

# PRINCIPLES OF DUTY AND FUNCTION OF CORPORATE GOVERNANCE COMMITTEE

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## 1. FOUNDATION

Corporate Governance Committee was established for offering recommendations and suggestions to the Board of Management in the meeting of Board of Management of our Company on May 31st, 2012 in order to develop corporate governance operations of our Company within the scope of terms given in Corporate Governance Principles of Capital Markets Board.

## 2. OBJECTIVE

The objective is to check whether corporate governance principles are applied or not in our Company, and to provide recommendations improving corporate governance practices to the Board of Management by determining reasons if they are not applied and conflicts of interest arising from nonperformance of these principles, and to perform the duties of Nomination Committee and Wage Committee in accordance with the related Communiqué of CMB (Capital Markets Board).

## 3. DUTIES AND LIABILITIES

The duties of Corporate Governance Committee are:

- To check whether corporate governance principles are applied or not, and to provide recommendations improving corporate governance practices to the Board of Management by determining reasons if they are not applied and conflicts of interest arising from non-performance of these principles;
- To supervise the practices of the department of relations with shareholders;
- To review "Corporate Governance Compliance Report" to be disclose to the public and to check whether information given in this report are correct and consistent with the information known by the Committee;
- To ensure Corporate Governance Principles to be developed, adopted and applied within the Company and to provide recommendations improving compliance level to the Board of Management by making studies on issues where these principles are not applied;
- By following Corporate Governance Principles in the world, to provide recommendation to the Board of Management for the purpose of applying required elements within the Company;
- To establish a transparent system for determining, evaluating and training appropriate candidates for the Board of Management and to make studies for determining policies and strategies in this respect;
- To make regular evaluations about the structure and efficiency of the Board of Management;
- To determine the approaches, principles and practices about performance evaluation and career planning of the members and superior executives of the Board of Management and to supervise them;
- To determine suggestions of members and superior executives of the Board of Management about wage principles by considering long-term goals of the Company;
- To determine criteria that may be used in wage system as associated with the performance of Company and member;
- To submit recommendations to the Board of Management related with wages to be given members and superior executives of the Board of Management by considering the level of meeting criteria.

The Committee submits its consideration and recommendations about the issues expressed above to the Board of Management in written or verbally.

## 4. COMMITTEE STRUCTURE AND MEMBERSHIP CRITERIA

- Corporate governance committee consists of at least two members. Committee chairman is chosen among independent Board of Management members. Chief executive officer or general manager cannot be assigned to the Committee.
- Both members in case that the Committee consists of two members, or the majority of members in case that there are more than two members are chosen from the Board of Management members who are not assigned for execution. When required, those who are expert on their fields and not a member of the Board of Management may be assigned to the Committee.
- When new Board of Management is assigned for duty in ordinary meeting of the general assembly, members of Corporate Governance Committee are assigned in parallel to the duty period of related Board of Management. Former committee members hold over until new members are assigned.
- All kinds of source and support which are required by Committee to maintain carrying out their duties are provided by the Board of Management. The Committee may invite any required executive to the meeting and receive their opinions.
- The Committee benefits from opinions of independent experts on required fields associated with the activities. The cost of consultancy services required by the Committee is met by the Company.

## 5. SUB-COMMITTEES

Corporate Governance Committee may establish sub-committees consisting of people who have sufficient experience and knowledge about Corporate Governance to be chosen among the members and/or those from outside the Company in order to provide efficiency in the activities of Corporate Governance Committee.

## 6. MEETINGS

- The Committee meets in the frequency required by duties given.
- Decisions of Committee are advisory to the Board of Management and ultimate decision maker is the Board of Management on related topics.
- The Committee ensures the Board of Management to be informed on topics under its authority and responsibility.
- The quorum for meeting and decision is the absolute majority of total members of the Committee.
- Meetings may be held in headquarters or any other place which is easy to access by Committee members.

## 7. REPORTING PROCEDURES

- Committee decisions are held in the minute book to be kept for the Committee.
- At least, following issues should be kept in meeting minutes:
  - Place and time of meeting
  - Agenda
  - Information on topics to be discussed in meeting
  - Decisions taken
- Decisions considered as necessary by the Committee are submitted to the Board of Management.
- The secretariat of the Board of Management is responsible to prepare and keep reports. Prepared meeting minute is archived after submitting to Committee members.

## 8. ENFORCEMENT

The structure of Corporate Governance Committee has been prepared as above by reviewing the terms in the Communiqué II-17.1 Corporate Governance Principles ("Communiqué") entered into force by being published on January 3, 2014 by Capital Markets Board. It is under the authority of the Board of Management to revise and update activity principles when required.