



December 28<sup>th</sup>, 2023

## **KT&G Board of Directors initiates CEO appointment process**

KT&G Corporation (“KT&G” or the “company”) held its Board of Directors meeting and the Governance Committee, which is one of the board committees, on December 28th to officially embark on the process for appointing the next CEO and resolve the evaluation criteria for CEO candidates. The Governance Committee of KT&G is exclusively composed of outside directors. The Board of Directors meeting on the 28th was also attended by outside directors only, reinforcing the company’s commitment to ensuring independent decision-making of the board.

During the meeting, KT&G Board of Directors and the Governance Committee engaged in comprehensive discussion concerning the procedure for selecting candidates to be evaluated for the CEO position and the evaluation criteria. The external CEO candidate pool will be drawn from a combination of open recruitment and search firm recommendations, securing a wide array of candidates who meet the qualifications. The internal CEO candidate pool will include individuals who have participated in the Senior Management Training Program that has been in operation since 2020, as well as the incumbent CEO. The Governance Committee will impartially assess both the external and internal pools to establish the longlist for CEO candidates.

Then, the Governance Committee will institute an advisory panel comprised of external experts to bring an objective perspective into the process of selecting the shortlist for CEO candidates, thereby enhancing the impartiality of the process. KT&G plans to proactively identify and nurture both external and internal CEO candidates moving forward, under the guidance of the Governance Committee.

The eligibility criteria for candidates participating in the open recruitment for the CEO position include individuals with experience in the tobacco or consumer goods industry (manufacturing or distribution business) as a representative director, or in the profit/loss management of a business unit equivalent to a company’s representative director. Specific skill requirements are as follows: ▲in-depth understanding of the tobacco or consumer goods industry and management expertise, ▲capability in driving new business initiatives and global expertise, ▲business intuition and strategic thinking skills responsive to environmental changes, ▲ability to communicate with and manage stakeholders, ▲universal morality and ethical awareness required of a CEO.



Candidate application for the open recruitment will be accepted through registered mail or e-mail by January 10, 2024. Details regarding the application will be available on the KT&G website from December 28, 2023.

The CEO appointment process, which will be in accordance with relevant statutes and the company's articles of incorporation, will be conducted over approximately three months in a fair and transparent manner. The process will follow a three-step procedure involving 'Governance Committee → CEO Candidate Recommendation Committee → Reporting to the Board of Directors & Approval at the General Meeting of Shareholders.'

The Governance Committee will finalize the shortlist for CEO candidates in late January of the upcoming year by incorporating the impartial and objective opinions of the advisory panel composed of external experts, and recommend to the CEO Candidate Recommendation Committee. After conducting a systematic and in-depth review of the shortlisted candidates, the CEO Candidate Recommendation Committee will name the final CEO candidate and report to the Board of Directors in late February 2024. The Board of Directors will then resolve the agenda for the Annual General Meeting of Shareholders, and the CEO will be appointed following the approval at the Annual General Meeting of Shareholders in late March 2024.

"We have been committed to improve our CEO appointment process, especially focusing on strengthening the transparency, impartiality, and objectivity of the process. Moving forward, we plan to conduct a comprehensive candidate selection process, taking into account the assessment and perspectives of the advisory panel comprised of external experts", said Lim Min-kyu, Chairman of the KT&G Board of Directors.