

# CORPORATE GOVERNANCE

Sound corporate governance is fundamental in winning trust. KKPC has therefore established an advanced corporate governance system with its Board of Directors taking a central role, in order to ensure transparency for stakeholders and increase trust in the company's management.

## BOARD OF DIRECTORS

KKPC's Board of Directors (BOD) is a decision-making body that makes important decisions and provides advice on business activities. All BOD decisions represent shareholder interests, and are aimed at maximizing corporate value from a long-term, sustained perspective. As of the end of 2018, the BOD consisted of nine directors, including six outside directors who were recommended by the Outside Director Nominating Committee and elected at the annual general meeting (AGM). In 2018, there were eight Board meetings to decide on 31 agenda items related to major business matters.

To guarantee the independence and expertise of the BOD, outside directors hold a majority of the seats. Three new outside directors were elected at the 2018 AGM, resulting in a total of six outside directors, doubling previous year's figure. BOD meetings are held periodically to conduct detailed reviews of the company's major business issues, with active participation of outside directors, recording an attendance rate of around 97%. We plan to look into measures to form the Board members in order to ensure more stable BOD operations and to help them make decisions from various perspectives.

## BOARD COMMITTEES

In order to ensure the efficient and professional operations of the BOD, KKPC has established two committees within the BOD – the Audit Committee and the Outside Director Nominating Committee. The Audit Committee focuses on increasing transparency in the management of the company, and ensuring the accuracy and credibility of accounting information. It consists only of outside directors, and is chaired by an expert in accounting and finance. The Outside Director Nominating Committee also consists only of outside directors, and uses an impartial process to identify, screen and recommend suitable candidates as outside directors.

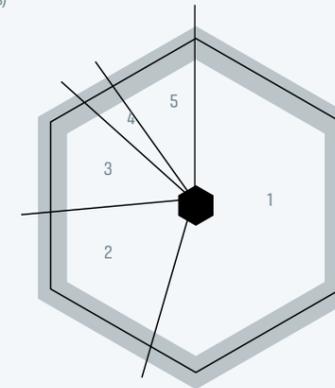


## OUTSIDE DIRECTORS' ATTENDANCE RATE

	Yong-man Rhee	Jin-ho Chung	Myoung-kee Jang	Woon-oh Jeong	Hwi-sung Lee	Ock-ryeol Song
Board Meetings	100%	100%	100%	100%	83%	100%
Audit Committee Meetings	100%	100%	-	100%	100%	-
Outside Director Nominating Committee Meetings	100%	100%	-	-	-	-

## BOARD AGENDA OVERVIEW

(Unit: Items)

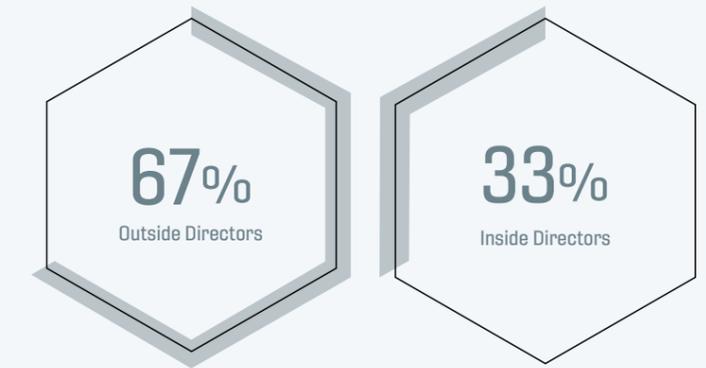


- 1 Finance and accounting 17
- 2 Sales and marketing 6
- 3 Governance 4
- 4 Investment 1
- 5 Others 3

31 Items

## BOARD STRUCTURE

(Unit: %)



## GOVERNANCE STRUCTURE



## BOD COMPOSITION

### INSIDE DIRECTORS

#### Chan-ko Park

- Chairman & CEO, Kumho Petrochemical

Chan-ko Park chairs the KKPC BOD and is also the Chairman of KKPC, the top decision-maker in corporate management. Mr. Park graduated from Iowa State University in the U.S. with a degree in statistics. He then joined KKPC and has served as the CEO of several chemical companies, including KKPC and Kumho Mitsui Chemicals. During his more than four decades at KKPC, he has made major decisions in the company's corporate development. He also served as chair of the International Institute of Synthetic Rubber Producers (IISRP) from 2010 to 2011, leading the development of the synthetic rubber industry.

#### Seong-cha Kim

- President & CEO, Kumho Petrochemical

Seong-cha Kim is the President & CEO of KKPC, making decisions on major business matters for the company. Mr. Kim graduated from Yonsei University in Korea with a degree in chemical engineering and then joined KKPC. He has led a wide range of sales activities in Korea and overseas throughout his career, which has given him extensive experiences in the synthetic rubber industry. He has been part of KKPC's corporate management as President & CEO since 2010 and continues to lead the company's development.

#### Dong-joon Moon

- Vice President & CEO, Kumho P&B Chemicals

Dong-joon Moon is the Vice President & CEO of Kumho P&B Chemicals, and is also part of KKPC's corporate management that makes decisions on the company's major business matters. Mr. Moon joined KKPC after graduating from the Department of Agricultural Economics at Korea University. After working in planning and overseas business at KKPC, he took charge of management and finance at Kumho Mitsui Chemicals and Kumho P&B Chemicals. With this extensive experience, he has been contributing to the company as Vice President & CEO of Kumho P&B Chemicals since 2012.

### OUTSIDE DIRECTORS

#### Yong-man Rhee

- Chair, Outside Director Nominating Committee  
- Member, Audit Committee  
- Former Minister, Korean Ministry of Strategy & Finance

Yong-man Rhee is an incumbent outside director of KKPC. Mr. Rhee has extensive experiences in finance and policy, having previously served as Secretary in Korea's Presidential Secretariat and Minister of Strategy & Finance. He is also a member of both the Audit Committee and the Outside Director Nominating Committee, and contributes to the stability and independence of KKPC's corporate governance.

#### Jin-ho Chung

- Chair, Audit Committee  
- Member, Outside Director Nominating Committee  
- Chairman & CEO, The Wells Investment

Jin-ho Chung is an incumbent outside director of KKPC. He has extensive experiences in finance and investment through his career at Nomura Securities, and he was also formerly President & CEO of Prudential Investment & Securities. He is now the incumbent Chairman & CEO of The Wells Investment. As an expert in accounting and finance, Mr. Chung is a member of both the Audit Committee and the Outside Director Nominating Committee, and contributes to the stability and independence of KKPC's corporate governance.

#### Woon-oh Jeong

- Member, Audit Committee  
- Professor, Seoul National University Business School

Woon-oh Jeong is an incumbent outside director of KKPC. He previously served as President of the Korean Academic Society of Taxation and the BOD Chairman of the Korea Accounting Institute. He is currently a business administration professor at the Seoul National University Business School. As an expert in finance and accounting, Professor Jung offers his opinions from a principles-based and analytical perspective, which considerably enhances decision-making capabilities of the BOD. He also contributes to the stability and independence of KKPC's corporate governance.



#### Hwi-sung Lee

- Member, Audit Committee  
- Former CEO, IBM Korea  
- Former Vice President of Strategy, IBM Headquarters  
- CEO, Innovation Company ShallWe

Hwi-sung Lee is an incumbent outside director of KKPC. He previously served as CEO of IBM Korea and Vice President of Strategy at IBM Headquarters, and is currently CEO of the Innovation Company ShallWe. His experience is a major asset in decision-making that requires multilateral and multinational perspectives, including issues relating to the company's new business and mid- to long-term strategy. He also contributes to the stability and independence of KKPC's corporate governance.

#### Myoung-kee Jang

- Member, Audit Committee  
- Former Director, Korea Exchange Bank  
- Chairman & CEO, Fidelis Partners

Myoung-kee Jang is an incumbent outside director of KKPC. He has served as a deputy director of major banks in Korea, including Shinhan Bank and Korea Exchange Bank, and is currently Chairman of Fidelis Partners. With his considerable experience in the financial sector, he provides extensive help and advice on decision-making on the company's funding and investment policy, and contributes to the stability and independence of KKPC's corporate governance.

#### Ock-ryeol Song

- Professor, Seoul National University School of Law

Ock-ryeol Song is an incumbent outside director of KKPC. Previously a lawyer at the Kim & Chang law firm, he is now a professor at the Seoul National University School of Law. He brings a legal perspective to resolve legal risks related to decision-making, and contributes to the stability and independence of KKPC's corporate governance.