



January 11th, 2024

KT&G Governance Committee resolves to finalize the longlist of CEO candidates

The Governance Committee of KT&G Corporation (“KT&G” or the “company”) convened the committee meeting on January 11th and finalized the longlist of KT&G CEO candidates, which comprises 24 individuals including 14 external candidates and 10 internal candidates. The incumbent CEO Bok-in Baek has been excluded from the list as he has expressed his intention not to seek reappointment on January 9th.

For the external candidates, 8 individuals who applied through open recruitment and 6 individuals recommended by search firms, totaling 14 individuals have all been included to the longlist. In addition, 10 internal candidates who have participated in the Senior Management Training Program have also been included, bringing the total of 24 longlisted candidates.

The CEO appointment process, aligned with relevant statutes and the company’s Articles of Incorporation, is expected to unfold over approximately three months. It will be conducted in a fair and transparent manner, following a three-step procedure involving ‘Governance Committee → CEO Candidate Recommendation Committee → Approval at the General Meeting of Shareholders.’

Following the procedure, the Governance Committee plans to conduct a comprehensive assessment of the candidates who have been long-listed. The Governance Committee also intends to consider and weigh impartial and objective opinions from the advisory panel, composed of 5 external experts. The committee will finalize the first shortlist of CEO candidates by the end of this month and recommend it to the CEO Candidate Recommendation Committee.

Then, the CEO Candidate Recommendation Committee will engage in a systematic and in-depth discussion regarding the candidates included in the first shortlist to form the second shortlist by mid-February. The second shortlist will be disclosed in a transparent manner upon its finalization. The final CEO candidate will be named by the end of February. The appointment will be subject to approval at the Annual General Meeting of Shareholders in late March, taking into account the collective will of the entire shareholder body.



According to the company's current Articles of Incorporation, the incumbent CEO who has no intention of seeking reappointment can participate in the CEO Candidate Recommendation Committee. However, CEO Bok-in Baek has decided not to partake in the committee, driven by the commitment to enhance the fairness and objectivity of the CEO appointment process.

Therefore, the CEO Candidate Recommendation Committee is set to be composed entirely of outside directors. Additionally, KT&G's Board of Directors plans to propose an agenda item at the upcoming Annual General Meeting of Shareholders to amend the Articles of Incorporation and make it obligatory to constitute the CEO Candidate Recommendation Committee exclusively of outside directors, regardless of the incumbent CEO's intentions regarding reappointment.

"We honor CEO Bok-in Baek's voluntary decision not to seek reappointment and his emphasis on the need for new leadership. This reflects his dedication to advancing the company to greater heights as a global leading company. We will faithfully carry out the CEO appointment process and candidate assessment, adhering to the principle of maximizing the interests of all shareholders and the future value of the company," said Jong-soo Baek, Chairman of the KT&G Governance Committee. "Moving forward, we plan to transparently communicate with the shareholders and stakeholders throughout the entire CEO appointment process, ensuring the enhanced fairness and objectivity of the process," the Chairman added.