

# **Corporate Governance Charter**



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## **【 Preamble 】**

SK Telecom(the "Company") strives to grow further to establish itself as a stable, consistently developing, and long-lasting enterprise. In so doing, the Company aspires to create value for its customers, employees, partners and shareholders, playing a pivotal role in the social and economic development of the nation and contributing to the happiness of humankind.

The Company is committed to getting itself better and delivering more by generating values for shareholders in a sustained manner. Furthermore, it works not only to contribute to the nation's economic development but also to create happiness for its stakeholders, growing together with the wider community by generating social value for its members.

To achieve these goals, the Company sets forth [SK Telecom Corporate Governance Charter] as follows to uphold it as the overarching principle for its management, and aims to establish, maintain, and develop a sound and transparent corporate governance based on the Charter.

## 1. Shareholders

By virtue of ownership of the Company, shareholders shall have the intrinsic rights as protected by the relevant laws and regulations, and be treated equally in accordance with the principle of equal treatment of shareholders.

### 1.1 Rights

- ① Shareholders are entitled to the rights, stipulated in the Commercial Act and the relevant laws and regulations including, but not limited to, participation in profit sharing of the Company, attending and casting a vote at the general meetings of shareholders, and having access to the necessary information to exercise their rights.
- ② Major affairs that can bring significant impact to the Company management and the shareholder rights such as mergers, split-offs, revisions to the articles of association or others shall be decided following the lawful and appropriate procedures such as the general meeting of shareholders, designed to guarantee and protect the shareholder rights.
- ③ The Company shall provide shareholders with any necessary information before the general meeting of shareholders such as a date, a venue and an agenda. Shareholders may propose agendas for the general meeting of shareholders, ask questions or demand further information concerning the agenda during the meeting pursuant to the Commercial Act and other relevant laws and regulations.

### 1.2 Equal treatment

- ① A shareholder has one(1) voting right for one(1) common stock, and the Company gives equal treatment to all shareholders to protect their intrinsic rights as stipulated in the Commercial Act and other relevant laws and

regulations.

- ② The Company provides all the necessary information for shareholders timely, sufficiently, and equally in accordance with the relevant laws and regulations.
- ③ In order to protect shareholders against unlawful insider trading or self-dealing, the Company has an appropriate internal control mechanism firmly in place and discloses all the necessary transactional information in accordance with a lawful procedure.

### **1.3 Responsibility**

- ① Shareholders shall actively exercise their voting rights and make a decision in the interest of the Company.
- ② A controlling shareholder shall exercise his/her voting right in a lawful and legitimate manner, and act in the interest of all shareholders.

## **2. Board of Directors**

The Board of Directors makes a decision on important business affairs of the Company, supervises decisions of the management and the directorship, and performs its responsibilities for the interest of all stakeholders including the Company and shareholders, as stipulated in the relevant laws and regulations, and the articles of association.

### **2.1 Roles**

- ① The Board has comprehensive rights over the corporate management, and carries out decision-making and business supervision as defined in the laws,

regulations, articles of association, and the Board rules.

- ② The Board may delegate its power to CEO or committees under its control except for the issues deemed important by the laws and regulations, articles of association and the Board rules.
- ③ The Board oversees the overall risk management of the Company to ensure structured risk management for the long-term corporate value.

## **2.2 Composition and appointment**

- ① The Board shall have a size that enables effective discussion and efficient decision-making, and outside directors shall consist of a majority of the Board to provide independent and effective supervision for the management.
- ② Only those with expertise and competency beneficial to the business management of the Company are appointed as directors.
- ③ Those who have been involved in or responsible for undermining the corporate value or shareholder rights or interests shall not be appointed as directors.
- ④ The Company adopts the cumulative voting system for appointment of directors to ensure independence in the appointment process and reflect the opinions of a majority of shareholders instead of a few controlling shareholders.

## **2.3 Independent directors**

- ① Independent directors, as members of the Board, shall have the authority to participate in major business decisions of the Company, and make decisions independent of the executives and controlling shareholders to supervise and

support the management of the Company.

- ② To focus on their roles and responsibilities, independent directors shall not hold concurrent offices to an excessive extent.
- ③ The Company runs the Independent Director Nominating Committee to ensure a fair candidate selection process. Independent directors should make up a majority of the Board.
- ④ The Company shall provide independent directors with the necessary information to carry out their tasks in advance, by reporting, for example, the agenda of a Board meeting through a brief session for independent directors. (amended on May 27, 2021)
- ⑤ Independent directors may ask the Company for information they need to perform their tasks, and if necessary, receive support from the executives, employees or external experts in accordance with the set procedure.

## **2.4 Operation**

- ① The Board meetings shall be convened on a regular basis, but an ad-hoc meeting can be held when needs arise. The power, responsibility and operation proceedings of the Board shall be decided in accordance with the Board rules.
- ② The Board shall produce minutes per meeting which include the agenda, the summary of progress, results, objectors and their rationale for objection, and keep the minutes.
- ③ The Board discloses information on the participation of individual directors in the meetings including their attendance rates, votes on the agendas, and others.

## **2.5 Committees**

- ① The Board establishes·operates committees under the Board such as the Audit Committee, the Independent Director Nominating Committee, the Strategy Committee, the Compensation Committee, the ESG Committee and others, to enhance expertise and efficiency of the Board and assist the Board in its duties. (amended on May 27, 2021)
- ② The Board committees shall have a majority of their members as independent directors, but as for the Audit Committee, only independent directors can be appointed as their members. (amended on May 27, 2021)
- ③ Decisions made by the committees on issues delegated by the Board have the same effect as the Board decisions, and issues with regard to organization and operation of the committees shall be defined in the written policies.

## **2.6 Duty and responsibility**

- ① As custodians in good faith, directors are strongly committed to a duty of care and a duty of loyalty when performing their tasks, and strive to achieve the best outcomes for the Company and shareholders.
- ② Directors shall not disclose the corporate information they have obtained in the course of performing their tasks to outside or use it for their own interest or interest of the third party.
- ③ In the event directors violate the laws and regulations or articles of association, or neglect their duties, they shall be held accountable for any damage or loss to the Company or the third party in accordance with the relevant laws and regulations.
- ④ Should directors carry out their tasks for the interest of the Company after having sufficient review based on the legitimate information by going through



the legitimate process, their decisions must be respected.

- ⑤ The Company may purchase an indemnity liability insurance policy for directors out of its own expense for effective recruitment and attribution of accountability.

## **2.7 Evaluation and remuneration**

- ① The management is assessed based on their business decisions and activities for fair evaluation, and the results are reflected in their salary accordingly.
- ② The director remuneration is decided within the range approved at the general meeting of shareholders.
- ③ The Company discloses the remuneration and the payment criteria of the major management as dictated by the laws and regulations.

## **3. Audit**

An audit body shall be guaranteed independence from the management and controlling shareholders, and the audit tasks shall be led by professionals with expertise.

### **3.1 Audit Committee**

- ① The Audit Committee consists of only independent directors for independence and expertise, and includes at least one(1) person with expert knowledge and insight regarding audit tasks.
- ② The Audit Committee faithfully performs tasks stipulated by the laws and regulations and articles of the association including accounting audits, inspections on the legitimacy of works carried out by directors and the management.

- ③ The Audit Committee shall report at the general meeting of shareholders on evaluation of independence and major activities, and CEO shall disclose all the information available in the business report.
- ④ The Audit Committee has full access to all the information necessary for its audit works and receives advice from an external expert if necessary.

### **3.2 External auditor**

- ① An external auditor performs a fair and objective audit independent of the Company, the management and controlling shareholders.
- ② An external auditor shall attend the general meeting of shareholders to answer to questions of shareholders on the audit report.
- ③ An external auditor reports to the Audit Committee on major issues (s)he has discovered during an external audit.
- ④ An external auditor shall consider the outlook of the Company as a going concern as required by the relevant laws and regulations such as the Act on External Audit of Stock Companies.

## **4. Stakeholders**

- ① The Company is strongly committed to its social responsibility for a range of stakeholders such as customers, employees, shareholders, partner companies and communities.
- ② The Company shall protect the rights of stakeholders stipulated in laws and regulations or contracts, and abide by the labor laws and regulations including the Labor Standards Act to keep and improve its labor conditions.
- ③ The Company shall facilitate the establishment of a fair market by complying with

the fair trade laws and regulations, and promote a balanced development of the economy.

- ④ The Company shall provide stakeholders with information necessary to protect their rights to the extent required by the laws and regulations, and stakeholders shall be guaranteed access to such information.

## **5. Compliance with fair market rules**

### **5.1 Disclosure**

- ① The Company discloses all the information that can have a major impact on shareholders and stakeholders promptly and accurately, through its business reports, semi-annual reports, quarterly reports and other regular disclosure channels.
- ② The Company gives equal access to the information by disclosing the same information to all users concurrently to ensure a fair opportunity.
- ③ The Company shall include forward-looking data such as forecasts on the future business performance or financial status in its disclosure.
- ④ The Company shall designate disclosure officers, and have in place an internal data sharing system to deliver crucial business information to the disclosure officers.

### **5.2 Transaction of management rights**

- ① Activities that can cause changes to the corporate management rights such as acquisitions, mergers, split-offs and business transfers shall proceed with a transparent and fair procedure in place.
- ② The Company shall not sacrifice the interest of the Company or shareholders in

the process of defending its management rights for the sake of certain shareholders or the management.

- ③ The Company shall grant the stock option right to a shareholder based on the fair equivalent value as dictated in the laws and regulations, in the event the shareholder is against a major structural change such as a merger, a business transfer or others, and wants to exercise the right.【 END 】