

A decorative line graphic in the top left corner, consisting of a blue vertical line segment and a green diagonal line segment meeting at a right angle.

# KT&G Board Independence and Diversity Policy



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KT&G BOARD INDEPENDENCE AND DIVERSITY POLICY

A decorative line graphic on the left side, consisting of a green vertical line segment and a blue vertical line segment meeting at a right angle.

# KT&G Board Independence and Diversity Policy

## Board Independence Policy

KT&G Corporation (hereinafter referred to as "KT&G") stipulates in its Articles of Incorporation that at least a majority of its directors shall be independent directors, and all directors are elected at the general meeting of shareholders as a separate agenda item. In addition, to fulfill their duties as directors, directors are prohibited from serving as directors, executive officers, or auditors of two or more companies other than KT&G. KT&G appoints outside directors whose independence is verified under relevant laws and regulations, including Articles 382 and 542—8 of the Commercial Code, Article 33 of the Articles of Incorporation, and Article 2.2 of the Corporate Governance Charter. The following are representative criteria,

- ① A person who is not an employee of KT&G or who has not been an employee of KT&G within the last 5 years
- ② A person who is not an employee of an affiliated company of KT&G or who has not been an employee of the affiliated company within the last 5 years
- ③ A person or the spouse or lineal ascendant/descendant of the person must not have received annual payments from KT&G or its subsidiaries over \$60,000, other than those permitted by 「SEC Rule 4200 Definitions」, including investment or charitable contributions within the past three years.
- ④ A person who is not the spouse and lineal ascendant/descendant of a KT&G director
- ⑤ A person who is not a lawyer, certified public accountant, tax accountant, etc., who performs audit or tax representation for KT&G or enters into an advisory contract with KT&G for legal advice, management advice, etc.
- ⑥ A person who is not an employee of a legal entity with an advisory or technical partnership agreement with KT&G.
- ⑦ A person who is not an employee of a legal entity that has entered into a single transaction with KT&G during recent business years in an amount equal to 10% or more of its total sales.
- ⑧ A person who is not an employee of a legal entity whose aggregate transaction results with KT&G during the last three business years amounted to 10% or more of its total assets or total sales.
- ⑨ A person who has no personal services contracts with KT&G or its executive management.
- ⑩ A person who is not an employee of an accounting firm appointed as KT&G's auditor.
- ⑪ Any other person who is not an employee of a legal entity with a material interest, such as a business relationship with KT&G, and who has no conflict of interest that the board determines to be not independent.

## Board of Directors Diversity Policy

KT&G Corporation (hereinafter referred to as "KT&G") appoints persons with diverse experience and expertise who can contribute substantially to the company's management as directors under relevant laws and regulations, including Article 165—20 of the Act on Capital Market and Financial Investment Business and Article 2.4 of the Corporate Governance Charter. The representative criteria are as follows.

- ① The Board of Directors shall take into account diversity of backgrounds such as education, age, nationality, race, ethnicity, gender, religion, place of birth, or position in its composition and shall not represent the interests of any particular group.
- ② The Board of Directors shall be composed of directors with sufficient field experience or expertise in relevant fields, such as economy, management, law, finance, manufacturing, information technology, and new growth fields, necessary to fulfill their duties as independent directors or auditors of companies or investment institutions.
- ③ The Board of Directors shall meet regularly or on an ad hoc basis to ensure that the diversity of the Board is captured and complemented by the free expression of ideas among the independent directors.
- ④ The Board shall conduct periodic evaluations to monitor the convergence of the diverse work experience, expertise, etc., of the independent directors.