

Korea Petrochemical Ind. Co., LTD

Corporate Governance Charter

제정 2022-05-03

Established 2022-05-03

Introduction

Korea Petrochemical Ind. Co., LTD. (hereinafter called the Company) strives to grow together with shareholders and all stakeholders with the goal of 'creating new value as a comprehensive petrochemical company, pursuing the best quality, and providing the highest level of customer satisfaction'.

The Company clearly recognizes the importance of sound governance in realizing these goals and establishes this Corporate Governance Charter to set the direction for governance measures.

In accordance with this Charter, we will strive to remain a company that achieves sustainable growth by establishing a fair and transparent governance structure and making every effort to promote the balanced pursuit of rights and interests of shareholders and all stakeholders.

Chapter 1. Shareholders

Article 1 (Shareholders' Rights)

Shareholders have basic rights based on the shareholder rights set forth in the Commercial Code and related laws.

Matters involving significant changes to the existence of the Company and the rights of shareholders are decided by the General Meeting of Shareholders in accordance with the principles and due process that protect shareholders' rights.

The Company shall determine the time and place of the shareholders' meeting to facilitate shareholders' attendance, and shall provide information regarding the time, place, and agenda of the shareholders' meeting to shareholders sufficiently in advance.

Shareholders may propose agenda items to be discussed at the General Meeting of Shareholders in accordance with applicable laws and regulations, and may ask questions and demand clarifications on agenda items at the General Meeting of Shareholders.

Article 2 (Equitable Treatment of Shareholders)

Stockholders are entitled to one vote for each share of ordinary stock; however, we may limit the

voting rights of certain stockholders as provided by law.

The Company shall provide the necessary information to shareholders in a timely, sufficient and fair manner.

The Company shall operate an appropriate internal control system as part of the endeavors to protect shareholders from illegal internal transactions and self-dealing.

Article 3 (Shareholder Responsibilities)

Shareholders shall recognize that the exercise of their voting rights can affect the management of the Company, and shall strive to exercise their voting rights actively for the development of the Company.

Shareholders who exercise influence over the Company's management shall act in the interests of the Company and all shareholders, and shall make efforts to avoid causing damage to the Company and other shareholders through contrary actions.

Chapter 2. The Board of Directors

Article 4 (Functions of the Board of Directors)

The Board of Directors has comprehensive authority over the Company's major management decisions, as provided by applicable laws, the articles of association, and the board regulations.

The Board of Directors shall oversee the execution of the duties of the directors.

The Board of Directors may delegate its authority to the CEO or a committee within the Board of Directors. However, major matters stipulated by relevant laws and regulations, the articles of association, or board regulations are excluded from such delegation.

Article 5 (Composition of the Board of Directors and Appointment of Directors)

The number of independent directors shall not be less than three and shall be a majority of the total number of directors so that the Board of Directors can operate independently from management and controlling shareholders.

The Board of Directors shall be composed of persons with expertise that can contribute to the management of the company, and the term of office of the appointed directors shall be

guaranteed unless they are otherwise disqualified.

The company shall ensure that shareholders have sufficient information about the director nominees as well as time to make a judgment before exercising their voting rights.

Article 6 (Independent Directors)

Independent directors shall have no material relationship with the company and shall be able to make decisions independently from management and controlling shareholders.

Independent directors are appointed by the shareholders' meeting based on the recommendation of the Independent Director Nominating Committee, which shall be organized to ensure the impartiality and independence of director candidates.

Independent directors may request the Company to provide information necessary for the performance of their duties and, if necessary for the discharge of their duties, may receive support from employees or external experts at the Company's expense in accordance with the established procedures.

Independent directors shall devote sufficient time to fulfill their duties.

Article 7 (Operation of the Board of Directors)

The Board of Directors shall, in principle, hold regular meetings at least once every three months and may hold temporary meetings as and when necessary.

The Board of Directors shall establish the board regulations that stipulate the authority, responsibilities, and operating procedures of the Board of Directors for effective operation.

The Board of Directors shall record and maintain the minutes of each meeting.

The Board of Directors shall utilize telecommunications, as necessary, to enable Board members to participate as fully as possible in board meetings.

The company shall disclose the attendance rate and the activities of individual directors at the board meeting, including whether they voted for or against key disclosure items.

Article 8 (Committees under the Board of Directors)

The Board of Directors may establish committees within the Board to perform specific functions

and roles to facilitate prompt and efficient decision-making.

Specific rules shall be set forth regarding the organization, operation, and authority of each committee and each committee shall abide by the relevant rules.

Each committee shall report its resolutions to the Board of Directors, and the Board of Directors may second any resolution made by the committee. However, the Board of Directors may not redetermine the resolution of the Audit Committee.

Article 9 (Duties of Directors)

Directors shall perform their duties with the care and diligence of a good manager.

Directors shall seek results that are in the best interests of the Company and its shareholders and shall not exercise their authority for their own or any third party's benefit.

Directors shall not disclose company secrets learned in the course of their duties or use them for their own or a third party's benefit.

Article 10 (Directors' Responsibilities)

A director shall be liable for damages to the Company if he or she violates laws or the articles of association or neglects his or her duties. If a director is guilty of malice or gross negligence, he or she shall also be liable for damages caused to third parties.

A director's business judgment shall be respected if the director has gathered substantial and reasonably reliable data and information in the course of exercising his or her business judgment, given it due consideration, and exercised his or her duties in a manner that the director believes, in good faith and based on reasonable judgment, is in the best interests of the Company.

The Company may purchase liability insurance for directors at the Company's expense to ensure the effectiveness of pursuing liability against directors and to recruit competent persons as directors.

Article 11 (Evaluation and Remuneration)

The Board of Directors shall evaluate the management's business activities in a fair manner and reflect the results appropriately in the remuneration.

The remuneration of the directors shall be within the range authorized by the shareholders' meeting.

Directors' remuneration shall be reasonably proportionate to their duties, determined at an appropriate level considering the Company's financial condition, and consistent with the advancement of the long-term interests of the Company and its shareholders.

Chapter 3. Audit Body

Article 12 (Audit Committee)

The Audit Committee shall consist of at least three directors, with at least two-thirds of the members being independent directors. In addition, at least one member shall be an accounting or financial expert.

The Audit Committee shall perform the duties prescribed by law and the articles of association independently, including matters related to accounting and business audits.

The Audit Committee may at any time inspect or copy the books and documents related to accounting, and may require the directors to report on the business or investigate the business and properties of the Company.

The Audit Committee shall have free access to information necessary for its audit work, and may request advice from external organizations and experts at the Company's expense where necessary.

Article 13 (External Auditors)

The external auditor shall be independent of the company, its management, and certain shareholders, and shall perform the audit work impartially.

The external auditor shall attend the shareholders' meeting and provide explanations in response to any questions from shareholders regarding the auditor's report.

The external auditor shall strive to identify any fraud or misconduct by the Company during the audits.

The external auditor shall report to the Audit Committee on any substantial matters identified during the external audit activities.

Chapter 4. Stakeholders

Article 14 (Protection of Stakeholders' Rights)

The Company shall strive to fulfill its corporate social responsibility toward its various stakeholders, including employees, shareholders, suppliers, and communities.

The company shall protect the rights of stakeholders by law or contract, respect the rights of workers by faithfully complying with labor-related laws such as the Labor Standards Act, and strive to improve the workers' quality of life.

The Company shall promote the establishment of a fair market order through compliance with fair trade-related laws and promote the balanced development of the national economy.

The Company shall provide information necessary to protect the stakeholders' rights and assist stakeholders in accessing relevant information to the extent permitted by law and agreements with third parties.

Chapter 5. Disclosures

Article 15 (Disclosures)

The Company shall promptly and accurately disclose matters that may have a significant impact on the decision-making by shareholders and stakeholders, in addition to periodic reports such as business reports, quarterly and semi-annual reports, and other disclosures required by law.

The Company shall not favor or discriminate against any person with regard to the scope or timing of disclosure of material information, and shall disclose such information so that all stakeholders can access it simultaneously.

Supplementary Provision

This Code of Ethics comes into effect from May 3, 2022.