

**ARTICLES OF INCORPORATION  
OF  
KT&G CORPORATION**

Enacted	April 1, 1989	Amended	December 27, 2002	Amended	March 28, 2023
Amended	April 26, 1993	Amended	March 14, 2003	Amended	March 28, 2024
Amended	March 22, 1995	Amended	March 18, 2004		
Amended	October 1, 1997	Amended	March 18, 2005		
Amended	October 9, 1998	Amended	March 13, 2009		
Amended	November 17, 1998	Amended	February 26, 2010		
Amended	September 2, 1999	Amended	March 4, 2011		
Amended	March 29, 2000	Amended	February 28, 2013		
Amended	December 27, 2000	Amended	February 27, 2015		
Amended	March 23, 2001	Amended	March 18, 2016		
Amended	March 15, 2002	Amended	March 29, 2022		

**CHAPTER 1  
GENERAL PROVISIONS**

**Article 1 (Company Name)**

The name of this company is “*ChusikHoesa* KT&G” (the “**Company**”), which shall be expressed as “KT&G Corporation” in English.

**Article 2 (Objective)**

(1) The objectives of the Company shall be as follows:

1. manufacture and sale of tobacco;
2. manufacture and sale of red ginseng, red ginseng products and health functional foods;
3. manufacture and sale of foods and beverages;
4. development, manufacture and sale of pharmaceutical, bio-pharmaceutical and non-pharmaceutical products, medical supplies and medical equipment and any other relevant products;
5. manufacture and sale of tobacco business related materials;
6. trading business;
7. distribution business;
8. broadcasting business;
9. real estate, real estate leasing and housing businesses;
10. leaf tobacco cultivation education;
11. businesses regarding test, inspection, examination or standardization designated or entrusted by the Korean government;

*Translation*

12. financing business;
13. insurance business;
14. service businesses related to finance and insurance;
15. general construction business;
16. exploration, mining, development, investment and sale of crude oil, coal, natural gas and other natural renewable resources;
17. production, transportation and supply of energy, including, but not limited to, alternative energy, clean energy and new and renewable energy and other relevant technology business;
18. carbon credit related service and carbon credit trading;
19. manufacture, processing and sale of beer, whiskey, *soju*, alcohol and other alcoholic beverage;
20. supply of electricity, gas, steam and air-conditioning;
21. wholesale and commodity brokerage businesses;
22. storage, warehousing and other transportation service businesses;
23. research and development businesses, including, but not limited to, research and development of new materials;
24. franchise invitation and operation;
25. production and distribution of visual and audio works, including, but not limited to, films, discs and videos and operation of theaters, performance facilities and recording facilities;
26. publication of books, newspapers, magazines and other printed materials;
27. operation of restaurants and bars;
28. social welfare service business, including, but not limited to, welfare facilities operation;
29. education service business;
30. general advertisement business, including, but not limited to, advertisement agency, sale of advertisement media and production of advertisement materials;
31. cultural and art businesses, and recreational products businesses;
32. entertainment and game businesses and other relevant contents and products business;
33. general tour business and lodging business, including, but not limited to, operation of hotels, inns and resort condos;
34. amusement park and theme park operation;
35. business facilities administration and gardening services;
36. operation of beauty salon and bathhouse, including, but not limited to, spa and other similar service business;
37. travel agency and other travel assistant service business;
38. sports team operation and other incidental business;
39. sports service business, including, but not limited to, operation of fitness center, swimming pool, ski resort and golf course;
40. parking lot operation;
41. manpower supply and recruiting service business;
42. development, production, sale and purchase of seeds of tobacco, ginseng and other plants;
43. manufacture and sale of fertilizer and agrochemicals;

44. manufacture and sale of soaps and detergents;
45. manufacture and sale of cosmetics;
46. manufacture and sale of perfume;
47. management and licensing of intellectual property rights, including, but not limited to, brands, trademark rights, manufacture technology related to any of the foregoing items; and
48. Supply and development of software
49. electronic commerce transaction business
50. mail order distribution business and mail order brokerage business
51. research activity incidental to the businesses described above.

- (2) The Company may engage in investment, contribution, loan, support or any other ancillary businesses that are necessary to accomplish the objectives specified in Paragraph (1).

**Article 3 (Location of Head Office)**

The Company shall have its head office in Daejeon, Republic of Korea (“**Korea**”) and the Company may establish branches, liaison offices or subsidiaries within or outside Korea by a resolution of the Board of Directors, when it deems necessary.

**Article 4 (Public Notices)**

Public notices by the Company shall be posted on the website of the Company (<http://www.ktng.com>). However, if such website cannot be used for the purpose of public notice due to any irregularity of computer system or other inevitable cause, it shall be issued in *The Seoul Shinmun*, a daily newspaper published in Seoul, and *The Daejeon Ilbo*, a daily newspaper published in Daejeon, Korea.

**CHAPTER 2  
SHARES OF STOCK**

**Article 5 (Total Number of Authorized Shares and Par Value of Shares)**

The total number of shares of the Company authorized to be issued shall be 800,000,000 shares and the par value per share shall be 5,000 Won.

**Article 6 (Total Number of Shares Issued at the Time of Establishment)**

The total number of shares to be issued at the time of establishment of the Company shall be 274,566,387 shares.

**Article 7 (Types of Shares and Electronic Registration of Rights that Must Be Indicated on Shares and Stock Subscription Warrant Certificates)**

- (1) The shares to be issued by the Company shall be common shares, preferred shares or convertible preferred shares, all of which are in non-bearer form.
- (2) In lieu of issuance, the Company shall electronically register the rights that must appear on the shares and the warrant certificates with the electronic register of electronic registry.

**Article 7-2 (Number and Terms of Preferred Shares)**

- (1) Preferred shares to be issued by the Company shall be non-voting, and the number thereof shall not exceed the maximum number of shares prescribed by the applicable laws.
- (2) Dividends payable on preferred shares shall be of an amount equal to nine percent (9%) or more *per annum* of the par value thereof and the dividend rate shall be determined by the Board of Directors at the time of issuance.
- (3) Notwithstanding Paragraph (2) above, if distributable income is less than the minimum amount of dividends payable on preferred shares, dividends on preferred shares may not be declared.
- (4) If dividends on preferred shares are not declared as prescribed above in Paragraph (2), the preferred shares shall have voting rights, from the time of the general meeting of shareholders following the general meeting of shareholders at which the resolution not to declare dividends on preferred shares is adopted, to the time of the end of the general meeting of shareholders at which a resolution to declare dividends for such preferred shares is adopted.
- (5) The effective term of preferred shares shall be ten (10) years from the date of issuance. Upon expiration of the term, the preferred shares shall be converted into common shares. However, if all dividends due as prescribed above in Paragraph (2) are not declared on the preferred shares within the effective term, the term shall be extended until such dividends are declared on the preferred shares and paid in full.

**Article 7-3 (Number and Terms of Convertible Preferred Shares)**

- (1) Convertible preferred shares to be issued by the Company shall be non-voting, and the number thereof shall not exceed the maximum number of shares prescribed by the applicable laws.
- (2) Dividends payable on convertible preferred shares shall be of an amount equal to nine percent (9%) or more *per annum* of the par value thereof and the dividend rate shall be determined by the Board of Directors at the time of issuance.
- (3) One (1) convertible preferred share may be converted into one (1) common share of the Company at the request of holders of such convertible preferred shares. The period during which conversion may be requested shall be three (3) years from the date immediately following the date of issuance of the relevant convertible preferred shares; *provided, however*, that the Board of Directors may, by its resolution, adjust the conversion period within the above period.

*Translation*

- (4) If conversion rights on convertible preferred shares are not exercised within the conversion period, convertible preferred shares shall be deemed to be converted into common shares on the date of end of the conversion period.
- (5) At the time of issuance of convertible preferred shares, the Board of Directors shall determine the matters regarding the adjustment of the conversion ratio in case of a change in the shareholding ratio of convertible preferred shares (assuming that all common shares issuable upon conversion of outstanding convertible preferred shares have been issued and outstanding) due to split or consolidation of common shares or any other similar events.
- (6) Notwithstanding Paragraph (2) above, if distributable income is less than the minimum amount of dividends payable on convertible preferred shares, dividends on convertible preferred shares may not be declared.
- (7) Convertible preferred shares may have additional rights and characteristics determined by a resolution of the Board of Directors prior to the issuance thereof to the extent permitted by the applicable laws.
- (8) The provision of Article 7-2(4) of these Articles of Incorporation shall apply *mutatis mutandis* to convertible preferred shares.

**Article 8 (Preemptive Rights and Equal Dividends)**

- (1) The Company's shareholders shall have the preemptive right to subscribe for new shares in proportion to their respective shareholding ratios. If the Company issues new shares by rights issue or bonus issue, with respect to preferred shares or convertible preferred shares, the new shares shall be the shares of same class to be allocated to common shares in the case of rights issue and shall be the shares of same class in the case of bonus issue.
- (2) In case of abandonment or loss of the preemptive right of the shareholders to subscribe for new shares, or if fractional shares remain at the time of allocation of new shares, such shares shall be disposed of by a resolution of the Board of Directors.
- (3) Notwithstanding Paragraph (1) above, in any of the following cases, the Company may allocate new shares to persons other than existing shareholders by a resolution of the Board of Directors:
  1. when the Company issues new shares by public offering;
  2. when the Company issues new shares to members of the Employee Stock Ownership Association;
  3. when the Company issues new shares for the purposes of its business management, including, but not limited to, introduction of new technology and improvement of corporate financial structure; and
  4. when the Company issues new shares as prescribed by the applicable laws and regulations.
- (4) If the Company issues new shares for value, the Company may preferentially allocate

new shares to the members of the Employee Stock Ownership Association set forth in Subparagraph 2 of Paragraph (3) above to the extent permissible under the Financial Investment Services and Capital Market Act (the “**FISCMA**”).

- (5) If the Company distributes any dividends, such distribution shall be equal for all shares in the same class issued (including converted shares) as of the record date irrespective of the date of issuance.

**Article 9 (Stock Option)**

- (1) The Company may grant stock options to its officers and employees other than any of the following persons, who have contributed, or are capable of contributing, to the improvement of management performance, technical innovation and others of the Company, by a special resolution of the general meeting of shareholders, to an extent not exceeding twenty percent (20%) of the total number of issued and outstanding shares as provided by the Enforcement Decree of the Commercial Code; *provided, however,* that the Company may grant stock options to its officers and employees, by a resolution of the Board of Directors, to an extent not exceeding ten percent (10%) of the total number of issued and outstanding shares as provided by the Enforcement Decree of the Commercial Code:
1. the largest shareholder (as defined in Article 542-8(2)(v) of the Commercial Code) (the “**Largest Shareholder**”) of the Company and its specially related persons (as defined in Article 542-8(2)(v) of the Commercial Code) (the “**Specially Related Persons**”), except for such persons who are deemed the Specially Related Persons by becoming officers and directors of the Company;
  2. major shareholder(s) of the Company (as defined in Article 542-8(2)(vi) of the Commercial Code) (the “**Major Shareholder(s)**”) and its Specially Related Persons, except for such persons who are deemed the Specially Related Persons by becoming officers and directors of the Company; and
  3. persons who become the Major Shareholders through exercise of their stock options.
- (2) The shares to be issued upon exercise of stock options (in case the Company pays the difference between the exercise price of stock options and the market price of such shares in cash or treasury shares, the shares which shall be the basis of the calculation of such difference), shall be common shares, preferred shares or convertible preferred shares, all of which are in non-bearer form.
- (3) The number of officers and employees of the Company, to whom stock options may be granted, may not exceed ninety nine (99%) of the total number of the then current officers and employees, and the number of stock options to be granted to an officer or employee may not exceed ten percent (10%) of the total number of issued and outstanding shares.
- (4) The purchase price per share to be acquired through exercise of stock options shall not be less than the price prescribed by the Commercial Code.

*Translation*

- (5) The stock options may be exercised, during the period prescribed by a separate agreement, within seven (7) years after two (2) years following the date of the general meeting of shareholders or the meeting of the Board of Directors at which a resolution to grant such stock options was adopted.
- (6) The officers and employees of the Company, who have been granted stock options, may exercise such stock options only if they serve the Company for two (2) years or more following the date of the general meeting of shareholders or the meeting of the Board of Directors at which a resolution to grant such stock options was adopted. However, if such officer or employee dies or retires or resigns from office due to any cause not attributable to him or her, he or she may exercise his or her stock options during the above exercise period.
- (7) In any of the following cases, the Company may, by a resolution of the Board of Directors, cancel the stock options:
  1. when the relevant officer or employee voluntarily resigns or retires from his or her position at the Company after receiving the stock option;
  2. when the relevant officer or employee inflicts material damages or losses on the Company due to intentional misconduct or gross negligence of such person and thereby has been removed or dismissed from his or her position; and
  3. when there occurs any other event for cancellation of the stock option pursuant to the stock option agreement.

**Article 10** (Deleted on December 27, 2002)

**Article 11 (Transfer Agent)**

- (1) The Company shall have a transfer agent.
- (2) The Company shall, by a resolution of the Board of Directors, designate the transfer agent and determine the location where its services are to be rendered and the scope of the transfer agent's duties.
- (3) The shareholders' registry or a duplicate thereof shall be kept at the location where the transfer agent's services are to be rendered and the transfer agent shall handle the matters related to the electronic registration of shares, management of the shareholders' registry and other duties with respect to shares.
- (4) The procedures for the activities set forth in Paragraph (3) above shall be conducted in accordance with the relevant regulations of transfer agent.

**Article 12** (Deleted on March 29, 2022)

**Article 13 (Record Date)**

- (1) (Deleted on March 29, 2022)
- (2) The Company shall deem any shareholder, whose name appears in the shareholders'

registry on December 31 of each year, to be the shareholder who is entitled to exercise their rights at the annual general meeting of shareholders for such fiscal year.

- (3) The Company, by a resolution of the Board of Directors, in the case of convening the extraordinary general meeting of shareholders or in any other necessary cases, may deem any shareholder, whose name appears in the shareholders' registry on the date designated by the Board of Directors, to be the shareholder who is entitled to exercise the rights in connection with such shares. The Company shall give public notice thereof at least two (2) weeks in advance of such date designated by the Board of Directors.

### **CHAPTER 3 BONDS**

#### **Article 14 (Issuance of Convertible Bonds)**

- (1) In any of the following cases, the Company may, by a resolution of the Board of Directors, issue convertible bonds to persons other than shareholders to the extent that the total face value of the bonds shall not exceed 500,000,000,000 Won:
1. when the Company issues convertible bonds by public offering pursuant to the FISCMA;
  2. when the Company issues convertible bonds to companies having cooperative business relations with the Company for the purposes of introduction of technology or other purposes;
  3. when the Company issues convertible bonds to solicit foreign investment for the purpose of the Company's business pursuant to the Foreign Investment Promotion Act;
  4. when the Company issues convertible bonds to domestic or foreign financial institutions in order to raise funds to meet urgent need;
  5. when the Company issues convertible bonds overseas in accordance with Article 165-16 of the FISCMA; and
  6. when the Company issues convertible bonds as reasonably deemed by the Board of Directors for the purpose of the Company's business.
- (2) The Board of Directors may issue the convertible bonds referred to in Paragraph (1) above on the condition that conversion rights will be attached to only a portion of the convertible bonds.
- (3) The shares to be issued upon conversion shall be common shares, preferred shares or convertible preferred shares, which shall be determined by the Board of Directors at the time of issuance of convertible bonds. The conversion price, which shall be equal to or



more than the face value of the shares, shall be determined by the Board of Directors at the time of issuance of the convertible bonds.

- (4) The period during which conversion rights may be exercised shall commence on the date immediately following one (1) month after the issue date of the convertible bonds and end on the date immediately preceding the redemption date thereof, which shall be determined by the Board of Directors at the time of issuance of the convertible bonds.
- (5) If conversion takes place, the Company shall pay only the interest accrued and payable prior to conversion.

**Article 15 (Issuance of Bonds with Warrants)**

- (1) In any of the cases listed in Article 14(1), the Company may, by a resolution of the Board of Directors, issue bonds with warrants to persons other than shareholders to the extent that the total face value of such bonds shall not exceed 500,000,000,000 Won.
- (2) The aggregate value of new shares, which can be subscribed for by the holders of the bonds with warrants, shall be determined by the Board of Directors; *provided, however*, that the amount of such new shares shall not exceed the aggregate face value of the bonds with warrants.
- (3) The shares to be issued upon exercise of warrants shall be common shares, preferred shares and convertible preferred shares, which shall be determined by the Board of Directors at the time of issuance of bonds with warrants. The issue price, which shall be equal to or more than the face value of the shares, shall be determined by the Board of Directors at the time of issuance of bonds with warrants.
- (4) The period during, which warrants may be exercised, shall commence on the date immediately following one (1) month after the issue date of the bonds with warrants and end on the date immediately preceding the redemption date thereof, which shall be determined by the Board of Directors at the time of issuance of the bonds with warrants.
- (5) (Deleted on March 28, 2024)

**Article 15-2 (Electronic Registration of Rights That Must Appear on Bonds and Warrant Certificates)**

In lieu of issuing bond certificates and warrant certificates, the Company shall electronically register the rights that must appear on bonds and warrant certificates with the electronic register of electronic registry; *provided, however*, in the case of bonds, the Company may forgo such electronic registration unless the bonds are subject to the mandatory electronic registration under relevant laws, such as listed bonds.

**Article 16 (Applicable Provisions for the Issuance of Bonds)**

The provisions of Articles 11 shall apply *mutatis mutandis* to the issuance of bonds..

## **CHAPTER 4 SHAREHOLDERS MEETING**

### **Article 17 (Convening and Types of General Meetings of Shareholders)**

- (1) The general meetings of shareholders of the Company (the “**Meeting**”) shall be of two kinds: (i) annual general meeting of shareholders (the “**Annual Meeting**”) and (ii) extraordinary general meeting of shareholders (the “**Extraordinary Meeting**”). The Annual Meeting shall be held within three (3) months after the end of each fiscal year, and the Extraordinary Meeting may be convened at any time as deemed necessary by a resolution of the Board of Directors and the applicable laws.
- (2) The Meeting may not resolve matters other than those stated in the notice of the Meeting.
- (3) The Meeting shall be held either at the place where the head office of the Company is located or in Seoul, Korea. The Meeting, if necessary, may be held at a nearby place as determined by a resolution of the Board of Directors.
- (4) The President of the Company who is the Representative Director (hereinafter, the “**President**”) shall convene a Meeting. In case where the President fails to convene, the provision of Article 28(2) of these Articles of Incorporation shall apply *mutatis mutandis*.

### **Article 18 (Notice of the Meeting)**

- (1) In convening the Meeting, individual notice thereof shall be given, in writing or by electronic mail, to the shareholders two (2) weeks prior to the date set for such Meeting. The notice shall state the agenda of the Meeting, the time and date when and place where the Meeting will be held.
- (2) For those shareholders who own one percent (1%) or less of the total number of voting shares, instead of sending individual notices, a notice of the Meeting which sets forth the convening and agenda of the Meeting, may be given by the Company by way of public notices thereof at least twice in *The Seoul Shinmun*, a daily newspaper published in Seoul, Korea or *The Daejeon Ilbo*, a daily newspaper published in Daejeon, Korea or on the electronic disclosure system (i.e., KIND) of the Korea Exchange or the electronic disclosure system (i.e., DART) of the Financial Supervisory Service two (2) weeks prior to the date set for such Meeting.

### **Article 19 (Chairman of the Meeting)**

The President of the Company shall be the chairman of the Meeting; *provided, however*, in the event that the President is absent or fails to serve as the chairman of the Meeting, the provision of Article 28(2) of these Articles of Incorporation shall apply *mutatis mutandis*.

### **Article 20 (Resolution of the Meeting)**

- (1) All resolutions at the Meeting shall be adopted by an affirmative vote of a majority of

the voting shares represented at the Meeting and one-fourth (1/4) or more of the voting shares issued and outstanding, except where a greater percentage is required by the applicable laws.

- (2) Notwithstanding Article 385(1) of the Commercial Code, the dismissal of the directors shall be adopted by an affirmative vote of two thirds (2/3) or more of the voting shares represented at the Meeting and one half (1/2) or more of the voting shares issued and outstanding. Provided, however, that the dismissal as set forth in Articles 26(2) and 32-2(4) of these Articles of Incorporation shall be adopted by a resolution pursuant to Article 434 of the Commercial Code.
- (3) Notwithstanding Article 434 of the Commercial Code, the amendment of the first sentence of Paragraph (2) above shall be adopted by an affirmative vote of two thirds (2/3) or more of the voting shares represented at the Meeting and one half (1/2) or more of the voting shares issued and outstanding.
- (4) Each shareholder shall have one (1) vote for each share he/she owns.

**Article 21 (Voting by Proxy)**

- (1) A shareholder may exercise his/her vote through a proxy.
- (2) In case of Paragraph (1) above, the proxy holder shall file with the Company the documents evidencing the authority to act as a proxy before the Meeting.

**Article 22 (Chairman's Right to Maintain Order)**

- (1) The chairman of the Meeting may suspend or, cancel a person's right to speak or order such person to be removed from the Meeting if such person speaks or acts in such manner as to intentionally interrupt the proceedings or disturb the order of the Meeting.
- (2) The chairman of the Meeting may restrict the allotted time and the number of opportunity allowed for each shareholder to speak if deemed necessary for the orderly proceeding of the Meeting.

**Article 23 (Minutes of the Meeting)**

The substance of the course of the proceedings of the Meeting and the results thereof shall be recorded in the minutes, which shall bear the names and seals or signatures of the chairman of the Meeting and of the directors present at the Meeting, and shall be preserved in the head office and branches.

**Article 24 (Deleted on March 29, 2022)**

**CHAPTER 5  
DIRECTORS AND BOARD OF DIRECTORS**

**Article 25 (Number of Directors)**

The Company shall have ten (10) or less directors; *provided, however*, that the Company shall have four (4) or less inside directors, which include the President, and such inside directors shall be less than one half (1/2) of the total number of directors.

**Article 26 (Election of the President and Directors)**

- (1) The President shall be elected at the Meeting among the persons recommended by the President Candidate Recommendation Committee pursuant to Article 32.
- (2) Inside directors shall be elected at the Meeting among the persons recommended by the Board of Directors. In any of the following cases, the Board of Directors may propose dismissal of an inside director to the Meeting. In such case, the relevant inside director shall not participate in the resolution of the Board of Directors.
  1. when an inside director contracts a physical or mental disease which may make such inside director incapable of performing his/her duties at least one (1) year; or
  2. when an inside director's achievement is severely unsatisfactory due to significant deficiency in his/her ability to perform duties.
- (3) (Deleted on March 28, 2024)
- (4) Members of the Audit Committee, who are not independent non-executive directors pursuant to Article 34-3, shall meet the requirements set forth in Article 542-11(3) of the Commercial Code. Pursuant to Article 542-12 of the Commercial Code, the largest shareholder holding a number of voting shares exceeding three-hundredths (3/100) of the total issued and outstanding shares (except for the non-voting shares), together with its Specially Related Persons and other persons provided in the Enforcement Decree of the Commercial Code, may not exercise his or her voting rights in appointing or dismissing such members in respect of such excess shares.
- (5) Independent non-executive directors shall be elected at the Meeting among the persons recommended by the Independent Non-Executive Director Candidate Recommendation Committee upon review of the qualification of the persons who are recommended by (i) the Independent Non-Executive Director Candidate Recommendation Committee in accordance with Article 34-5, (ii) the shareholders pursuant to Article 363-2(1) or 542-6(2) of the Commercial Code.

**Article 27 (Term of Office)**

- (1) The term of office of the directors shall be determined at the Meeting to an extent not exceeding three (3) years, and the term of office of an independent non-executive director elected to fill a vacancy shall be the remainder of the term of office of his or her predecessor. *Provided, however*, that the term of office shall be extended until the close of the Annual Meeting convened in respect of the last fiscal year during such term of office if it expires before the Annual Meeting.
- (2) (Deleted on March 29, 2000)

**Article 28 (Duties of President and Inside Directors)**

- (1) The President shall represent the Company and control the overall operation of the Company.
- (2) The inside directors and the executive officers shall assist the President. In the event that the President is absent, one of them shall act as the President in accordance with the order stipulated in the Organization Regulation of the Company.

**Article 29** (Deleted on March 29, 2000)

**Article 30 (Remuneration)**

- (1) The remuneration for directors shall be determined by a resolution of the Board of Directors within the scope adopted at the Meeting; *provided, however, that* the President and the inside directors shall not participate in the resolution of the Board of Directors in determining remuneration for the President and the inside directors.
- (2) The Company may, by a resolution of the Board of Directors, compensate independent non-executive directors for actual costs and expenses incurred for the performance of their duties.

**Article 31 (Severance Pay)**

Severance pay for the President and the inside directors shall be paid in accordance with the Regulation on Severance Pay for Inside Directors adopted by a resolution of the Meeting.

**Article 31-2** (Deleted on December 27, 2002)

**Article 32 (President Candidate Recommendation Committee)**

- (1) The Company shall have the President Candidate Recommendation Committee, a non-standing committee in the Board of Directors, consisting of six (6) or fewer independent non-executive directors by a resolution of the Board of Directors. In such case, the President and the inside directors shall not participate in the resolution of the Board of Directors, and a member of the President Candidate Recommendation Committee may not be a president candidate recommended by the President Candidate Recommendation Committee.
  1. (Deleted on March 28, 2024)
  2. (Deleted on March 28, 2024)
  3. (Deleted on March 23, 2001)
- (2) The President Candidate Recommendation Committee shall, by its resolution, appoint the chairman of such Committee.
- (3) All resolutions at the President Candidate Recommendation Committee shall be made by an affirmative vote of a majority of the members in office.

- (4) The Company shall establish the President Candidate Recommendation Committee by a resolution of the Board of Directors until sixty (60) days prior to the expiration of the President's term. The President Candidate Recommendation Committee shall be deemed to have dissolved when a resolution is adopted at the Meeting to elect a president candidate as the President and the management contract is executed. However, if the President should be elected due to an early dismissal or vacancy during the term of office of the predecessor, the President Candidate Recommendation Committee shall be established within thirty (30) days of the date of dismissal or vacancy.
- (5) When the Governance Committee has searched and recommended those persons who are deemed qualified for the President, the President Candidate Recommendation Committee shall select and recommend to the Meeting a president candidate after examining the recommended persons in accordance with the standards determined at the meeting of the independent non-executive directors of the Board of Directors, which shall include the following factors; *provided, however*, that the President Candidate Recommendation Committee shall report the result thereof to the Board of Directors before recommending the president candidate to the Meeting.
  1. experiences, degrees and any other factors to objectively assess a person's knowledge concerning management and economy;
  2. past business management achievement, period of time of business management and any other factors to objectively assess a person's business management experiences; and
  3. any other factors to examine a person's capabilities and qualifications as a chief executive officer.
- (6) The details regarding the operation of the President Candidate Recommendation Committee shall be determined by a resolution of the Board of Directors.

**Article 32-2 (Management contract with the President, etc.)**

- (1) The President Candidate Recommendation Committee shall consult with a president candidate regarding the terms and conditions of an employment contract such as management goals determined by the Board of Directors, and may change such terms and conditions when deemed necessary in the course of the consultation. The president candidate shall not participate in the resolution of the Board of Directors at which the terms and conditions of his/her employment contract such as management goals are determined.
- (2) The President Candidate Recommendation Committee shall recommend a president candidate to the Meeting after the consultation referred to in Paragraph (1) above.
- (3) If the president candidate is elected as the President at the Meeting after such president candidate is recommended, the chairman of the President Candidate Recommendation Committee, as a representative of the Company, shall enter into an employment contract with the President.

- (4) The Board of Directors may evaluate the performance of the contract entered into with the President in accordance with Paragraph (3) above, or request an independent agency to evaluate the performance of the management contract. If the Board of Directors deems the performance of the contract by the President unsatisfactory, the Board of Directors may propose dismissal of the President to the Meeting. In such case, the President and inside directors shall not participate in the resolution of the Board of Directors.

**Article 33 (Qualification of Independent Non-Executive Directors)**

Independent non-executive directors shall be appointed among persons who are independent, well qualified and sufficiently experienced in the field of economics, business management, law, or relevant technology. And as there is no disqualification as set forth by the relevant laws with independence.

- (1) (Deleted on March 18, 2016)
- (2) (Deleted on March 18, 2016)
- (3) (Deleted on March 18, 2016)
- (4) (Deleted on December 27, 2002)

**Article 34 (Composition and Operation of the Board of Directors)**

- (1) The Board of Directors shall be composed of the directors, and it shall resolve important matters relating to the management of the Company.
- (2) Notwithstanding Paragraph (1) above, the Board of Directors may be composed of the directors, exclusive of the President or the inside directors, if the President or the inside directors are prohibited from participating in the resolution of the Board of Directors under these Articles of Incorporation.
- (3) The meeting of the Board of Directors shall consist of an ordinary meeting of the Board of Directors and an extraordinary meeting of the Board of Directors. The ordinary meeting of the Board of Directors shall be convened at least once per quarter, and the extraordinary meeting of the Board of Directors shall be convened at any time when necessary.
- (4) The chairman of the Board of Directors may convene the meeting of the Board of Directors. The chairman of the Board of Directors also shall convene the meeting of the Board of Directors if any director or the Audit Committee so requests and, in the event that the chairman of the Board of Directors does not convene the meeting of the Board of Directors without a justifiable reason, one of the directors or the Audit Committee may convene such meeting.
- (5) Notice of the meeting of the Board of Directors shall be given to each director three (3) days prior to the meeting; *provided, however*, that the above period may be omitted with the consent of all directors before any such meeting.

- (6) For the efficient operation of the Board of Directors, the Board of Directors shall evaluate its own performance and the details thereof shall be determined by a resolution of the Board of Directors.

**Article 34-2 (Committees)**

- (1) The Company shall establish committees such as the Audit Committee and the Independent Non-Executive Director Candidate Recommendation Committee within the Board of Directors and, if deemed necessary, the Company may establish any other committees by a resolution of the Board of Directors. Each Committee shall appoint its respective representative by a resolution thereof.
- (2) Matters regarding the composition, power and operation of the committees shall be determined by a resolution of the Board of Directors.

**Article 34-3 (Audit Committee)**

- (1) The Audit Committee of the Company shall be composed of three (3) or more independent non-executive directors.
- (2) The representative of the Audit Committee shall be elected among the members, who are independent non-executive directors, by a resolution of the Audit Committee. In such case, joint representatives of the Audit Committee may be elected.

**Article 34-4 (Duties of the Audit Committee)**

- (1) The Audit Committee shall audit the accounting records and the business affairs of the Company.
- (2) The Audit Committee may request the chairman of the Board of Directors (meaning a person entitled to convene a meeting of the Board of Directors; hereinafter the same shall apply) to convene a meeting of the Board of Directors by submitting documents stating the agenda and reasons for convening such meeting.
- (3) If the chairman of the Board of Directors does not immediately convene the meeting of the Board of Directors notwithstanding the request pursuant to Paragraph (2) above, the Audit Committee may convene such meeting.
- (4) The Audit Committee shall inspect the agenda of, and documents submitted to, the Meeting and express its opinion to the Meeting as to whether there is a violation of the laws or breach of these Articles of Incorporation or any substantially unreasonable matter.
- (5) The Audit Committee may request the Board of Directors to convene an Extraordinary Meeting by submitting documents stating the agenda and reasons for convening such meeting.
- (6) In addition to the matters referred to in Paragraphs (1) through (5), the Audit Committee shall carry out such matters as set forth to be handled by the Audit Committee under the relevant laws or as delegated by the Board of Directors. Those matters, once resolved



by the Audit Committee, shall not be re-resolved by the Board of Directors.

**Article 34-5 (Independent Non-Executive Director Candidate Recommendation Committee)**

- (1) The Independent Non-Executive Director Candidate Recommendation Committee shall be composed of three (3) or more independent non-executive directors.
- (2) The Independent Non-Executive Director Candidate Recommendation Committee shall perform the following duties:
  1. examination of qualification and recommendation of independent non-executive director candidates; and
  2. other matters delegated by the Board of Directors.

**Article 35 (Chairman of the Board of Directors)**

- (1) The chairman of the Board of Directors of the Company shall be appointed from the Independent Non-Executive Directors by a resolution of the Board of Directors.
- (2) The term of office of the chairman of the Board of Directors shall be one (1) year.
- (3) In the event that the chairman of the Board of Directors may not participate at the meeting of the Board of Directors, the most senior member and then the oldest member among the independent non-executive directors shall serve as the chairman of the Board of Directors.

**Article 35-2** (Deleted on February 26, 2010)

**Article 36 (Method of Resolution)**

- (1) A quorum for the holding of a meeting of the Board of Directors shall be at least a majority of all the directors. All resolutions at a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the directors present at the meeting. However, resolutions to dismiss the President and the inside director(s) shall be adopted by an affirmative vote of two thirds (2/3) or more of the independent non-executive directors, and resolutions to approve appropriation of a business opportunity or assets of the Company or transactions between the Company and its director et al. shall be adopted by an affirmative vote of two thirds (2/3) or more of the directors.
- (2) All or part of the directors may participate in resolution at a meeting of the Board of Directors by means of a telecommunication equipment whereby voice of all persons participating in the meeting can be simultaneously transmitted, without their physical presence. In such case, a director participating in the meeting by such arrangement shall be deemed present at the meeting.
- (3) The matters for review and resolution by the Board of Directors and the operation of the Board of Directors shall be governed by the Regulations on the Board of Directors adopted by a resolution of the Board of Directors.

**Article 37 (Minutes of the Board of Directors)**

The agenda, substance of proceedings and results of the meeting of the Board of Directors, and the dissenting officer and the reason of dissent shall be recorded in the minutes, which shall bear the names and seals or signatures of the chairman of the meeting of the Board of Directors and of the directors present at the meeting.

**Article 38 (Executive Officers)**

- (1) The Company may have executive officers for the purpose of the efficient management of the Company.
- (2) The executive officers in Paragraph (1) above shall be appointed by the President and the terms of such executive officers shall be three (3) years or less.
- (3) The remuneration and bonus for executive officers shall be determined pursuant to the regulations established by the Board of Directors and severance pay for executive officers shall be paid in accordance with the Regulations on Severance Pay for Executive Directors adopted by a resolution of the Meeting.
- (4) (Deleted on December 27, 2002)

**Article 38-2 (In-house Advisors)**

In order to obtain the advice for the material matters related to the business operation of the Company, the President may appoint as in-house advisors the persons who were the former Presidents, inside directors and executive officers having sufficient experiences in the management of the Company or the persons who are necessary to establish the management policy of the Company.

**Article 39 (Management Committee)**

- (1) The Company may have a Management Committee to review and resolve the matters delegated to it by the Board of Directors.
- (2) (Deleted on March 15, 2002)

**CHAPTER 6  
ACCOUNTING**

**Article 40 (Fiscal Year)**

The fiscal year of the Company shall commence on January 1 and end on December 31 of each year. The last day of the fiscal year shall be the financial settlement date.

**Article 41 (Submission, Approval and Announcement of Financial Statements)**

- (1) The President shall settle accounts at the end of each fiscal year and shall prepare the

following documents (the “**Financial Statements**”), their supplementary schedules and a business report. The President shall submit them to the Audit Committee, after the approval of the Board of Directors, six (6) weeks before the day set for the Annual Meeting.

1. balance sheet;
  2. profit and loss statement;
  3. consolidated financial statements, and
  4. such other documents showing the financial condition and business performance of the Company as set forth by the Enforcement Decree of the Commercial Code;
- (2) The Audit Committee shall submit an audit report to the President, by one (1) week before the date set for the Annual Meeting.
- (3) The President shall submit the Financial Statements to the Annual Meeting for approval and shall make a report with respect to the business report.
- (4) If the approval set forth in Paragraph (3) above is obtained, the President shall, without delay, give public notice of the balance sheet and the independent auditor's opinion.
- (5) The President shall keep the Financial Statements, the business report and the audit report at the head office of the Company for five (5) years and certified copies of all of such documents at the branches of the Company for three (3) years beginning from one (1) week before the date set for the Annual Meeting.

**Article 41-2 (Public Notice of Management Information)**

The Company shall give public notice of the items necessary for the transparency of the management of the Company.

**Article 42 (Disposition of Profit)**

The Company shall dispose of the unappropriated retained earnings in the following order; *provided, however*, that any other items may be disposed of by a resolution adopted at the Meeting;

1. earned surplus reserves (legal reserves under the Commercial Code);
2. statutory reserves;
3. dividends;
4. discretionary reserves;
5. appropriation of retained earnings; and
6. retained earnings carried over to the next fiscal year.

**Article 43 (Dividends)**

*Translation*

- (1) Dividends may be distributed in cash or stock.
- (2) In the case of stock dividends, if the Company has issued two or more classes and types of shares, the distribution of stock dividends may be made through different classes and types of shares by a resolution of the Meeting.
- (3) The Company may pay quarterly dividends to its shareholders who are registered in the shareholders' registry as of the last day of March, June and September (each, the "Record Date of Quarterly Dividends") starting from the first day of a fiscal year by a resolution of the Board of Directors pursuant to Article 165-12 of the Financial Investment Services and Capital Markets Act.
- (4) For the purpose of any distribution of quarterly dividends, the same dividend rate as that of common shares of the Company shall be applied to the preferred shares referred to in Article 7-2 and the convertible preferred shares referred to in Article 7-3.
- (5) Dividends in Paragraph (1) above shall be paid to the shareholders or pledgees registered in the shareholders' registry as of the record date determined by the Company by a resolution of the Board of Directors. Upon the Company's determination of the record date, the Company shall make public notice of the record date, 2 weeks prior to the determined record date.
- (6) The dividends referenced in Paragraph (3) above shall be paid to the shareholders or pledgees registered in the shareholders' registry as of the record date for quarterly dividends.
- (7) The Company shall not pay any interest on dividends or quarterly dividends.

**Article 43-2 (Retirement of Shares)**

- (1) The Company may retire the treasury shares by a resolution of the Board of Directors as prescribed in the relevant laws.
- (2) (Deleted on February 27, 2015)
- (3) (Deleted on February 27, 2015)
- (4) (Deleted on February 27, 2015)

**Article 44 (Statute of Limitation to the Claim for Dividends)**

- (1) The right to demand payment of dividends shall extinguish by prescription unless exercised within five (5) years.
- (2) The dividends, of which the right has been extinguished under Paragraph (1) above, shall be kept by the Company.

**ADDENDUM (April 1, 1989)**

**Article 1 (Effective Date)**

These Articles of Incorporation shall be effective on the date of establishment of the Company.

**Article 2 (Interim Measure Concerning Government Investment)**

Any amount invested in the Korean Government Monopoly Corporation (the “KGMC”) by the government of Korea before the effectiveness of these Articles of Incorporation shall be deemed as an investment in the Company.

**Article 3 (Interim Measure Concerning Fiscal Year)**

The initial fiscal year of the Company shall include the fiscal year of the KGMC and shall end on the last day of the fiscal year of the government of Korea.

**Article 4 (Interim Measure Concerning Budget)**

Any budget, which was not used by the KGMC for the year of 1989, as of the effective date of these Articles of Incorporation, shall be deemed as the Company's budget for the year of 1989.

**Article 5 (Interim Measure Concerning Employment)**

- (1) The employees of the KGMC as of the effective date of these Articles of Incorporation shall be deemed as the employees of the Company.
- (2) The retirement age of the employees, who are deemed as the employees of the Company pursuant to Paragraph (1) above, shall be the same as that applied to them when they worked at the KGMC. However, if the retirement age of the Company is greater than that of the KGMC, such retirement age of the KGMC shall not apply.

**Article 6 (Interim Measure Concerning Term of Office of the Managerial Officer)**

The term of office of the managerial officers of the Company as of the effective date of these Articles of Incorporation shall be calculated by adding the period during which they have worked for the KGMC in accordance with the relevant rules of the KGMC.

**Article 7 (Expense for Establishment)**

- (1) Any expenses for the establishment of the Company shall not exceed 150,000,000 Won, which shall be paid by the KGMC.
- (2) The expenses referred to in Paragraph (1) above shall include incorporation (establishment) registration fee, printing fee, other operational expenses and expenses for the preparation of the operation of the Company including the initial cost of business.

**Article 8 (Names and Addresses of the Promoters)**

- (1) The names and addresses of the promoters of the Company are as follows:
- (2) The promoters hereby prepare these Articles of Incorporation pursuant to Article 4 of the Addenda of the Korea Tobacco and Ginseng Corporation Act and affix their respective names and seals or signatures.

(Promoters)

Address: 100-3 Banpo-2dong, Seocho-ku, Seoul

Name: Doo Pyo Hong

Address: Woosung Apt. #20-905, Chamsil-1dong, Songpa-ku, Seoul

Name: Jong Suk Park

Address: Samick Apt. #D-211, Yeoido-dong, Youngdeungpo-ku, Seoul

Name: Young Jeong Park

Address: 6-39 Hwasoo-dong, Mapo-ku, Seoul

Name: Soo Am Lee

Address: Shinbanpo 3 Apt #25-104, Banpo-1-1 dong, Seocho-ku, Seoul

Name: Yoon Mok Won

**ADDENDUM (April 26, 1993)**

These Articles of Incorporation shall be effective from the date of the approval of the Minister of Finance.

**ADDENDUM (March 22, 1995)**

These Articles of Incorporation shall be effective from the date of the approval of the Minister of Finance and Economy.

**ADDENDA (October 1, 1997)**

**Article 1 (Enforcement Date)**

These Articles of Incorporation shall be effective as of October 1, 1997.

**Article 2 (Application of Relevant Laws)**

Any matters not specified in these Articles of Incorporation shall be governed by the Special Act, the Korea Tobacco and Ginseng Corporation Abolition Act and the Commercial Code.

**Article 3 (Exception for Restriction of Acquisition of Shares)**

Notwithstanding Article 10(1) of these Articles of Incorporation, Article 10(1) shall not apply to a person holding shares of the Company in excess of the limit as of the effective date of these Articles of Incorporation.

**Article 4 (Exception for Appointment of the Initial Non-Executive Directors)**

The initial non-executive directors shall be appointed at the Meeting among the persons recommended by the temporary Independent Non-Executive Director Candidate

Recommendation Committee pursuant to Article 3 of the Addenda of the Special Act.

**Article 5 (Exception for Extension of the Term of Office of the First President and Directors)**

Notwithstanding Article 27(1) of these Articles of Incorporation, the term of office of the initial President and directors elected at the Meeting to be held after the effective date of these Articles of Incorporation shall be extended until the last day of the Meeting convened for the first time after the expiration of their term of office.

**ADDENDUM (October 9, 1998)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (November 17, 1998)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (September 2, 1999)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 29, 2000)**

**Article 1 (Effective Date)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting. However, the amendments of Articles 25, 26 (excluding Paragraph (4)), 27, 29, 30, 31, 34, 34-2(1) (Establishment of the Audit Committee), 34-3, 34-4, 37 and 41 shall come into force from the day following the expiration date of the term of office of the auditor appointed under the previous provisions of the Articles of Incorporation or from the day following the date when the auditor resigns for any other reasons.

**Article 2 (Interim Measures)**

The term of office, duties and remunerations for the auditor elected pursuant to the previous provisions of the Articles of Incorporation shall be governed by the previous provisions of the Articles of Incorporation.

**ADDENDUM (December 27, 2000)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDA (March 23, 2001)**

**Article 1 (Effective Date)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting. However, the amendments of Articles 9(1), (5) and (6) and 43-2 shall come into force from the time when the Securities and Exchange Act (law no. 6176) is amended and effective. The amendment of Article 26(4) shall come into force from the date of the first Meeting to be held after this amendment. The amendments of Articles 26(1) and (5), 32, 34(2) and 34-2(1)

(Establishment of the Independent Non-Executive Director Candidate Recommendation Committee), 34-5 and 35(2) shall come into force from the date when the Company is no longer governed by the Act Regarding the Management Structure Enhancement and Privatization of Public Enterprises.

**Article 2 (Interim Measure Concerning Independent Non-Executive Directors)**

Independent non-executive directors herein shall be deemed as the non-executive directors under the Act Regarding the Management Structure Enhancement and Privatization of Public Enterprises until the Company is no longer governed by the same Law.

**Article 3 (Interim Measure Concerning Functions of the Shareholders' Committee)**

Article 24(4)(i) of these Articles of Incorporation shall not apply if the Company is no longer governed by the Act Regarding the Management Structure Enhancement and Privatization of Public Enterprises.

**Article 4 (Exceptions for Term of Office of Inside Directors)**

The inside directors of the Company to be appointed at the fourteenth (14<sup>th</sup>) Annual Meeting shall be classified into the first, second and third groups. Notwithstanding Article 27(1) of these Articles of Incorporation, the term of office of the inside directors in the first group shall be up to the first Annual Meeting to be held following their appointment, the term of office of the inside directors in the second group shall be up to the second Annual Meeting to be held following their appointment and the term of office of the inside directors in the third group shall be up to the third Annual Meeting to be held following their appointment. The number of the inside directors within each group shall be adjusted so that the equal number of the inside directors is assigned to each group.

**Article 5 (Interim Measure Concerning Appointment of the Independent Non-Executive Directors)**

If the independent non-executive directors are newly appointed or re-appointed pursuant to the amendment of Article 25, the number of the independent officers to be appointed each year shall be adjusted so as that the term of office of the independent non-executive directors evenly expires over three (3) years.

**ADDENDUM (March 15, 2002)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (December 27, 2002)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 14, 2003)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 18, 2004)**



These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 18, 2005)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 13, 2009)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (February 26, 2010)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting. However, the amended provisions of Article 4 shall be effective as of May 29, 2010.

**ADDENDUM (March 4, 2011)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (February 28, 2013)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (February 27, 2015)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 18, 2016)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 29, 2022)**

These Articles of Incorporation shall be effective from the date of the resolution of the Meeting.

**ADDENDUM (March 28, 2023)**

**Article 1 (Effective Date)**

These Articles of Incorporation shall be effective from the date of the resolution of the 36th Ordinary General Meeting of Shareholders convened in March 2023.

**ADDENDUM (March 28, 2024)**

These Articles of Incorporation shall take effect from the date of the resolution of the general meeting of shareholders.