

# **SKC**

## **Corporate Governance Charter**

**3/30/2021**



## **PREAMBLE**

We at SKC Corporation (hereinafter “the Company”) shall exist and develop continuously by pursuing sustainability, stability, and growth in order to create value for our customers and shareholders, play a core role in the country’s social and economic development, and contribute to the happiness and wellbeing of humanity.

We shall enhance our corporate value in order to create share value continuously, contribute to the nation’s economic development, and grow with society through the creation of social value. In addition, we shall strive to secure our stakeholders’ happiness in a balanced and harmonious way and consider their happiness from the perspective of both the present and the future so as to ensure its continuance in the long term.

We fully recognize that the establishment of a sound governance structure is the most important factor in the realization of such a management philosophy. Considering what is stated in the foregoing, we hereby announce our Governance Structure Charter as follows in keeping with our resolve to establish a sounder governance structure and to maintain and develop it.

## **Chapter 1 Shareholders**

### **Article 1 (Shareholders’ rights)**

- ① Shareholders shall have the basic rights.
- ② Matters concerning important changes in the existence of the Company and the rights of its shareholders shall be fixed at the General Meeting of Shareholders (“GMOs”) in a way that ensures the shareholders’ rights to the maximum possible extent.
- ③ With regard to the hour, date, venue and agenda of a GMOs, the Company shall provide the shareholders with sufficient information well in advance and fix the hour, date, and venue in a way that ensures the participation of as many shareholders as possible.
- ④ The shareholders may propose items for the agenda of a GMOS under the relevant laws including the Commercial Act, inquire about the agenda items, and request the Company to explain them at a GMOs.

### **Article 2 (Equal treatment of shareholders)**

- ① Each share of common stock held by a shareholder shall have a voting right. The shareholders’ intrinsic rights shall not be infringed. The voting rights restriction shall be observed strictly as per the relevant law.
- ② The shareholders shall be allowed to obtain all necessary information in time, sufficiently and equally from the Company. Even with regard to the disclosure of information for which the Company has no obligation to disclose publicly, the Company shall ensure that such information is provided to all shareholders equally.
- ③ The shareholders shall be protected from unfair internal trading and the self-dealing transactions of other

shareholders including the controlling shareholders.

### **Article 3 (Shareholders' responsibility)**

- ① The shareholders shall be aware that their exercise of voting rights may have an impact on the Company's management and thus shall strive to exercise the said rights positively for the Company's development.
- ② The controlling shareholders exercising influence over the Company's management shall act in the interest of the Company and the other shareholders and shall be responsible for any losses and/or damages that they inflict on the Company and other shareholders, if any.

## **Chapter 2 Board of Directors**

### **Article 4 [Board of Director ("BoD")'s functions]**

- ① The BoD shall have comprehensive rights over the Company's management, make decisions concerning the Company's important management matters, and supervise the Company's overall management.
- ② The BoD may entrust rights to the Representative Director or the BoD committees. The foregoing sentence shall not apply to major matters stipulated in the relevant laws, the Articles of Incorporation, or the BoD's regulations.

### **Article 5 (BoD's composition and election of directors)**

- ① The BoD shall be sufficiently large to ensure that discussions are held and decisions made prudently and effectively. The BoD shall have an adequate number of directors who shall strive to ensure a substantial invigoration of its committees.
- ② The BoD shall comprise outside directors to ensure that the BoD's functions are independent of the top managers and controlling shareholders, and their number shall be three or more and constitute the majority of directors so as to ensure that the BoD maintains its independence substantially.
- ③ The BoD shall be composed of directors with the capability and expertise required to make substantial contributions to the Company's management. The term of office of those elected to the position of director shall be guaranteed, unless there are any disqualifying factors.
- ④ When electing directors, the Company shall ensure that the shareholders are able to fully exercise their voting rights by providing them with sufficient information on the candidates and allowing them sufficient time to evaluate them.

### **Article 6 (BoD's operation)**

- ① The BoD shall hold its periodic session once per month and extraordinary sessions from time to time as and when required.
- ② The BoD shall establish the Regulations of the BoD stipulating its rights, responsibilities, and operating procedures, etc. specifically to ensure its efficient operation.

- ③ The Company shall draw up meeting minutes for each session of the BoD and keep them.
- ④ The Company shall disclose the details of individual directors' activities including their status of attendance at the BoD sessions and their votes (pros and cons) on major agenda items subject to public disclosure.
- ⑤ The directors may use means of remote communication to participate in the BoD sessions as and when required.

#### **Article 7 (BoD's committees)**

- ① The BoD shall operate committees composed of an adequate number of members to carry out specific functions and roles.
- ② Each committee shall be composed of a majority of outside directors.
- ③ Matters concerning the composition, operation, and rights of each committee shall be stipulated in writing. Any resolution made by a committee on a matter entrusted to it by the BoD shall have the same effect as a resolution passed by the BoD. Each committee shall report the status of the matters resolved by it to the BoD.

#### **Article 8 (Directors' obligations)**

- ① The directors shall carry out their duties in good faith and make reasonable decisions after dedicating sufficient time and effort to reviewing an appropriate amount of relevant information.
- ② The directors shall not exercise their rights for their own benefit or that of a third party. They shall always strive to obtain the best results for the Company and the shareholders.
- ③ The directors shall not disclose any Company secrets that they come to know in the course of executing their duties to a third party or use them for their own benefit or that of a third party.

#### **Article 9 (Directors' responsibility)**

- ① Where a director is found to have violated the law or the Articles of Incorporation or to have neglected his/her duties, he/she shall be responsible for compensating any losses inflicted on the Company as a result of such violation or neglect. Where a director has inflicted losses and/or damages on a third party through willful his/her misconduct or gross negligence, he/she shall also be responsible for compensating any losses resulting from such misconduct or negligence.
- ② The directors' management-related judgments shall be respected provided that they have carried out their duties in a way that is deemed to be the best possible one for the Company by exercising sincere and reasonable judgment based on ample, reliable and discreet materials and a comprehensive review of the relevant information.
- ③ The Company may purchase loss compensation-related liability insurance for the directors at its expense to ensure the sense of responsibility asked of the directors and to attract more capable people to serve as directors.

### **Article 10 (Outside directors)**

- ① The outside directors shall be persons who have no major interests related to the Company and who can make decisions independently of the top management and the controlling shareholders.
- ② The Company shall operate the Personnel Committee to ensure the fair recommendation of outside director candidates. The said committee shall be composed in a way that ensures the fairness and independence of the director candidate recommendation process.
- ③ The Company shall provide sufficient information to allow the outside directors to carry out their duties. The outside directors may ask the Company for prompt provision of the information required to carry out their duties.
- ④ The outside directors shall spend an appropriate amount of time in carrying out their duties and review the relevant materials before taking part in the BoD sessions.
- ⑤ The outside directors may receive support from other directors and/or employees or external experts if required to carry out their duties as per the appropriate procedures, and the Company shall pay any expenses incurred by such support.

### **Article 11 (Senior Outside Director)**

- ① In the event that the BoD elects a person other than an outside director as its Chair, the Company shall appoint a *representative of the outside directors* (“Senior Outside Director”) by a vote.
- ② The Senior Outside Director shall carry out the following duties.
  1. Ensure the outside directors’ independence and restrain the Representative Director and internal directors
  2. Enhance the roles and responsibilities of the outside directors.
  3. Preside over meetings or committees composed only of outside directors and listen to their opinions.

### **Article 12 (Liaison Director)**

The Company may appoint one or more Liaison Director from among the outside directors to strengthen communication with the shareholders and potential investors and stakeholders and to protect their rights and interests.

## **Chapter 3 Audit Organization**

### **Article 13 (Audit Committee)**

- ① At least two-thirds of the members of the Audit Committee shall be outside directors to ensure its independence, and one of the members shall be selected from among those equipped with the necessary expertise in accounting and finance.
- ② The Audit Committee shall carry out the following duties: inspect the legitimacy of the business carried out by the directors and the top management; inspect the soundness and reasonableness of the Company’s financial activities; review the adequacy of the processing of financial reports and the

accuracy thereof; review the Company's non-financial risks; approve the External Auditor's election/dismissal; and submit follow-up reports at the GMoS.

- ③ The Audit Committee shall be allowed free access to information required to conduct its duties and may ask external institutions or experts for consulting at the Company's expense as and when required.
- ④ A session of the Audit Committee shall be held at least once per quarter, and may request members of the top management, the Financial Director, the head of the internal audit department, and outside directors to take part in it as and when required.
- ⑤ The Audit Committee shall draw up minutes for its sessions.
- ⑥ The members of the Audit Committee shall carry out their duties independently of the top management and the controlling shareholders. The Company shall treat the Audit Committee members and other directors equally and provide no special compensation for them.

#### **Article 14 (External Auditor)**

- ① The Company shall ensure that the External Auditor maintains legal and substantial independence from the top management and the controlling shareholders, etc.
- ② Where shareholders have questions about the audit reports, the Company shall have the External Auditor provide the necessary explanations at the GMoS.
- ③ The Company shall have the External Auditor check the Company's audited financial statements to determine whether the Company-related information disclosed periodically agrees with the results of the audit.
- ④ The Company shall have the External Auditor check whether the Company is involved in any dishonest or illegal acts during the audit.
- ⑤ The Company shall have the External Auditor evaluate the Company's survivability under the relevant laws including the Act on the External Auditing of Stock Companies.
- ⑥ The Company shall have the External Auditor report important matters ascertained through his/her activities to the Audit Committee.

### **Chapter 4 Stakeholders**

#### **Article 15 (Protection of stakeholders' rights)**

- ① The Company shall strive to ensure the happiness of its diverse stakeholders.
- ② The Company shall respect the rights of its employees and strive to enhance their quality of life.
- ③ The Company shall observe the fair trade laws in a bid to promote the establishment of a fair market order and seek the balanced development of the national economy.
- ④ The Company shall observe the procedure for protecting creditors in matters related to mergers, capital decrease, split, etc. that have an important impact on the creditors' status.
- ⑤ Where stakeholders assume the role of shareholders concurrently, the Company shall ensure that their

respective rights as stakeholders and as shareholders are protected and exercised adequately.

#### **Article 16 (Stakeholders' participation)**

- ① The Company shall operate the labor-management council for cooperation with employees under the relevant law and strive to promote cooperation with the employees.
- ② The Company shall provide stakeholders with the information required to ensure the protection of their rights within the extent permitted by the laws and contracts signed with third parties.

### **Chapter 5 Management supervision by market**

#### **Article 17 (Public disclosure)**

- ① The Company shall disclose publicly any matters that (may) have an important influence on the shareholders' and stakeholders' decision-making, as well as matters required to be disclosed publicly by the law.
- ② Upon making an important decision other than those destined for periodic public disclosure, the Company shall disclose it publicly in a detailed and accurate manner.
- ③ The Company shall strive to draw up the contents of public disclosures in an easy-to-understand way to facilitate their use by stakeholders.
- ④ The Company shall appoint an employee to take charge of public disclosures and operate an internal information delivery system through which important information can be delivered to the said employee promptly.
- ⑤ The Company shall disclose publicly in detail the status of the controlling shareholders and their specially related persons who hold stocks.
- ⑥ The Company's Representative Director and the CFO shall certify the accuracy and completeness of its financial reports.
- ⑦ The Company shall enact its ethics regulations and put them on public notice.

#### **Article 18 (Market for corporate control)**

- ① The Company shall carry out any acts such as the takeover, merger, split or transfer of its important business that may bring about (major) changes in its management rights in a transparent and fair procedure.
- ② Acts designed and implemented by the Company to defend its management rights shall not be exercised in such a way as to promote the management rights of some of the shareholders or the top management at the expense of the Company's and the entire shareholders' profit.
- ③ The Company shall allow shareholders who are opposed to an important change in its structure, such as the merger or transfer of its important business, to exercise their stock options at a fair value that reflects the real value of their equity under the law.

March 30, 2021

**Addendum**

This Charter has been duly approved by the BoD and shall enter into force on March 30, 2021.