

# **Agendas for the Annual General Meeting of Shareholders for the 37th Fiscal Year**

Date and Time: March 28, 2024 (Thursday) at 10:00 a.m.

Place: Vision Hall, Human Resources Development Institute, KT&G Corporation, 71, Beotkkot-gil, Daedeok-gu, Daejeon

**KT&G Corporation**

# **List of Agendas for the 37<sup>th</sup> Annual General Meeting of Shareholders**

## **I. Approval of Financial Statements and Statement of Appropriation of Retained Earnings for the 37th Fiscal Year**

## **II. Partial Amendments to the Articles of Incorporation**

- Agenda No. 2-1: Addition of Business Purposes
- Agenda No. 2-2: Alignment of Provisions Including Incorporation of Certain Amendments to the Korean Commercial Code
- Agenda No. 2-3: Transfer of Authority to Recommend/Propose Dismissal of Inside Directors
- Agenda No. 2-4: Improvement of the Composition and Operation of the President Candidate Recommendation Committee
- Agenda No. 2-5: Improvement of the Composition of Committees within the Board of Directors
- Agenda No. 2-6: Amendment Regarding the Dividend Record Date

## **III. Appointment of Two (2) Directors (cumulative voting requested by Agnes, etc.)**

- Agenda No. 3-1: Appointment of Kyung-Man Bang as President/Representative Director (KT&G Board Proposal)
- Agenda No. 3-2: Appointment of Min-Kyu Lim as Outside Director (KT&G Board Proposal)
- Agenda No. 3-3: Appointment of Dong-Hwan Shon as Outside Director (Shareholder Proposal\_Industrial Bank of Korea)
- ~~Agenda No. 3-4: Appointment of Sang-Hyun Lee as Outside Director (Shareholder Proposal\_Agnes)~~  
→ *Agenda Abandoned as candidate Sang-Hyun Lee withdrew himself from candidacy*

## **IV. Appointment of Outside Director Who Will Also Serve as an Audit Committee Member (Sang-Wook Kwak)**

## **V. Approval of Cap on Remunerations for Directors**

# **I. Approval of Financial Statements and Statement of Appropriation of Retained Earnings for the 37th Fiscal Year**

## **A. Consolidated Financial Statements**

## **B. Separate Financial Statements**

## **C. Statement of Appropriation of Retained Earnings**

Pursuant to Article 449 of the Korean Commercial Code and Article 41 of the Articles of Incorporation of the Company, the Consolidated Financial Statements, the Separate Financial Statements and the Statement of Appropriation of Retained Earnings for the 37th Fiscal Year (from January 1, 2023 to December 31, 2023) are required to be approved.

※ Notes to the Consolidated and Separate Financial Statements: Please refer to electronic disclosure filings by the Company.

※ These Financial Statements do not reflect the results of external audits on the Company. In case where there are minor changes to these Financial Statements as a result of external audits, the representative director may submit to the shareholder's meeting the revised version of these Financial Statements that reflect the contents of the auditor's report. For further details, please refer to the disclosure on "Submission of Audit Report" by the Company.

# A. Consolidated Financial Statements

## 1. Consolidated Statements of Financial Position

37<sup>th</sup> Fiscal Year(CY) : As of December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : As of December 31, 2022

### □ Assets

KT&G Corporation and Subsidiaries

(Unit: 100 million KRW)

Chart of Accounts	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)	YOY (amt)
<b>1. Current Assets</b>	<b>64,184</b>	<b>65,096</b>	<b>-912</b>
Cash and cash equivalents	10,320	14,010	-3,690
Other financial assets	2,941	2,011	930
Financial assets measured at FVPL	3,429	3,931	-502
Trade and other receivables	15,065	15,285	-220
Derivative assets	78	231	-153
Inventories	27,638	25,758	1,880
Refund assets and others	7	10	-3
Accrued tobacco excise and other taxes	3,244	2,762	482
Advance payments	795	511	284
Prepaid expenses	667	587	80
<b>2. Non-current assets</b>	<b>63,541</b>	<b>57,921</b>	<b>5,620</b>
Long-term other financial assets	845	428	417
Long-term deposits in MSA Escrow Fund	14,797	14,371	426
Long-term financial assets measured at FVPL	3,445	3,204	241
Long-term trade and other receivables	1,497	1,085	412
Long-term financial assets measured at FVOCI	2,331	2,065	266
Investments in associates and joint ventures	4,713	2,745	1,968
Property, plant and equipment	20,965	18,370	2,595
Intangible assets	1,750	1,679	71
Investment properties	10,184	10,715	-531
Right-of-use assets	490	402	88
Long-term advanced payments	1,057	1,131	-74
Long-term prepaid expenses	127	71	56
Deferred income tax assets	749	558	191
Net defined benefit assets	591	1,097	-506
<b>Total assets</b>	<b>127,725</b>	<b>123,017</b>	<b>4,708</b>

□ **Liabilities·Equity**

KT&G Corporation and Subsidiaries

(Unit: 100 million KRW)

<b>Chart of Accounts</b>	<b>37<sup>th</sup> FY (CY)</b>	<b>36<sup>th</sup> FY (PY)</b>	<b>YOY (amt)</b>
<b>1. Current Liabilities</b>	<b>26,724</b>	<b>25,273</b>	<b>1,451</b>
Short-term borrowings	616	726	-110
Current portion of long-term borrowings	275	41	234
Trade and other payables	16,847	15,058	1,789
Current lease liabilities	187	166	21
Advance received	172	215	-43
Current refund liabilities and provisions	332	216	116
Current income tax liabilities	1,910	2,187	-277
Tobacco excise and other taxes payable	6,385	6,664	-279
<b>2. Non-current liabilities</b>	<b>8,052</b>	<b>4,158</b>	<b>3,894</b>
Long-term borrowings and debentures	4,698	788	3,910
Long-term trade and other payables	584	529	55
Long-term lease liabilities	278	211	67
Long-term advance received	42	26	16
Net defined benefit liabilities	360	325	35
Long-term refund liabilities and provisions	51	190	-139
Deferred income tax liabilities	1,861	1,811	50
Non-controlling interests liabilities	178	278	-100
<b>Total Liabilities</b>	<b>34,776</b>	<b>29,431</b>	<b>5,345</b>
1. Share capital	9,550	9,550	-
2. Other capital surplus	49	45	4
3. Treasury shares	-12,369	-12,369	-
4. Gain on sale of treasury shares	5,289	5,289	-
5. Reserves	72,303	68,123	4,180
6. Retained Earnings	16,922	22,519	-5,597
7. Non-controlling interest	1,205	429	776
<b>Total Equity</b>	<b>92,949</b>	<b>93,586</b>	<b>-637</b>
<b>Total Liabilities·Equity</b>	<b>127,725</b>	<b>123,017</b>	<b>4,708</b>

## 2. Consolidated Statements of Comprehensive Income

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation and Subsidiaries

(Unit: 100 million KRW)

Chart of Accounts	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)	YOY (amt)
<b>Continuing Operations</b>			
<b>1. Sales</b>	<b>58,626</b>	<b>58,514</b>	<b>112</b>
<b>2. Cost of Sales</b>	<b>30,544</b>	<b>28,912</b>	<b>1,632</b>
<b>3. Gross Profit (1-2)</b>	<b>28,082</b>	<b>29,602</b>	<b>-1,520</b>
<b>4. Selling, general &amp; administrative expense</b>	<b>16,409</b>	<b>16,926</b>	<b>-517</b>
<b>5. Operating Profit (3-4)</b>	<b>11,673</b>	<b>12,676</b>	<b>-1,003</b>
<b>6. Other income and expense</b>	<b>76</b>	<b>690</b>	<b>-614</b>
1) Other income	2,016	2,996	-980
2) Other expense	1,940	2,306	-366
<b>7. Finance income and costs</b>	<b>711</b>	<b>439</b>	<b>272</b>
1) Finance income	1,389	1,314	75
2) Finance costs	678	875	-197
<b>8. Share of net profit(loss) of associates and joint ventures</b>	<b>96</b>	<b>294</b>	<b>-198</b>
<b>9. Gains and losses on net monetary assets</b>	<b>-72</b>	<b>196</b>	<b>-268</b>
<b>10. Profit before income tax (5+6+7+8+9)</b>	<b>12,484</b>	<b>14,295</b>	<b>-1,811</b>
<b>11. Income tax expense</b>	<b>3,188</b>	<b>4,156</b>	<b>-968</b>
<b>12. Profit for the year</b>	<b>9,224</b>	<b>10,053</b>	<b>-829</b>
1) Continued operations	9,296	10,139	-843
2) Discontinued operations	-72	-86	14
<b>13. Other comprehensive income</b>	<b>-216</b>	<b>773</b>	<b>-989</b>
<b>14. Total comprehensive income</b>	<b>9,008</b>	<b>10,826</b>	<b>-1,818</b>
1) Continued operations	9,085	10,927	-1,842
2) Discontinued operations	-77	-101	24
<b>15. Earnings per share(KRW/share)</b>	<b>7,843</b>	<b>8,489</b>	<b>-646</b>
1) Continued operations	7,905	8,561	-656
2) Discontinued operations	-62	-72	10

### 3. Consolidated Statement of Changes in Equity

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation and Subsidiaries

(Unit: 100 million KRW)

Classification	Share capital	Other capital surplus	Treasury shares	Gains on sale of treasury shares	Reserve	Retained earnings	Owners of the parent	Non-controlling interest	Total equity
<b>2022. 01. 01</b>	9,550	45	-8,799	5,289	64,902	20,602	91,589	501	92,090
<b>Total comprehensive income</b>	-	-	-	-	209	10,688	10,897	-72	10,825
Profit or loss for the period	-	-	-	-	-	10,158	10,158	-105	10,053
Other comprehensive income or loss	-	-	-	-	209	530	739	33	772
<b>Transactions with owners of the Parent company</b>	-	-	-3,570	-	3,012	-8,771	-9,329	-	-9,329
Dividends	-	-	-	-	-	-5,759	-5,759	-	-5,759
Transfer to other reserve	-	-	-	-	3,012	-3,012	-	-	-
Acquisition of treasury shares	-	-	-3,570	-	-	-	-3,570	-	-3,570
<b>2022. 12. 31</b>	9,550	45	-12,369	5,289	68,123	22,519	93,157	429	93,586

Classification	Share capital	Other capital surplus	Treasury shares	Gains on sale of treasury shares	Reserve	Retained earnings	Owners of the parent	Non-controlling interest	Total equity
<b>2023. 01. 01</b>	9,550	45	-12,369	5,289	68,123	22,519	93,157	429	93,586
<b>Total comprehensive income</b>	-	-	-	-	104	8,715	8,819	189	9,008
Profit or loss for the period	-	-	-	-	-	9,027	9,027	197	9,224
Other comprehensive income or loss	-	-	-	-	104	-312	-208	-8	-216
<b>Transactions with owners of the Parent company</b>	-	4	-	-	4,076	-14,312	-10,232	587	-9,645
Dividends	-	-	-	-	-	-7,209	-7,209	-	-7,209
Transfer to other reserve	-	-	-	-	4,076	-4,076	-	-	-
Acquisition of treasury shares	-	-	-3,027	-	-	-	-3,027	-	-3,027
Cancellation of treasury shares	-	-	3,027	-	-	-3,027	-	-	-
Share option	-	4	-	-	-	-	4	-	4
Changes in non-controlling interest, etc.	-	-	-	-	-	-	-	587	587
<b>2023. 12. 31</b>	9,550	49	-12,369	5,289	72,303	16,922	91,744	1,205	92,949

## 4. Consolidated Statements of Cash Flows

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation and Subsidiaries

(Unit: 100 million KRW)

Classification	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)
<b>1. Cash flows from operating activities</b>	<b>12,660</b>	<b>8,879</b>
1) Profit for the period	9,224	10,053
1) Continued operations	9,296	10,139
2) Discontinued operations	-72	-86
2) Adjustments	5,386	6,248
Income tax expense	3,188	4,156
Finance costs	676	875
Finance income	-1,391	-1,314
Depreciation and amortization expenses	2,411	2,255
Retirement benefits	430	558
Loss on foreign currency translation	987	696
Gain on foreign currency translation	-942	-1,198
Other expenses etc.	27	220
3) Changes in working capital	1,853	-3,198
4) Payment of income taxes	-3,803	-4,224
<b>2. Cash flows from investing activities</b>	<b>-8,483</b>	<b>5,475</b>
Interest received	559	320
Dividends received	275	327
Disposal of tangible and intangible assets	83	40
Disposal of investment properties	95	23
Disposal of assets held for sale	4	698
Acquisition of tangible and intangible assets	-5,134	-2,829
Acquisition of investment properties	-224	-279
Increase/decrease in investments in associates and joint ventures	-1,920	84
Increase/decrease in financial assets measured at FVPL	454	5,785
Increase/decrease in financial assets measured at FVOCI	-	42
Increase/decrease in long-term deposits in MSA Escrow Fund	-16	-966
Increase/decrease in guarantee deposits and loans	-836	41
Increase/decrease in other financial assets etc.	-1,350	2,189
Net cash outflow due to changes in scope of consolidation	-473	-
<b>3. Cash flows from financing activities</b>	<b>-7,758</b>	<b>-9,318</b>
Dividends paid	-7,764	-5,759
Interest paid	-254	-102
Repayment of lease liabilities	-238	-203
Acquisition of treasury shares	-3,027	-3,570
Proceeds from issuance of debentures	3,289	-
Increase/decrease in borrowings etc.	236	316
<b>4. Net increase/decrease in cash and cash equivalents (1+2+3)</b>	<b>-3,581</b>	<b>5,036</b>
<b>5. Cash and cash equivalents at the beginning of the period</b>	<b>14,010</b>	<b>9,466</b>
Fluctuations due to foreign currency conversion	-109	-492
<b>6. Cash and cash equivalents at the end of the period</b>	<b>10,320</b>	<b>14,010</b>



## B. Separate Financial Statements

### 1. Separate statements of Financial Position

37<sup>th</sup> Fiscal Year(CY) : As of December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : As of December 31, 2022

#### □ Assets

KT&G Corporation

(Unit: 100 million KRW)

Chart of Accounts	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)	YOY (amt)
<b>1. Current Assets</b>	<b>35,543</b>	<b>40,965</b>	<b>-5,422</b>
Cash and cash equivalents	2,104	9,395	-7,291
Other financial assets	1,024	1,385	-361
Financial assets measured at FVPL	3,429	3,931	-502
Trade and other receivables	14,339	12,999	1,340
Derivative assets	78	231	-153
Inventories	12,228	11,230	998
Refund assets and others	7	8	-1
Accrued tobacco excise and other taxes	2,176	1,712	464
Advance payments	5	5	-
Prepaid expenses	153	69	84
<b>2. Non-current assets</b>	<b>68,196</b>	<b>60,604</b>	<b>7,592</b>
Long-term other financial assets	840	424	416
Long-term deposits in MSA Escrow Fund	14,797	14,371	426
Long-term financial assets measured at FVPL	3,372	3,136	236
Long-term trade and other receivables	2,547	1,370	1,177
Long-term financial assets measured at FVOCI	1,821	1,592	229
Investments in associates and joint ventures	4,574	2,659	1,915
Investments in subsidiaries	14,757	12,301	2,456
Property, plant and equipment	12,821	11,778	1,043
Intangible assets	1,339	1,225	114
Investment properties	9,925	10,292	-367
Right-of-use assets	263	256	7
Long-term prepaid expenses	97	57	40
Deferred income tax assets	609	348	261
Net defined benefit assets	434	795	-361
<b>Total assets</b>	<b>103,739</b>	<b>101,569</b>	<b>2,170</b>

□ **Liabilities·Equity**

KT&G Corporation

(Unit: 100 million KRW)

<b>Chart of Accounts</b>	<b>37<sup>th</sup> FY (CY)</b>	<b>36<sup>th</sup> FY (PY)</b>	<b>YOY (amt)</b>
<b>1. Current Liabilities</b>	<b>21,642</b>	<b>20,377</b>	<b>1,265</b>
Short-term borrowings	-	1	-1
Trade and other payables	14,163	12,258	1,905
Current lease liabilities	64	70	-6
Advance received	86	132	-46
Current refund liabilities and provisions	71	96	-25
Current income tax liabilities	1,644	1,899	-255
Tobacco excise and other taxes payable	5,614	5,921	-307
<b>2. Non-current liabilities</b>	<b>3,772</b>	<b>656</b>	<b>3,116</b>
Long-term borrowings and debentures	2,992	-	2,992
Long-term trade and other payables	520	455	65
Long-term lease liabilities	175	173	2
Long-term advance received	58	10	48
Long-term refund liabilities and provisions	27	18	9
<b>Total Liabilities</b>	<b>25,414</b>	<b>21,033</b>	<b>4,381</b>
1. Share capital	9,550	9,550	-
2. Other capital surplus	40	36	4
3. Treasury shares	-12,369	-12,369	-
4. Gain on sale of treasury shares	5,289	5,289	-
5. Reserves	72,384	68,140	4,244
6. Retained Earnings	3,431	9,890	-6,459
<b>Total Equity</b>	<b>78,325</b>	<b>80,536</b>	<b>-2,211</b>
<b>Total Liabilities·Equity</b>	<b>103,739</b>	<b>101,569</b>	<b>2,170</b>

## 2. Separate Statements of Comprehensive Income

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation

(Unit: 100 million KRW)

Chart of Accounts	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)	YOY (amt)
<b>1. Sales</b>	<b>35,867</b>	<b>36,944</b>	<b>-1,077</b>
- Manufacture of tobacco	30,459	30,881	-422
- Real estate	4,022	4,705	-683
- Exports of leaf tobacco and others	1,386	1,358	28
<b>2. Cost of Sales</b>	<b>18,815</b>	<b>17,764</b>	<b>1,051</b>
- Manufacture of tobacco	14,449	14,231	218
- Real estate	3,225	2,447	778
- Exports of leaf tobacco and others	1,141	1,086	55
<b>3. Gross Profit (1-2)</b>	<b>17,052</b>	<b>19,180</b>	<b>-2,128</b>
- Manufacture of tobacco	16,010	16,650	-640
- Real estate	797	2,258	-1,461
- Exports of leaf tobacco and others	245	272	-27
<b>4. Selling, general &amp; administrative expense</b>	<b>7,735</b>	<b>7,977</b>	<b>-242</b>
<b>5. Operating Profit (3-4)</b>	<b>9,317</b>	<b>11,203</b>	<b>-1,886</b>
<b>6. Other income and expense</b>	<b>88</b>	<b>988</b>	<b>-900</b>
1) Other income	998	2,922	-1,924
2) Other expense	910	1,934	-1,024
<b>7. Finance income and costs</b>	<b>1,366</b>	<b>969</b>	<b>397</b>
1) Finance income	1,679	1,516	163
2) Finance costs	313	547	-234
<b>8. Profit before income tax (5+6+7)</b>	<b>10,771</b>	<b>13,160</b>	<b>-2,389</b>
<b>9. Income tax expense</b>	<b>2,722</b>	<b>3,580</b>	<b>-858</b>
<b>10. Profit for the year</b>	<b>8,049</b>	<b>9,580</b>	<b>-1,531</b>
<b>11. Other comprehensive income</b>	<b>-28</b>	<b>283</b>	<b>-311</b>
<b>12. Total comprehensive income</b>	<b>8,021</b>	<b>9,863</b>	<b>-1,842</b>
<b>13. Earnings per share(KRW/share)</b>	<b>6,993</b>	<b>8,007</b>	<b>-1,014</b>

### 3. Separate Statement of Changes in Equity

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation

(Unit: 100 million KRW)

Classification	Share capital	Other capital surplus	Treasury shares	Gains on sale of treasury shares	Reserve	Retained earnings	Total equity
<b>2022. 01. 01</b>	9,550	36	-8,799	5,289	65,155	8,771	80,002
<b>Total comprehensive income</b>	-	-	-	-	-27	9,890	9,863
Profit for the period	-	-	-	-	-	9,580	9,580
Other comprehensive income or loss	-	-	-	-	-27	310	283
<b>Transactions with owners of the Company</b>	-	-	-3,570	-	3,012	-8,771	-9,329
Dividends	-	-	-	-	-	-5,759	-5,759
Transfer to other reserve	-	-	-	-	3,012	-3,012	-
Acquisition of treasury shares	-	-	-3,570	-	-	-	-3,570
<b>2022. 12. 31</b>	9,550	36	-12,369	5,289	68,140	9,890	80,536

Classification	Share capital	Other capital surplus	Treasury shares	Gains on sale of treasury shares	Reserve	Retained earnings	Total equity
<b>2023. 01. 01</b>	9,550	36	-12,369	5,289	68,140	9,890	80,536
<b>Total comprehensive income</b>	-	-	-	-	168	7,853	8,021
Profit for the period	-	-	-	-	-	8,049	8,049
Other comprehensive income or loss	-	-	-	-	168	-196	-28
<b>Transactions with owners of the Company</b>	-	4	-	-	4,076	-14,312	-10,232
Dividends	-	-	-	-	-	-7,209	-7,209
Transfer to other reserve	-	-	-	-	4,076	-4,076	-
Acquisition of treasury shares	-	-	-3,027	-	-	-	-3,027
Cancellation of treasury shares	-	-	3,027	-	-	-3,027	-
Share option	-	4	-	-	-	-	4
<b>2023. 12. 31</b>	9,550	40	-12,369	5,289	72,384	3,431	78,325

## 4. Separate Statements of Cash Flows

37<sup>th</sup> Fiscal Year(CY) : From January 1, 2023 to December 31, 2023

36<sup>th</sup> Fiscal Year(PY) : From January 1, 2022 to December 31, 2022

KT&G Corporation

(Unit: 100 million KRW)

Classification	37 <sup>th</sup> FY (CY)	36 <sup>th</sup> FY (PY)
<b>1. Cash flows from operating activities</b>	<b>9,698</b>	<b>8,225</b>
1) Profit for the period	8,049	9,580
2) Adjustments	3,261	3,967
Income tax expense	2,722	3,580
Finance costs	313	547
Finance income	-1,679	-1,516
Depreciation and amortization expenses	1,610	1,485
Retirement benefits	252	356
Loss on foreign currency translation	349	422
Gain on foreign currency translation	-322	-1,077
Other expenses etc.	16	170
3) Changes in working capital	1,617	-1,570
4) Payment of income taxes	-3,229	-3,752
<b>2. Cash flows from investing activities</b>	<b>-9,558</b>	<b>4,704</b>
Interest received	343	196
Dividends received	270	323
Disposal of tangible and intangible assets	53	41
Disposal of investment properties	94	23
Disposal of assets held for sale	4	627
Acquisition of tangible and intangible assets	-2,960	-1,658
Acquisition of investment properties	-166	-200
Increase/decrease in investments in associates and joint ventures	-1,914	89
Increase/decrease of investments in subsidiaries	-2,456	-495
Increase/decrease in financial assets measured at FVPL	458	5,790
Increase/decrease in financial assets measured at FVOCI	-	42
Increase/decrease in Long-term deposits in MSA Escrow Fund	-16	-965
Increase/decrease in guarantee deposits and loans	-3,211	-709
Increase/decrease in other financial assets	-57	1,600
<b>3. Cash flows from financing activities</b>	<b>-7,413</b>	<b>-9,413</b>
Dividends paid	-7,209	-5,759
Interest paid	-85	-5
Repayment of lease liabilities	-83	-79
Acquisition of treasury shares	-3,027	-3,570
Proceeds from issuance of debentures	2,991	-
<b>4. Net increase/decrease in cash and cash equivalents (1+2+3)</b>	<b>-7,273</b>	<b>3,516</b>
<b>5. Cash and cash equivalents at the beginning of the period</b>	<b>9,395</b>	<b>5,906</b>
Effect of exchange rate fluctuation on cash and cash equivalents	-18	-27
<b>6. Cash and cash equivalents at the end of the period</b>	<b>2,104</b>	<b>9,395</b>

## C. Statement of Appropriation of Retained Earnings

37th Fiscal Year(CY) : From January 1, 2023 to December 31, 2023  
 Expected date of appropriation : March 28, 2024

36th Fiscal Year(PY) : From January 1, 2022 to December 31, 2022  
 Fixed date of appropriation : March 28, 2023

KT&G Corporation

(Unit: 100 million KRW)

Classification	37 <sup>h</sup> FY (CY)	36 <sup>h</sup> FY (PY)
<b>1. Unappropriated retained earnings</b>	<b>3,431</b>	<b>9,890</b>
1) Unappropriated retained earnings carried over from prior year	-	-
2) Profit for the year	8,049	9,580
3) Interim dividends	-1,395	-
4) Cancellation of treasury shares	-3,027	-
5) Reclassification of losses from disposal of financial assets measured at FVOCI to Retained Earnings	-	-84
6) Remeasurements of net defined benefit liabilities	-196	394
<b>2. Transfer from other reserve</b>	<b>1,081</b>	<b>-</b>
Transfer from other reserve	1,081	-
<b>2. Appropriation of retained earnings</b>	<b>-4,512</b>	<b>-9,890</b>
1) Dividends paid	-4,512	-5,814
Cash dividend payout(ratio) for Ordinary shares		
Current year(2023) : 4,000 KRW(80%)		
Prior year(2022) : 5,000 KRW(100%)		
2) Transfer to other reserve	-	-4,076
<b>3. Unappropriated retained earnings to be Carried over to Subsequent Year</b>	<b>-</b>	<b>-</b>







Agenda	Before Amendment	After Amendment	Purpose of Amendment
	<p>(5) <u>For the purpose of any distribution of dividends on the shares issued upon conversion or any payment of interest, the provision of Article 8(5) of these Articles of Incorporation shall apply <i>mutatis mutandis</i>; provided, however, that for the purpose of any distribution of interim dividends on the shares issued upon conversion after the record date referred to in Article 43(3), the shares shall be deemed to have been issued immediately after such record date.</u></p>	<p>(5) <b><u>If conversion takes place, the Company shall pay only the interest accrued and payable prior to conversion;</u></b> <del>provided, however, that for the purpose of any distribution of interim dividends on the shares issued upon conversion after the record date referred to in Article 43(3), the shares shall be deemed to have been issued immediately after such record date.</del></p>	<p>To reflect the amendments to the KCC.</p>
	<p><b>Article 15 (Issuance of Bonds with Warrants)</b>  (1)~(4) (omitted)  (5) <u>For the purpose of any distribution of dividends on the shares issued upon exercise of warrants or any payment of interest, the provision of Article 8(5) of these Articles of Incorporation shall apply <i>mutatis mutandis</i>; provided, however, that for the purpose of any distribution of interim dividends on the shares issued upon conversion after the record date referred to in Article 43(3), the shares shall be deemed to have been issued immediately after such record date.</u></p>	<p><b>Article 15 (Issuance of Bonds with Warrants)</b>  (1)~(4) (to remain the same)  (5) &lt;Deleted&gt;</p>	<p>To reflect the amendments to the KCC.</p>
<p>Agenda No. 2-3:  Transfer of Authority to Recommend/Propose Dismissal of Inside Directors</p>	<p><b>Article 26 (Election of the President and Directors)</b>  (1) (omitted)  (2) Inside directors shall be elected at the Meeting among the persons <u>recommended by the President with consent of the Board of Directors.</u> In any of the following cases, <u>the President</u> may propose dismissal of an inside director to the Meeting <u>with consent of the</u></p>	<p><b>Article 26 (Election of the President and Directors)</b>  (1) (to remain the same)  (2) -----  -----  <b>recommended by the Board of Directors</b> -----  -----  <b>- the Board of Directors</b> -----  -----  ----- with consent of the Board of</p>	<p>To sophisticate the inside director election election process.</p>

Agenda	Before Amendment	After Amendment	Purpose of Amendment
	<p><u>Board of Directors</u>. In such case, the relevant inside director shall not participate in the resolution of the Board of Directors. (following cases omitted) (3) <u>Notwithstanding Paragraph (2) above, if a president candidate is recommended by the President Candidate Recommendation Committee, candidates for inside directors shall be recommended by such president candidate with consent of the Board of Directors. In such case, inside directors shall not participate in the resolution of the Board of Directors. However, if the president candidate fails to be elected as the President at the Meeting, those candidates for inside directors recommended by such president candidate shall no longer be eligible as candidates for inside directors.</u></p>	<p><del>Directors.</del> ----- ----- -----  (to remain the same) (3) &lt; Deleted &gt;</p>	
<p>Agenda No. 2-4: Improvement of the Composition and Operation of the President Candidate Recommendation Committee</p>	<p><b>Article 32 (President Candidate Recommendation Committee)</b> (1) The Company shall have the President Candidate Recommendation Committee, a non-standing committee in the Board of Directors, consisting of <u>seven (7) or less members in the following order</u> 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.</p> <p>1. <u>six (6) or less independent non-executive directors determined by the Board of Directors consisting of</u></p>	<p><b>Article 32 (President Candidate Recommendation Committee)</b> (1) ----- ----- ----- ----- ----- <b><u>six (6) or fewer independent non-executive directors in the following order</u></b> ----- ----- -----, <b><u>and a member of the President Candidate Recommendation Committee may not be a president candidate recommended by the President Candidate Recommendation Committee.</u></b> &lt;following order deleted&gt;</p>	<p>To strengthen the independence of the composition of the President Candidate Recommendation Committee.</p>





Agenda	Before Amendment	After Amendment	Purpose of Amendment
	<u>Director Candidate Recommendation Committee shall be the independent non-executive directors.</u>		
Agenda No. 2-6: Amendment Regarding the Dividend Record Date	<p><b>Article 43 (Dividends)</b>            (1)~(4) (omitted)            (5) Dividends in Paragraph (1) above shall be paid to the shareholders or pledgees registered in the shareholders' registry as of <u>the last day of each fiscal year, and quarterly dividends 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; provided, however, that the interest on dividends or quarterly dividends shall not be paid.</u></p> <p>(6) &lt;Newly Established&gt;</p> <p>(7) &lt;Newly Established&gt;</p>	<p><b>Article 43 (Dividends)</b>            (1)~(4) (to remain the same)            (5) -----            -----            ----- <b><u>the record date determined by the Company by a resolution of the Board of Directors, and quarterly dividends 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; provided, however, that the interest on dividends or quarterly dividends shall not be paid. 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.</u></b>  <b><u>(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.</u></b>  <b><u>(7) The Company shall not pay any interest on dividends or quarterly dividends.</u></b></p>	To reflect improvements to the dividend distribution process.
	<Newly Established>	<b><u>ADDENDUM (2024.3.28)</u></b> <b><u>These Articles of Incorporation shall take effect from the date of the resolution of the general meeting of shareholders.</u></b>	

### **III. Appointment of Two (2) Directors (cumulative voting requested by Agnes, etc.)**

We seek to appoint directors pursuant to Articles 382, 382-2, 542-7 and 542-8 of the Korean Commercial Code and Article 26 of the Company's Articles of Incorporation.

※ Two (2) out of three (3) candidates below shall be appointed through cumulative voting.

#### **A. Candidate's Name, Date of Birth, Recommending Person, Relationship with the Largest Shareholder, and Candidacy for Outside Director**

Name	Date of Birth (YYYY.MM.DD)	Candidacy for Outside Director	Separate Election of Directors who will also serve as Audit Committee Members	Term	Relationship with the Largest Shareholder	Recommended by:
Kyung- Man Bang	1971.01.28	Representative Director (President)	-	The date immediately following the date set for the 2024 annual general meeting of shareholders ~ The date set for the 2027 annual general meeting of shareholders	N/A	KT&G President Candidate Recommendation Committee
Min-Kyu Lim	1955.04.27	Outside Director	-	The date immediately following the date set for the 2024 annual general meeting of shareholders ~ The date set for the 2027 annual general meeting of shareholders	N/A	KT&G Independent Director Candidate Recommendation Committee
Dong- Hwan Shon	1973.11.17	Outside Director	-	The date immediately following the date set for the 2024 annual general meeting of shareholders ~ The date set for the 2027 annual general meeting of shareholders	N/A	Shareholder (IBK)

**B. Candidate's Occupation, Detailed Experience and Detailed Transactions with the Relevant Corporation for the Recent Three Years**

Name	Occupation	Experience		Transactions with the Company for the Recent Three Years
		Period	Details	
Kyung-Man Bang	Chief Operating Officer, Executive Inside director of KT&G	2022~Present 2022~2022 2021~2022 2020~2021 2015~2020 2013~2015  2011~2013 2008  1998	Current) Chief Operating Officer (COO), KT&G Former) COO and Chief Strategy Officer (CSO), KT&G Former) Chief Business Officer & CSO, KT&G Former) CSO & Chief of Global Headquarters, KT&G Former) Chief of Global Headquarters, KT&G Former) Head of Brand Office, Marketing Headquarters, KT&G Former) Chief of Secretary Office, KT&G Masters Degree in Business Administration, University of New Hampshire Bachelor's Degree in Economics, Hankuk University of Foreign Studies	N/A
Min-Kyu Lim	Representative Director and President of LMK Consulting	2021~Present  2021~Present  2018~2020 2016~2017  2014~2016  2013~2014 2010~2013  2007~2010  2007~2007  2004~2007  2003~2004  1998~2003  1979~1998 1987  1985  1980	Current) Outside Director and Chairman of the BOD ('23 April ~ '24 March), KT&G Current) Representative Director and President, LMK Consulting Former) Advisor, SK Materials Former) Representative Director & President, SK Materials Former) Representative Director & President, OCI Materials Former) President, OCI Materials Former) Vice President and Head of RE Business Division, OCI Former) Executive Director, New and Renewable Energy Business Division, OCI Former) Managing Director and Head of Overseas Business Team, Seoul Commtech Former) Managing Director, Petrochemical Business Department, Samsung C&T Corporation Former) Assistant Managing Director, Petrochemical Business Department, Samsung C&T Corporation Former) Assistant Managing Director, Paris Branch, Samsung C&T Corporation Former) Worked at Samsung C&T Corporation Doctor's Degree, University of Paris 13 Graduate School Master's Degree, International Business Administration, University of Paris 13 Graduate School Bachelor's Degree, French and French Literature, Hankuk University of Foreign Studies	N/A
Dong-Hwan Shon	Law School Professor at Sungkyunkwan University	2021~Present 2018~2021 2016~2018  2014~2016 2012~2014 2012  1997	Current) Professor, Sungkyunkwan University School of Law Former) Presiding Judge, Seoul Central District Court Former) Presiding Judge, Goyang Branch of Uijeongbu District Court Former) Presiding Judge, Busan District Court Former) Research Judge, Supreme Court of Korea Graduated with a Masters in Law from Seoul National University Graduated with a Bachelors in Law from Seoul National University	N/A

**C. Whether the Candidate is Subject to any Tax Delinquency, is in the Management of any Company with Sign of Insolvency, or is Disqualified under Applicable Law**

Name of candidates	Tax delinquency	Management of any company with sign of insolvency	Legal grounds for disqualification
Kyung-Man Bang		N/A	
Min-Kyu Lim		N/A	
Dong-Hwan Shon		N/A	

**D. Candidates' Plans**

**(1) Agenda No. 3-1: Appointment of Kyung-Man Bang as President/Representative Director (KT&G Board of Directors Proposal)**

※ Please note that there is no Candidate's Plan for this candidate because he is a candidate for an executive inside director position.

**(2) Agenda No. 3-2: Appointment of Min-Kyu Lim as Outside Director (KT&G Board of Directors Proposal)**

**1. Participate in the Board of Directors' decision-making based on expertise in organizational operations/risk management and sustainability management**

The candidate has successfully led sizable listed companies while serving as the Representative Director and President of OCI Materials and SK Materials. During his term as President of OCI Materials, he focused on environment and safety management and dramatically improved the company's systems; in particular, upon his appointment as President of OCI Materials, he implemented environmental safety systems and manuals which greatly improved the number of safety accidents and environmental pollution.

Based on his experience as representative director of sizable listed companies, the candidate plans to do his best to provide practical assistance in decision-making related to the Company's organizational and risk management. In addition, based on his extensive experience in environmental and safety management, he intends to contribute to the Company's practice of sustainable management by establishing the right management direction from a long-term perspective.

**2. Contribute to the Company's global growth based on the understanding of the supply chain and overseas markets**

As the former Head of Samsung C&T's Petrochemical Business Department, the candidate has experience in successfully managing the petrochemical supply chain. In addition, as the former Head of OCI Renewable Energy's Business Division, he has experience in managing the overall investment in production plants, manufacture and sales of polysilicon products. Furthermore, as the Assistant Managing Director of Samsung C&T's Paris Branch and Team Leader of the Overseas Business Team of Seoul Communications Technology, he participated in overseas market entry and global business activities. During his time as the Assistant Managing Director of Samsung C&T's Paris Branch, he worked together with employees dispatched from the headquarters and local employees to significantly grow annual sales.

Based on the experience and know-how of domestic and overseas supply chain management, the candidate intends to contribute to the management decision to improve the supply chain and increase efficiency of



the Company, and to provide professional opinions based on his experience pertaining to entering overseas markets and operating overseas offices when making decisions related to the expansion of the Company's overseas market business.

### **3. Perform independent duties as an outside director**

The candidate was appointed as KT&G's outside director in March 2021. Other than his current role as the Chairman of the Company's Board of Directors, he does not hold an outside director position in another company, and therefore he has the independence and fairness to perform his duties in the interests of the Company and its shareholders.

The candidate is clearly aware of the independence of outside directors as set forth in Article 382(3) and Article 542-8 of the Korean Commercial Code. The candidate will do his best to exercise his independence as an outside director so that the Company's decision-making can be made fairly and in a neutral and transparent manner.

### **4. Compliance with legal obligations and the Company's Charter of Ethics**

The candidate commits to fulfill his fiduciary duty, duty of loyalty, duty to report, duty to monitor, duty to prohibit self-dealing and duty to protect confidentiality, etc. under the Korean Commercial Code as an outside director, fully understands all Company regulations and will comply with the Company's Charter of Ethics.

### **(3) Agenda No. 3-3: Appointment of Dong-Hwan Shon as Outside Director (Shareholder Proposal - IBK)**

The candidate worked as a judge, building his professional expertise as a legal expert, and is currently working as a law school professor who specializes in laws related to economics (including antitrust laws, etc.). The candidate will make a full use of his expertise and experience to assist the Company's Board of Directors in making reasonable decisions from a legal and regulatory perspective.

The candidate will devote substantial time and efforts in his role as an outside director of the Company, and strive to contribute to maximizing shareholder value by fulfilling his roles and responsibilities as a director of the Company, including without limitation not being bound to any special relationship or conflict.

The candidate is fully aware of his duties as a director under applicable laws, and pledges to fully comply with such requirements.

## **E. Board of Directors' Grounds for Recommendation**

### **(1) Agenda No. 3-1: Appointment of Kyung-Man Bang as President/Representative Director (KT&G Board of Directors Proposal)**

Based on his extensive experience and expertise across businesses, including brand, marketing, global and strategy, Mr. Kyung-Man Bang plays a leading role in establishing mid- to long-term growth strategies centered on the three core businesses (NGP, health functional food and global CC) through the Company's growth investment and technological innovation and promoting new shareholder return policies. As an executive inside director and COO, he has been in charge of the overall business of the Company.

ESSE Change, which was launched during his term as the Head of the Brand Office, is currently the No. 1 brand in the domestic market and is evaluated to have provided an opportunity for the Company's rebound in the domestic market share. As the Chief of Global Headquarters, he spurred the overseas market by expanding the number of launched markets from about 40 to over 100 countries by establishing a customized brand portfolio for each overseas market, which resulted in the achievement of over KRW 1 trillion in overseas sales revenue for the first time in the Company's history.

The candidate has demonstrated the capability to devise strategy based on superior analytical ability, which not only secured brand competitiveness in the domestic market, but also achieved tangible results in the global market, as well as for his performance through differentiated strategy and strong execution.

Accordingly, the KT&G President Candidate Recommendation Committee determined that Mr. Kyung-Man Bang was the best candidate to push KT&G's leap to a global top-tier company beyond the market limits based on his overall business insight.

## **(2) Agenda No. 3-2: Appointment of Min-Kyu Lim as Outside Director (KT&G Board of Directors Proposal)**

### **1. Leadership and organization management ability**

Mr. Min-Kyu Lim has experience in successfully leading sizable listed companies while serving as the President of OCI Materials (2013-2016) and President of SK Materials (2016-2017).

### **2. Extensive expertise in environmental and safety management**

During his time as the President of OCI Materials, Mr. Min-Kyu Lim implemented OCI Materials' environmental safety system and manual, gaining experience in dramatically reducing the number of environmental and safety-related accidents. In addition, while in office, he has continuously focused on environmental safety, such as soil and groundwater pollution, to improve environmental safety conditions. As a result of the above efforts, Mr. Min-Kyu Lim has gained extensive expertise in environmental and safety management, including winning the 15<sup>th</sup> Korea Safety Award and the Minister of National Safety and Security Award.

### **3. Understanding of supply chains and overseas markets**

While serving as the Head of Samsung C&T's Petrochemical Business Division (2003-2007), Mr. Min-Kyu Lim gained experience in successfully managing the petrochemical supply chain based on his understanding of the global commodity supply chain, which operates 10 million tons of water per year. In addition, during his time as the Head of OCI Renewable Energy's Business Division (2009-2013), he gained experience in general investment, manufacture and sales of polysilicon products. He also participated in the expansion of overseas market business by serving as the Assistant Managing Director of the Paris Branch of Samsung C&T's Commercial Division (1998-2003) and Head of the Overseas Business Team of Seoul Communications Technology (2007-2009). While serving as Assistant Managing Director of the Paris Branch of Samsung C&T, he gained experience in working with employees dispatched from headquarters and local employees to grow annual sales dramatically.

### **4. Having a sense of ethics and responsibility for the performance of duties**

The candidate is considered to have a high level of ethics and responsibility, as shown by his emphasis on corporate social responsibility and active promotion of related activities. He has engaged in various social contribution activities, including donating to the local community and supporting the payment of scholarships to teenagers and children from low-income families, to help the Company and the local community grow together.

**(3) Agenda No. 3-3: Appointment of Dong-Hwan Shon as Outside Director (Shareholder Proposal\_IBK)**

※ Please note that there is no Ground for Recommendation for this candidate because he was recommended by shareholder proposal.

## **IV. Appointment of Outside Director Who Will Also Serve as an Audit Committee Member (Sang-Wook Kwak)**

We seek to appoint an outside director who will also serve as an Audit Committee member pursuant to Articles 382, 542-8, 542-11 and 542-12 of the Korean Commercial Code, and Articles 26 and 34-3 of the Company’s Articles of Incorporation.

### **A. Candidate’s Name, Date of Birth, Recommending Person, Relationship with the Largest Shareholder, and Candidacy for Outside Director**

Name	Date of Birth (YYYY.MM.DD)	Candidacy for Outside Director	Separate Election of Directors who will also serve as Audit Committee Members	Term	Relationship with the Largest Shareholder	Recommended by:
Sang- Wook Kwak	1959.03.01	Outside Director	Separate Election	The date immediately following the date set for the 2024 annual general meeting of shareholders ~ The date set for the 2025 annual general meeting of shareholders	N/A	KT&G Independent Director Candidate Recommendation Committee

**B. Candidate’s Occupation, Detailed Experience and Detailed Transactions with the Relevant Corporation for the Recent Three Years**

Name	Occupation	Experience		Transactions with the Company for the Recent Three Years
		Period	Details	
Sang-Wook Kwak	Hwa Hyun (Law Firm) Counselor	2019~Present	Current) Counselor, Hwa Hyun	N/A
		2018~Present	Current) Outside Director, Audit Committee, Daekyo Co., Ltd.	
		2020~Present	Current) Director, Korea Copyright Center Inc.	
		2020~Present	Current) Chairman of the Audit Committee, Korea University	
		2020~2023	Former) Visiting Professor, Hankuk University of Foreign Studies Law School	
		2016~2019	Former) Counselor, Law Firm In	
		2016~2019	Former) Outside Director, Audit Committee Member (2017~2019), KB Asset Management	
		2011~2016	Former) Chief of Criminal Department, Supreme Prosecutors' Office of the Republic of Korea and Inspection Commissioner, Board of Audit and Inspection	
		2010~2011	Former) Chief Prosecutor, Busan District Prosecutors' Office	
		2009~2010	Former) Chief Prosecutor, Seoul Western District Prosecutors' Office	
		2008~2009	Former) Inspector General, the Ministry of Justice	
		2006~2008	Former) Deputy Chief Prosecutor, Seoul Northern District Prosecutors' Office and 5th Head, Goyang Branch of Uijeongbu District Prosecutors' Office	
		2003~2004	Former) Senior Prosecutor, Criminal Department 3, Seoul District Prosecutors' Office	
		2000~2002	Former) Professor, Judicial Research and Training Institute	
1985~2000	Former) Prosecutor, Dongbu Branch of Seoul District Prosecutors' Office and Senior Prosecutor, Criminal Department 1, Dongbu Branch of Busan District Prosecutors' Office			
1982~1984	Former) Passed the 24th Bar Exam and completed the Judicial Research and Training Institute (14th class)			
1983	Graduate School of Law, Korea University			
1981	Bachelor’s Degree, Law, Korea University			

**C. Whether the Candidate is Subject to any Tax Delinquency, is in the Management of any Company with Sign of Insolvency, or is Disqualified under Applicable Law**

Name of candidates	Tax delinquency	Management of any company with sign of insolvency	Legal grounds for disqualification
Sang-Wook Kwak		N/A	

## **D. Candidate's Plans**

### **1. Participate in the Board of Directors' decision-making based on expertise in organizational operations and legal/regulatory aspects.**

The candidate has extensive experience leading the prosecutors' office as Chief Prosecutor of the Seoul Western District Prosecutors' Office, Chief Prosecutor of the Busan District Prosecutors' Office, and Chief of the Criminal Department at the Supreme Prosecutors' Office of the Republic of Korea. In addition, as an Inspection Commissioner at the Board of Audit and Inspection, he has established proper management direction of various institutions through audits in areas such as public institution management improvement, state of management of public enterprises and corporations, and cyber security management, possessing expertise in regulatory compliance based on these experiences.

The candidate plans to leverage his experience as a leader at the prosecutors' office to provide insights into organizational management for the Company. Furthermore, based on his expertise in legal/regulatory fields accumulated in the prosecution and the Board of Audit and Inspection, he aims to contribute to the Board of Directors' compliance with relevant regulations in making management decisions and offer expert opinions on industry-specific regulations, investigations by public institutions and other areas, ensuring the company's compliance and preventing compliance issues.

### **2. Perform independent duties as an outside director**

The candidate has acquired a deep understanding of the importance of independent duty performance through his extensive tenure in the prosecution and the Board of Audit and Inspection, thus possessing the independence and fairness necessary to perform his duties in the best interest of the Company and its shareholders.

He is well aware of the independence required of outside directors as stipulated in Article 382 Paragraph 3 and Article 542(8) of the Korean Commercial Code. As an outside director, he plans to dedicate himself to ensuring that the Company's decision-making processes are conducted neutrally, transparently and fairly by exercising his independence.

### **3. Compliance with legal obligations and the Company's Charter of Ethics**

The candidate will faithfully fulfill his duties as an outside director under the Korean Commercial Code, including fiduciary duty, duty of loyalty, duty to report, duty to monitor, duty to prohibit self-dealing, and duty to maintain confidentiality, etc., and will acquaint himself with all of the Company's regulations and adhere to the Company's Code of Ethics. As an outside director, he will not only act as an advisor to the management but will also diligently perform his role as an auditor.

## **E. Board of Directors' Grounds for Recommendation**

### **1. Leadership and organization management ability**

Mr. Sang-Wook Kwak has a long history of serving as a prosecutor, during which time he held key positions such as Chief Prosecutor of the Seoul Western District Prosecutors' Office (2009-2010), Chief Prosecutor of the Busan District Prosecutors' Office (2010-2011), and Chief of the Criminal Department at the Supreme Prosecutors' Office of the Republic of Korea (2011-2016), successfully leading the prosecutors' office. Mr. Sang-Wook Kwak is recognized for his leadership based on thorough self-discipline and humility, enjoying deep trust among his peers and subordinates, and is thought to have exceptional organizational management skills.

## **2. Extensive expertise in auditing tasks and legal framework**

During his tenure as a prosecutor, Mr. Sang-Wook Kwak took charge of and successfully conducted important investigations into public office corruption and other matters. In addition, while serving as an Inspection Commissioner at the Board of Audit and Inspection, he was responsible for audits in various fields, including the management improvement of public institutions, management status of public enterprises and corporations, and cyber security management. Through these audits, he established the appropriate direction for the management and governance of each institution and possesses expertise in regulatory compliance for organizations.

## **3. Having a sense of ethics and responsibility for the performance of duties**

Mr. Sang-Wook Kwak is regarded as a talent with a high level of ethical consciousness and responsibility, and has diligently fulfilled his duties over many years in the prosecution service and the Board of Audit and Inspection.

## **4. Independence as an outside director**

In addition to the expertise described above, Mr. Sang-Wook Kwak meets all the statutory qualifications for enhancing the independence of outside directors under the Korean Commercial Code. When applying the legally defined criteria for independence, he is considered to be in an independent position with no direct, indirect or friendly relations with any major shareholders or the management. Appointing such an independent candidate as an outside director is expected to enable strict management and supervision of the executive team and to advise the management in a direction that can enhance corporate value. Therefore, we, the Independent Director Candidate Recommendation Committee, recommend him as a candidate of the audit committee member.

## V. Approval of Cap on Remunerations for Directors

We seek to obtain approval of the cap amount on remunerations for directors pursuant to Article 388 of the Korean Commercial Code and Article 30 of the Company's Articles of Incorporation.

(The 38<sup>th</sup> Fiscal Year)

Number of Directors (Number of Outside Directors)	7 (6)
Total Amount of Remuneration or Maximum Cap Amount	KRW 5 billion

(The 37<sup>th</sup> Fiscal Year)

Number of Directors (Number of Outside Directors)	8 (6)
Total Amount of Remuneration Actually Paid	KRW 3.05 billion
Maximum Cap Amount	KRW 5 billion

- ※ The number of directors (number of outside directors) above is the number of directors or outside directors as of the end of each relevant year.
- ※ The total amount of remuneration actually paid represents the total amount paid to all directors who served during the period from January 1, 2023 to December 31, 2023.