

# BOD Regulations

**Version 1.0**



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	Title	
	<h1>BOD Regulations</h1>	
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## CHAPTER I GENERAL PROVISIONS

### Article 1 (Objectives)

The purpose of these Regulations is to set forth all matters concerning the composition and operation of the Board of Directors (“BOD”) of SKC Chemicals Co., Ltd. (the “Company”).

### Article 2 (Scope)

All matters concerning the BOD shall follow these Regulations unless otherwise stipulated in the relevant laws or the Articles of Incorporation.

### Article 3 (Composition and Authority)

- ① The BOD shall be composed of all the directors.
- ② The BOD shall resolve on matters stipulated by laws or the Articles of Incorporation, matters delegated by the general meeting of shareholders, and important matters related to the basic management policy and business execution of the Company.
- ③ The BOD supervises the execution of the duties of the directors.

### Article 3-2 (Authority of Independent Directors)

- ① As a director, an independent director shall have the duty of care as a good manager in all affairs of the Company.
- ② An independent director may request the provision of management information or explanations from the representative director and business execution officers.

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### Article 3-3 (Implementation of Basic Management Philosophy)

- ① The BOD shall develop and continuously improve practical methods for the concrete realization of the Company's management philosophy.
- ② The BOD shall take the Company's management philosophy as the basis of its management activities and implements it so that the corporate culture of "SK" can be maintained and improved.
- ③ The BOD shall endeavor to enhance the brand value in using SK Brand.
- ④ If necessary for maintaining and improving the SK Brand value and SK corporate culture, the BOD shall establish and implement a mutual cooperation plan with other companies that share the SK Brand and corporate culture together.

## CHAPTER II MEETINGS

### Article 4 (Establishment)

A board meeting is established with the presence of a majority of all directors.

### Article 5 (Board of Directors)

- ① The board meeting shall consist of a regular board meeting and a temporary board meeting.
- ② In principle, the BOD shall hold regular board meetings at least once every quarter.
- ③ Temporary board meetings may be held from time to time in the following cases:
  1. When there is a request for convening under Article 8 (2)
  2. Other cases deemed necessary by the chairperson of the BOD

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#### Article 6 (Chairperson)

- ① The chairperson of the BOD shall be appointed by the BOD and shall preside over all meetings of the BOD.
- ② In the event that the chairperson of the BOD is unable to perform his/her duties, a director designated by the chairperson of the BOD shall act on his/her behalf, and if there is no director designated by such chairperson, the Board shall make such appointment.

#### Article 7 (Convening)

A board meeting shall be convened by the chairperson.

#### Article 8 (Request for Convening)

- ① Each director shall have the right to request the convening of a board meeting.
- ② The director with the authority to convene shall not reject or withhold a written request for a board meeting made by a third of the directors in office.
- ③ In principle, a request the convening of a board meeting shall be made two weeks prior to the date of such meeting unless it is for an urgent matter.

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## Article 9 (Notice of Convening)

- ① The notice of convening of a board meeting shall be made by sending a convening notice to each director by mail, telephone, fax, e-mail, etc. at least five days prior to the date of such meeting. However, in case of urgency, notice may be given up to the day before the meeting date.
- ② The procedure stated in the foregoing Paragraphs may be omitted with upon the consent of all directors.

## Article 10 (Report by Audit Committee Member)

When a member of the Audit Committee deems that a director has acted or may act in violation of laws or the Articles of Incorporation, he/she shall report it to the BOD.

## Article 10-2 (Business Execution Officers)

The BOD may appoint business execution officers for the execution of the resolutions of the BOD and the daily businesses of the Company.

## CHAPTER III DUTIES IN CHARGE

## Article 11 (Matters to be Deliberated)

The matters to be deliberated by the BOD are as follows:

1. Matters concerning the general meeting of shareholders
  - a. Convening of a general meeting of shareholders

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- b. Approval of financial statements and business reports
- c. Amendment to Articles of Incorporation
- d. Appointment and dismissal of directors
- e. Appointment and dismissal of Audit Committee members
- f. Designation of the limit of remuneration for directors
- g. Decrease in capital
- h. Dissolution, merger, spin-off, merger through division and continuation of the Company
- i. Transfer, acquisition and lease of businesses as follows:
  - (1) Transfer of all or any significant part of a business;
  - (2) Lease of all business, delegation of management, or conclusion, change or cancellation of a contract that shares all profits and losses of management with others
  - (3) Acquisition of all business of another company by the Company
  - (4) Acquisition of part of a business from another Company that significantly affects the business of the Company
- j. Issuance of shares at a price less than their par value
- k. Consolidation of shares
- l. Other matters to be deliberated at the general meeting of shareholders

## 2. Matters concerning management

- a. Appointment and dismissal of managers
- b. Establishment, relocation and closure of branches
- c. Closing of shareholders' register and designation of the record date

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- d. Establishment, amendment and abolition of BOD regulations and committee regulations under the BOD
  - e. Establishment, amendment and abolition of internal accounting management regulations
  - f. Investment of at least two percent of equity capital at the end of the last fiscal year in the establishment and expansion of production facilities, and in R&D
  - g. Development and revision of methods to implement the management philosophy stipulated in Article 3-3 of these regulations
  - h. Donations of over KRW 1 billion. However, emergency relief due to natural disasters such as typhoons, floods, fires, and earthquakes and donations in accordance with the "Social Welfare Community Chest Act" may be reported after pre-execution.
  - i. Determination and change of other major matters related to the management of the Company
3. Matters concerning finance
- a. Issuance of new shares
  - b. Capitalization of reserve
  - c. Issuance of corporate bonds
  - d. Designation and replacement of transfer agent
  - e. Issuance of convertible bonds and bonds with warrants
  - f. Stock split
  - g. The following debt burden, asset acquisition or disposal of at least two percent of equity capital at the end of the last fiscal year
    - (1) Taking new loans with a maturity of longer than one year
    - (2) Provision of collateral and guarantee of debt

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(3) Financing and leasing to other corporations

(4) Acquisition and disposal of assets

4. Matters related to human resource and organizational management
  - a. Appointment of Representative Director
  - b. Composition, establishment and operation of committees within the BOD, and the appointment and dismissal of members of each committee except for the Audit Committee
  - c. In the event that the chairperson of the BOD is unable to perform his/her duties, appointment of the director who shall preside over general meetings of shareholders and board meetings.
  - d. Approval of directors' competitive transaction
  - e. Approval of transactions between directors and the Company as stipulated in Article 398 of the Commercial Act
  - f. Appointment and dismissal of business execution officers
  - g. Grant of stock options and revocation of such grant
  - h. Purchase of liability insurance for executives and introduction of a relief system for other responsibilities of executives
  - i. Approval for use of corporate business opportunities, etc. by directors as stipulated in Article 397-2 of the Commercial Act
  - j. Appointment and dismissal of compliance officers and enactment and amendment of compliance control standards
  
5. Matters stipulated by other laws or the Articles of Incorporation, matters delegated by the general meeting of shareholders, and matters deemed necessary by the representative director

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Article 11-2 (Approval of Insider Trading, Etc.)

The following shall be matters subject to approval from approval from the BOD.

1. At least 5/100 of the greater of the capital or total equity subject to approval from the BOD as determined in the Monopoly Regulation and Fair Trade Act, or any of the following acts equivalent to KRW 5 billion and more.
  - a. Provision or transaction of funds, securities, or assets to or for a person with special interests
  - b. Provision or transaction of goods or services to or for an affiliated company or its subsidiary in which a person has invested 20 percent or more, alone or in combination with relatives of such person, based on the total amount of quarterly transactions
2. Transactions with the Company's largest shareholder and a person with special interests as prescribed by the BOD in the Commercial Act

Article 12 (Right to Supervise Directors' Execution of Duties)

- ① The BOD may request the submission, investigation, and explanation of relevant data to each director when it is deemed that he/she violates laws or the Articles of Incorporation in performing his/her duties, or that did or is likely to deal with them in an unduly unreasonable manner.

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- ② In the case of Paragraph (1), the BOD may request to suspend or change the execution of the relevant business.

## Article 13 (Committees under the Board of Directors)

- ① The BOD may establish the following committees under the BOD as prescribed by the Articles of Incorporation for prompt and efficient decision-making.
1. Audit Committee;
  2. Independent Director Candidate Recommendation Committee;
  3. Management Committee; and/or
  4. Committees established by a resolution of the BOD as necessary.
- ② The BOD may delegate its authorities to the committees, except for the following matters:
1. Proposal of matters subject to the approval of the general meeting of shareholders;
  2. Appointment and dismissal of the representative director;
  3. Establishment of a committee and the appointment and dismissal of its members; and
  4. Other matters stipulated in the Articles of Incorporation
- ③ The Management Committee established by the resolution of the BOD in accordance with this Article shall deliberate and resolve on matters stipulated in Article 11 (2) (c), (3) (c), (3) (g) 1 and 2, (4) (f) and (g), as well as other matters delegated by the BOD.
- ④ A committee shall be composed of two or more directors. However, the Audit Committee shall be composed of three or more directors.

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- ⑤ Each committee shall notify each director of the resolutions. In this case, each director who has been notified of such resolutions may request the convening of the BOD, and the BOD may re-resolve on matters resolved by the committee. However, the resolution of the Audit Committee shall not be re-resolved.
- ⑥ Details regarding the operation of each committee shall be determined by a resolution of the BOD.

#### Article 14 (Delegated Matters)

The decisions on the following matters shall be delegated to the representative director.

1. Matters related to all corporate affairs other than Articles 11 and 11-2;
2. Matters of which decisions delegated to the representative director by resolution of the BOD; and
3. Details of the execution of matters resolved by the BOD.

#### Article 15 (Reported Matters)

The BOD shall receive reports on the following:

1. Execution progress of resolutions and approvals of the BOD and their results;
2. Activities of committees under the BOD;
3. Annual business plan and its revision;
4. Important business matters of each department;
5. Operational status of Internal Accounting Management System;
6. Result of inspection on compliance with compliance control standards; and/or
7. Other matters deemed necessary by the BOD.

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#### Article 16 (Post-Approval)

- ① Matters subject to a resolution of the BOD may be executed without such resolution if the representative director deems such execution is needed to be urgently carried out. However, he/she shall immediately convene the BOD to report the progress and results and shall obtain an approval.
- ② If the approval of the preceding Paragraph is not obtained, the internal measures shall lose effect from then on.

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## CHAPTER IV RESOLUTION

### Article 17 (Method of Resolution)

- ① Resolutions of the BOD shall be adopted by the presence of a majority of the directors in office and by the affirmative vote of a majority of the directors present. However, for the resolution of the matters stipulated in Article 11, Subparagraph 4 (e) and (i), two-third or more of the number of registered directors.
- ② The BOD may allow all directors or a part thereof to participate in resolutions by the BOD through the means of communication transmitting and receiving voices simultaneously, in lieu of attending such a meeting in person. In this case, such directors shall be deemed to have attended such a meeting in person.

### Article 18 (Voting Rights)

- ① Each director shall have one vote.
- ② The voting right of a director shall not be exercised by proxy.

### Article 19 (Restriction on Voting Rights)

- ① A person who has special interests in a resolution by the BOD shall not exercise his/her vote upon such resolution.
- ② Directors unable to exercise their voting rights pursuant to the foregoing Paragraph shall not be counted in the number of directors present.

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## CHAPTER V MISCELLANEOUS

### Article 20 (Minutes)

The proceedings and results of a meeting, and the persons who oppose and the reason therefor shall be recorded in the minutes. A director present shall affix his/her seals or signature thereon.

### Article 21 (Preservation, Inspection and Issuance of Minutes, etc.)

- ① Minutes of a board meeting, and their copy shall be kept at the secretariat.
- ② Inspection and Issuance of minutes shall be in charge of by the secretariat.

### Article 22 (Administrator)

- ① The BOD shall have an administrator to handle all affairs of the BOD.
- ② The administrator, under the direction and supervision of the chairperson, shall oversee the affairs related to all procedures for holding a board meeting, including notification of the convening the BOD, and the secretariat affairs related to the minutes of the BOD.

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### Addendum

#### Article 1 (Enforcement Date)

These Articles of Incorporation shall be effective from December 1, 2017.