

# 영문 KT 기업지배구조헌장

# KT Corporate Governance Structure Charter

Adopted on	March 29, 2007
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KT (hereafter to be referred as “the Company”) intends to enhance its social assets and be a business respected by others by providing a wide range of services designed to enhance the value of people’s lives and realizing the dreams of customers and community members.

The purpose of this Charter is to announce and execute desired directions of sound governance structure designed to enhance the sharing of value, institute the harmonized check and balance between the General Meeting of Shareholders (“GMoS”), the independent Board of Directors (“BoD”), and professional managers, independent operations of professional auditors in a way that will help with the Company’s transparent management, etc.

## 1. Shareholders

### 1.1 Shareholders’ rights

① Shareholders are owners of the Company and shall be guaranteed the basic rights as stipulated in the Commercial Act and other relevant laws including the right for participation in the Company’s profit sharing, for participation in the GMoS, voting right, the right to express opinions at the GMoS, and the right to be provided with relevant

information regarding the operation of the Company in a timely manner.

② Matters stated in the following shall be decided at the GMoS in a way that ensures the rights of shareholders: amendment to the Articles of Incorporation which may affect the Company's existence and shareholders' rights, corporate merger, transfer, split-off, dissolution, capital decrease, etc.

③ Shareholders shall be provided with sufficient information concerning the hours/date/place/agenda items, etc. of GMoS in advance and the right to exercise their rights freely.

## **1.2 Fair treatment of shareholders**

① The Company shall treat shareholders fairly in a way that will not infringe upon their intrinsic rights according to the Commercial Act and relevant laws.

② Shareholders shall exercise their rights under the one share-one vote principle, and the Company shall strive to protect the rights of minority shareholder according to the Commercial Act and relevant laws.

③ The Company shall sufficiently provide the shareholders with necessary information in a timely and easy-to-understand manner.

④ The Company shall not provide special treatment for shareholders in transactions simply because they are shareholders, and shall protect them from unfair insider trading and self-dealing transactions carried out by other shareholders.

## **1.3 Shareholders' responsibilities**

① Shareholders shall actively strive to exercise their voting rights for the development of the Company.

② The Company's major shareholders shall act in a way that will provide benefits to the Company and other shareholders and shall not cause harm to other shareholders with actions that go against the good of the company.

## **2. The Board of Directors**

### **2.1 The BoD's Functions**

① The BoD shall decide on the Company's core management objectives and basic management guidelines for the benefit of the Company and shareholders and shall supervise the Company's management activities to the extent permitted by the law as the body which holds comprehensive management-related rights.

② The BoD shall make management-related decisions and supervise overall management including the following: convocation of the GMoS, budget approval, important changes in the organization such as corporate dissolution/transfer/merger, issuance of new shares, decrease in capital, retirement of securities, amendment to the Articles of Incorporation, decision on stock dividend payout, the management plan of the Representative Director during his/her term, and matters as stipulated in relevant laws, the Articles of Incorporation, and the BoD Regulations.

### **2.2 The BoD's composition**

① The BoD shall be comprised of not more than ten (10) directors. The number of inside directors including the Representative Director shall not be more than two (2). The number of outside directors shall not be more than eight (8).

② The BoD may operate an Audit Committee comprised purely of outside directors to reinforce the transparent operation of the Company's supervision, as well as the Evaluation and Compensations Committees, and other committees within the BoD.

### **2.3 The BoD's operation**

① The BoD's sessions shall be held as temporary sessions as necessary. Matters concerning the BoD's operation shall be decided based on the BoD Regulations.

② The Chair of the BoD shall be elected from among the outside directors with the resolution of the BoD to reinforce its independence and management-related supervision. The term of the Chair of the BoD shall be for one (1) year.

③ The BoD's resolution shall require the presence of a majority of all directors in office and the affirmative votes of the majority of those present. However, directors with special interests vested in an item of agenda shall not be granted voting rights.

④ The BoD may entrust the right for deliberation or decision to a committee for expertise and more efficient and practical operations to the extent as it does not violate the terms as stipulated in the Articles of Incorporation, using the methods stated in the following.

1. The BoD may make a decision again on a matter for which a decision has already been made by a committee unless it is a matter for which the committee has exclusive rights to in its decision under the law.

2. The composition of the committee, appointment, and the term of office for the chairman of the committee and members shall be determined by a resolution of the Board of Directors unless otherwise specified.

## **2.4 Directors' qualification**

① Directors shall have a sound sense of ethics and occupational perspective and shall represent long-term, balanced interests of the Company and its entire shareholders.

② The Representative Director shall be the one who is equipped with the capabilities and qualifications as the CEO as stipulated by the BoD-fixed screening criteria for screening candidates for the position of the Representative Director.

③ Inside directors shall be those with sufficient experience and knowledge associated with the Company's operation and good judgment/promotional capabilities as high-level managers.

④ Outside directors shall be selected in a balanced manner from among those with professional knowledge and experience as those who do not have vested special interests in the operation of the Company, capable of contributing to the development of the Company and providing protection for the good of shareholders.

⑤ Those disqualified under the terms stated in the Articles of Incorporation and the

relevant laws shall not be directors. Those who belong to the aforementioned category shall not be relieved of the duty as director if this is found to be the case after having landed the positions.

⑥ Subject to the Commercial Act, an outside director shall not double for three or more positions as an executive officer including an auditor of a business other than the Company so that he/she may have sufficient time to serve as an outside director for the Company.

⑦ Gender, age, nationality, ethnicity, religion, educational background, or physical disability shall not be factors determining the qualifications of a director.

## **2.5 Directors' election**

① The Representative Director shall be elected from those recommended by the BoD and through the resolution of the GMoS.

② Inside directors, other than the Representative Director, shall be elected at the General Meeting of Shareholders from among the managing officers of the company who are recommended by the Representative Director with the consent of the Director Candidates Recommendation Committee and the approval of the Board of Directors.

③ Outside directors shall be elected at the GMoS from among those recommended by the Director Candidates Recommendation Committee.

④ The term for directors shall be for less than three years. Outside directors shall not serve for longer than six (6) years.

⑤ The Company shall strive to assess the propriety of the structure, scale, and composition of the BoD periodically in order to enhance the diversity and work balance of the BoD. For this end, the Company shall strive to secure the human assets which will help the Company make the right decisions through diversity and complementarity of skills in the election of its directors.

⑥ The Company shall strive to enhance the diversity of the BoD members in terms of gender, age, nationality, and ethnicity to cope with changes in managing the environment

more flexibly. The Company shall also strive to increase the percentage of female BoD members in an effort to enhance the gender diversity within the BoD members.

⑦ The Company shall strive to secure job-related complementarity of the BoD based on job performance indices including job-related tasks, experience, expert knowledge, and educational background with the aim of achieving long-term success based on adequate and timely decisions. The Company shall also strive to increase the percentage of directors with sufficient experience in ICT to continue to grow as a global business proudly boasting its innovative technologies.

## **2.6 Directors' obligations and responsibilities**

① Directors, as law-abiding managers, shall make the best possible decisions to contribute to the enhancement of the Company's long-term corporate value by taking part in the BoD's activities and fulfilling fiduciary duties.

② Directors shall observe the Company's ethical management principle as its members. As ethical supervisors, directors shall also make decisions with the entire shareholders' profit taken into account rather than that of specific members, and they shall not disclose any information obtained in the course of carrying out duties for the Company to third parties or use such information for their personal profit.

③ A director shall resign if a conflict of interest between him/her and the Company cannot be settled. Directors shall not take part in a discussion or decision-making process which may have direct or indirect impact on themselves.

④ Where a director is in violation of the law or the Articles of Incorporation or has neglected his/her duties through willful misconduct or gross negligence, he/she shall make up for the loss and/or damages incurred to the Company, as well as to any third parties if applicable.

⑤ The Company shall have directors covered by liability insurance at the Company's expense to help directors make adequate and practical judgments.

⑥ The Company may encourage directors to retain the Company's stocks in order to promote their participation in the Company's overall operations and to secure their responsibility.

## **2.7 Roles of outside directors**

- ① Outside directors shall take part in the Company's important policy decisions independently and supervise and support the Company's management as members of the BoD.
- ② Outside directors shall review meeting agenda items in advance and strive to engage in persuasive communications concerning core issues and potent risks.
- ③ Outside directors shall engage in activities as members of the BoD committees with a focus on the presentation of realistic and clear-cut objectives and criteria, striving to enhance the Company's corporate value and rewarding hardworking employees.
- ④ Outside directors may use outside experts' consulting and assistance where required and in such a case the Company shall pay for the necessary expenses.
- ⑤ The Company may encourage outside directors to retain the Company's stocks in order to promote their participation in the Company's overall operations and to secure their responsibility.

## **2.8 Evaluation and compensation**

- ① The BoD's Evaluation and Compensations Committee shall appraise the Company's operations periodically based on the BoD-set criteria and objectives and report it to the BoD. The Company shall design and operate a reasonable system of compensations commensurate with such appraisal.
- ② The Company shall make periodic appraisals of the BoD and outside directors for more efficient operations and have it reflected in the next year's BoD operations plan.

## **2.9 Directors' training**

- ① The Company shall hold sessions like seminars to provide an opportunity of job-related training or provide explanations of the Company's status of operations to outside directors. The Company shall also hold periodic meetings for intensive review of long-term visions and major strategies.



② The Company shall help directors acquire the knowledge and skills necessary for carrying out the operations of the BoD and its committees. The Company shall pay for expenses concerning training and skills development of directors for the efficiency of BoD operations.

### **3. Auditing bodies**

#### **3.1 The Audit Committee**

① The Audit Committee shall be composed of three or more outside directors and carry out duties independently of the management and specific shareholders.

② Members of the Audit Committee shall be elected with the resolution of the GMoS among those with expert knowledge and experience in economics·management, finance·accounting, law, or technologies of relevant industry. They shall not fall under any conditions for disqualification as stipulated in the Commercial Act, other relevant laws and the Articles of Incorporation.

③ The Audit Committee may ask the Company for the establishment of a department dedicated to provision of support for it. In such a case, the Company may designate separate criteria for the operations of such a department, the hiring of experts, and operations cost, etc.

#### **3.2 Outside auditors**

① Outside auditors shall carry out the auditing process with fairness, as a body independent of management and specific shareholders.

② Outside auditors shall be elected, replaced, or dismissed by the Audit Committee. The Audit Committee shall review those matters which may affect the independence of outside auditors and the relationship between the Company and outside auditors. The Audit Committee may express its opinions for the securing of independence of outside auditors to the BoD.

## **4. Stakeholders**

- ① The Company shall actively deal with the interests of all stakeholders including employees, customers, cooperating companies, and the local/regional community and shall faithfully fulfill its social responsibilities.
- ② The Company shall faithfully protect the rights of stakeholders as stipulated in the law or its signed contracts, observe labor-related laws including the Labor Standards Act, and strive to maintain and improve employees' working conditions.
- ③ The Company shall provide the information needed to protect stakeholders' rights to the extent as permitted by the law and make efforts to help the stakeholders access relevant information.

## **5. Public disclosure (announcements)**

- ① The Company shall draw up annual/quarterly/semi-annual reports periodically and make them available as public notice. The Company shall put up public notices which may have an important impact on shareholders and stakeholders promptly and accurately.
- ② The Company shall not give priorities to any specific persons concerning the scope and timing of disclosure of important corporate information and provide such information in a manner which ensures all stakeholders' fair and equal access.