



# Corporate Governance Charter

Enacted December. 14, 2020

## PREAMBLE

“Contributing to the global community by providing the best value with our ONLYONE products and services.”

CJ CheilJedang (“the Company”) aims to become a global lifestyle company that prioritizes people and society pursuant to this management philosophy, and has a governance structure that centers on transparent principles and policies as core fundamentals of business management.

We will continue to enhance shareholder values and promote balanced interests of stakeholders including customers, employees and suppliers, under the supervision of a professional and independent Board of Directors and through transparent and reasonable business practices by senior management.

## Chapter 1 Shareholders

### Article 1 (Shareholder Rights)

- ① A shareholder is entitled to the basic rights as stipulated in the applicable laws and regulations including the Commercial Act.
- ② Matters that bring significant changes to the Company’s ability to continue as a going concern and shareholder rights shall be determined at the General Meeting of Shareholders in a way that guarantees the rights of shareholders to the maximum extent possible.

- ③ The Company shall give notice to shareholders of the date, place and agenda of the General Meeting of Shareholders a sufficient period of time in advance, and the date and place shall be decided so as to maximize shareholders' participation as far as possible.

## **Article 2 (Equal Treatment of Shareholders)**

- ① A shareholder is granted one (1) voting right per ordinary share and the intrinsic rights of the shareholder must not be harmed. Additionally, restrictions on voting rights of a specific shareholder must be strictly decided in accordance with the applicable laws.
- ② Shareholders should receive information from the Company in a timely, sufficient, and fair manner, and the Company shall ensure that all shareholders are equally provided with information even if the information is not subject to public disclosure.
- ③ Shareholders must be protected from any wrongful, insider transactions and self-dealing transactions led by other shareholders including the controlling shareholder.

## **Article 3 (Responsibilities of Shareholders)**

- ① Shareholders must acknowledge that the exercise of their voting rights may affect the Company's business and shall proactively exercise their voting rights with the aim of contributing to the growth of the Company.
- ② The controlling shareholder who exercises influence on the Company's business management must act for the benefit of the Company and all shareholders.

## Chapter 2 Board of Directors

### Article 4 (Roles of the Board of Directors)

- ① To perform decision-making functions and supervisory roles relating to the Company's business management, the Board of Directors shall be responsible for resolving matters stipulated in applicable laws and regulations or the Company's Articles of Incorporation, matters delegated by the General Meeting of Shareholders, basic business management policies and key business decisions.
- ② The Board of Directors may delegate its authority to the CEO or a committee within the Board of Directors. However, major issues that are stipulated by applicable laws and regulations, the Articles of Incorporation, or the Rules of the Board of Directors are excluded from the above-mentioned scope.

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

- ① The Board of Directors shall have at least three (3) but no more than nine (9) directors appointed by the General Meeting of Shareholders so as to ensure effective and prudent deliberation and decision-making process.
- ② In order to maintain independence and ensure effective supervisory functions, the majority of the Board of Directors shall be composed of independent directors recommended by the Independent Director Candidate Recommendation Committee.
- ③ Directors shall not be discriminated against by factors such as gender, age, nationality, race, religion, origin, education, or disability, and should contribute to enhancing the Company's value and shareholder interests.
- ④ The Board of Directors should be composed of competent persons with diverse backgrounds and expertise who can substantially contribute to

the Company's business management and proactively respond to the changing business environments capitalizing on their diverse perspectives and experiences.

- ⑤ The director's term of office shall be protected unless there are specific grounds for disqualification.
- ⑥ The Company shall allow shareholders to exercise their voting rights with sufficient information and time to review the director candidates.

#### **Article 6 (Operation of the Board of Directors)**

- ① The Board of Directors shall hold regular meetings and may, from time to time, hold extraordinary meetings if deemed necessary, such as urgent agenda etc.
- ② The Board of Directors shall establish the Rules of the Board of Directors that specifically stipulate the authorized powers, responsibilities, and operating procedures of the Board of Directors to facilitate smooth operation.
- ③ The Company shall prepare each meeting minutes for the Board of Directors and maintain the materials as a result of the meeting.
- ④ The Company shall disclose each director's attendance rate and details of their activities including the pros and cons of individual directors on the agenda, subject to resolution by the Board of Directors.

#### **Article 7 (Committees within the Board of Directors)**

- ① The Board of Directors can operate committees within the Board of Directors to ensure the effective operation of the Board of Directors, as well as expeditiousness and expertness with regard to decision-making.
- ② The organization, operation, and authorized powers of the committees shall be stipulated in writing.
- ③ The committees shall report their resolutions to the Board of Directors, and the Board of Directors may once again resolve a matter upon which a committee has resolved.

## **Article 8 (Duties of Directors)**

- ① Directors shall fulfill the roles with the duty of care as a prudent manager. Directors shall devote the considerable time and effort based on a sufficient amount of information to make reasonable decisions.
- ② Directors must not exercise their empowered authorities for the benefit of themselves or a third party, and shall always aim for results that are in the best interests of the Company and shareholders.
- ③ Directors shall not disclose confidential information that they have learned in the course of performing their duties or use them for their own or third party's benefit.

## **Article 9 (Responsibilities of Directors)**

- ① If a director violates laws and regulations or the Company's Articles of Incorporation or neglects his or her duties, he or she shall be held liable for the damage made to the Company. If malicious intent or gross negligence is found, the director shall also be held liable for the damage caused to a third party.
- ② If the director had collected considerable amount of information that can be reasonably trusted and carefully, thoroughly reviewed them, and has performed his/her duties in the best interests of the Company based on sincere and reasonable judgment in the process of making business decisions, the director's decision should be respected.
- ③ The Company may join Directors and Officers Liability Insurance at its own cost to secure the validity of personal liability claims and to recruit competent directors.

## **Article 10 (Independent Directors)**

- ① Independent directors shall have no significant relationship with the Company and should be able to make decisions independent of senior management and the controlling shareholders.

- ② The Company shall provide independent directors sufficient amount of information required to carry out their duties and the independent directors may also request the Company for the prompt delivery of information necessary for the performance of their duties.
- ③ Independent directors shall devote sufficient time in performing their duties and should review relevant materials in a faithful manner before attending board meetings.
- ④ Independent directors may receive assistance from the Company's executives/employees or external experts under appropriate procedures if it is deemed necessary to perform their duties, and those expenses incurred in relation to the assistance shall be borne by the Company.

### Chapter 3 Audit Institutions

#### Article 11 (Audit Committee)

- ① In order to maintain independence, at least two-thirds of the Audit Committee members shall be composed of independent directors, and to maintain professionalism one of the members shall be a person with expertise in auditing.
- ② The Audit Committee shall examine legality of business executions made by the directors and senior management, examine the soundness and validity of the Company's financial activities, review the appropriateness of the process of financial reporting and its accuracy, approve appointments and dismissals of independent auditors and make *ex post facto* reports to the General Meeting of Shareholders.
- ③ The Audit Committee can freely access the information required for audit, and if deemed necessary, it can seek advice from external agencies, and experts at the Company's expense.
- ④ The Audit Committee shall be held at least once every quarter, and senior

management, finance executives, head of the internal audit department and independent auditors may participate if deemed necessary.

#### **Article 12 (Independent Auditor)**

- ① An independent auditor shall be legally and substantially independent from the Company, senior management, and controlling shareholders, and others.
- ② An independent auditor shall attend the General Meeting of Shareholders and answer shareholders' questions on the audit report, if any.
- ③ An independent auditor shall check whether there are any discrepancies between regularly disclosed information such as the audited financial statements and audit findings.
- ④ An independent auditor shall endeavor to identify fraudulent or illegal conduct done by the Company in the course of performing the audit.
- ⑤ An independent auditors shall assess the Company's ability to continue as a going concern in accordance of the applicable laws and regulations including the Act on External Audit of Stock Companies.
- ⑥ An independent auditor shall report material findings identified in the course of performing the audit to the Audit Committee.

### **Chapter 4 Stakeholders**

#### **Article 13 (Protecting Stakeholder Rights)**

- ① The Company shall make every effort to protect the rights of stakeholders including customers, shareholders, investors, executives/employees, competitors, suppliers and the global community, and at the same time, faithfully fulfill its corporate social responsibility with the aim of achieving sustainable growth.
- ② The company shall provide information required to protect the rights of stakeholders within the scope as permitted by the applicable laws and

regulations and allow stakeholders' access to relevant information.

## Chapter 5 Management Monitoring by the Market

### Article 14 (Public Disclosure)

- ① In addition to the disclosures required by the laws and regulations, the Company shall disclose the matters that affect or may affect the decision-making of the shareholders and the stakeholders.
- ② In a case where the Company needs to disclose key matters other than the regularly disclosed information, it shall accurately disclose the relevant details in a timely manner.
- ③ The Company shall disclose in a form that readers can easily understand and facilitate the stakeholders' access to or use of such details.
- ④ The Company shall establish and disclose the Code of Conduct.

Supplementary provisions (December. 14, 2020)

Effective on December 14, 2020.