favor.

12. Dividends Policy

12.1. Dividends by the proper dividend policy of the company shall be voted in favor. However, when the level of dividend payment is too small or too large such that it damages shareholder value considering the profit scale and financial situation, etc. of the company, it shall be voted against.

13. Issuance of Bonds

13.1. A proposal to issue bonds shall be reviewed and voted on each agenda.

13.2. A proposal prescribing that the issuance of convertible bonds or bonds with warrant shall be determined through the resolution of the general meeting of shareholders shall be voted in favor.

13.3. When the number of outstanding shares of the company can be increased for more than 50% in accordance with the conversion of bonds or exercise of stock purchase warrant due to the issuance of convertible bonds or bonds with warrant with preferential warrant of shareholders, the issuance of such bonds, in general, shall be voted against.

14. Provision of Collateral

14.1. A proposal to provide assets as collateral for the resolution of liability, shall be reviewed and voted on each agenda.

15. Expansion of Borrowing Limitation

15.1. A proposal to expand the borrowing limitation of the company shall be reviewed and voted on

each agenda.

C. Social responsibility of the Company

1. Worker Relationships

- 1.1. A suggestion of shareholders requesting a report on the efforts of the management to improve or to maintain the quality of work phenomenon through the measurement of safety, quality, etc. of work on-site by company, shall be voted in favor.
- 1.2. In general, personnel restructuring implemented for short-term boosting of stock price rather than the reinforcement of long-term competitiveness, shall be voted against.
- 1.3. A proposal that supports discrimination based on age, physical conditions, or gender rather than the capability or qualification of the individual upon recruitment shall be voted against.

2. Social Issues

2.1. Politics and charity donations

- 2.1-1) A resolution of shareholders to prevent lobby activities or political donations by the company, when it is not consistent with the benefits of shareholders or other stakeholders, shall be voted in favor.
- 2.1-2) A proposal to comprehensively prevent political donations by the company, shall be voted against. The company shall be influenced by the government's Acts, Decrees, and regulations, so if political donations are prohibited, the company can suffer disadvantages from the competition.
- 2.1-3) A proposal to prohibit secret political donations of company, shall be voted in favor. Also, when the political donations are made to a political party, candidate of election, political campaign, etc. a proposal to disclose such amount and its recipient, shall be voted in favor.
- 2.1-4) A proposal to prohibit the charity donations of the company, shall be voted against.
- 2.1-5) A proposal to request the company to enact regulations and policies to eliminate bribery and corruption shall be voted in favor.

2.2. Establishment of business place and fair consumer service

- 2.2-1) A suggestion of shareholders to request for consumers of all regions of the company being engaged in business to receive equal benefits of products or service, shall be voted in favor.

2.2-2) A suggestion of shareholders requesting the company to provide the service to an area, where the service is not properly provided, shall be voted on each agenda.

2.3. Product liability

2.3-1) A suggestion of shareholders requesting disclosure of the potential risks accompanied with the products and services being manufactured by company, shall be voted in favor.

3. Environmental Problems

3.1. A suggestion of shareholders requesting for disclosure of the company's influence on the environment, especially regarding the influence of the company's products or corporate management on the environment, shall be voted in favor.

3.2. A suggestion of shareholders requesting the reduction of company behaviors, which have a negative influence on the environment or threaten the biological diversity of an ecologically sensitive region, shall be voted in favor.

3.3. A suggestion of shareholders requesting disclosure regarding the company's efforts toward environment protection, environmental policy, levels of environment pollution generated by the company, risk of public sanitation caused by corporate management, or compensation amount, etc. to be paid by the company, shall be voted in favor.

3.4. A suggestion of shareholders requesting for disclosure of the company's recycling efforts or the selection of official recycling policy, shall be voted in favor.

3.5. A suggestion of shareholders to recommend the selection of environment protection standards corresponding with the characteristics of the company's industry, shall be voted in favor.

3.6. A suggestion of shareholders requesting for disclosure of the compensation provided for emission of exhaust gases with greenhouse and climate change effects, measures and research for the reduction of exhaust gas, shall be voted in favor.

3.7. Other proposals regarding environment problems

. Implementation of environment accounting: It shall be voted on each agenda.

. Establishment of an environment committee within the board of directors: It shall be voted in favor.

. Composition of the environment committee only with independent directors: It shall be voted on each agenda.

. Introduction of pollution prevention accounting: It shall be voted in favor.

4. International Market and Human Rights Issues

4.1. A suggestion of shareholders requesting for introduction of, and compliance with, international human right standards and the disclosure of its results, shall be voted in favor.