

Matters related to corporate organizations such as Board of Directors and affiliate companies

- 1) Overview of corporate organizations such as BOD
- 2) BOD operation policy
- 3) Matters related to the audit system
- 4) Salaries of executive members

Matters Related to Corporate Organizations such as Board of Directors and Affiliate Companies

1) Matters Related to Corporate Organizations such as Board of Directors and Affiliate Companies

(1) Composition of Board of Directors

(A) Rights of BOD

- ① Deciding on matters specified by law or in the Articles of Incorporation, matters delegated by Shareholders' Meetings, and major matters related to the Company's business policies
- ② Supervision of BOD members

(B) Disclosure of information about BOD candidates prior to Shareholders' Meetings and recommendations by shareholders

- ① Personal details of the BOD candidates are disclosed prior to Shareholders' Meetings
- ② Candidate information is disclosed through notification at Shareholders' Meetings and on the Bulletin Board
- ③ No candidates have been recommended by shareholders up to now

(C) Outside directors

Name	Major career	Relationship with largest shareholder, etc.	Participation in domestic and overseas training	Ref
Chae, Su-gyu	Ph.D., Food Engineering, Korea University Professor, Health Industry Dept, Eulji University	N/A	-	Appointed on Mar 16, 2007
Kim, Chang-seop	B.A., Diplomatic Relations, Seoul National University Former Lotte Capital CEO Former Lotte Capital advisor	N/A	-	Appointed on Mar 21, 2008
Park, Hyeon-jin	Ph.D., Food Engineering, Georgia State University, KAIST Food Engineering researcher, Professor, Bio-science Dept, Korea University	N/A	-	Appointed on Mar 21, 2008
Jeon, Shin-gi	B.A., Public Administration, Myeongji University, Fair Trade Commission Seoul Area Office, Kim & Chang Law Firm advisor	N/A	-	Appointed on Mar 21, 2008

Matters Related to Corporate Organizations such as Board of Directors and Affiliate Companies

- ※ Organization (department) supporting BOD members' work
: General Affairs Team (In charge: Park Hun-jin ☎02-2670-6302)
- ※ Outside directors have the same access to business information as BOD members
- ※ Outside Director Lim Gyeom-mo resigned with the completion of his term and Chae Su-gyu was newly appointed at the 40th Shareholders' Meeting held on March 16, 2007
- ※ Outside Director Hong Seong-dae resigned with the completion of his term and Kim Chang-seop, Park Hyeon-jin and Jeon Shin-gi were appointed as outside directors cum audit members at the 41st Shareholders' Meeting held on March 21, 2008

(2) BOD operation

(A) Major details concerning BOD operation regulation

- ① Composition: BOD is composed of its members and audit members may take part in the meetings to state their opinions.
- ② Chairman: CEO becomes the chairman. If there are 2 CEOs, BOD decides on the chairman
- ③ Meetings: Meetings are categorized into regular and provisional meetings. Regular meetings are held on the second Wednesday of every month.
- ④ Resolution method: In principle, resolution is made based on the presence of a majority of the BOD and the majority consent of the members present.
Members who have a special interest in the issue to be voted on cannot exercise their voting right
- ⑤ Other matters
 - Matters related to convocation of Shareholders' Meetings and approval of sales reports and financial statements
 - Matters related to business including establishing, moving or closing sales offices, local business units or factories
 - Matters related to BOD itself, such as CEO and BOD member appointment and dismissal
 - Matters related to finances
 - Other matters related to relevant regulations, the Articles of Incorporation and matters that have been delegated by Shareholders' Meeting
- ⑥ Meeting minutes: BOD writes and keeps minutes

Matters Related to Corporate Organizations such as Board of Directors and Affiliate Companies

2) Matters related to audit

(1) Audit organization

(A) Composition of Audit Committee

: The Company had one standing auditor (Kim Sang-dae), but he resigned at the 41st Shareholders' Meeting held on 21 March, 2008. An Audit Committee was established consisting of 3 outside directors cum audit members.

(B) Provision of internal policy to allow the Audit Committee to access business information for their audit work

- ① Attending BOD meetings to state opinions
- ② Right to demand reports on sales activities and investigate business activities and financial status
- ③ Study the bills and data that the directors submit to the BOD

(C) Auditor's career information

Name	Major career	Ref
Kim Sang-dae	Milyang High School	2008.03.18
	Former Accounting Manager in Lotte Confectionery	Resigned as standing auditor
	Former Packaging Business Director in Lotte Shopping	2003.03.21
		Appointed as standing auditor
		2006.03.24
		Re-appointed as standing auditor
		2008.03.21
		Resigned as standing auditor

※ Major activities of Audit Committee

: The committee was established and its members were appointed at the 41st Shareholders' Meetings held on

Name	Major career	Ref
Kim Chang-seop	B.A., Diplomatic Relations, Seoul National University Former Lotte Capital CEO Former Lotte Capital advisor	Appointed on Mar 21, 2008
Park Hyeon-jin	Ph.D., Food Engineering, Georgia State University, KAIST Food Engineering researcher, Professor, Bio-science Dept, Korea University	Appointed on Mar 21, 2008
Jeon Shin-gi	B.A., Public Administration, Myeongji University, Fair Trade Commission Seoul Area Office, Kim & Chang Law Firm advisor	Appointed on Mar 21, 2008

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(2) Major audit activities

: The Company had one standing auditor (Kim Sang-dae), but he resigned at the 41st Shareholders' Meeting held on 21 March, 2008. An Audit Committee was established consisting of 3 outside directors cum audit members.

Meeting	Date held	Agenda	Voting result	Ref
①		Attending Shareholders' Meeting and reporting on audit results		
②		For matters related to activities within the BOD, refer to (B) Major BOD activities of (2) BOD operation		

※ Major activities of Audit Committee

: The committee was established and its members were appointed at the 41st Shareholders' Meetings held on March 21, 2008.

Meeting	Date held	Agenda	Voting result	Ref
1st	2008.03.21	1. Appointment of Audit Committee Chairman	Passed	All 3 members attended and Jeon, Shin-gi appointed as Chairman

3) Matters related to shareholders' voting rights

(1) Cumulative voting

N/A

(2) Written voting or electronic voting

N/A

(3) Minority shareholders' exercise of rights

Person who exercised rights	Minority shareholder rights	Reason for exercising rights	Sequence	Ref
	N/A	N/A	N/A	

4) Salary of BOD and Audit Committee members

(1) Salary information of BOD and Audit Committee members (including outside directors)

(Units: KRW 1 mil)

Item	Total amount paid	Amount approved by Shareholders' Meeting	Avg salary per person	Total value of stock option	Ratio	Ref
Director	1,200,127	3,000,000	200,021	-	-	# of people included in calculating avg salary: 6
Outside Director	73,000		36,500	-	-	# of people included in calculating avg salary: 2
Auditor	51,413	200,000	51,413	-	-	# of people included in calculating avg salary: 1
Total	1,324,540	3,200,000	147,171	-	-	# of people included in calculating avg salary: 9