



Korea Exchange: **001800**

ISIN: **KR7001800002**

MEETING DATE: 31 MARCH 2017

RECORD DATE: 31 DECEMBER 2016

PUBLISH DATE: 17 MARCH 2017

INDEX MEMBERSHIP: KOSPI 100; KOSPI 200

SECTOR: CONSUMER STAPLES

INDUSTRY: FOOD PRODUCTS

COUNTRY OF TRADE: KOREA, REPUBLIC OF

COUNTRY OF INCORPORATION: KOREA, REPUBLIC OF

VOTING IMPEDIMENT: NONE

DISCLOSURES: NONE

COMPANY DESCRIPTION

Orion Corporation engages in the confectionery business in South Korea and internationally.



OWNERSHIP

ESG PROFILE

PREVIOUS BOARD

VOTE RESULTS

APPENDIX

2017 ANNUAL MEETING

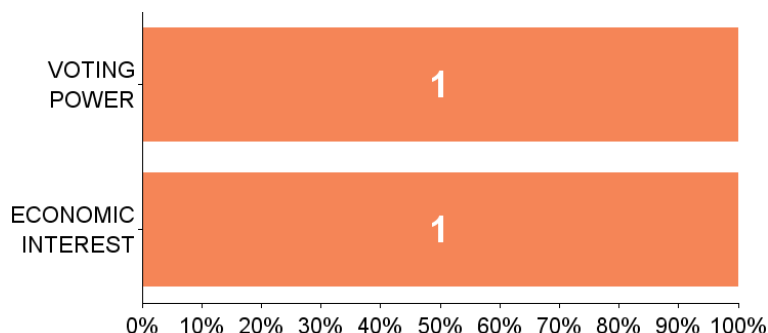
PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Accounts and Allocation of Profits/Dividends	FOR	AGAINST	• Unaudited financial statements
2.00	Election of Directors (Slate)	FOR	AGAINST	• Board independence
2.10	Election of Executive Directors (Slate)	FOR	AGAINST	• Board independence
2.11	Elect PARK Sung Gyu	FOR	FOR	
2.12	Elect PARK Sae Yeol	FOR	AGAINST	• Board independence
2.20	Election of Independent Director: KANG Chan Woo	FOR	FOR	
3.00	Election of Corporate Auditors	FOR	FOR	
4.00	Directors' Fees	FOR	FOR	
5.00	Corporate Auditors' Fees	FOR	AGAINST	• Excessive compensation
6.00	Stock Split	FOR	FOR	
7.00	Spin-off	FOR	FOR	
8.00	Amendments to Articles	FOR	FOR	

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Common Stock
SHARES OUTSTANDING	5.3 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	31.20%
STRATEGIC OWNERS**	38.10%
FREE FLOAT	61.90%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 05-JAN-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Hwa-Kyung, Lee	16.56%	N/A	Individuals/Insiders
2.	Dam, Cheol-Gon	14.59%	N/A	Individuals/Insiders
3.	National Pension Service	8.03%	South Korea	Government Pension Plan Sponsor
4.	GIC Pte. Ltd.	6.92%	Singapore	Sovereign Wealth Fund
5.	Matthews International Capital Management, LLC	4.30%	United States	Traditional Investment Manager
6.	Capital Research and Management Company	4.09%	United States	Traditional Investment Manager
7.	Mirae Asset Global Investments Co., Ltd	2.13%	South Korea	Traditional Investment Manager
8.	BlackRock, Inc.	1.79%	United States	Traditional Investment Manager
9.	The Vanguard Group, Inc.	1.47%	United States	Traditional Investment Manager
10.	Fidelity Investments	1.42%	United States	Traditional Investment Manager
11.	Aberdeen Asset Management PLC	1.31%	United Kingdom	Traditional Investment Manager
12.	Capital Group International Inc.	0.92%	United States	Traditional Investment Manager
13.	Norges Bank Investment Management	0.89%	Norway	Government Pension Plan Sponsor
14.	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	0.73%	United States	Traditional Investment Manager
15.	State Street Global Advisors, Inc.	0.56%	United States	Traditional Investment Manager
16.	TOBAM	0.40%	France	Traditional Investment Manager
17.	Dimensional Fund Advisors LP	0.36%	United States	Traditional Investment Manager
18.	Columbia Wanger Asset Management, LLC	0.35%	United States	Traditional Investment Manager
19.	Baillie Gifford & Co.	0.34%	United Kingdom	Traditional Investment Manager
20.	Caisse de dépôt et placement du Québec	0.32%	Canada	Traditional Investment Manager

*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 05-JAN-2017

**CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD ¹
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	3.0%	3.0%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.0%	1.0%

¹N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

OVERALL ESG SCORE

Laggard



Comparative Industry: **Food Products**

Board oversight for ESG Issues: **No**

All data and ratings provided by:



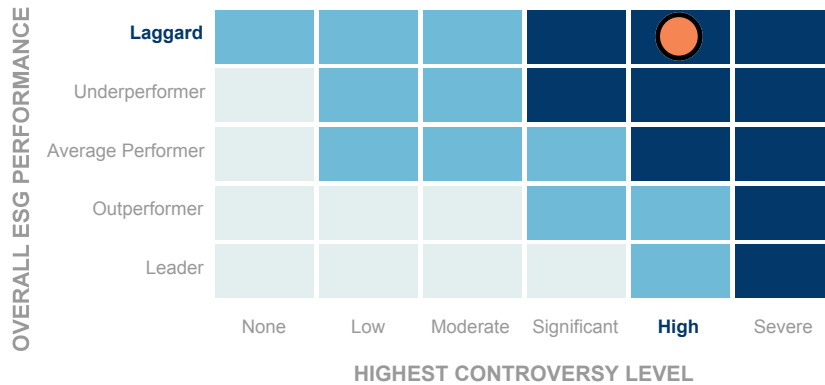
Last Update: **January 30, 2017**

ANALYST COMMENTARY

Orion Corporation (Orion), headquartered in South Korea, manufactures and markets confectionery (94% of revenue) and entertainment (6%). The company operates in South Korea (29% of revenue) and internationally (71%). Its confectionery division includes packaged snacks (39% of sales), cakes (30%), biscuits (21%), and gum (10%). The company generally states that its innovation is focused on health, nutrition, and wellness; however, no policies or programmes are disclosed that indicate how this may be implemented. We consider Supply Chain, Energy Use, and Product Sustainability to be the company's key ESG issues. However, a lack of ESG-related disclosure gives us an overall negative view of the company.

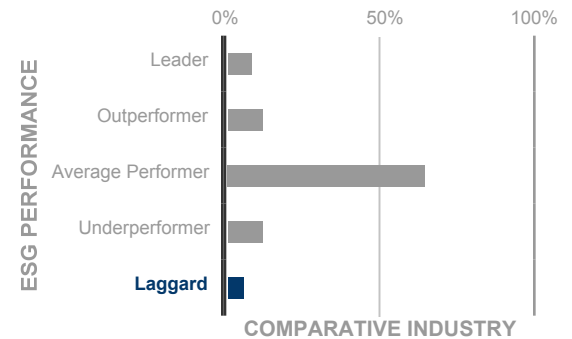
ESG RISK PROFILE

The graph below compares the Company's ESG performance to its involvement in controversies in order to provide an assessment of the Company's ESG risk profile.



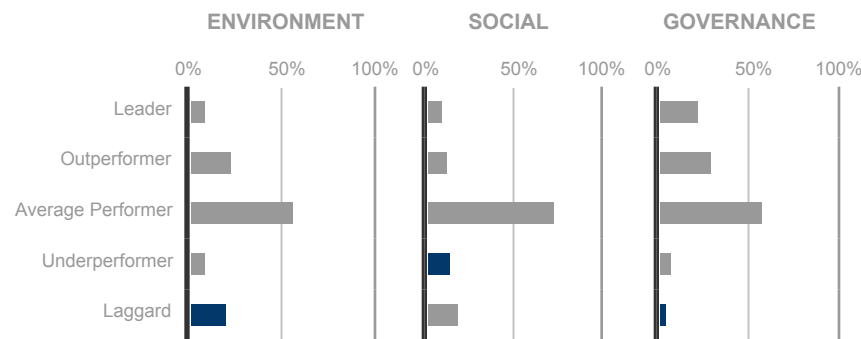
OVERALL ESG PERFORMANCE

The graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category.



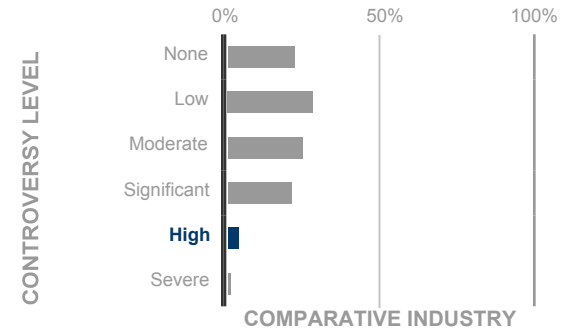
ESG PILLAR PERFORMANCE

For each pillar, the graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category. The governance pillar shown below is measured by Sustainalytics based on the Company's governance of sustainability issues.



HIGHEST CONTROVERSY LEVEL

The graph below indicates the percentage of companies in the comparative industry that fall within each controversy level.



Rows and categories shown in dark blue or bold represent the Company's category for the relevant assessment.

NOTEWORTHY CONTROVERSIES

SEVERE

Severe controversies are the most serious controversy level. They have the greatest negative impact on stakeholders and generate the greatest risk to a company's financial performance. Such controversies are highly exceptional. They indicate egregious practices and generally reflect a pattern of gross negligence, with the Company refusing to address the issue and/or concealing its involvement.

No severe controversies

HIGH

High-impact controversies are those that have major negative sustainability impacts and typically generate significant business risk to the Company. Such controversies are generally exceptions within an industry. They typically involve a pattern of negative events or impacts and indicate a lack of company preparedness to properly manage key sustainability issues.

Governance Incidents:

- Corporate Governance

SIGNIFICANT

Significant controversies have notable negative sustainability impacts and may generate business risk to the Company. Such controversies may be isolated or they may suggest a pattern, but they are generally not exceptional within an industry. However, they raise questions about whether a company's management systems are being implemented effectively and are able to address the issue in a satisfactory manner.

No significant controversies

PRODUCT INVOLVEMENT*



Gambling

Range: 10%-24.9%

The company owns and/or operates a gambling establishment.

NO PRODUCT INVOLVEMENT



Adult Entertainment



Alcoholic Beverages



Arctic Drilling



Controversial Weapons



Genetically Modified Plants & Seeds



Oil Sands



Pesticides



Thermal Coal



Tobacco

*Range values represent the percentage of the Company's revenue. N/A is shown where Sustainalytics captures only whether or not the Company is involved in the product.

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All data and ratings provided by:



PROPOSAL REQUEST:	Accounts and allocation of profits	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	AGAINST- Unaudited financial statements
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

SUMMARY

In KRW per share	FY 2016	FY 2015
Interim Dividend	0	0
Final Dividend	6,000	6,000
TOTAL DIVIDENDS FOR THE YEAR	6,000	6,000
DIVIDEND PAYOUT RATIO	62.2%	205.2%

GLASS LEWIS ANALYSIS

DIVIDEND

With limited exceptions, Glass Lewis will generally support the dividend policy proposed by a company. Here, we do not see any cause for concern in terms of the board's process in making this determination.

MARKET REGULATIONS AND PRACTICES

In accordance with Korean regulations, the legal deadlines of certain disclosures related to an annual general meeting ("AGM") and financial statements by a Korean company are as follows: (a) meeting notice and meeting circular - 14 days prior to the AGM; (b) auditor's report - 7 days prior to the AGM; and (c) annual report, which should include audited financial statements approved by shareholders at the AGM – between the AGM and 90 days after the last day of the previous fiscal year. As a result, companies may include unaudited financial statements in their AGM circulars with or without a note regarding the status of audit.

Given the lack of mandatory disclosure of audited financial statements, unless a company clearly states that its financial statements presented in the meeting disclosures are fully audited or it discloses its auditor's report around the announcement date of AGM circular, it is difficult for shareholders to determine whether they received audited financial statements in the meeting circulars.

GLASS LEWIS POLICY WITH REGARD TO FINANCIAL STATEMENTS

Even though it is not uncommon to see unaudited financial statements in Korean companies' meeting disclosures due to the aforementioned legal requirements, we nevertheless believe that it is imperative that the board of directors provide shareholders with transparent and accurate financial statements in a timely manner, especially before they need to cast their votes on this matter. The auditor opinion is crucial as it provides investors with reasonable assurance that the financial statements are presented fairly, in all material respects, and give a true and accurate view in accordance with the financial reporting framework. Without objective independent examination and verification of the financial statements, shareholders face challenges to understand the company's true financial condition and bear potential risk regarding any false information, such as errors or omissions in the financial statements, which may directly affect their investment decisions.

Given our concerns, unless we find that a company clearly affirms the completion of audit in its meeting circular or has disclosed its auditor's report before our publication, we cannot determine whether these accounts have been properly prepared in accordance with the generally accepted accounting principles in Korea and therefore cannot recommend shareholders approve the company's financial statements.

RECOMMENDATION

In this case, the Company states that its financial statements provided in the meeting circular have not been audited and may be adjustable upon the completion of independent auditor's audit. Given our concerns discussed above, we do not believe shareholders can support this proposal at this time.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST: Election of three directors	RECOMMENDATIONS & CONCERNS:
ELECTION METHOD: Majority	AGAINST- PARK Sae Yeol Board is not sufficiently independent
	FOR- KANG Chan Woo PARK Sung Gyu
	NOT UP- HUH In Cheol LEE Kyung Jae Insufficient number of directors on board LEE Kyu Hong

PROPOSAL SUMMARY

If elected, the term of office of the proposed candidates will be three years, which will be effective from the spin-off date discussed in Proposal 7.

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	TERM END
	HUH In Cheol*	57	M	Insider 1	Insider	No	2018
✓	PARK Sung Gyu*	53	M	Insider 2	Insider	No	-
	LEE Kyung Jae*	58	M	Insider 3	Insider	Yes	2019
	LEE Kyu Hong*	60	M	Insider 4	Insider	Yes	2018
☐	✓ PARK Sae Yeol*	48	M	Insider 5	Insider	No	-
	✓ KANG Chan Woo	54	M	Independent	Independent	N/D	-

C = Chair, * = Public Company Executive, ☐ = Withhold or Against Recommendation

1. Executive vice chairman.
2. Executive officer.
3. Representative director and president.
4. Vice president.
5. Executive officer.

**Percentages displayed for ownership above 1%, when available

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
HUH In Cheol	N/A	Yes	None
PARK Sung Gyu	N/A	Yes	None
LEE Kyung Jae	N/A	Yes	None
LEE Kyu Hong	N/A	Yes	None
PARK Sae Yeol	N/A	Yes	None
KANG Chan Woo	N/A	No	None

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION

001800*

REQUIREMENT

BEST PRACTICE

Independent Chair	No	N/A ¹	N/A ¹
Board Independence	17%	Majority; One-fourth ²	Majority; One-fourth ⁴
Audit Committee Independence	N/A	Two-thirds ³	100% ⁵
Compensation Committee Independence	N/A	Majority ³	100% ⁵
Nominating Committee Independence	N/A	Majority ³	Majority ⁵
Percentage of women on board	0%	N/A ¹	N/A ¹
Directors' biographies	Meeting Notice and Page 177 through 180 of 2016 3Q Report		

* Based on Glass Lewis Classification

1. N/A
2. Commercial Act. For companies with assets exceeding KRW 2 trillion, majority independent.
3. Commercial Act.
4. Code of Best Practices for Corporate Governance. For companies with assets exceeding KRW 1 trillion, majority independent.
5. Code of Best Practices for Corporate Governance.

Pursuant to the Commercial Act in Korea, a listed company with assets over KRW 2 trillion ("large company") is required to appoint at least three independent directors to the board and the independent directors should comprise a majority of a board. For a listed company with assets below KRW 2 trillion ("small company"), independent directors must comprise at least 25% of a board of directors.

In accordance with the Commercial Act, large companies are required to establish an audit committee and an independent director candidate nominating committee ("nominating committee"), which is responsible for nominating independent director candidates. The nomination committee should comprise a majority of independent directors and should be chaired by an independent director. According to the Code of Best Practices for Corporate Governance (the "Code"), a listed company should have two or more independent members on the board and both the audit committee and the compensation committee should consist solely of independent non-executive directors.

While most Korean companies allow shareholders to elect directors on an individual basis, shareholders are sometimes limited to voting only on the entire slate of directors due to the extended delivery process of proxy forms. To accommodate this, Glass Lewis provides recommendations for the election of directors both as a slate and individually.

We note that Korean laws and regulations require public companies to disclose only independent directors' attendance at board meetings. In this case, the Company satisfies the minimum disclosure requirement regarding director attendance. However, due to the limited amount of available information on the attendance of non-independent directors, we are only able to provide attendance-related voting recommendations for independent directors.

GLASS LEWIS ANALYSIS

We believe shareholders should be mindful of the following:

BOARD STRUCTURE

We note that the Company's total assets are below KRW 2 trillion and the Company is governed by a two-tier board.

COMPOSITION OF BOARD

According to the Company's disclosure, the board will consist of four directors during the fiscal year 2017. We note that the above board table reflects the latest composition of the board provided in the Company's disclosures and includes the proposed nominees. However, as of the writing of this report, we have not been able to obtain additional information regarding the retirees/resignees or the timing of their retirement/resignation. Therefore, the board of the fiscal year 2017 may consist of different directors from that above.

BOARD SIZE

Director LEE Kyung Jae serves as the representative director of the board. There will be fewer than five directors on the board. Generally, we believe that the board is in the best position to evaluate and determine the appropriate number of directors for the company in question. In our view, boards should be small enough to foster good working relationships and to ensure efficiency in the decision-making process and large enough to ensure diversity in skill sets and professional experience among the directors. We feel the appropriate number to meet these criteria will vary by company. However, we believe that five directors is almost always an appropriate minimum for an effective and properly functioning board. In this case, we believe that the representative director of the board should bear responsibility for maintaining a board with insufficient membership to best protect shareholder interests.

However, since the above-mentioned directors are not up for election this year, we refrain from recommending shareholders vote against any particular nominees at this time. We will monitor these issues going forward.

RECOMMENDATION

We recommend voting against nominees up for election as follows:

BOARD INDEPENDENCE

Based on our analysis and definition of independence, we find that the board does not have a sufficient number of independent directors. Due to the lack of board independence, we recommend voting against the nominee **PARK Sae Yeol**.

(For shareholders electing directors individually)

We recommend that shareholders vote:

AGAINST: PARK Sae Yeol

FOR: KANG Chan Woo; PARK Sung Gyu

(For shareholders electing directors as a slate)

Given the nature and extent of the concerns regarding the aforementioned issue, we recommend voting

AGAINST: Proposals 2.00 and 2.10

FOR: Proposal 2.20

PROPOSAL REQUEST:	Election of corporate auditors	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

One candidate is up for election to the board of corporate auditors for a three-year term.

■ GLASS LEWIS ANALYSIS

The Company is governed by a two-tier board. In accordance with the Commercial Act, if a person falls within any of the following categories, he or she should not serve as a corporate auditor for a listed company: (i) a person who was discharged or dismissed from a stock-listed corporation, and two years has not elapsed since the date of such discharge or dismissal; (ii) a holder of more than 10% of a company's stock; (iii) a full-time officer or employee of the company, or a person who has been a full-time officer or employee thereof in the last two years; and (iv) a person who is capable of having influence on management, such as spouses and family members of major stockholders and executives of the company and former and current executives and employees of affiliated entities.

The current regulatory requirements are silent on the expertise and professional background requirements for corporate auditors. However, in the light of the oversight function and monitoring role of corporate auditors and taking into account the market practice in Korea that it is common for listed companies to have only one corporate auditor, we believe that the board of corporate auditors should include at least one member with sufficient knowledge and a recent and relevant background in finance and accounting.

We believe that maintaining strict standards of independence and professional qualifications for the members of the board of corporate auditors will provide shareholders with a reasonable assurance of the quality and effectiveness of the internal controls as well as the completeness of disclosures necessary for investors to make informed decisions.

■ RECOMMENDATION

COMPOSITION OF BOARD

If this proposal is approved, the board of corporate auditors will consist of one full-time corporate auditor.

Based on the Company's disclosure and our outside research, we have not found any substantial issues for shareholder concern as to the board of corporate auditors.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approval of the fees to be paid to the Company's board of directors for fiscal year 2017	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

GLASS LEWIS ANALYSIS

Glass Lewis believes that fees paid to directors should be substantial enough to attract and retain qualified individuals. We also recognize the value of equity-based incentive programs, which may be included in the proposed directors' compensation. When used appropriately, these programs can provide a vehicle for linking a director's pay to a company's performance, thereby aligning the director's interests with those of shareholders. At the same time, these fees should not impose a high financial cost to the company or threaten to compromise the objectivity and independence of non-executive directors.

We note that pursuant to the relevant laws and regulations of Korea, the proposed annual cap may include the aggregate amount of directors' fees for all directors and any other compensation for executive directors, such as bonuses, performance incentives, equity-based compensation and other benefits. Currently, laws are silent on the detailed disclosure requirement on the compensation policies, so we understand that such lack of compensation policy disclosure is a common practice of Korean companies. However, we believe that compensation policy for board members and key executives should be well defined and disclosed by the board and that full disclosure will allow shareholders to make an informed assessment of the compensation policy for the board and key executives to be granted and evaluated in a fair and reasonable range based on the company's financial position and performance in all material aspects.

Here, we evaluated directors' compensation based on our research and set up a standard to determine the proposed cap to be within a reasonable range relative to its peers of similar total assets and market capitalization. Based on the 2016 annual caps on the directors' compensation of Korea's top 50 companies with assets over KRW 2 trillion ("large companies") and top 50 companies with assets below KRW 2 trillion ("small companies"), we believe that the following should be reasonable for the average annual cap per director for fiscal year 2017: i) KRW 2.16 billion for large companies; and ii) KRW 1.15 billion for small companies.

PROPOSED ANNUAL CAP ON DIRECTOR COMPENSATION

In KRW billion	FY 2017
Proposed Maximum Aggregate Fees	5.0
Average Annual Cap per Director	1.3

INDEPENDENT DIRECTORS FEES PAID IN 2016

Classification (In KRW million)	Aggregate Compensation	Average Compensation
Independent Directors	92	46

In our analysis, taking into account similarly-sized companies and market position, we find that the Company's director fees are reasonable and in line with those paid by the Company's peers. As such, we believe shareholders can support this resolution at this time.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approval of the fees to be paid to the Company's corporate auditors for fiscal year 2017	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	AGAINST- Excessive compensation
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ GLASS LEWIS ANALYSIS

We note that pursuant to the relevant laws and regulations of Korea, the proposed annual cap may include the auditor's fees and any other compensation such as bonuses, performance incentives, equity-based compensation and other benefits. In general, our standard seeks to determine if the proposed corporate auditor compensation is within a reasonable range relative to its peers.

Based on our research of Korea's top 50 companies with assets under KRW 2 trillion in 2016, we believe that the proposed average cap to be paid to each corporate auditor for the fiscal year 2017 should not exceed KRW 326 million.

■ PROPOSED ANNUAL CAP ON CORPORATE AUDITOR COMPENSATION

In KRW million	FY 2017
Proposed Maximum Aggregate Fees	500
Average Annual Cap per Auditor	500

In our analysis, taking into account similarly-sized companies and market position, we find that the Company's corporate auditor fees are excessive. Further, we have been unable to find any compelling rationale to support paying corporate auditor fees that are significantly higher than those of its peers. Therefore, we do not believe shareholder should support this proposal at this time.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST:	Approval of stock split	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

If approved, the total number of shares issued by the Company will be increased from "6,008,299 shares of a face value of KRW 5,000 each" to "60,082,990 shares of a face value of KRW 500 each."

Shareholders should submit their existing share certificates from April 14, 2017, to May 31, 2017. The shares will be re-listed on July 7, 2017.

GLASS LEWIS ANALYSIS

We believe that stock splits are a financial strategy intended to provide greater flexibility and liquidity. The proposed share split is technical in nature, and apart from those potential benefits, has no economic effect on shareholders holdings.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approval of spin-off	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

If approved, the Company will be divided to incorporate one new company by means of division and the existing Company will become a holding company.

Pursuant to the proposal, the Company will be converted to a holdings company which will focus on investment business and will be renamed as Orion Holdings Corp. ("Orion Holdings"). A new company incorporated under the proposed spin-off will be named as Orion Corp. ("Orion"), the same as the Company's current name, and it will specialize in food manufacturing and processing business.

Shareholders will be given 0.6579667 shares of Orion for every one share of the Company's common stock they hold. The proposed spin-off will be implemented on June 1, 2017, and both Orion Holdings and Orion will be re-listed and newly listed on the Korea Exchange on July 7, 2017.

GLASS LEWIS ANALYSIS

The Company's board did not disclose the process which it conducted to arrive at the proposed spin-off. As such, we cannot opine on the thoroughness of the process. We believe shareholders could have gained additional insight into the proposed transaction with additional disclosure. Nonetheless, we note that the lack of disclosure is common outside of United States.

All things being equal, we believe the proposed spin-off can provide a number of benefits for companies. These include, among others, more efficient management structures, potential cost savings and simplified capital structures. The Company also believes the transaction will improve transparency and corporate governance practices.

Shareholders will receive their proportional ownership in the spun-off entity, Orion, and shares in Orion will be publicly listed. As such, shareholders are presented with two publicly listed companies, Orion Holdings and Orion, with different risk-return profiles. Overall, we believe this transaction will provide certain tangible benefits to shareholders.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approval to amend the Company's articles of association	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

The following is a summary of the significant changes:

- (i) *Company Name*: The Company will change its name from "Orion Corp." to "Orion Holdings Corp."
- (ii) *Business Purpose*: The Company's line of business will be expanded to include the following: purchasing and owning of subsidiaries' shares to manage subsidiaries' business; administrative and financial support for subsidiaries; joint product development with subsidiaries; consulting and educational training services; market research and management consulting; management and licensing of intellectual property including brand and trademark; production of advertisements; and advertising agencies.
- (iii) *Company Website*: The Company's website will be changed to www.oriongroup.co.kr.
- (iv) *Share Capital*: Because of the stock split discussed in Proposal 6, the total number of shares authorized to be issued by the Company will be increased from 48 million to 480 million. Also, the Company will decrease the par value per share of the Company from KRW 5,000 to KRW 500. In addition, the total number of non-voting preferred shares to be issued by the Company will be increased from 24 million to 240 million.
- (v) *Issuance of New Shares*: Subject to the current limit on issue size, the Company may issue new shares under the following additional provision: for achievement of business purpose including improvement of financial structure.
- (vi) *Termination of Two-tier Board with Corporate Auditor and Adoption of One-tier Board with Audit Committee*: The Company's current two-tier board with corporate auditor will be replaced with a one-tier board with audit committee. Accordingly, all articles related to corporate auditor will be removed, and the board will establish an audit committee.
- (vii) *Audit Committee*: At least two-thirds of the audit committee, including the committee chair, should be independent directors. Shareholders who own more than 3% of the Company's voting rights are not entitled to voting rights greater than 3% when voting to elect or dismiss members of the audit committee. The audit committee may request convening a board meeting by submitting written documents providing the meeting purpose and rationale. If the board of directors does not hold the meeting in a timely manner, the audit committee may convene a board meeting. The audit committee may process additional matters assigned by the board and may ask for an expert's advice at the Company's expense.

GLASS LEWIS ANALYSIS

Glass Lewis generally supports changes made to the articles that do not act contrary to shareholder interests and seek to align a company's practices with current regulations and corporate governance practices. In this case, we believe that most of the amendments are primarily technical in nature and are intended to update the articles to reflect current regulatory requirements.

Company Name, Website and Business Purpose - We believe that decisions regarding the change of the Company's name, website or business purpose should typically be left to management and the board, absent a reason for shareholder concern.

Share Capital - In general, stock splits are a financial strategy intended to provide greater flexibility and liquidity. The proposed changes are technical in nature, and apart from those potential benefits, has no economic effect on shareholders holdings.

Termination of Two-tier Board with Corporate Auditor and Adoption of One-tier Board with Audit Committee - Given the current different legal requirements for independence and qualifications of corporate auditors and audit committee members, we believe that the proposed replacement of the board system is in the best interests of shareholders. The adoption of audit committee system will strengthen the independence and objectivity of the monitoring role and oversight

function of both board and committee and also improve the efficiency of the board decision-making process, internal controls and the Company's corporate governance practices.

We recommend that shareholders vote **FOR** this proposal.

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

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