

# **Rules of Employment**

April 1, 2007

**Xxxxxxx Korea, Korea**

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## **Chapter 1 General Rules**

### **Article 1 (Purpose)**

These Rules of Employment (hereinafter referred to as the "Rules") have been established in order to ensure the continued development of Xxxxxx Korea, Ltd. (hereinafter referred to as the "Company") and to ensure the basic welfare of the Employees by clarifying the working conditions of the Employees employed by the Company pursuant to the Labor Standards Act and other labor related laws.

### **Article 2. (Scope)**

1. In the event any question should arise for which no provision is found herein, the Labor Standard Act or other pertinent laws, ordinances or regulations and the Company's rules, regulations and policies shall apply.
2. The Regulations shall equally apply to all employees who are employed by the Company pursuant to Section 1 of Chapter 2 hereof. The term "employee or permanent employee" shall refer to full time employees of the Company.
3. The Company may prepare separate Rules of Employment for non-regular Employees, who shall be comprised of a person or persons whose type of work, working hours or duration, etc. is different from that of regular Employees, including without limitation contract basis employees, part-time employees, temporary basis employees, or daily employees.

### **Article 3 (Compliance of the Regulations)**

Employees shall comply with the Rules and other rules stipulated by the Company, maintain orders in the workplace by observing instructions given by their supervisor, and the supervisor shall always respect his/her employees and diligently carry out his/her duties through mutual cooperation.

### **Article 4 (Relevance to the Statute)**

The issues not mentioned herein shall be dealt with in accordance with the Labor Standards Act and other relevant Korean statutes.

## **Article 5 (Notification of Changes)**

Employees shall notify authorized personnel of relevant changes to their status or personal information within seven (7) days of the change occurring.

## **Chapter 2 Working Regulations**

### **Article 6 (Working Regulations)**

Employees shall observe all of the following and refrain from actions that could be detrimental to the Company.

1. Employees shall honor and have faith in the Company and themselves.
2. Employees shall observe the Rules and refrain from actions that are harmful to the Company.
3. Employees shall not deceive the Company about their work, identity or status.
4. Employees shall not falsify declarations and procedures in general.
5. Employees shall not be engaged in additional employment unless otherwise approved by the Company.
6. Employees shall not receive any monetary loan or contributions related to their work.

### **Article 7 (Employment Regulations)**

Employees shall observe the following, acknowledge their accountabilities and try to enhance their service efficiency.

1. Employees shall not abandon their workplace or neglect their duties during office hours.
2. Employees shall not attend to personal errands during office hours.
3. Employees shall not be absent or leave early without valid reason and not take personal leave or have personal meetings during office hours.
4. Employees shall not take part in any assemblies, group or political activities during office hours without approval of the Company.

## **Chapter 3 Working Conditions**

### **Section 1: Working Hours, Recess and Holidays**

#### **Article 8 (Working Hours)**

1. The working hours of employees shall be 40 hours a week, 8 hours a day, excluding hours of recess.
2. The Company may extend the work hours in excess of 40 hours in a particular week, or extend work hours in excess of 8 hours in a particular day, to the extent that average work hours per week during a certain unit period of not more than two weeks do not exceed 40 hours; *Provided*, that work hours in any particular week shall not exceed 48 hours.

### **Article 9 (Office Hours and Recess)**

The office hours and recess are as follows:

1. Weekdays (Mondays through Fridays)
  - The work begins at 09:00.
  - The work ends at 18:00.
  - The recess is from 12:00 to 13:00.
2. Notwithstanding the above, office hours and recess are subject to change in accordance with job descriptions, the seasons, power supply availability and other special cases when necessary.

### **Article 10 (Holidays and Replacement of Holidays)**

The holidays are as follows:

1. Weekly holidays;
2. Labor Day;
3. National holidays and legal holidays;
4. Other holidays include those declared by the Company; and
5. Replacement of Holidays

Employees who work on holidays can replace those holidays with other working days.

### **Article 11 (Temporary Closure)**

1. The Company can order part or all of the employees to take temporary leave in the event that the business is shut down temporarily.
2. The salaries during closure period shall be determined and paid in accordance with the Labor Standards Act.

## **Section 2. Overtime, Night time and Holiday Work**

### **Article 12 (Overtime, Night time and Holiday Work)**

The Company can order its employees to work overtime or on holidays when necessary.

1. In principle, overtime, nighttime and holiday work is acknowledged only when employees are asked to perform such work by their supervisor or prior approval by their supervisor.
2. The Company may, instead of paying additional wages, grant leave to an worker to compensate for extended, night and holiday work by a written agreement with the employee.
3. The provisions of the Article 61 of the LSA concerning overtime works shall not apply to employees engaged in supervisory or managerial work, employees handling confidential matters.

## **Section 3: Absence, Tardiness and Early Leave**

### **Article 13 (Absence)**

1. Employees who wish to be absent from work due to sickness or for other reasons are required to complete a Leave Request Form indicating the number of days of leave and submit it to the HR Dept. after gaining prior approval from their Department Head. However, during emergencies, approvals shall be gained afterwards without delay.
2. Employees that fail to submit a reason for their absence shall be considered to have taken leave without permission.
3. When an employee is absent, his/her annual leave may be deemed to be used for its replacement. If his/her annual leave is not enough, it is taken for an unpaid day.

### **Article 14 (Tardiness and Early Leave)**

1. Employees who wish to leave early or who wish to show up for work later than the designated time shall gain prior approval from their supervisor. When prior approval is not gained due to emergencies, employees shall report their reasons as soon as they arrive at work. Tardiness means showing up for work late within the first hour and early leave means going home after four (4) hours have passed since commencement of work.
2. Being tardiness and/or taking early leave three (3) times a month shall be considered as one (1) absent day.

### **Article 15 (Attendance and Leaving the Office)**



Employees shall observe the following during their attendance and leaving the workplace.

1. Employees leaving the workplace to perform their duties must inform the Company of where they are going, for what purpose and their returning time.
2. Employees not returning to the workplace after leaving the office shall report this to their boss.
3. Employees directly heading for the destination to perform their duties without first visiting the workplace shall inform their supervisor of where they are going, for what purpose and the returning time.
4. Employees that make false reports to their supervisor regarding the above and if such falsification is later discovered, then their conduct shall be deemed as an absence, tardiness or early leave.

## **Section: 4 Leave**

### **Article 16 (Types of Leave)**

Types of leave are as follows:

1. Annual Paid Leave
2. Sick Leave
3. Menstrual Leave
4. Maternal Leave
5. Special Leave

### **Article 17 (Annual Paid Leave)**

The Company shall grant employees annual paid leave as follows:

1. Employees who have worked more than 80 percent or higher attendance rate in the given year shall acquire fifteen (15) days of annual paid leave.
2. Employees whose consecutive service years are less than one (1) year shall acquire 1 day of annual paid leave for every one month of perfect attendance.
3. Employees shall acquire fifteen (15) days of annual paid leave as stated in Clause 1 for their initial one-year working period. However, if employees use some of their annual paid leave, the Company shall deduct those days from their annual paid leave and grant the remaining to employees.

4. Employees who have consecutively worked for more than three (3) years shall acquire one (1) additional day of annual paid leave for every two (2) years exceeding an initial one working year stated in the Clause 1. However, the maximum number of paid annual leave shall be limited to 25 days.
5. The Company shall grant annual paid leave to employees on their requested dates. However, the dates for annual paid leave requested by employees may be adjusted when the Company thinks the timing is inappropriate (e.g., due to heavy workload or busy working season).
6. Annual leave days may be used by an employee at his own free will, by accumulating or dividing them within one year.
7. Claims for paid leave days shall be extinguished if not used within one year: Provided that this shall not apply in case where the worker concerned has been prevented from using them due to any cause attributable to the Company.

#### **Article 17-2 (Calculation Criteria of Annual Paid Leave)**

1. The calculation period of annual paid leave starts January 1<sup>st</sup> and ends December 31<sup>st</sup>:  
Provided that if the consecutive service period of a newly hired employee or an employee who returns from a suspension from office is less than one year, the annual leave shall be obtained in the ratio of his attendance period.
2. Such holidays as holidays to exercise civil rights, weekly holidays, and public holidays shall be included as working days.
3. The period during which an employee cannot work due to occupational injuries or diseases, or the period of maternity leave shall be regarded as a period of attendance.

#### **Article 17-3 (Promoting the Use of Annual Paid Leave)**

If an employee does not use leave notwithstanding the fact that the Company takes measures falling under any of the following subparagraphs to promote the use of paid leave prescribed in Article 17 (1) to (4), their leave will be forfeited, the Company shall have no obligation to compensate the employee for unused leaves, unless the cause is attributable to the Company.

- (1) Within the first 10 days of the three months before the unused leave is to be forfeited, the Company shall notify each worker of the number of their unused leave days and urge them in writing to decide when they would prefer to claim the leave and to inform the Company of their decided leave period.
- (2) Notwithstanding the notification prescribed in Subparagraph (1), if an employee fails to decide when to use the whole or part of the unused leaves and inform the Company of

the decided leave period within 10 days after the notice, the Company shall decide for the employee when they should use the unused leave and notify the employee of the decided leave period in writing no later than 2 months before the unused leave is forfeited.

**Article 18 (Sick Leave)**

Sick leave shall be admitted up to ten days per year. Employees not in the office for more than three (3) days due to sickness shall later submit a doctor's note to the Company.

**Article 19 (Menstrual Leave)**

The Company shall grant female employees one (1) day for unpaid menstrual leave every month. For employees that use such leave, one day wage on average shall be deducted from their salaries accordingly.

**Article 20 (Maternal Leave)**

1. The Company shall grant 90 day pre-and-post pregnancy paid leave to female employees that are pregnant.
2. At the request of pregnant employees, the Company shall grant them light duty.
3. The Company shall grant miscarriage or stillbirth leave to the employee who requests it as follows:
  - A. In cases where the employee's pregnant period is 16 weeks or more and less than 21 weeks : 30 days after miscarriage or stillbirth
  - B. In cases where the employee's pregnant period is 22 weeks or more and less than 27 weeks : 60 days after miscarriage or stillbirth
  - C. In cases where the employee's pregnant period is 28 weeks or more : 90 days after miscarriage or stillbirth

**Article 21 (Special Leave and congratulatory and condolence allowance)**

1. The Company shall grant congratulatory or condolence paid leave on the working date for the following occasions:

<u>Congratulatory Events &amp; Condolences</u>	<u>Leave</u>	<u>Allowance</u>
Marriage of employee	5 days	500,000 KRW
Marriage of employee's children and siblings	1 day	100,000 KRW
60 <sup>th</sup> birthdays of employee and spouse's parents	1 day	100,000 KRW

Birth of spouse's child	2 days	200,000 KRW
Death of employee	-	1,000,000 KRW
Death of spouse, parents and spouse's parents	5 days	800,000 KRW
Death of child	5 days	700,000 KRW
Death of employee's siblings and grand parents	2 days	300,000 KRW

2. Congratulatory or condolence paid leave shall not be accumulated or compensated in cash.
3. Employees claiming special leave shall use them one week before-or-after the actual occasion takes place by submitting a Leave Request Form with documentary evidences proving the occasion to HR Dept one week in advance.
4. The company may send congratulatory or condolence wreath to employees in cases of employee's marriage, death of employee, death of employee's spouse, death of parents or spouse's parents.

## **Chapter 4 Salary**

### **Article 22 (Salary's Composition and decision)**

1. All employees shall receive every month the salary based on role & responsibility, experience, skills and performance.
2. It is the Company's principle to adjust the salary in January of each year based on the result of employee's individual performance appraisal, dedication to work, economical environment and overall performance of the Company and/or the business unit the employee works with.

### **Article 22-2 (Payment of salaries and their payment method)**

1. The period of salary calculation shall be from the first day of each month to the last day of the month.
2. Payment of salaries shall be made on the 25<sup>th</sup> of each month, and if the payment date is a holiday, then it shall be paid one day in advance.
  - The ordinary monthly working hours shall be 209 hours.
3. The Company can calculate the salaries into a daily amount, if necessary. In such case, the amount shall be calculated into 1 of 30 day amount for monthly ordinary salaries, regardless of either high or low amounts of the monthly salary.

### **Article 22-3 (Holiday work)**

The Company shall, in addition to ordinary wages, pay fifty percent or more thereof for holiday work. However, the Company may, instead of paying additional wages, grant leave to an worker to compensate for holiday work by a written agreement with the employee.

### **Article 22-4 (Deduction of Salaries)**

The Company shall deduct income tax, resident tax, health insurance, national pension, etc., according to the regulations stipulated in the relevant laws.

## **Chapter 5 Personnel**

### **Section 1: Recruiting**

#### **Article 23 (Recruiting)**

The Company shall recruit those who pass internal examinations and the recruiting process among candidates who wish to work for the Company. Men shall either complete or be exempted from their obligation to serve in the military and be able to travel abroad.

#### **Article 24 (Documents to be Submitted)**

Employees who have been hired shall submit the following documents to the Company:

1. Resident Registration Certificate or Resident Registration Certificate that stipulates military record
2. Resume in Korean or English (including school and work experience)
3. Recent photos (digital photo file)
4. Certificate of work service (including previous employer, service period and reason of retirement)
5. Certificate of year-end tax adjustment
6. Other documents that may be requested by the company.

#### **Article 25 (Notifying Information Change)**

Changes in the information regarding submitted documents shall be promptly modified accordingly.

#### **Article 26 (Employment Contract)**

The Company shall close a separate Employment Contract with employees that are hired.

#### **Article 27 (Probation Period)**

1. Newly employed persons shall complete a probationary period of three (3) months, commencing on the date of employment. In the event that the last day of the three (3) month period falls under a holiday, the following day becomes the expiration date. However, the probationary period may be omitted, shortened or extended by the Company, if necessary or appropriate.
2. During the probationary period or after the probationary period if a person is recognized as being unsuitable for consecutive service with the Company, the Company may cancel his/her employment; provided that the Company shall compensate such person for days worked with the Company.
3. The probationary period shall be included in consecutive years of service.

### **Section 2: Training**

#### **Article 28 (Training)**

Employees are subject to receive training sessions prepared by the Company according to its staff training programs. These training sessions are provided to employees to improve their skills and broaden their knowledge.

#### **Article 28-2 (Training Courses)**

The Company may support English Conversation training fee up to 80,000 KRW per month for employees so that they can promote efficient communication and increase work efficiency. Employees shall submit Expense Report including the receipt every month after getting a superior's approval.

#### **Article 28-3 (Training Courses)**

1. The company shall treat domestic or overseas training as the working hours.

2. Dispatched employees for the training shall follow the company's regulations and directions during the training period.
3. The employees who received the training paid by the employer for six months or more shall serve for the company for two years or more. If the employee resigns from the company during the compulsory service period, he/she shall compensate for the cost of training course.

### **Section 3: Leave**

#### **Article 29 (Reasons for Leave and Its Period)**

The company shall allow an employee a leave of absence under the circumstances as described below:

1. An employee is unable to work due to an injury or sickness not relating to his/her duty at the company: up to six (6) months.
2. An employee is infected with a contagious disease or illness and there is a danger that this disease may infect his/her fellow employees: according to the circumstances and the individual approval of the President.
3. An employee is temporarily unable to work due to personal reasons: according to the individual approval by the President.
4. The employee has been mobilized for a long period of time under the Military Service Act and the War-time Labor Mobilization Act: for the period of service.
5. An employee applies for leave of absence in order to nurture an infant who is less than one (1) year of age: up to twelve (12) months (including the period of maternity leave after child birth as set forth in Article 26).
6. An Employee is arrested or prosecuted due to his/her personal affairs: until the first verdict

#### **Article 30 (Treatment during Leave Period)**

1. The leave period shall not be included in determining working years.
2. Sick leave taken relevant to the duties with the Company shall be handled in accordance with relevant laws.
3. For sick leave not attributed to duties to the Company, the salary shall not be paid.
4. Nursing leave taken shall be handled in accordance with relevant laws and no unfair treatment including dismissal can be taken against employees who claim such leave.
5. Employees shall observe all company regulations even while they are on leave.
6. Employees shall report all changes (e.g., changes of address or status) immediately to the Company even while they are on leave.
7. Employees shall not engage in other work while they are on leave. When employees engage in other work without permission of the Company, they shall be deemed to have left the Company as of the date they took leave.

8. The periods of a leave of absence, except for a period for the military service, shall be included in the length of consecutive service for the purpose of calculating the severance payment.
9. During the period of the leave of absence, no annual or monthly leave shall accrue, nor shall the employee have the right to receive any kind of special bonuses or special performance bonus paid by the Company.

#### **Article 31 (Treatment during and after Leave Period)**

1. Employees who take leave for reasons indicated in Paragraph 1 and 2 of Article 29, but later recover shall return to work submitting Work Return Form and a medical certificate issued by a doctor. However, when employees fail to recover even after leave period, the Human Resource Committee can determine whether or not to extend their leave period (within the same number of days as previous leave) a second time.
2. Employees who take leave for reasons indicated in the Article 29 shall return to work after they resolve their problems.
3. The Company shall review the submitted Work Return Form in accordance with Paragraph 1 and instruct relevant employees when and where to return to work.
4. Employees that take leave with the Company's approval and fail to submit Work Return Form within 7 days after expiration of the leave period shall be deemed to have left the Company and they shall be dismissed.

#### **Section 4: Retirement and Dismissal**

##### **Article 32 (Criteria for Leaving the Company)**

Employees subject to one of the following shall be deemed to have left the Company:

1. When they reach retirement age.
2. When they voluntarily submit a leave request form and the Company accepts it or 14 days have passed since the leave request form is submitted.
3. When the leave period has ended and they failed to resolve their reasons for leave.
4. When they are subject to Paragraph 4 of Article 31.
5. When they have died.
6. When they are deemed as bankrupt, incompetent or quasi-incompetent.
7. When they are dismissed in accordance with this rules of employment.

##### **Article 33 (Retirement Age)**



Employees shall retire at the age of 62 in full. An Employee shall retire as of the last day of the month in which he/she has reached the retirement age. The Company may extend the above retirement age of an Employee who the Company deems necessary.

#### **Article 34 (Voluntary Leave Process)**

Any Employee desiring to resign voluntarily from the Company shall submit a request for voluntary resignation at least 30 days prior to the intended resignation date in the prescribed form to the Company and shall continue to perform his/her duties until the Company accepts his/her resignation and thereafter shall diligently transfer his/her duties to his/her successor Employee.

#### **Article 35 (Dismissals)**

Employees subject to one of the following shall be dismissed from the Company.

1. They showed poor work performance and did not work hard to improve.
2. They had a poor attendance record, received disciplinary punishment more than three (3) times and did not show up for work for more than seven (7) days without valid reason.
3. They are incompetent to handle work physically and mentally.
4. Their medical check-up records showed they are unfit for work.
5. The Company requires downsizing.
6. They embezzled company money or caused substantial financial loss or damage intentionally or through their mistakes.
7. They lied about their career and education background and qualifications.
8. They were sentenced to imprisonment for a crime.
9. They leaked or disclosed classified information
10. They did not follow instructions of the supervisor or blackmailed colleagues.
11. They joined another company without first leaving the Company.
12. They forged, changed or lost company documents.
13. They are found to be unqualified to continue with the Company.
14. They caused great damage to the Company by illegally receiving monetary gifts or entertainment.
15. And other occasions which provide valid reason to dismiss an employee.
16. They have possessed and leaked Company documents without permission.

#### **Article 35-2 (Request for Remedy for Unfair Dismissal)**

When the employee is, with out any justifiable cause, dismissed or other punishments, he

may request remedial action from the Labor Relations Commission.

### **Article 35-3 (Dismissal for Managerial Reasons)**

1. The Company can dismiss employees due to managerial reasons.
2. When the Company intends to dismiss an employee due to urgent managerial reasons, the Company shall consult with the employee representative at least 50 days prior to the intended dismissal. In this regard, the Company shall provide the employee representative with all related information such as the reasons for dismissal, measures for avoiding dismissal or minimizing the number of employees to be dismissed, criteria and method of selecting employees to be dismissed, number of employees to be dismissed, scheduled date of dismissal, etc.
3. The Company shall make every effort to avoid or minimize dismissal, before carrying out dismissal for urgent managerial reasons, by methods like the rationalization of the management policy or working method, prohibition on new employment, relocation to another department through education, training and retraining, restriction on extension of working hours, and voluntary early retirement, etc.
4. When the Company intends to carry out dismissal for managerial reasons, it shall determine the reasonable criteria for the selection of employees to be dismissed in overall consideration of the employee's job performance, age, consecutive service years and number of dependent family members, etc.

### **Article 36 (Notice for Dismissal)**

When employees are dismissed in accordance with Article 35, they shall be either given 30-day prior notice or be paid 30-day ordinary wage before the dismissal.

### **Article 37 (Cases Not Applicable for Notice for Dismissal)**

Article 36 is not applicable to the following:

1. Employees are unable to work due to natural disasters, intentionally damaged the Company financially, and whose termination is approved by the Labor Minister.
2. The Contract is terminated according to Paragraph 2 of Article 27.

### **Article 38 (Obligation for Returning Company Properties)**

Employees who retire or are dismissed from the Company shall immediately return Company property.

### **Article 39 (Severance Payments)**

1. For employee who has worked for at least one (1) year, he/she shall be entitled to a severance pay equivalent to 30 days (ie 1 month) of his/her average wage for each preceding year of service.
2. For employee who has worked for more than 5 years, he/she shall be entitled to a severance pay equivalent to 45 days (ie 1.5 month's) of his/her average wage for each preceding year of his/her service exceeding 5 years.
3. In computing the length of service, a partial year shall be prorated according to the number of months and days involved.
4. If the Employee requests, the Company may calculate and pay severance payments for his/her consecutive service years in advance. After such payment, the consecutive service years for severance shall be recalculated from the date of such payment.
5. Under the Severance Pay Security Act, the Company may establish a defined benefit plan or a defined contribution plan and the details shall be separately set up in Severance Pay Rules.

### **Article 39-2 (Early Retirement Allowance)**

When the employee retires involuntarily due to a reason attributable to the employer, the Company may pay a certain amount of early retirement allowance besides the statutory severance pay.

## **Section 5: Taking Over and Handing Over Duty**

### **Article 40 (Taking Over and Handing Over Duty)**

When the status of employees is changed due to transfer, relocation, leave, suspension or retirement, relevant duties (including documents and working tools) must be handed over to the successor within the date set by the Department Head.

### **Article 41 (Obligation for Providing Detailed Explanation)**

While handing over the duty described in the previous article to the successor, relevant employees shall provide detailed oral explanations on handling the relevant work.

#### **Article 42 (Responsibility)**

Employees who are taking over the work shall handle the task in a sincere manner. In the event they fail to discover illegal activities or violations intentionally or by accident, they shall take responsibility for the consequences.

#### **Article 43 (Others)**

Issues not dealt in this Chapter shall be handled by a separate Human Resource Management Rules.

### **Chapter 6 Safety and Sanitation**

#### **Article 44 (Safety and Sanitation)**

Employees shall observe Korean laws and the Company's instructions related to safety and sanitation, and maintain and improve safety and sanitation in the workplace by organizing and cleaning up the surroundings.

#### **Article 45 (Employees Not Acceptable)**

Employees requiring a doctor's assistance or falling under one of the following shall be deemed not accepted to work:

1. Employees having a mental illness, contagious disease, and are suspected of being infectious.
2. Employees having contagious disease or tuberculosis.
3. Employees who had contact with infectious patients and are suspected of being infectious.
4. Employees who are in a similar situation as those described above.

### **Chapter 7 Accident Compensation**

#### **Article 46 (Accident Compensation)**

Employees who are injured, become ill, or die while on duty shall be paid accident compensation in accordance with the Industrial Accident Compensation Insurance Act or other relevant Korean laws.

## **Chapter 8 Commendation**

### **Article 47 (Commendation Candidates)**

Employees who fall under one of the following shall be commended after screening:

1. Employees producing new inventions or achieving major breakthrough in R&D.
2. Employees who have shown superb performance.
3. Employees who have been faithful, loyal and provided long service to the Company.
4. Employees who prevented disasters (e.g., fire) beforehand and worked during emergency situations.
5. Employees who have other valid reasons to be commended.

### **Article 48 (How to Commend)**

1. Employees commended will receive an honorary certificate, a prize or monetary reward.
2. Details of the commendation shall be determined based on the Rewarding Regulation.

## **Chapter 9 Discipline**

### **Article 49 (Principle of Discipline)**

The Company can discipline employees to observe workplace regulations and to protect both the Company and its employees.

### **Article 50 (Types and Disciplinary Actions)**

Types and degrees of disciplinary actions can be divided as follows:

- (1) Reprimanding: Employees are reprimanded either orally or in writing and can be ordered by the Company to submit written apologies.
- (2) Salary Reduction: The salary is reduced by a half amount of one-day salary from average wage or, reducing within one-tenth of the total amount of wages at each time of wages payment.
- (3) Demotion: Employee is demoted in his or her position.
- (4) Suspension: Five (5) day suspension is ordered and no salary is paid by the Company.
- (5) Long-term suspension: Three (3) month suspension is ordered and no salary is paid by the Company.
- (6) Penal Dismissal: Employees are dismissed by the Company.

## **Article 52 (Reasons for Disciplinary Actions)**

Employees that fall under one of the following can be subject to disciplinary actions.

### **① Show Bad Attitude**

1. Employees who have neglected their work.
2. Employees who create problems with other employees
3. Employees who violate the written oath or Company regulations, and disturbed order in the workplace or damage company reputation through inappropriate behavior
4. Employees who have left their work station without valid reason or fell asleep at their work station during working hours
5. Employees who do not come to work, arrive late to work, or leave early without valid reason
6. Employees who mismanage classified information
7. Employees who did not abide by instructions on health and safety
8. Employees who disturbed orders in the workplace
9. Employees who failed to follow the boss without valid reasons
10. Employees who engage in drinking, gambling or other similar acts at the Company
11. Employees who damage, remove, change or get rid of company bulletin announcements
12. Employees who blackmail other employees and hinder others from doing their work
13. Employees who receive many complaints from customers due to their inappropriate behavior
14. Employees who avoid or do not properly receive training provided by the Company without valid reason
15. Employees who fail to return to the workplace after completing training courses or leave the training location without permission of the Company
16. Employees who intentionally perform their duties poorly or neglect to do their work
17. Employees who manipulate documents for the purpose of making false reports intentionally or through mistake

18. Other cases that are similar to situations as described above

② Engage in Criminal Acts

1. Employees who attempt to steal, embezzle or take away company property without permission
2. Employees who engage in acts of theft, embezzlement or harming others and as a result damage the Company's reputation and credit
3. Employees who illegally borrow money from others or receive bribes and entertainment by using their job title.
4. Employees who engage in assemblies, delivered speeches, held discussions, took collective actions and demonstrations without a permission of the Company or carried out political activities

③ Lying and Others

1. Employees who joined the Company by lying about their career and educational background
2. Employees who caused major damage (financial and/or physical) to the Company intentionally or through their mistakes
3. Employees who harmed the Company's reputation and credit
4. Employees who were directly related to sexual harassment cases
5. Employees who leaked or disclosed classified information
6. Employees who engage in their own business or work for others without permission of the Company
7. Employees who are considered unfit because they have obstructed the Company's profit
8. Employees who violated the general rules by performing illegal sales activities and harmed Company credit by not issuing receipts
9. Employees who are subject to punishment for any other reasons

**Article 53 (Disciplinary Procedure)**

1. The Disciplinary Committee shall be composed of three (3) or more Disciplinary Committee members appointed by the President of the Company.
2. The Disciplinary Committee shall be convened whenever deemed necessary. Employees subject to the disciplinary actions shall be notified of the expected disciplinary actions and will have the opportunity to defend themselves towards the Disciplinary Committee.
3. The Disciplinary Committee shall be considered to be constituted with the attendance of the majority of the members. The majority of the attending committee members shall adopt resolutions.

4. In spite of above paragraphs “Written reprimand” can be carried out at the sole of discretion of the Division manager, the Human Resources and/or the President without the Disciplinary Committee.

#### **Article 54 (Punishment of Accomplices)**

Employees that have assisted, worked together or agitated others to commit crimes shall also be subject to equivalent punishment.

#### **Article 55 (Unsuccessful Attempts)**

1. Employees who commit major crimes shall be responsible for their conduct regardless of the success or failure in the attempt.
2. In the event an employee who attempted to commit crimes demonstrates deep regret for their conduct or submits a written apology, the degree of their punishment may be reduced.

#### **Article 56 (Lack of Supervision)**

When employees are punished, their supervisor may be jointly punished for lack of supervision depending upon the situation unless necessary preventive measures were taken in advance but the crime was committed nevertheless.

#### **Article 57 (Claiming for Compensation)**

Employees may be subject to compensate a part of or all the damage done to the Company caused by their intentional or unintentional mistake depending on the circumstances.

### **Chapter 10. Business Trips**

#### **Article 58. Regulations for Business Trips**

1. Prior to any business trip employees have to apply for the permission of the Division Manager and/or the President of the Company. Approvals follow the authorization procedures and power of attorney of the Company.
2. Regulations for business trips are described separately in the corresponding process



descriptions.

#### **Article 59. Travel Expenses**

All expenses are covered by the Company within the company's regulations, common practice and understanding that the Employee acts in all aspects in the interest of the Company.

### **Chapter 11. Promotion and Location of work**

#### **Article 60. Promotion**

Employees shall be promoted based on their individual skills, competencies and achievements. Promotions are proposed and will be decided upon by the direct superior in charge, the Division Manager and the HR Manager. Any promotion has to be finally approved by the President of the Company.

#### **Article 61. Location of work – Transfers**

1. The Company may transfer an employee to another office or facility and/or change the assigned duties.
2. If an employee is transferred to a different location due to business requirements, the Company shall take care of reasonable expenses (e.g. transport, renovation, real estate agent, etc.).
3. If no separate process description is established, decisions regarding expenses will be made on a case-by-case basis and shall be subject to the approval by the President of the Company.

### **Chapter 12. Communication and Cooperation**

#### **Article 62. Labor-Management Council**

➔ **This article will be applied when the company hires more than 30 employees.**

1. To improve productivity, practice best corporate governance, ensure open communication between employees and employer and to build mutual trust and relations, the Company shall organize a Labor-Management Council composed of the employee representatives, and the Company Management. Regular meetings will be held pursuant to the laws governing the employee's participation and promotion of cooperation.
2. Detailed matters relating to the operation of the Labor-Management Council shall be

followed and set forth in separate guidelines.

#### **Article 63. Social Events**

1. In order to enhance communication and teamwork among employees as well as cooperation between colleagues across divisions and hierarchies, the Company may organize and financially support the following events on a voluntary base:
  - Annual picnic party
  - Annual year-end party
2. Conditions and regulations are established either on a case-by-case basis or by separate regulations and are subject to the approval of the President.

### **Chapter 13. Gender Equality**

#### **Article 64. Prohibition of Gender Discrimination**

1. The Company shall not take any disadvantageous measures against any employee with regard to wage, education, assignments, promotions, retirement age, resignation or dismissal, or on the basis of gender.
2. The Company shall provide female applicants with equal opportunity in the recruitment and employment process.

#### **Article 65. Prevention and Independent Settlement of Sexual Harassment**

1. The Company shall implement educational training on one (1) or more occasions each year for the prevention of sexual harassment which may arise in the work place.
2. Employees who are victims of sexual harassment within the workplace may report such harassment verbally or in writing to one of his/her department head, the Grievance Handling Committee and the head of the Human Resources Division, or have a consultation with one of them.
3. The person who has received a report of sexual harassment within the work place shall immediately report such harassment to the Representative Director, and the Representative Director shall establish a separate grievance handling organization or instruct the existing organizations, such as the Personnel Department, etc., to promptly investigate the sexual harassment and report the results of investigation.
4. The organization/employee who is in charge of the investigation of sexual harassment within the workplace shall, as soon as possible, investigate the victim, suspected harasser and other witnesses, etc. while maintaining secrecy, and shall report in writing the result of investigation to the Representative Director.

5. According to the results of investigation, the Company shall take measures, such as relocation to another department, disciplinary action and other similar measures, against an employee who commits sexual harassment against another employee in the workplace, in consideration of the seriousness and continuity of sexual harassment. The provisions of disciplinary action committee hereof shall apply mutatis mutandis.
6. The Company shall not treat an employee who is a victim of sexual harassment in a disadvantageous manner because he/she requested counselling, instituted a grievance, or filed a petition or lawsuit, etc.

### **Supplementary Provisions**

1. These Regulations are made in the English and Korean languages. In case of a conflict between the two (2) versions, the Korean language version shall prevail and be the governing text.
2. These Rules of Employment shall take effect from April 1, 2007; Provided, that the regulation of Annual Paid Leave in the Rules shall be applied retroactively from January 1, 2007.
3. Any conflicts regarding matters not covered by these Regulations and other Company regulations shall be governed by the relevant laws, regulations and ordinances of the Republic of Korea. These Rules and the Company regulations shall be deemed to have been amended to the extent that the relevant laws, regulations and ordinances are amended and in accordance with the spirit of such amendment.