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# **Regulations on the Board of Directors**

**June 29, 2023**



# **Regulations on the Board of Directors**

## **CHAPTER I GENERAL PROVISIONS**

### **Article 1. Purpose**

The purpose of the Regulations on the Board of Directors (the “Regulation”) is to prescribe matters necessary to operate the Board of Directors efficiently.

### **Article 2. Scope of Application**

Matters relating to the Board of Directors shall be subject to the Regulation, unless provided in laws and regulations or the Articles of Incorporation.

### **Article 3. Authority**

- (1) The Board of Directors shall make decisions on the matters prescribed in relevant laws and regulations or the Articles of Incorporation, matters delegated to it by the general meeting of shareholders, and important matters concerning basic policies on management of the Company and execution of the business.
- (2) The Board of Directors shall supervise the legitimacy of directors’ performance of their duties.
- (3) If the Board of Directors is aware that a director has violated or is likely to violate any of laws and regulations or the Articles of Incorporation in performing his/her duties, or has performed or is likely to perform any of his/her duties in a materially unfair manner, it may request the director to submit relevant materials and for explanation, and investigate.
- (4) In case of sub-article (3) above, the Board of Directors may request to suspend or alter the execution.
- (5) The Board of Directors may by its resolution delegate the determination of details for the execution of its resolution to the representative director.

### **Article 4. Provision of Information to Independent Directors**

- (1) The independent directors may request the representative director to promptly provide the necessary information in performing their duties, and the representative director shall comply with that request unless there is a justifiable reason. However, a request for material confidential matters of the Company shall be made by the request of the majority of independent directors.
- (2) The independent directors, if necessary, may request the representative director to provide the

assistance from executives and employees or professionals such as external auditors, legal counsels, and the like, and the expenses incurred shall be borne by the Company within reasonable range.

#### **Article 5. Fiduciary Duty and Duty of Loyalty**

- (1) Directors shall perform their duties for the interest of the Company and entire shareholders, and shall not do anything causing damage to the Company or the entire shareholders for the benefit of the large business groups that the Company belongs to under the Monopoly Regulation and Fair Trade Act or certain controlling shareholders.
- (2) No director shall, without the approval of the Board of Directors, engage in, on his/her own account or on the account of a third party, any transaction in the same type of business of the Company or with the Company.
- (3) No director shall divulge any secret of the Company, which has come to his/her knowledge in the course of performing his/her duty.

## **CHAPTER II COMPOSITION**

#### **Article 6. Composition**

The Board of Directors shall be composed of all of the directors (including independent directors).

#### **Article 7. Appointment of a Representative Director and a Chairperson**

- (1) The Board of Directors shall appoint a representative director by its resolution pursuant to the article 41 of the Articles of Incorporation.
- (2) The Board of Directors shall appoint the chairperson of the Board of Directors among the directors by its resolution.
- (3) If the chairperson is unable to execute his/her duties, the lead independent director prescribed in the article 8 shall perform on behalf of the chairperson.
- (4) In the case that the lead independent director may not perform as per the sub-article 3, the director elected by the directors present shall perform on behalf of the chairperson.

#### **Article 8. Lead Independent Director**

- (1) The Board of Directors may appoint an independent director representing independent directors (“Lead Independent Director”) among independent directors.
- (2) The term of the Lead Independent Director is the same term as the director of the Lead Independent Director.
- (3) The Lead Independent Director shall perform works set forth below:

- ① Convening and presiding over the meeting of independent directors consisting of all independent directors;
  - ② Assistance for the efficient performance of independent directors; and
  - ③ Review of the functions and results of activities of the Board of Directors and each committee.
- (4) The Company shall provide assistance necessary for the Lead Independent Director to perform the works set forth in sub-article (3).

#### **Article 9. Committees within the Board of Directors**

- (1) The Board of Directors may establish various committees as prescribed by the Articles of Incorporation within the Board for prompt, efficient decision-making.
- (2) The Board of Directors may delegate its authority to the committee except for the followings:
  - ① Proposals of the matters which require resolution of a general meeting of shareholders;
  - ② Election and dismissal of a representative director;
  - ③ Establishment and abolition of committees, and appointment and dismissal of the members of those committees; and
  - ④ Other matters prescribed in the Articles of Incorporation.
- (3) The following committee shall be established within the Board of Directors.
  - ① The Nomination and Remuneration Committee: it shall consist of three or more directors, and independent directors shall hold the majority of the members.
  - ② The Audit Committee: it shall consist of three directors, and two-thirds or more of the total number of members shall be independent directors.
  - ③ The Finance Committee: it shall consist of three or more directors, and one or more of independent directors shall be included.
  - ④ The ESG Committee: it shall consist of three or more directors, and all of them shall be independent directors.
- (4) The committee shall notify each director of its resolutions. In such case, each director informed of them may request for a meeting of the Board of Directors.
- (5) The Board of Directors may resolve again on matters which have been resolved by the committee. However, this does not apply to resolutions of the Audit Committee.

## **CHAPTER III BOARD MEETING**

#### **Article 10. Types**

- (1) The meetings of the Board of Directors are to consist of ordinary meetings and extraordinary ones.
- (2) The ordinary meeting is to be held once every quarter.
- (3) The extraordinary meeting is to be convened from time to time whenever necessary.

#### **Article 11. Person Having the Power to Convene a Board Meeting**

- (1) The Board meeting shall be convened by its chairperson.
- (2) Each director may request chairperson to convene a meeting with specification of the proposed agenda for such a meeting and the reason for requesting the same. In the event that chairperson fails to convene a meeting without justification, a meeting may be convened by the director who has requested the Board meeting.
- (3) The member of Audit Committee, if necessary, may request a director (If there is a person who is authorized to convene a meeting, the said director refers to the person) to convene the Board meeting, by submitting the purposes and the reasons for the convocation of the meeting in writing.
- (4) If the director fails to convene a meeting of the Board of Directors without delay despite the request under sub-article (3), the member of Audit Committee who has requested may convene the Board meeting.

#### **Article 12. Procedure for Convening a Board Meeting**

- (1) In convening a meeting of the Board of Directors, a notice shall be sent to each director one week prior to the meeting.
- (2) The director who convenes the Board meeting with the power to convene a meeting under the article 11 shall with the help of an administrative secretary under the article 20 provide information in advance so that the agenda to be presented to the Board meeting can be sufficiently reviewed.
- (3) If all directors consent unanimously, a meeting may be held at any time without taking a step prescribed in the sub-article (1).

#### **Article 13. Method of Adopting Resolutions**

- (1) The resolutions of the Board of Directors shall be adopted by the attendance of the majority of directors and the affirmative votes of a majority of directors present at the meeting. However, a resolution on dismissal of the Audit Committee member, who is an independent directors, the resolution of Board of Directors on matters falling under the article 397-2 (Prohibition of Appropriation of Company's Opportunities and Assets) and the article 398 (Transactions between Directors, etc. and Company) of the Commercial Act shall be passed by the affirmative votes of not less than two-thirds of all directors.
- (2) A director, who is a stakeholder with regard to a resolution of the Board of Directors, shall not exercise his/her voting right.

- (3) The director prohibited from exercising their voting rights, pursuant to the sub-article (2) above, shall not be counted in the number of directors present.
- (4) The Board of Directors may allow all or some of directors to participate in resolutions of the Board of Directors through the means of communication that send and receive voices simultaneously, in lieu of attending such a meeting in person. In such a case, the director shall be deemed to have physically attended the meeting.

#### **Article 14. Order Maintenance**

- (1) The chairperson may stop a person who significantly disturbs order at a Board meeting (including with speech or behavior to interfere with the proceedings of the meeting intentionally) from speaking, revoke it, or may order such a person out of the meeting. The person who receives the order shall obey it.
- (2) The chairperson may limit the duration and the number of speeches by each director, whenever the chairperson deems it necessary for smooth proceedings of the Board meeting.

#### **Article 15. Agenda Items**

- (1) The matters to be presented to the Board of Directors are as follows:
  - ① Matters concerning the general meeting of shareholders:
    - a. Convocation of the general meeting of shareholders;
    - b. Approvals of business report and financial statement;
    - c. Amendment to the Articles of Incorporation;
    - d. Reduction of capital and retirement of shares;
    - e. Dissolution, merger, division, merger through division, and continuance of the Company;
    - f. Assignment of all or any substantial part of the Company's business, and taking over all of the business of other company;
    - g. Entering into, modification, or termination of any contract for leasing all of the Company's business or delegation of management, sharing with others all of the profit or loss of business or any similar contracts;
    - h. Appointment and dismissal of a director and a member of the Audit Committee;
    - i. Issuance of shares at the price less than par value;
    - j. Release of a director from his/her liability to the Company;
    - k. Decision on dividends or share dividends;
    - l. Grant and cancellation of stock option;
    - m. Remuneration of directors;
    - n. Approvals of transactions with the largest shareholder of the Company (including his/her specially related person) and its specially related person requiring the

resolution of the Board of Directors pursuant to article 542-9(3) of Commercial Act and report to the general meeting of shareholders; and

o. Other matters to be presented to the general meeting of shareholders.

② Matters concerning management of the Company:

- a. Approval of annual management plan;
- b. Election and dismissal of a representative director;
- c. Establishment, operation and abolishment of a committee within the Board of Directors;
- d. Appointment and dismissal of a member of the committee within the Board of Directors;
- e. Adoption of resolutions on the resolutions passed by the committees within the Board of Directors (but this does not apply to the resolution of the Audit Committee);
- f. Enactment, amendment, and abolishment of the regulations on the committee within the Board of Directors and Regulations on the Board of Directors; and
- g. Other major management matters to be presented to the Board of Directors

③ Matters concerning the finance:

- a. Acquisition and disposal of treasury stock;
- b. Issuance of shares;
- c. Capitalization of reserves;
- d. Stock split and combination;
- e. Allotment to the third party of new shares, convertible bonds, and bonds with warrant;
- f. Issuance of bonds relevant to shares (convertible bonds, bonds with warrant, or exchangeable bonds);
- g. Issuance of bonds of not less than 5% of total capital per case;
- h. Issuance of bonds of not less than 5% of total capital per case or rollover thereof through domestic and foreign financial institutions;
- i. Domestic and foreign new investment and acquisition and disposal of stocks of not less than 2.5% of total capital per case which is relevant to equity investment;
- j. Domestic and foreign acquisition and disposal of assets of not less than 5% of total capital per case which is not relevant to equity investment;
- k. Credit lending to others of not less than 2.5% of total capital per case which is not relevant to construction work;
- l. Decision on the donation and contribution of not less than KRW one billion per case;
- m. Listing of shares at a foreign stock market; and
- n. Other major financial matters to be presented to the Board of Directors.

④ Matters concerning directors

- a. Approval of transactions between the Company and any of its directors;
  - b. Approval of holding a post of a director concurrently in other company with the purpose of the same kind of business; and
  - c. Use of business opportunity of the Company for the his/her or a third party's interests (A business opportunity that has become known to the director in the course of performing his/her duty, or taking advantage of the information of the Company, or closely related to the business that is being currently conducted or is to be conducted by the Company) which is or may become present or future interests to the Company.
- ⑤ Miscellaneous
- a. File or answer to critical lawsuits;
  - b. Appointment and dismissal of a compliance officer and a fair transaction compliance manager; and
  - c. Other matters prescribed in laws and regulations or the Articles of Incorporation or delegated at the general meeting of shareholders or that the chairperson deems necessary.

(2) The matters to be reported to the Board of Directors are as follows:

- ① Results of having dealt with the matters delegated to the committee within the Board of Directors;
- ② Matters, acknowledged by the Audit Committee, that a director has committed or is likely to commit a violation of laws and regulations or the Articles of Incorporation;
- ③ Matters concerning compliance with compliance guidelines and fair transaction compliance program; and
- ④ Other matters relevant to executing the business important in management of the Company.

#### **Article 16. Delegation of Authority**

(1) The Board of Directors delegates to the Finance Committee the followings:

- ① Issuance of bonds of less than 5% of total capital per case;
- ② Issuance of bonds of 2.5% or more but less than 5% of total capital per case or rollover thereof through domestic and foreign financial institutions;
- ③ Domestic and foreign new investment and acquisition and disposal of stocks of KRW five billion or more but less than 2.5% of total capital per case which is relevant to equity investment;
- ④ Domestic and foreign acquisition and disposal of assets of 1% or more but less than 5% of total capital per case which is not relevant to equity investment;
- ⑤ Credit lending to others of KRW five billion or more but less than 2.5% of total capital per



case which is not relevant to construction work;

- ⑥ Credit lending to others of 2.5% or more of total capital per case which is relevant to construction work;
- ⑦ Issuance of bonds to and contract of L/C line with, etc. of 2.5% or more of total capital per case which is relevant to construction work, and rollover thereof with domestic and foreign financial institutions;
- ⑧ Decision concerning the donations or contributions of KRW five hundred million or more but less than KRW one billion per case;
- ⑨ All financial matters requiring the public disclosure at Korea Exchange and submission of the minutes of the Finance Committee to an external agency regardless of the amount;
- ⑩ Execution of a contract prescribing responsibility for the completion of construction for affiliates or subsidiaries; and
- ⑪ Other matters delegated by the Board of Directors.

(2) The Board of Directors delegates to the ESG Committee the followings:

- ① Decisions in advance regarding large-scale internal transactions under Monopoly Regulation and Fair Trade Act; and
- ② Other matters delegated by the Board of Directors.

(3) The Board of Directors delegates to the representative director the followings:

- ① Issuance of bonds of less than 2.5% of the total capital per case and rollover thereof through domestic and foreign financial institutions;
- ② Domestic and foreign new investment and acquisition and disposal of stocks of less than KRW five billion per case which is relevant to equity investment;
- ③ Domestic and foreign acquisition and disposal of assets of less than 1% of total capital per case which is not relevant to equity investment;
- ④ Credit lending to others of less than KRW five billion per case which is not relevant to construction work;
- ⑤ Credit lending to others of less than 2.5% of total capital per case which is relevant to construction work;
- ⑥ Issuance of bonds to and contract of L/C line with, etc. of less than 2.5% of total capital per case which is relevant to construction work and rollover thereof with domestic and foreign financial institutions;
- ⑦ Decision on the donations and contributions of less than KRW five hundred million per case;

- ⑧ Matters concerning internal transaction of less than KRW 5 billion with a specially related person; and
- ⑨ Matters related to asset management and daily activities of the Company to the extent that it is not contrary to Commercial Act, the Articles of Incorporation, and the Regulations on the Board of Directors. Matters concerning the modified enforcement of interest rates, etc. approved through the resolution of the Board of Directors and the resolution of the Finance Committee, to the extent that it is not damaging the contents of the original resolution.

#### **Article 17. Urgent Execution**

If there is no time to hold a Board meeting concerning an urgent matter, the chairperson shall execute first and then immediately convene the Board of Directors or relevant committee for approval and obtain the approval.

#### **Article 18. Hearing Opinions of Related Persons**

If the chairperson deems it necessary, he/she may have the relevant executives or employees or outside experts, etc. attend the meeting, and have them express their opinions or give explanations on the agenda.

#### **Article 19. Minutes of Meeting**

- (1) The minutes concerning discussion at the Board meeting shall be made.
- (2) The agenda, substance of proceedings, the results thereof, dissenting directors and the reasons for such dissent shall be recorded in the minutes, and all directors present at the meeting shall write their names and affix their seals or affix their signatures thereon.
- (3) A shareholder may request for reading or duplicates of the minutes during the office hours of the Company.
- (4) The Company may refuse the request of the sub-article (3) above with reason, if it has a justifiable reason. In such a case, the said shareholder is entitled to read or copy the minutes of meeting with the permission of the court.

#### **Article 20. Administrative Secretary**

- (1) The chairperson of the Board of Directors, if deemed necessary, may appoint a non-member of the Board of Directors as an administrative secretary.
- (2) The administrative secretary shall be under the direction of the chairperson, and assist each director and handle the overall affairs of the Board of Directors.

#### **Article 21. Amendment and Abolishment**

Amendment or abolishment of the Regulation shall be made by the resolution of the Board of Directors.

**ADDENDUM**

(Effective date) The Regulation shall come into force on January 4, 2021.

**ADDENDUM**

(Effective date) The Regulation shall be amended and come into force on March 24, 2022.

**ADDENDUM**

(Effective date) The Regulation shall be amended and come into force on June 29, 2023.