

Board of Directors Regulations

2021. 5. 24



Enacted on Aug 1, 2006.
Amended on Feb 16, 2016.
Amended on Feb 7, 2018
Amended on May 24, 2021

Preamble

The Board of Directors (BOD) practices the management philosophy reflected in the preamble of the company's articles of incorporation as the basis for management activities in order to secure the survival of SK Materials Co., Ltd. (hereinafter referred to as the "company") in a rapidly changing environment, and to continuously evolve and develop to enhance corporate value as follows:

[Implementation of the Basic Management Philosophy] The BOD develops practical methods for the concrete realization of the company's management philosophy and ensures that it is continuously developed.

The BOD takes the company's management philosophy as the basis of its business activities and makes SK's unique corporate culture be maintained and developed by practicing it.

The BOD establishes and implements measures for brand retention and management that can preserve and develop the value of SK Brand.

The BOD establishes and implements mutual cooperation plans with other companies that share corporate culture with SK Brand if it is necessary for the maintenance and development of SK Brand values and corporate culture.

Chapter 1: General Provisions

Article 1 [Purpose]

The purpose of this regulation is to stipulate necessary matters regarding the composition and operation of the company's BOD.

Article 2 [Composition]

- ① The BOD consists of all directors elected at the general meeting of shareholders, including the CEO.
 - ② The company may have subcommittees within the BOD (hereinafter referred to as "subcommittee").
 - ③ Details regarding the composition, authority, operation, etc. of the subcommittee under the preceding paragraph shall follow the regulations and operating guidelines of the subcommittee.
 - ④ The BOD shall have an administrative secretary to handle the affairs of the BOD and subcommittees, and the secretary shall be the head of the department in charge of the affairs of the BOD unless the CEO designates otherwise.
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Article 3 [Chairperson]

- ① The chairperson of the BOD is elected among the directors and he/she chairs all meetings of the BOD.
- ② A director designated by the chairperson shall act on behalf of the chairperson in the event that the chairperson is unable to perform his/her duties, and if there is no director designated by the chairperson, the BOD shall appoint a director to act on his/her behalf.

Chapter 2 Convocation of the Board of Directors

Article 4 [Meeting Place, etc.]

- ① The board meeting shall be held at the company's head office or other places designated by the person in charge of convening the BOD.
- ② The BOD may allow all or some of the directors to participate in a resolution without attending the meeting in person by means of communication that transmits and receives voice at the same time. In this case, the director concerned shall deem the directors have attended the board meeting in person, and the same applies to the subcommittee.

Article 5 [Convocation]

- ① Regular board meetings are held once a month in principle, and temporary board meetings may be held from time to time as needed.
- ② The chairperson of the BOD convenes the directors when there is a reason deemed necessary or justifiable.
- ③ Directors may request the convening of the BOD by giving the agenda and reasons to the chairperson.

Article 6 [Notice of Convocation]

- ① The notice of convocation of the BOD shall be given by the board secretary of the date, place, and the subject matter of the meeting, along with information and materials necessary for review by the board at least 7 days prior to the date of the meeting under the direction of the chairperson of the BOD or a director designated by the chairperson. However, in case of urgency, notice may be given up to the day before the meeting date.
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- ② The notice of convocation in the preceding paragraph may be given to each director in writing, electronically, or orally.
- ③ The board meeting may make a decision only on the subject matter of Paragraph 1 of this Article.
- ④ When there is a written consent by all directors and auditors, the board meeting can be held without following the procedures in Paragraph 1 of this Article.

Article 7 [Submission of Agenda]

- ① Agenda of the board meeting and the reason for its proposal (including the 'necessary information and materials' stipulated in Article 6, Paragraph 1 of this regulation) shall be prepared by each director, and must be submitted to the board secretary at least 10 days prior to the board meeting date. However, in case of urgency the director may shorten the period in consultation with the board secretary.
- ② Upon receiving the agenda in the preceding paragraph, the secretary shall review the legal matters and text and submit it to the BOD.

Chapter 3 Board of Directors Resolutions

Article 8 [General Meeting of Shareholders, Board of Directors, and Other Management Governance-Related Matters]

- ① Convocation of general meeting of shareholders and adoption of the agenda
 - ② Closing of the shareholder register and designation of the base date
 - ③ Deliberation on shareholder proposals and decision on whether to submit them to the general meeting of shareholders
 - ④ Appointment of the CEO, respective representative director or co-representative director
 - ⑤ Determination of the order of the directors to preside at the board meetings and general shareholders' meetings in the event that the CEO is unable to perform his/her duties.
 - ⑥ Resolution to postpone or to proceed with the board meeting
 - ⑦ Matters concerning the composition, establishment, and operation of subcommittees and the appointment and dismissal of members of each subcommittee
 - ⑧ Re-resolutions of each subcommittee's resolutions if necessary
 - ⑨ Matters concerning the outside director system
 - ⑩ Appointment or dismissal of a manager
 - ⑪ Appointment of a transfer agent
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- ⑫ Participation in shareholder representative's litigation
- ⑬ Establishment, relocation or closing of branches
- ⑭ Change of articles of incorporation
- ⑮ Enactment, amendment and repeal of BOD regulations
- ⑯ <Deleted>
- ⑰ Establishment and revision of the company's business management system for the implementation of the basic management philosophy set out in the preamble of this regulation
- ⑱ Enactment and amendment of Corporate Governance Charter

Article 9 [Investment and Planning and Management Matters]

- ① Establishment, merger, divergence, dissolution, stock listing and KOSDAQ listing of a company in which the company holds more than 50% of the total number of issued stocks
 - ② Investment in other corporations with 5/100 or more of total equity and disposal of investment shares
 - ③ Acquisition of assets of 5/100 or more of equity
 - ④ Investment in new facilities, expansion of facilities, or establishment of separate factories of 5/100 or more of equity
 - ⑤ Matters related to the merger/divergence of the company, etc.
 - ⑥ Dissolution of the company and continuation of the company
 - ⑦ Acquisition or transfer of business in excess of the amount equivalent to 5/100 of equity. However, for matters falling under 1 of each of the following items, the consent of at least 2/3 of the directors present is required.
 - 1. Acquisition or transfer of business in which the amount of assets of the business segment to be acquired or transferred is 10/100 or more of the total assets of the company in the most recent business year
 - 2. Acquisition or transfer of business in which the sales of the business segment to be acquired or transferred are 10/100 or more of the company's sales in the most recent business year
 - 3. Acquisition of business in which the amount of liabilities to be taken over due to acquisition of business is 10/100 or more of the total liabilities of the company in the most recent business year
 - 4. Acquisition of all business
 - 5. Conclusion, change or cancellation of contracts to lease or entrust all business management to share all profits and losses of business with another party and other equivalent contracts
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Article 10 [Accounting and Financial Management Matters]

- ① Approval of financial statements (including consolidated financial statements), business reports, and other documents stipulated by the Enforcement Decree of the Commercial Act that indicate the company's financial position and business performance
 - ② Interim dividend and stock dividend
 - ③ Capital transfer of reserve fund
 - ④ Issuance of new shares
 - ⑤ Matters concerning the issuance of new shares to persons other than shareholders pursuant to the articles of incorporation
 - ⑥ Handling forfeited shares and foreclosure stocks
 - ⑦ Decrease in capital
 - ⑧ Split and consolidation of stocks
 - ⑨ Acquisition and disposal of treasury stock or conclusion and termination of a trust contract, etc. for this purpose
 - ⑩ Comprehensive exchange of shares and comprehensive transfer of shares
 - ⑪ Issuance of bonds (The CEO may be entrusted with the issuance of bonds within a period not exceeding one year by determining the amount and type of bonds)
 - ⑫ Determining the issuance of special bonds such as convertible bonds, bonds with warrants, participating bonds, and exchangeable bonds
 - ⑬ A gift or donation in excess of one billion won. However, emergency relief due to natural disasters such as typhoons, floods, fires, and earthquakes, and donations in accordance with the "Community Chest Act" can be reported after being executed.
 - ⑭ Collateralization or disposal of the company's major assets. However, the company's major assets refer to assets whose book value or appraised value is at least 5/100 of its equity.
 - ⑮ Domestic and foreign borrowing contracts of 5/100 or more of equity (excluding short-term borrowings of less than one year) and debt guarantee for others with 5/100 or more of equity
 - ⑯ Debt exemption or takeover of 5/100 or more of equity
 - ⑰ Provisional payment of 5/100 or more of equity and loan of money and securities
 - ⑱ Retirement of stocks within the dividend limit
 - ㉑ Enactment and amendment of internal accounting management regulations
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Article 11 [Manpower and Organizational Management Matters]

- ① Grant of stock options and cancellation of grant
- ② Board approval of Article 398 of the Commercial Act (Transactions between the company and directors, etc.)
- ③ Approval of the director's competitive transaction and exercise the director's right to intervene in competitive transaction without approval
- ④ Board approval of Article 397-2 (Prohibition of misappropriation of company opportunities and assets) of Commercial Act
- ⑤ Introduction of a relief system for executives' liability insurance and other executives' responsibilities
- ⑥ Submission of a director's dismissal
- ⑦ Appointment or dismissal of the fair trade compliance manager
- ⑧ Appointment and dismissal of compliance assistant pursuant to Article 542-13 (Compliance control standards and compliance assistant) of the Commercial Act, establishment and change of compliance control standards
- ⑨ Enactment and amendment of executive management regulations

Article 12 [Other Major Business Matters]

- ① Matters determined as the resolutions at the board meeting in Article 11-2 of the Monopoly Regulation and Fair Trade Act (BOD resolution and disclosure of large-scale internal transactions)
- ② Matters determined as approved by the BOD in Article 542-9 (Transactions with stakeholders such as major shareholders) of the Commercial Act
- ③ Board approval of the company's safety and health plan pursuant to Article 14 of the Occupational Safety and Health Act (Board meeting report and approval, etc.)
- ④ Other matters stipulated in laws and articles of incorporation, matters specially delegated by the general meeting of shareholders, and important matters recognized as necessary by the CEO

Article 13 [Delegation of Resolutions and Reporting Matters]

- ① The BOD may have subcommittees decide some of the resolutions of the BOD specified in this chapter to the extent that it does not violate ordinance and the articles of incorporation.
 - ② Regarding all matters not specified in this chapter, the CEO decides and executes them under the authority delegated and granted by this regulation.
 - ③ The CEO has authority and responsibility for the following matters as determined by the BOD.
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1. Achievement, implementation and execution of matters decided by the BOD
2. Decision and execution of all matters other than those requiring resolution by the BOD
3. The act of taking measures related to the overall business execution of the company, signing or sealing for the conclusion of a contract, and making a contract on behalf of the company
4. Sequential re-delegation of authority to executives and employees
5. Reports by the Board of Directors on the following matters:
 - A. Annual business plan
 - B. Quarterly business performance
 - C. Regular executive reshuffle and reorganization
 - D. The execution result of the issuance of bonds when the BOD delegates it to the CEO
 - E. Establishment and implementation of ESG policies
 - F. Other matters deemed necessary to have the CEO or the chairperson of the BOD
- ④ The internal accounting manager shall report the operation status of the internal accounting management system to the BOD and auditors once a year, and the auditor shall evaluate the operation status of the system and reports it to the BOD once a year.
- ⑤ The fair trade compliance manager may report the operation performance and plan of the fair trade compliance program to the BOD more than once a year.
- ⑥ The compliance assistant checks compliance with the compliance control standards and reports the results to the BOD once a year.

Chapter 4 Board of Directors Deliberation and Resolution

Article 14 [Appearance of Related Persons]

- ① If it is necessary in relation to the deliberation of the agenda, the BOD may make the executives and/or outsiders who are not members of the board to give explanations or opinions on the agenda.
- ② Directors and auditors may request the provision of agenda-related information from executives and employees, if necessary, in relation to the agenda deliberation.
- ③ Directors and auditors may receive assistance from external experts at the company's expense if necessary.

Article 15 [Adoption of Resolutions]

- ① A majority of all directors shall constitute a quorum of the meeting in handling the affairs of the BOD.
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- ② All resolutions adopted by the BOD must be approved by a majority of the directors present. However, the resolution of the BOD on matters falling under Article 11 No. 2 (Transactions between directors and the company) and Article 11 No. 4 (Prohibition of misappropriation of company opportunities and assets) of the Board of Directors Regulations shall be made by at least two-thirds of the number of registered directors.

Article 16 [Minute, etc.]

- ① Regarding the intentions of the BOD and each subcommittee, the progress of the decision, the result of the adoption, and the objecting director and the reasons for the opposition shall be recorded in the minutes. And the chairperson who presides over the BOD and its subcommittees and all directors and members attending the meeting must seal or sign it.
- ② The secretary prepares a copy of the minutes of the preceding paragraph and immediately sends it to the executive who submitted the agenda or to the executive who is related to the business if necessary.
- ③ The agenda and minutes of the BOD are preserved by the secretary of the BOD.

Chapter 5 Directors

Article 17 [Duty of Directors]

- ① Directors must perform their duties with care of a good manager in accordance with the principle of good faith based on laws and the articles of incorporation.
 - ② In relation to the preceding paragraph, directors may trust statements, notices, reports, and various accounting materials prepared or submitted by the executives and employees in charge within the company, reports submitted by relevant external experts such as accountants, appraisers, lawyers, etc., and opinions of subcommittees within the company, etc. And they can rely on those when carrying out their duty.
 - ③ Directors shall not engage in any transaction that falls within the business category of the company on their own or on the account of a third party without prior approval of the BOD. If a director violates this and conducts a transaction belonging to the business category of the company; the BOD may deem it to have been made on the account of the company when the transaction was made on the director's own account, or a transfer of profits may be requested from the director if it is done on the account of a third party.
 - ④ Directors cannot become a general partner or director of another company for the same business purpose without prior approval of the BOD. In the case of being appointed as a general partner of another company for the same business purpose or as a director of the company, the BOD may request the director to resign as a general partner or director of another company.
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- ⑤ Directors may not transact with the company on their own or a third party's account without prior approval of the BOD.
- ⑥ Directors shall use the utmost care to manage the company secrets they have learned in relation to the performance of their duties during their tenure as well as after their retirement, and shall not use the company's secrets to promote their own or a third party's interests.
- ⑦ Directors shall maintain dignity so as not to damage the honor or prestige of the company, regardless of whether it is related to work or not.
- ⑧ If a director fails to perform the obligations stipulated in this Article, the company may claim damages against the director.
- ⑨ Directors shall not use a business opportunity that he/she has learned in relation to the performance of their duties and that uses company information, or a business opportunity closely related to the business being carried out or to be carried out for the benefit of oneself or a third party without prior approval of the BOD.

Chapter 6 Audit

Article 18 [Duties of Auditor]

The auditor shall perform the duties of each of the following subparagraphs.

1. Audit legitimacy on the business execution of directors and executives
 2. Audit on the soundness and feasibility of the company's financial activities
 3. Evaluate internal control system (including internal accounting management system)
 4. Confirm actions to be taken on corrective matters as a result of the audit
 5. Appoint/change/dismiss external auditors and evaluate audit activities
 6. Give prior approval for non-audit services by external auditors
 7. Receive an investigation report on violations of company accounting standards from external auditors and request corrective action to the CEO
 8. Implement other related laws and articles of incorporation
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Bylaw (2016.02.16)

Article 1 (Enforcement Date) This regulation shall come into effect from February 16, 2016 approved by the Board of Directors.

Bylaw (2018.02.07)

Article 1 (Enforcement Date) This regulation shall come into effect from February 7, 2018 approved by the Board of Directors.

Bylaw (2021.05.24)

Article 1 (Enforcement Date) This regulation shall come into effect from May 24, 2021 approved by the Board of Directors.
