

# Corporate Governance Report 2020



In accordance with Article 24-2 of the KOSPI Market Disclosure Regulation, SK hynix has completed this report on its corporate governance status to assist investors' understanding. The corporate governance status disclosed in this report is as of December 31, 2020, with any changes occurring between aforementioned date and date of submission\* indicated accordingly. Moreover, corporate governance activities disclosed in this report are those occurring from January 1, 2020 to December 31, 2020, unless otherwise required by the guidelines.

\*This English language version is a translation of the original report in Korean that was disclosed on May 31, 2021.

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# I

## Overview

► Company Name: SK hynix Inc.

► Date of Report: Dec 31, 2020

### ► Company Overview

Largest Shareholder etc.	SK Telecom and 2 persons with special interests	Ownership of Largest Shareholder etc. <sup>1)</sup>	20.07%
		Ownership of Minor Shareholders <sup>2)</sup>	62.33%
Industry (Finance/ Non-finance)	Non-finance	Primary Products	Memory Semiconductor products such as DRAM, NAND, MCP (Multi-Chip Package) and System LSI products such as CIS (CMOS Image Sensor)
Conglomerate as per Monopoly Regulation & Fair Trade Act (Yes/No)	Yes	Subject to Act on the Management of Public Institutions (Yes/No)	No
Conglomerate	SK		
Summary Financial Statements (Unit: KRW Billion)			
	2020	2019	2018
Consolidated Revenue	31,900.4	26,990.7	40,445.1
Consolidated Operating Income	5,012.6	2,719.2	20,843.8

Consolidated Continuing Operations Operating Income	5,012.6	2,719.2	20,843.8
Consolidated Net Income	4,758.9	2,009.1	15,540.0
Total Consolidated Assets	71,173.9	65,248.4	63,658.3
Total Non- Consolidated Assets	64,071.0	58,168.9	60,980.6

<sup>1)</sup> As of end of December 2020

<sup>2)</sup> Minor shareholders holding less than 1% shares, as of the end of December 2020

**1. Corporate Governance Policy****A. Corporate Governance Principles and Policies**

SK hynix (the "Company") believes that transparent and sound governance serves as a basis for reasonable and responsible business activities that win the trust of all stakeholders, as well as forms the foundation for a sustainable enterprise that generates both economic and social value over the long-term.

As such, the Company has established and seeks to maintain a sound governance structure to not only ensure continued stability and prosperity of its operations, but also generate value for its customers, employees, and shareholders, serving as a crucial driver of social and economic growth and contributing to the wellbeing of broader humanity.

The Board of Directors (the "Board") of SK hynix, the Company's highest decision-making body, sets the Company's key business objectives and basic policies, while monitoring execution by top management. For the effective performance of its duties, the majority of the Company's Board is comprised of independent directors with diverse backgrounds and areas of expertise. Such independent directors use their professional knowledge to review the procedural and actual legitimacy of various business activities including management decisions, thereby playing a crucial role in ensuring soundness of the Company's operations.

**B. Corporate Governance Characteristics****(1) Independent Board Composition**

As of May 31, 2021, the Company's Board is comprised of nine directors (three executive directors and six independent directors), with independent directors comprising more than a majority (67%) of the Board. All independent directors are independent in that they have no special relationship with company management, and without the approval of the Board, no independent director can effectuate for his own account or for the account of a third person any transaction which falls within the same line of business

as the Company or become a general partner or a director of any other company whose business purposes are the same as those of the Company, in order to prevent conflict of interests per the Commercial Act and the Board Regulations. The Company strives to ensure that its Board is led by independent directors whose independence and expertise have been vetted, that the Board effectively monitors and keeps management's executive rights in check, and that balance is thus maintained in the Company's operations. Meanwhile, the Company has separated the Representative Director (CEO) and Board Chair positions and by appointing an independent director as the Board Chair, has further strengthened the Board's independence and its oversight and check and balance over management.

## **(2) Enhancement of Board's Expertise**

The Company's Board includes directors with diverse backgrounds and areas of expertise, which raises the Board's professionalism and allows it to perform effective checks on management. To ensure fair representation of various stakeholders, directors are appointed among professionals experienced in a wide range of fields, from business, financial management, accounting, banking and finance, legal, semiconductor technology, social policy, and media, without disproportionate concentration on a particular background.

The Audit Committee is composed of four independent directors only, including two experts with experience in finance, accounting, or financial management. The Sustainability Committee is operated to enhance shareholder value through ESG, while considering a broader perspective that accounts for the Company's social value creation activities and the viewpoints and demands of various stakeholders.

The Company also offers detailed orientation courses for newly appointed independent directors to build their understanding of the Company and the broader semiconductor industry, with an aim to enhance the professionalism and competitiveness of the Board as a whole. In addition, regular workshops on semiconductor insights, management workshops, ESG seminars, and other topics are held to continuously engage directors to contemplate and discuss current issues and management strategy pertaining to the company.

In particular, the Company strives to strengthen the competency of the Audit Committee by providing various forms of internal and external training on auditing, including those provided by external experts.

### **(3) Adoption of Lead Independent Director System & Council of Independent Directors**

The Company instituted the practice of appointing a Lead Independent Director to the Board since March 2018, with the aim to reflect the voice of diverse stakeholders in the Company's operations. The Lead Independent Director convenes and chairs meetings of the Council of Independent Directors (the "Council") to support the efficient execution of their duties and, if necessary, may call upon management to report on major business issues at such meetings.

In contrast to the typical term of lead independent directors being a renewable one-year term worldwide, the Company has made the Lead Independent Director's term the same length as their term as director, to ensure continuity and independence of the director's work. The Lead Independent Director is also given the capacity to evaluate the operation of the Board, which supports independent directors' function of performing checks and balances.

The Council, which is comprised of all the independent directors, meets at least once a month. At the council meeting, independent directors review the agenda for the board meeting in advance and discusses items to actively express their opinions, thereby ensuring greater independence and rationality in the Board's decision-making process, which leads to a greater substance in the Board's operations.

### **(4) Enhanced Management Oversight through operation of diverse committees**

The Company is striving to enable the Board to perform its supervision and checks and balances over management in its capacity as the top decision-making body, and as part of that, the Company operates expert committees.

The Sustainability Committee was established in 2018 to review the strategies and results in achieving the Company's management philosophy of pursuing sustainable management. For the Compensation Committee which was established in 2020, its functions were expanded in 2021 to include HR deliberations in addition to the remuneration of directors and management. Moreover in 2021, the Investment Strategy Committee, which was established in 2020, was expanded and reorganized into the Strategy Committee for an in-depth and expert review of important management plans, strategies, and investments

## C. Corporate Governance Status (Summary)

Internal organization	Composition (Independent Directors/ Total Number of Directors)	Board Chair/ Head of Committee	Key roles
Board of Directors	6/9	Ha Yung Ku (Independent Director)	<ul style="list-style-type: none"> <li>Resolutions on matters prescribed by laws and regulations and Articles of Incorporation, as well as issues deemed crucial for Company operations</li> <li>Oversight of directors' and management's execution</li> </ul>
Audit Committee	4/4	Yoon Tae Hwa (Independent Director)	<ul style="list-style-type: none"> <li>Inspection of Company's accounting and operations, appoint independent auditors, approve large-scale internal transactions upon delegation of authority by the Board</li> </ul>
Independent Director Nomination Committee	3/3	Ha Yung Ku (Independent Director)	<ul style="list-style-type: none"> <li>Recommend independent director candidates per related laws and regulations, Articles of Incorporation, and Board Regulations</li> </ul>
Sustainability Committee	3/4	Song Ho Keun (Independent Director)	<ul style="list-style-type: none"> <li>Review Company's compliance system and related activities including anti-trust, anti-corruption, SHE (Safety, Health, Environment), subcontractors and others</li> <li>Strategy for and outcomes of sustainable management and social value creation</li> <li>Major ESG current issues and responses</li> </ul>
Strategy Committee	3/5	Ha Yung Ku (Independent Director)	<ul style="list-style-type: none"> <li>Review important strategic alliance investments</li> <li>Consider medium and long-term strategies and Company's To-Be Model</li> </ul>
Compensation Committee	6/7	Song Ho Keun (Independent Director)	<ul style="list-style-type: none"> <li>Consider the ceiling amount of remuneration for directors, the evaluation of and remuneration of representative director and examine executive director candidates</li> </ul>

\* As of May 31, 2021



## 2. Shareholders

### (Key Principle 1) Shareholders' Rights

- Shareholders should receive sufficient and necessary information in a timely manner prior to exercising their rights, and should be able to exercise their rights through appropriate procedures.

(Sub-Principle 1-①) Corporate should provide sufficient information including the date, venue, and agenda for the general meeting of shareholders well in advance of the meeting.

### A. Convocation of General Meeting of Shareholders

The following is a summary of shareholder meetings held over the last three years:

Classification	73 <sup>rd</sup> AGM (FY2020)	72 <sup>nd</sup> AGM (FY2019)	71 <sup>st</sup> AGM (FY2018)		
Date of resolution on convocation	2021.2.24 (Wed) <sup>(1)</sup>	2020.2.21 (Fri)	2019.2.28 (Thu)		
Convocation notice date	2021.2.24 (Wed)	2020.2.21 (Fri)	2019.2.28 (Thu)		
AGM date	2021.3.30 (Tue)	2020.3.20 (Fri)	2019.3.22 (Fri)		
Term between convocation notice & AGM	D-34 days	D-28 days	D-22 days		
Venue	SUPEX Hall within SUPEX Center at the Company's Head Office in Ichoen, Gyeonggi-do	Guest House of Company's Head office in Icheon, Gyeonggi-do			
AGM notice method	Convocation notice mailed to shareholders with 1% or higher stake, Convocation notice posted on company website, Electronic disclosure system of Financial Supervisory Service (FSS) and Korea Exchange (KRX)				
Notice method for foreign shareholders	AGM details provided on IR English website, Disclosure in English on Korea Exchange (KRX)				

Details	Board director attendance	Attended by 2 of 9 Board directors	Attended by 2 of 9 Board directors	Attended by 2 of 8 Board directors
	Attendance by Audit Committee member/head	Attended by 1 of 4 (Attended by Audit Committee Head)	Attended by 1 of 3 (Attended by Audit Committee Head)	Attended by 1 of 3 (Attended by Audit Committee Head)
	Shareholder remarks	Agenda approved and seconded by majority of shareholders		

(1) Disclosure revision made for some items on March 4, 2021

## B. Disclosure of General Meeting of Shareholders Information

The Company provides shareholders with sufficient information such as the date, time, venue, and agenda for the General Meeting of Shareholders (the "GM") 3 weeks prior to the GM date. Thus, shareholders can sufficiently review agenda items before exercising their voting rights and voice their opinions at the GM.

In particular, the Company disclosed the Audit Report with Independent Auditors' opinion in Korean and English 3 weeks prior to the convocation notice, which is significantly earlier than the deadline for submission under the Commercial Act, so that shareholders have sufficient time to review the relevant information regarding the agenda item on approval of the financial statements. In 2021, the Company disclosed the 73<sup>rd</sup> Audit Report for FY2020 on March 2, 2021 which was 28 days prior to the Annual General Meeting of Shareholders (the "AGM").

(Sub-Principle 1-②) Corporate should allow shareholders to fully participate in the general meeting of shareholders and offer their suggestions.

The Company has introduced the electronic voting system and solicited proxy voting, thereby encouraging shareholders to participate as much as possible at the GM and express their opinions.

## A. Resolution of Votes at General Meetings

The following is a summary regarding voting methods at the GMs held over the last three years:

Classification	73 <sup>rd</sup> AGM (FY2020)	72 <sup>nd</sup> AGM (FY2019)	71 <sup>st</sup> AGM (FY2018)
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AGM peak clustered days	2021.3.26, 2021.3.30, 2021.3.31	2020.3.13, 2020.3.20, 2020.3.26, 2020.3.27	2019.3.22, 2019.3.27, 2019.3.28, 2019.3.29
AGM date	2021.3.30	2020.3.20	2019.3.22
AGM held on unclustered day	No	No	No
Use of postal voting system	No	No	No
Use of electronic voting system	Yes	Yes	Yes
Proxy solicitation	Yes	Yes	Yes

At the Company's 73<sup>rd</sup> AGM for FY2020 held on March 30, 2021, eight agenda items were approved as originally submitted, with the results of shares voted for and against each agenda item detailed as follows:

<b>Regular</b>	<b>The 73<sup>rd</sup> Annual General Meeting</b>	<b>2021.3.30</b>
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Agenda item	Type of Resolution	Agenda details	Result	Shares with voting rights	Shares voted (A) <sup>1)</sup>	Shares voted for (B, %) <sup>2)</sup>
						Shares voted against including abstain (C, %) <sup>3)</sup>
1	Ordinary	Approval of financial statements for 73rd FY (Jan 1 ~ Dec 31, 2020) [Annual cash dividend: KRW 1,170 per share]	Approved	684,001,795	556,610,783	552,533,738 (99.3%)
						4,077,045 (0.7%)
2	Ordinary	Appointment of Executive Director (Candidate Park Jung Ho)	Approved	684,001,795	556,610,783	541,175,786 (97.2%)
						15,434,997 (2.8%)
3-1	Ordinary	Appointment of Independent Director	Approved	684,001,795	556,610,783	553,308,349 (99.4%)

		(Candidate Song Ho Keun)				3,302,434 (0.6%)
3-2	Ordinary	Appointment of Independent Director (Candidate Cho Hyun Jae)	Approved	684,001,795	556,610,783	549,062,877 (98.6%)
						7,547,906 (1.4%)
4	Ordinary	Appointment of Independent Director taking concurrent office as an Audit Committee member (Candidate Yoon Tae Hwa)	Approved	499,058,588	371,667,576	367,016,594 (98.7%)
						4,650,982 (1.3%)
5	Ordinary	Approval of the Ceiling Remuneration for Directors	Approved	684,001,795	556,610,783	547,561,423 (98.4%)
						9,049,360 (1.6%)
6	Special	Approval of the Granting of Stock Options	Approved	684,001,753	556,610,783	520,438,518 (93.5%)
						36,172,265 (6.5%)
7	Ordinary	Approval of Stock Options Granted	Approved	683,996,830	556,610,783	520,438,504 (93.5%)
						36,172,279 (6.5%)

1) Shares voted (A) = Shares voted for (B) + Shares voted against including abstain (C)

2) Shares voted for ratio (%) = (B/A) × 100

4) Shares voted against (including abstain) ratio (%) = (C/A) × 100

At the Company's 72<sup>nd</sup> AGM for FY2019 held on March 20, 2020, thirteen agenda items were approved as originally submitted, with the results of shares voted for and against each agenda item detailed as follows:

<b>Regular</b>	<b>The 72<sup>nd</sup> Annual General Meeting</b>	<b>2020.3.20</b>
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<b>Agenda</b>	<b>Type of</b>	<b>Agenda details</b>	<b>Result</b>	<b>Shares with</b>	<b>Shares</b>	<b>Shares voted</b>
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item	Resolution			voting rights	voted (A) <sup>1)</sup>	for (B, %) <sup>2)</sup>
						Shares voted against including abstain (C, %) <sup>3)</sup>
1	Ordinary	Approval of financial statements for 72nd FY (Jan 1 ~ Dec 31, 2019) [Annual cash dividend: KRW 1,000 per share]	Approved	684,001,795	570,012,460	565,344,531 (99.2%)
						4,667,929 (0.8%)
2	Special	Approval of amendments to the Articles of Incorporation	Approved	684,001,795	570,012,460	568,421,474 (99.7%)
						1,590,986 (0.3%)
3	Ordinary	Appointment of Executive Director (Candidate Lee Seok Hee)	Approved	684,001,795	570,012,460	525,951,188 (92.3%)
						44,061,272 (7.7%)
4	Ordinary	Appointment of Non-Independent Non-Executive Director (Candidate Park Jung Ho)	Approved	684,001,795	570,012,460	560,249,280 (98.3%)
						9,763,180 (1.7%)
5-1	Ordinary	Appointment of Independent Director (Candidate Shin Chang Hwan)	Approved	684,001,795	570,012,460	559,961,688 (98.2%)
						10,050,772 (1.8%)
5-2	Ordinary	Appointment of Independent Director (Candidate Han Ae Ra)	Approved	684,001,795	570,012,460	568,145,056 (99.7%)
						1,867,404 (0.3%)
6-1	Ordinary	Appointment of Audit Committee member (Candidate Ha Yung Ku)	Approved	504,370,125	390,380,790	351,400,958 (90.0%)
						38,979,832 (10.0%)

6-2	Ordinary	Appointment of Audit Committee member (Candidate Shin Chang Hwan)	Approved	504,370,125	390,380,790	383,596,244 (98.3%)
						6,784,546 (1.7%)
6-3	Ordinary	Appointment of Audit Committee member (Candidate Han Ae Ra)	Approved	504,370,125	390,380,790	388,688,988 (99.6%)
						1,691,802 (0.4%)
7	Ordinary	Approval of the Ceiling Amount of Remuneration for Directors	Approved	684,001,795	570,012,460	545,299,383 (95.7%)
						24,713,077 (4.3%)
8	Special	Approval of the Granting of Stock Options	Approved	684,001,795	570,012,460	552,696,785 (97.0%)
						17,315,675 (3.0%)
9	Ordinary	Approval of Stock Options Granted	Approved	683,998,360	570,009,025	552,692,871 (97.0%)
						17,316,154 (3.0%)
10	Ordinary	Approval of the Amendment to the Company Regulation on Executive Officer Severance Payment	Approved	683,971,545	569,993,612	569,064,624 (99.8%)
						928,988 (0.2%)

1) Shares voted (A) = Shares voted for (B) + Shares voted against including abstain (C)

2) Shares voted for ratio (%) = (B/A) × 100

4) Shares voted against (including abstain) ratio (%) = (C/A) × 100

## B. Shareholder Participation and Resolution of Votes at General Meetings

### (1) Date of General Meeting of Shareholders

The Company agrees with the goal of avoiding peak clustered days when scheduling AGMs in order to increase shareholder participation and voice at the meetings. The Company sought to avoid the peak days

when scheduling its AGM for the past three years, but choosing a peak day was inevitable in order to reflect the time required to complete the Company's Audited Financial Statements with Independent Auditor's opinion, provide sufficient time for review and voting by shareholders, and prevent coinciding with the dates of other pre-scheduled internal and external major business activities and events, and the AGMs of other SK Group affiliates.

## **(2) Introduction of Electronic Voting System and Solicited Proxy Voting**

For shareholders to exercise their voting rights freely and conveniently and to conduct an efficient GM, the Company adopted the electronic voting system instead of votes through post through a board resolution on January 22, 2019. The electronic voting system was first introduced at the 71<sup>st</sup> AGM held on March 22, 2019, and was operated at both the 72<sup>nd</sup> AGM on March 20, 2020, and the 73<sup>rd</sup> AGM on March 30, 2021.

Especially at the 72<sup>nd</sup> AGM held on March 20, 2020, and the 73<sup>rd</sup> AGM held on March 30, 2021, with the aim to prevent spread of COVID-19, the Company strongly recommended shareholders to use the electronic voting system, which allows voters to exercise their voting rights as much as possible without being physically present at the AGM location.

Moreover, at the 73<sup>rd</sup> AGM held on March 30, 2021, an online AGM was held in parallel to provide opportunities for shareholders to participate in view of the ongoing COVID-19 situation. Pre-registered shareholders participated in the AGM through a live online session and were also provided with the opportunity to voice their opinion by submitting questions in advance.

Separately, the Company solicits all shareholders to vote by proxy at GMs, which is done in accordance with related laws and regulations and other lawful procedures.

A total of 556,610,783 shares were present at the 73<sup>rd</sup> AGM, of which 531,256,183 shares were voted through proxy voting or solicited proxy voting, and 25,354,600 shares were voted through the electronic voting system or physical attendance at the meeting.

(Sub-Principle 1-③) Corporate should enable shareholders to easily propose an agenda to the general meeting of shareholders, and allow questions and explanations to be freely asked and called upon on the agenda suggested by shareholders at the general meeting.

## **A. Shareholder Proposals**

In accordance with Article 363-2 of the Commercial Act, the Company's shareholders may exercise their right to propose agenda by post or electronically until six weeks prior to the AGM date of the previous fiscal year. Unless the contents of a shareholder proposal violate laws and regulations, the Articles of Incorporation, or constitute a cause for rejection of a shareholder proposal in accordance with Article 12 of the Enforcement Order of the Commercial Act, the Board must expressly state the said proposal in the notice of AGM as an agenda item for the meeting.

However, the Company has not received any shareholder proposals in the past three years. The Company has also not received any public letters as part of institutional investors' responsible investment activities.

## **B. Exercise of Shareholder Proposals**

The Company through its Corporate Governance Charter disclosed on its website, informs shareholders of their "right to propose agenda items for general meetings". The Company allows shareholders to submit proposals, when necessary, in written or electronic form by operating online inquiry channels, providing the IR department contact information, and the Company's postal address on the company website. Thus, makes it easier for shareholders to exercise their right to shareholder proposals.

Meanwhile, at the AGM, shareholders can freely inquire about and demand explanation on agenda items put forth or proposed by other shareholders, and the Company seeks to answer each and every question that may arise to its best effort.

(Sub-principle 1-④) Corporate should inform shareholders of its mid to long-term shareholder return policy including its dividend policy and future plan.

## **A. Dividend (Shareholder Return) policy**



The Company deliberated on a shareholder return policy that improves predictability of dividend amount while also reflecting the earnings fluctuations of industry cycles in memory semiconductor that comprise a majority of the Company's revenue. The final shareholder return policy for FY2019~FY2021 has a fixed annual dividend of KRW 1,000 per share, thus ensuring stability and predictability. By including an extra variable dividend of 5% out of Free Cash Flow (FCF), the policy also allows for upside in earnings to be shared with shareholders. The Company has also disclosed that FCF is determined by excluding proceeds from disposal and/or acquisition of property, plant and equipment from Consolidated Operating Cash Flow, thereby removing any confusion in the calculation of FCF.

The FY2019~FY2021 shareholder return policy was disclosed on January 31, 2020, upon board resolution and is also disclosed on the company website.

Meanwhile, the Company bought back 22 million shares into treasury each year in 2015 and 2018 (3% each year for a cumulative 6% of total issued shares), both years of record profits, decreasing the number of outstanding shares and thereby increasing shareholder value. Of these, 3,618,878 treasury shares were paid as bonuses to employees on May 3, 2021 following the resolution of the Board on April 28, 2021.

## **B. Disclosure of Dividend (Shareholder Return) policy**

The Company informs shareholders of its shareholder return policy and paid out results through various methods, including fair disclosures, the Company website, and domestic and overseas IR briefing sessions. The Company plans to disclose the shareholder return policy applicable for post FY2021 when it is fixed, and will disclose the policy transparently through various methods including fair disclosure, after resolution of the Board.

(Sub-principle 1-⑤) Shareholders' rights to be granted with proper level of dividend (shareholder return) in accordance with the related policy should be respected.

## **A. Summary of dividends paid in past three year**

The Company has paid out annual dividends as follows over the past three years.

(Unit: Number of shares, %)

Fiscal Year	FY-end month	Stock Type	Stock Dividend	Cash dividend				
				Dividend per share (KRW) <sup>1)</sup>	Total dividends (KRW in billion)	Dividend yield <sup>2)</sup>	Payout ratio <sup>3)</sup>	
							Consolidated Basis	Non-Consolidated Basis
2020	12	Common Stock	-	1,170	800.3	1.0%	16.8%	19.0%
2019	12		-	1,000	684.0	1.1%	34.1%	46.3%
2018	12		-	1,500	1,026.0	2.5%	6.6%	6.7%

1) Total amount paid each fiscal year

2) Ratio of dividend per share to the arithmetic average of the closing price in the period of one week following up to two trading days prior to closing date of the shareholders' registry

3) Payout ratio = total dividends/ consolidated or separate net income

\* The Company has only one type of stocks, i.e. Common stocks

## B. Respect of shareholder rights' to appropriate level of shareholder return

Upon board resolution of the FY2020 dividend as determined by the established and publicly disclosed shareholder return policy for FY2019~FY2021, the Company disclosed the FY2020 dividend via the electronic disclosure system on Jan 29, 2021 and also provided the information through the earnings release. In addition, the Company mailed out a notice of dividends to all individual shareholders.

### (Key Principle 2) Fair Treatment of Shareholders

- Shareholders should hold fair voting rights according to the type and number of shares owned, and companies should equip an adequate system to provide fair information to shareholders.

(Sub-principle 2-①) Corporate should create an environment where infringement on the voting rights of shareholders does not take place, and provide sufficient corporate information to the shareholders at the right time, in a fair manner.

## A. Issued Shares

The total number of shares issued as per our Articles of Incorporation is nine billion shares, and the total number of shares issued is 5,721,980,209. The Company issued Global Depository Receipts (GDR) of 104,165,000 shares in June 2001, 65,518,609 shares in October 2005, and 10,811,318 shares in June 2006.

One GDR can be converted into one ordinary common share.

The Company retired 3,528,045 shares on March 31, 2000, and reduced the number of outstanding shares by 4,990,449,799 shares in a 21:1 reverse stock split on March 31, 2003. At present, the Company has 728,002,365 issued common shares, with 687,620,673 common shares outstanding excluding 40,381,692 treasury shares.

## B. Fair voting rights

The Company has not issued any class stocks other than common stock. The Company also ensures fair voting rights for all shareholders by granting one voting right for each share, in accordance with the Articles of Incorporation.

Classification	Number of authorized shares <sup>1)</sup>	Number of issued shares <sup>2)</sup>	Remarks
Common Stock	9,000,000,000	728,002,365	-

1) Number of authorized shares as of the date of report submission (number of shares stipulated in the Articles of Incorporation)

2) Total number of issued shares – total number of shares decreased (reduction of capital, profit redemption) as of the date of report submission

## C. Overall communication with shareholders

### (1) Investor Relations (IR) Activities

The Company holds quarterly earnings release conference calls, participates in NDR (Non-Deal Roadshow), sell-side conferences and other meetings for institutional investors, and responds to investors' inquiries and demands. The Company also regularly conducts IR meetings at company locations and conference calls with investors. The Company's IR event schedule can be found on its website ([www.skhynix.com](http://www.skhynix.com)) and the disclosure information on DART (<http://dart.fss.or.kr>) and KIND (<http://kind.krx.co.kr>).

Besides, the Company's IR department operates a direct investor hotline to respond to individual investors' inquiries. Both the phone number and email address of the IR department are disclosed on the Company website, where investors can also submit online inquiries at any time through the IR CSC (Customer

Support Center) channel.

In consideration of foreign shareholder holdings of around 50% of the Company's issued shares, the Company operates an IR website in English and provides disclosures in English.

Major IR activities since 2020 are as follows;

Date	Participants	Occasion	Contents
2020.1.31	Domestic/foreign institutional investors	Earnings release conference call	Q4'19 earnings results
2020.1.31-2.6	Domestic institutional investors	Domestic NDR	Q4'19 Non-Deal Roadshow
2020.2.3-2.6	Foreign institutional investors	U.S. NDR	Q4'19 Non-Deal Roadshow
2020.2.24-2.26	Foreign institutional investors	Asia NDR	Q4'19 Non-Deal Roadshow
2020.4.23	Domestic/foreign institutional investors	Earnings release conference call	Q1'20 earnings results
2020.4.23-4.28	Domestic institutional investors	Domestic Virtual NDR	Q1'20 Non-Deal Roadshow
2020.4.28-5.13	Foreign institutional investors	U.S. Virtual NDR	Q1'20 Non-Deal Roadshow
2020.4.29-5.12	Foreign institutional investors	Asia Virtual NDR	Q1'20 Non-Deal Roadshow
2020.5.4-5.12	Foreign institutional investors	Europe Virtual NDR	Q1'20 Non-Deal Roadshow
2020.6.1-6.2	Domestic/foreign institutional investors	Broker investor conference	Nomura, Investment Forum Asia 2020
2020.6.3-6.4	Domestic/foreign institutional investors	Broker investor conference	Morgan Stanley, Virtual North Asia Best Conference
2020.6.9	Domestic institutional investors	Broker Corporate Day	Daishin Securities, Corporate Day
2020.6.16	Domestic/foreign institutional investors	Broker investor conference	UBS, Korea Corporate Day

2020.6.25	Domestic institutional investors	Broker Corporate Day	Shinhan Investment, Corporate Day
2020.7.23	Domestic/foreign institutional investors	Earnings release conference call	Q2'20 earnings results
2020.7.23-7.28	Domestic institutional investors	Domestic Virtual NDR	Q2'20 Non-Deal Roadshow
2020.7.28-8.5	Foreign institutional investors	U.S. Virtual NDR	Q2'20 Non-Deal Roadshow
2020.7.30-8.4	Foreign institutional investors	Europe Virtual NDR	Q2'20 Non-Deal Roadshow
2020.8.18-8.19	Domestic institutional investors	Broker investor conference	Hana Financial Investment, Virtual Investors Conference
2020.9.8-9.9	Domestic/foreign institutional investors	Broker investor conference	CLSA, 27th Annual CITIC Flagship Investors Forum
2020.9.11	Domestic/foreign institutional investors	Broker investor conference	Credit Suisse, 21st Asian Technology Conference
2020.9.14	Domestic/foreign institutional investors	Broker investor conference	CLSA, 27th Annual CITIC Flagship Investors Forum
2020.9.15	Domestic institutional investors	Broker investor conference	Hi Investment & Securities, Corporate Day
2020.9.16	Domestic institutional investors	Broker investor conference	KB, Korea Conference 2020
2020.9.17-9.18	Domestic institutional investors	Broker investor conference	NH, Conference
2020.9.22	Domestic institutional investors	Broker Corporate Day	Nomura, Korea Corporate Day 2020
2020.9.23	Domestic/foreign institutional investors	Broker investor conference	BofA, 2020 Korea Conference
2020.9.24	Domestic/foreign institutional investors	Broker investor conference	Nomura, Korea Corporate Day 2020
2020.11.4	Domestic/foreign institutional investors	Earnings release conference call	Q3'20 earnings results
2020.11.4-11.9	Domestic institutional investors	Domestic Virtual NDR	Q3'20 Non-Deal Roadshow
2020.11.10-	Foreign institutional	U.S. Virtual NDR	Q3'20 Non-Deal Roadshow

11.11	investors		
2020.11.12	Domestic/foreign institutional investors	Broker investor conference	UBS Korea Conference 2020
2020.11.16	Foreign institutional investors	Asia Virtual NDR	Q3'20 Non-Deal Roadshow
2020.11.16-11.18	Foreign institutional investors	Europe Virtual NDR	Q3'20 Non-Deal Roadshow
2020.11.18-11.19	Foreign institutional investors	U.S. Virtual NDR	Q3'20 Non-Deal Roadshow
2020.11.20	Domestic institutional investors	Broker Corporate Day	Shinhan, Corporate Day
2020.11.23	Domestic institutional investors	Broker Corporate Day	Kiwoom Securities, Corporate Day
2021.1.29	Domestic/foreign institutional investors	Earnings release conference call	Q4'20 earnings results
2021.1.29-2.3	Domestic institutional investors	Domestic Virtual NDR	Q4'20 Non-Deal Roadshow
2021.2.3-2.5	Foreign institutional investors	Overseas Virtual NDR	Q4'20 Non-Deal Roadshow
2021.3.18	Foreign institutional investors	Broker investor conference	BofA, APAC TMC Conference Meeting
2021.3.23-3.24	Foreign institutional investors	Broker investor conference	Credit Suisse, Asian Investment Conference
2021.4.28	Domestic/foreign institutional investors	Earnings release conference call	Q1'21 earnings results

## (2) Public Disclosure of Company Information

The Company discloses corporate information on its website ([www.skhynix.com](http://www.skhynix.com)) and disclosure systems such as DART (<http://dart.fss.or.kr>) and KIND (<http://kind.krx.or.kr>), while making major business disclosures in English as well.

The Company has submitted the following English disclosures since 2020.

<b>Disclosure date</b>	<b>Title/content</b>
2020.1.6	Organization of Investor Relations Event
2020.1.31	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)
2020.1.31	30% or More Changes in Sales or Profits/Losses (15% or More in the case of Large-scale Corporations))
2020.1.31	Decision on Cash Dividend and Dividend in Kind
2020.1.31	Management Information related to Key Management Matters (Fair Disclosure)
2020.2.27	Decision on Calling Shareholders' Meeting
2020.2.27	Submission of Audit Report
2020.3.26	Outcome of Annual Shareholders' Meeting
2020.4.3	Organization of Investor Relations Event
2020.4.23	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)
2020.6.30	Details of Corporate Governance Report
2020.7.3	Organization of Investor Relations Event
2020.7.23	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)
2020.7.23	Details of Sustainability Report, etc. (Voluntary Disclosure)
2020.10.15	Organization of Investor Relations Event
2020.10.20	Decision on Acquisition of Business
2020.10.22	[Revised] Decision on Acquisition of Business
2020.11.4	Report of Business Performance according to Consolidated Financial Statements (Fair Disclosure)
2021.1.8	Organization of Investor Relations Event
2021.1.29	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)
2021.1.29	30% or More Changes in Sales or Profits/Losses (15% or More in the case of Large-scale Corporations)
2021.1.29	Decision on Cash Dividend and Dividend in Kind

<b>Disclosure date</b>	<b>Title/content</b>
2021.2.24	Decision on Calling Shareholders' Meeting
2021.2.24	Decision on Acquisition of Tangible Assets
2021.3.3	Submission of Audit Report
2021.3.8	[Revised] Decision on Calling Shareholders' Meeting
2021.3.12	Notice on Other Matters
2021.3.30	Outcome of Annual Shareholders' Meeting
2021.4.1	Notice on Change of CEO
2021.4.7	Organization of Investor Relations Event
2021.4.28	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)

The Company has disclosed the following information for fair disclosure purposes since 2020.

<b>Disclosure date</b>	<b>Title of disclosure</b>	<b>Contents</b>
2020.1.31	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 4th quarter of 2019 such as sales amount, operating income etc
2020.1.31	Management Information related to Key Management Matters	FY2019~FY2021 Dividend Policy
2020.4.23	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 1st quarter of 2020 such as sales amount, operating income etc
2020.7.23	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 2nd quarter of 2020 such as sales amount, operating income etc
2020.11.4	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 3rd quarter of 2020 such as sales amount, operating income etc
2021.1.29	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 4th quarter of 2020 such as sales amount, operating



Disclosure date	Title of disclosure	Contents
		income etc
2021.4.28	Report on Business Performance according to Consolidated Financial Statements	Provisional performance of 1st quarter of 2021 such as sales amount, operating income etc

The Company has not been designated as an “unfaithful disclosure corporation” in the past three years.

## D. Timeliness and fairness of providing corporate information

The Company provides a sufficient level of corporate information to shareholders in a fair and timely manner, namely by making fair disclosure of its financial results before a quarterly earnings conference call on the same day, so that all shareholders can access the information at the same time. In addition to the traditional telephone call-in method of listening to earnings calls, a real-time webcasting service via the company website has been provided since 2019 to further enhance the accessibility and convenience of shareholders and to ensure fair disclosure of information provided during the quarterly earnings call.

(Sub-principle 2-②) Corporate should equip and operate protective measures that can protect the shareholders from unfair internal transactions and self-dealing of other shareholders such as the controlling shareholder.

## A. Internal Control System for Internal Transactions and Self-dealing

The Company has internal regulations to prevent unfair self-dealing aimed at personal gains of Company management or controlling shareholders and against internal transaction meant to benefit affiliated companies and persons with special interests.

Article 11 (1) 11 of the Board Regulations states that the approval of transactions between directors and the Company shall be subject to deliberation by the Board. Article 11 (2) 10 of the Board Regulations states that transactions that constitute large-scale internal transactions under the Monopoly Regulation and Fair Trade Act shall be deliberated by the Board and in accordance with the Monopoly Regulation and Fair Trade Act the deliberation and resolution is delegated to the Audit Committee comprised of four

independent directors.

Furthermore, in case the Company's director concurrently serves as Representative Director of another company, transactions with that company, or with SK Telecom, a major shareholder under the Commercial Act, as well as with its subsidiary or second-tier company constitute self-dealing by the director and therefore requires advance approval from the Board. In this case, the director who is the subject of self-dealing is prohibited from exercising his/her voting right on the relevant agenda.

The following self-dealing transactions by directors have been approved by the Board.

Target company	Director	Date of resolution	Details of transaction
SKHYCL	Lee Seok Hee	2020.4.2	Funds lent to SKHYCL to respond to the DRAM market
		2020.12.21	Purchase/sale of idle equipment
SK Telecom, etc.	Park Jung Ho	2020.4.22	Operating expenses transactions related to the SUPLEX Council
		2020.6.24	Introduced the Tmap corporate business taxi, established Smart Campus environment, introduced the MDM system, physical security outsourcing contract, established/constructed physical security infrastructure/equipment, established the M16 OT/ICS security system and expanded the M16 IT infrastructure operation management system
		2020.9.24	Purchase of SK Academy owned by SK Telecom, cost-sharing of joint R&D projects for SK group
		2020.12.21	IT system improvement and operation, SK group common training etc., cost-sharing of jointly managed SK group aircraft expenses in 2020, educational portal operations etc., use of viewing facilities, IT system improvement/development and operation, system operation and maintenance, asset lease, establishment and operation of physical security, asset lease and social value operations

Meanwhile, the Company has established internal regulations so that any internal trading with affiliated companies are reviewed in advance by the Compliance department and all transactions deemed important are reported to the Board before proceeding.

The Company made the following transactions with interested persons during the disclosure period.

## (A) Acquisitions and disposals of assets with affiliates and subsidiaries

(Unit: KRW million)

Name (Corporation)	Relation	Date of transaction	Based on	Amount	Content	Remarks	Profit/ Loss
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.1	Date of sale	7,386	Sale	To raise production efficiency	(802)
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.1	Date of sale	1,227	Sale	To raise production efficiency	782
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.2	Date of sale	10,112	Sale	To raise production efficiency	4,100
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.3	Date of sale	12,543	Sale	To raise production efficiency	2,344
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.3	Date of sale	3,387	Sale	To raise production efficiency	1,903
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.4	Date of sale	74,830	Sale	To raise production efficiency	(2,183)
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.4	Date of sale	1,896	Sale	To raise production efficiency	267
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.5	Date of sale	63,729	Sale	To raise production efficiency	11,144
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.5	Date of sale	133	Sale	To raise production efficiency	(60)
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.6	Date of sale	9,203	Sale	To raise production efficiency	3,032
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.6	Date of sale	336	Sale	To raise production efficiency	336
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.7	Date of sale	7,063	Sale	To raise production efficiency	3,741
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.7	Date of sale	78	Sale	To raise production efficiency	78

<b>Name (Corporation)</b>	<b>Relation</b>	<b>Date of transaction</b>	<b>Based on</b>	<b>Amount</b>	<b>Content</b>	<b>Remarks</b>	<b>Profit/ Loss</b>
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.8	Date of sale	1,041	Sale	To raise production efficiency	407
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.9	Date of sale	4,597	Sale	To raise production efficiency	(707)
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.9	Date of sale	13	Sale	To raise production efficiency	13
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.10	Date of sale	1,674	Sale	To raise production efficiency	804
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.10	Date of sale	119	Sale	To raise production efficiency	(40)
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.11	Date of sale	1,200	Sale	To raise production efficiency	1,021
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.12	Date of sale	13,433	Sale	To raise production efficiency	(1,061)
SK hynix Semiconductor (Chongqing) Ltd.	Overseas subsidiary	2020.12	Date of sale	2,640	Sale	To raise production efficiency	(909)
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.1	Date of purchase	5,365	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.2	Date of purchase	561	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.3	Date of purchase	1,318	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.4	Date of purchase	19,137	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.5	Date of purchase	42,333	Purchase	To raise production efficiency	-

Name (Corporation)	Relation	Date of transaction	Based on	Amount	Content	Remarks	Profit/ Loss
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.6	Date of purchase	3,311	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.8	Date of purchase	2,985	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.9	Date of purchase	1,421	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.10	Date of purchase	66,005	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.11	Date of purchase	9,186	Purchase	To raise production efficiency	-
SK hynix Semiconductor (China) Ltd.	Overseas subsidiary	2020.12	Date of purchase	6,147	Purchase	To raise production efficiency	-

※ Non-consolidated basis.

※ Basis for determination of purchase and sale price with subsidiaries: transaction amount + additional cost + transportation + insurance premium

- The transaction amount was appropriately calculated in consideration of appraisal and market values

- Additional cost + transportation + insurance premium: Purchasing department and logistics team's estimation

## (B) Capital contributions and disposal of shares contributed

(Unit: KRW million)

Target company	Relation	Date of transaction	Capital contributions and disposal of shares contributed					Remarks
			Type of shares contributed	Transaction				
				Base	Increase	Decrease	Balance	
SK hynix Ventures Hong Kong Ltd.	Overseas affiliate	2020.3.5	Common Stock	60,613	2,254	-	62,868	\$1.9M paid-in capital increase

		2020.4.28	Common Stock	62,868	615	-	63,483	\$0.5M paid-in capital increase
		2020.7.30	Common Stock	63,483	1,076	-	64,558	\$0.9M paid-in capital increase
		2020.11.19	Common Stock	64,558	995	-	65,554	\$0.9M paid-in capital increase
		2020.12.17	Common Stock	65,554	546	-	66,100	\$0.5M paid-in capital increase
SK South East Asia Investment Pte. Ltd.	Overseas investment company	2020.6.18	Capital contribution	224,350	121,450	-	345,800	\$100M paid-in capital increase
Magnus Private Investment Co., Ltd	Investment company	2020.3.31	Capital contribution	-	31,769	-	31,769	₩31.8B capital contribution
		2020.8.28	Capital contribution	31,769	175,577	-	207,346	₩175.6B capital contribution
SiFive, Inc.	Overseas investment company	2020.8.6	Preferred Stock	-	35,709	-	35,709	\$30M capital contribution
Gauss Lab	Subsidiary	2020.8.31	Capital contribution	-	8,296	-	8,296	\$7M capital contribution
		2020.12.31	Capital contribution	8,296	21,760	-	30,056	\$20M capital contribution
FMC	Overseas investment company	2020.11.16	Preferred Stock	-	5	-	5	€3,440 capital contribution
		2020.12.10	Preferred Stock	5	1,958	-	1,963	€1.5M capital contribution

### (C) Real Estate Transactions

(Unit: KRW million)

Name (Corporation)	Relation	Transaction type	Date of Transaction	Based on	Purpose	Amount	Profit /Loss	Content
SK Airgas Inc.	Affiliate	Asset sale	2020.6.	Payment date of sales proceeds	Secure site for SK Airgas gas plant	13,039	4,814	Sale of land at lots 1-22, 1-23, Daehong-ri, Daewol-myeon, Icheon-si, Gyeonggi-do
SK Telecom Co. Ltd.	Largest shareholder	Asset acquisition	2020.11	Purchase payment date	Acquisition of SK Academy Training Center, Yongin	70,495	-	Lot no. 11-1 and 27 other lots at Saam-ri, Wonsam- myeon, Cheoin-gu, Yongin- si, Gyeonggi-do (All 9 buildings and structures, fixtures, etc., located on the lots)

※ Basis for determination of transaction amount: Average value of the appraisals obtained by the seller and the buyer separately from one appraisal company each

※ In accordance with Article 11-2 of the Monopoly Regulation and Fair Trade Act, transactions of assets of KRW 5 billion or more with a specially-related person as a counterparty shall require Board resolution and subsequent disclosure.

### 3. Board of Directors

#### (Key Principle 3) Functions of the Board

- The Board must establish business objectives and strategies in the best interests of the corporation and its shareholders, and effectively supervise the activities of management.

(Sub-principle 3-①) The Board should effectively perform its duty of management decision-making and management supervision.

## A. Operating System of the Board

### (1) Matters for Deliberation and Resolution by the Board

The Company seeks to drive its operations primarily through the Board as the organization that sets business objectives and executes strategies that enhance corporate and shareholder value, as well as effectively supervising the work of management. Detailed roles and responsibilities of the Board are

specified in the Articles of Incorporation and Board Regulations to ensure the Board's effective function as the highest decision-making body of the Company, namely resolving on major business issues such as appointing the Representative Director, setting business plans and making management decisions, as well as supervising the activities of management. To strengthen the Board's expertise, dedicated committees are set up within the Board, with the roles thereof established in the regulations of the respective committee. A dedicated Board Secretariat is also operated to support the work of the Board and the committees within.

**(A) Matters for Resolution under Commercial Act**

- 1) Convocation of general shareholder meetings
- 2) Approval of business reports
- 3) Approval of balance sheet, profit and loss statement, statement of retained earnings or statement of disposition of deficit and annexed notes to the financial statements thereof
- 4) Appointment and removal of Representative Director
- 5) Appointment of Joint Representative
- 6) Installation, relocation, or closing of branches
- 7) Issuance of new shares
- 8) Offering of corporate bonds
- 9) Capitalization of reserves
- 10) Issuance of convertible bonds (CB), exchangeable bonds (EB), and bonds with warrants (BW)
- 11) Approval of competitive transactions by directors and transactions between company and directors
- 12) Installation and dissolution of committee and appointment and removal of members thereof
- 13) Granting and cancellation of stock options
- 14) Amendment to resolutions by board committees excluding the Audit Committee
- 15) Small-scale stock exchange
- 16) Small-scale merger and merger after division
- 17) Decision to transfer business with amount equaling 1/10 or less than company assets and revenue
- 18) Approval of and reporting to general meeting of shareholders transactions between Company's controlling shareholder (including entities with special interests thereof) and entities with special interests
- 19) Appointment and removal of company manager



## **(B) Important Matters Regarding Corporate Management**

- 1) General shareholder meeting agendas
- 2) Matters on business planning and operations
- 3) Company budget and settlement
- 4) Plans for new capital spending that equals or exceeds 1.5% of Company shareholders' equity or KRW 100 billion, whichever is larger; loans (excluding short-term loans of maturity within one year); matters related to debt guarantees, capital contributions, and acquisition, sale, and management of assets (provided, "shareholders' equity" refers to shareholders' equity as defined in stock market disclosure rules)
- 5) Issuance of foreign securities
- 6) Establishment, amendment, and abolition of the regulations of Board committees and matters delegated to committees by Representative Director
- 7) The following actions whose amount equals or exceeds KRW 5.0 billion or 5% of shareholders' equity or share capital, whichever is larger, that is subject to approval by the Board as stated in the Monopoly Regulation and Fair Trade Act

Provided, resolution thereof shall be delegated to the Audit Committee should the Committee include three or more independent directors and their number equals or exceeds two-thirds (2/3) of total Committee membership.

- A) Provision or transaction of funds, securities, and assets with or for an entity with special interests
- B) Provision or transaction of goods and services with or for a company where the same person and his/her kin has contributed 20% or more in capital or the subsidiary thereof, based on the sum of the quarterly transaction amount
- 8) Establishment and revision of Company operation and management system to execute fundamental business principles
- 9) Donations that equal or exceed KRW 1.0 billion. However, emergency relief for natural disasters including hurricanes, floods, fire, and earthquakes and donations in accordance with the Community Chest of Korea Act can be reported retroactively.
- 10) Notwithstanding item 9), approval from the Board is required in the following cases:
  - A) When the sum of donations for the same year to the same recipient reaches KRW 1.0 billion or more, donations at the time and for the relevant year thereafter

B) Donations for the same purpose and same company that are less than KRW 1.0 billion, or donations for the same purpose and same affiliate company that are KRW 2.0 billion or more in the same year

11) Determination of specific remuneration for directors within the limit of remuneration for directors approved by the general meeting of shareholders (however, remuneration for executive directors is delegated to the Compensation Committee)

12) Evaluation of the CEO (however, specific details, procedures, etc., are determined in accordance with the Regulations of the Compensation Committee, and resolutions are also delegated to the Compensation Committee)

**(C) Any items delegated to the Board as per other acts and subordinate statutes, the Articles of Incorporation or as at the general meeting of shareholders, and any items deemed important in the operation of the Company by the CEO or Chair of the Board and referred to the Board of Directors**

## **(2) Matters for Deliberation and Resolution by the Board that are not required by applicable law**

The Board deliberates and votes on matters that are not required by applicable law, but are deemed to be important to the Company's management. Matters on business planning and operations, the Company budget and settlement, new investment plans or borrowing that equal or exceed 1.5% of the Company's shareholders' equity, debt guarantees, capital contributions, the acquisition/sale/management of assets, the issuance of foreign securities, the establishment/amendment/abolition of the rules of the board committees, the establishment and revision of the Company operation and management system to execute fundamental business principles, donations that equal or exceed KRW 1 billion. Through these deliberations the Board faithfully supervises management functions.

## **(3) Delegation of Board Authority**

Per Article 14 of the Articles of Incorporation, the Board may delegate to the Representative Director the authority over matters on the issuance of corporate bonds within a maturity not exceeding one year. Also in accordance with Article 45 of the Articles of Incorporation and Article 13 of the Board Regulations, the Board may delegate part of the Board's authority to a committee within the Board, as long as such delegation does not violate related laws and regulations and the Articles of Incorporation. In particular,

the authority to issue a resolution on large-scale internal transactions under the Monopoly Regulation and Fair Trade Act is delegated to the Audit Committee.

## **B. Effective performance of Board functions**

The Company's Board faithfully executes the principle of management driven by the Board, and effectively performs its decision-making and supervising functions by facilitating reports on the Company's major business issues even when such issues do not constitute matters for resolution by the Board.

(Sub-principle 3-②) The Board should prepare, operate, and consistently improve and complement a succession policy for the Chief Executive Officer (including contingency appointment plan).

## **A. Chief Executive Officer (CEO) Succession Planning**

### **(1) CEO Succession Policy**

The CEO must be equipped with excellent capabilities including leadership and expertise to deliver business outcomes, while possessing management skills built on extensive business experience and business knowledge, with which he or she may present a forward vision of the Company to all stakeholders including its staff and shareholders.

Relevant Company organizations including the Board Secretariat and the HR department have collaborated to establish the currently operative internal process for CEO succession. The process begins with a search for CEO candidates with the above-mentioned capacities and potential, followed by validation and cultivation under a strategic and systematic framework, and final selection of the most optimal candidate to be recommended to the Board.

### **(2) Selection of CEO Candidate Pool and Validation**

The Company assesses the qualifications of its executives twice each year, once in a preliminary Executive Management Development (Pre-EMD) evaluation and again in the regular EMD evaluation. The evaluation

results are used to make decisions such as on executive remuneration and promotion, and are reflected in the discussion and selection of the CEO candidate pool.

Every year, the Company develops a pool of CEO candidates deemed to have excellent capabilities and potential, who are then validated and cultivated in a strategic and systematic manner. Annual programs for core talent selection (Future Leader Program, Executive Leader Program) are held to identify and manage a diverse group of prospective CEOs who are each fit to serve in different business scenarios and have optimal capabilities, which allows the Company to be agile in a shifting business environment.

The CEO candidate pool is divided into one group that can immediately serve upon appointment and another that can accept the post in the mid to long-term (three to five years), with each group validated for suitability including the relevant capabilities and leadership. The pool is also operated as a development track where candidates may experience top management mindset first-hand through involvement in actual positions that allow the candidates to build experience and test their leadership qualities.

The ready-to-serve candidate pool is given an expanded role that involves taking on part of the CEO's responsibilities in order to ensure a smooth job transition in the case of appointment. The mid to long-term group, formed of candidates selected for their work achievement, competencies, and future management potential, receives focused management to cultivate a management mindset via programs that involve coaching from key senior executives, personal tasks, and capacity-building with third-party experts.

### **(3) Procedure for CEO Candidate Recommendation and Appointment**

The succession process is initiated at least three months prior to expiration of the current CEO's term. With consideration for the strategic role of the Company's CEO at the time of succession, candidates in the immediately appointable group are reviewed for recommendation and the most suitable candidate is selected.

Should the selected candidate be a board director, the candidate is recommended to the Board who then appoints the individual as CEO upon deliberation and resolution on the candidate's suitability, thereby swiftly completing the management succession process. On the other hand, if the candidate is not a member of the Board, a shareholders' meeting is swiftly convened in accordance with the Commercial Act,

to appoint the candidate as board director. After appointment as board director, the individual is appointed as CEO through a board resolution, thereby completing the management succession process.

#### **(4) Training provided to CEO Candidate pool**

The Company operates a yearly training program to secure the CEO candidate pool, having held in 2020 a series of intensive courses on management role awareness and design capabilities in April, June, and September along with related team/individual projects. The program supported a systematic approach to capacity-building, identifying which factors need development and nurturing for the top management track and providing a baseline for mid to long-term talent cultivation.

Key talent selected through the program for the CEO candidate pool were subject to a validation process in the first and second half of the year on individual experience, expertise, capabilities, and attributes, while being enrolled in a separate training program to foster managerial capacity and leadership from early on.

#### **(5) Contingency Plan**

In the event when an appointed CEO is no longer able to perform his or her duties due to reasons such as an unexpected accident or medical condition, an acting CEO to serve in his or her absence shall be designated among the immediately appointable candidate pool, as part of the Company's plan to prevent leadership vacuum even during emergency situations.

Thereafter, the Board again deliberates another CEO candidate among the immediately appointable candidate pool, and should the candidate be a Board director, appoints the individual to CEO and thereby completes the management succession process.

On the other hand, if the candidate is not a member of the Board, the Board convenes a shareholders' meeting in accordance with the Commercial Act as swiftly as possible to appoint the candidate to the Board and consequently appoints the individual to CEO through a Board resolution, thereby completing the management succession process.

Meanwhile, the Company further reinforces itself against emergency situations by having multiple CEOs (Independent Representative Directors) at its helm.

(Sub-principle 3-③) The Board should provide and manage an internal control policy (risk management, compliance with the relevant rules and regulations, internal accounting control, disclosure information management etc.) and continuously improve and supplement.

## **A. Internal Control Policy**

### **(1) Risk Management Policy**

In a rapidly changing business environment, risk management is key to corporate sustainability. The Company maintains a risk management policy and control system to ensure systematic recognition and management of major risks by type that the Company may face in business activities, such as financial, strategic, and management environment, and other types of risks. Meanwhile, any escalation of risk can be reported swiftly to the Board or the relevant committee following an established procedure, while a Business Continuity Plan (BCP) is maintained to global standards to ensure continuity of operations in case of various disasters and contingencies. Based on the policy statement and framework of the BCP, company-wide emergency drills are held every year, through which the Company's crisis response and recovery processes are checked for their conformity to global standards.

### **(2) Policies for Compliance Management, Internal Accounting Management, and Disclosure Information Management**

The Company has established an internal accounting control system to provide reasonable assurance that the Company's financial statements are composed and disclosed in accordance with generally recognized accounting standards, with controls maintained at the company level, process level, and general electronic system level. The Representative Director checks the effectiveness of such internal accounting control system each business year and reports the findings to the Audit Committee, the Board, and the general meeting of shareholders.

Furthermore, upon amendment of the Act on External Audit of Stock Companies in November 2018, the Company fully revised its internal accounting control rules in December 2018 to reflect changes including the roles and responsibilities of the Representative Director, the Audit Committee, and independent auditors, the design and operation of the Internal Accounting Control System, and reporting and assessment processes.

The Company appoints a legally qualified compliance officer to review its conformity to compliance control

standards and discloses the fact in its business report. The compliance officer monitors the compliance of top management, executives, and employees as well as the legitimacy of the Company's business activities, while faithfully supporting the Company's organizations and operations through various compliance-enforcing activities. It is also the compliance officer's duty to participate in board meetings to report the outcomes of such activities.

The Company established internal decision rule and disclosure information management regulations to manage disclosure related matters and also uses internal portal systems. The IR department oversees disclosures to secondary markets, while the Financial Management department is in charge of disclosures to the primary market and the Korea Fair Trade Commission, as well as reporting on foreign exchange transactions.

#### **[Background and credentials of compliance officer]**

<b>Item</b>	<b>Detail</b>
<b>Name</b>	Kim Yoon Wook (VP)
<b>Date of birth</b>	1969.1.1
<b>Education</b>	Seoul National University, College of Law, LL.B. (1987-1991) Seoul National University, College of Law, LL.M. Program Completed (1992-1995)
<b>Career</b>	Jan. 2020 ~ : Head of Sustainability Management at SK hynix Jan. 2019 ~ : Head of Sustainability Management at SK Innovation Jan. 2016 ~ : Chief of Staff in Chairman's Office, General Counsel and Executive Secretary of Board Secretariat of SK holdings C&C Jan. 2011 ~ : Vice President and Head of Compliance Office, Head of Ethics Management Office, Head of Corporate Relations Office, Head of Corporate Relations Division at SK C&C Sep. 2004 ~ : Vice President of Corporate Law Office, Legal Office and Head of Legal Office at SK Holdings Mar. 2000 ~ : Lawyer, Lee & Ko Law Firm, Woohyun Law Firm, Hwanghae Law Firm Apr. 1999 ~ : Prosecutor, Seoul Southern District Prosecutor's Office
<b>Major qualification</b>	Lawyer (Domestic)

**(Key Principle 4) Composition of the Board**

- The board should be composed so as to facilitate effective decision-making and supervision of management, and directors should be appointed through a transparent process, which reflects the diverse opinions of shareholders.

(Sub-principle 4-①) The board should be composed in a way that effective and prudent discussion and decision-making is possible, with enough number of independent directors so that it can fulfill its function independently from management and controlling shareholders.

## **A. Status of Composition of the Board**

The Company's Board is composed of professionals across a wide range of domains, from finance, accounting, semiconductor technology, legal, social policy, and media, with more than a majority being independent directors (three executive directors and six independent directors), which allows the Board to review the Company's business matters from a multi-faceted perspective and perform reasonable checks and balances on management and controlling shareholders.

Committees within the Board include the Audit Committee, the Independent Director Nomination Committee, the Sustainability Committee, the Compensation Committee, and the Strategy Committee. In order to strengthen the functions of the Board, the Compensation Committee and Investment Strategy Committee were established at the March 20, 2020 board meeting, following right after the FY2019 AGM. The two committees were reorganized in March 30, 2021 with added roles to strengthen their expertise. Further, the Investment Strategy Committee was renamed into the Strategy Committee, and appointed additional members to both committees.

A dedicated Board Secretariat supports the Board and committees within. To enhance professional support provided to the Audit Committee, a separate Audit Committee support team was established within the Board Secretariat in 2020. The Board Secretariat is responsible for the activities of the four other committees as well as the Board of Directors. Meanwhile, the two support teams organically cooperate within the Board Secretariat for the full scope of the Board of Directors.

### **(1) Composition of Committees within the Board**

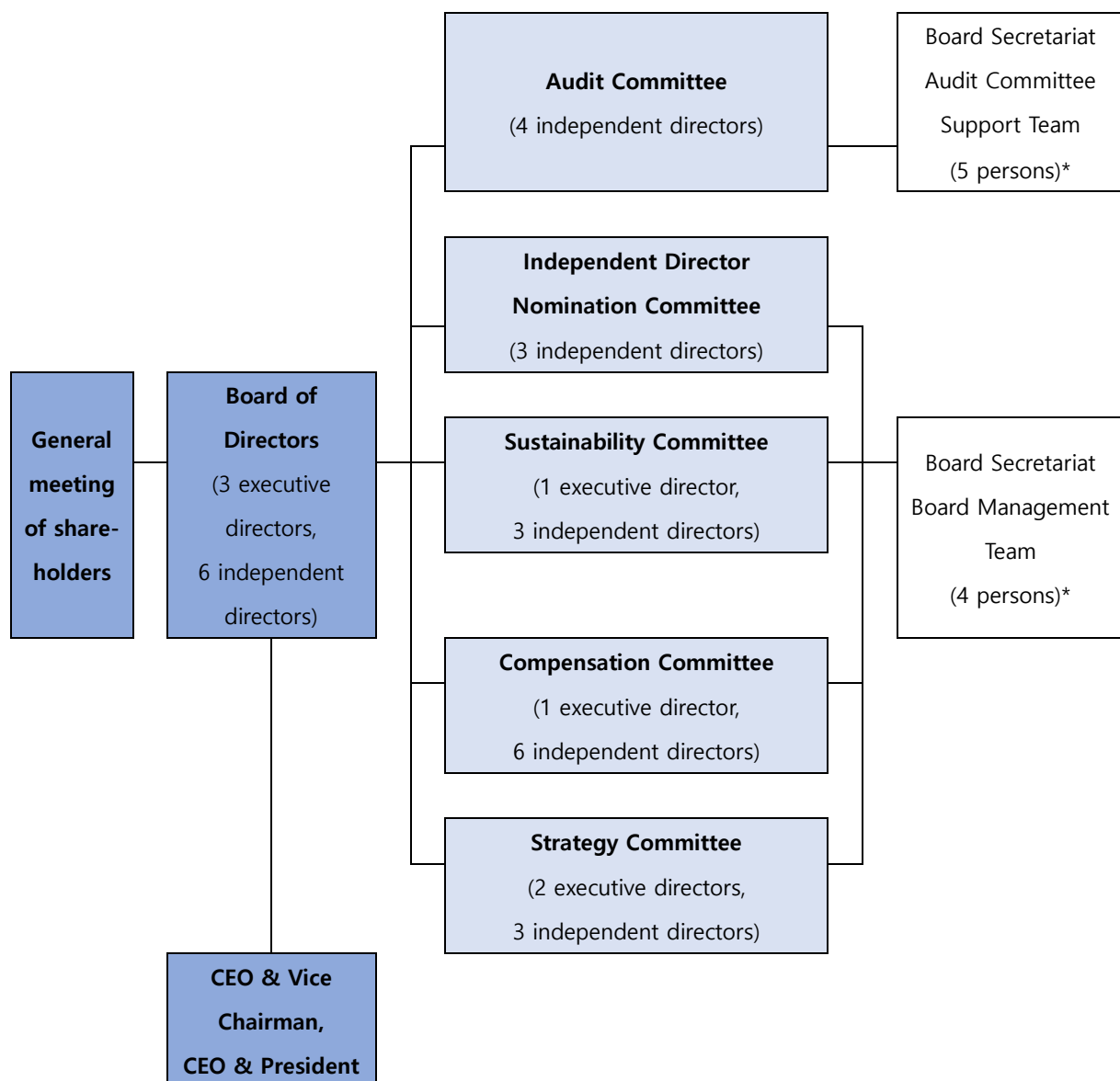
The Company's Board establishes individual committees within to perform specific functions and roles under Article 45 of the Articles of Incorporation. Matters related to the operation of the committees are decided by the resolution of the Board, and committees must report the outcomes of their deliberations



and resolutions to the Board. The Board may put matters already resolved by committees except for the Audit Committee up for a second resolution.

Under the Articles of Incorporation, the Board Regulations and committee regulations, a committee must be composed of two or more directors, with independent directors comprising half (1/2) or more of the total membership. Provided, the Audit Committee must include three or more directors, with independent directors comprising two-thirds (2/3) or more of the total count. All four members of the Company's Audit Committee are independent directors. The head of each committee is appointed by resolution of the Board or committee of the current year.

### [Board of Directors Organizational Chart]



\* One executive officer and one team leader of the Board Secretariat is included in the headcount of both teams

As of the date that this report was submitted, the Company's Board is composed as follows:

Type of Director	Name	Gender	Title	Date of original appointment <sup>1)</sup>	Tenure until	Area of expertise	Primary career
Executive Director	Park Jung Ho	Male	CEO and Vice Chairman, Member of Strategy Committee and Compensation Committee	2016.3.18	AGM in 2024	General corporate management	<ul style="list-style-type: none"> <li>- (Current) SK hynix CEO and Vice Chairman</li> <li>- (Current) SK Telecom President and CEO</li> <li>- (Former) SK Broadband President and CEO</li> <li>- (Former) SK Holdings President and CEO</li> </ul>
Executive Director	Lee Seok Hee	Male	CEO and President, and Member of Strategy Committee	2017.3.24	AGM in 2023	General corporate management	<ul style="list-style-type: none"> <li>- (Current) SK hynix CEO and President</li> <li>- (Former) SK hynix COO</li> <li>- (Former) SK hynix Executive VP of DRAM Business Unit</li> </ul>
Executive Director	Oh Jong Hoon	Male	Head of Global Sales and Marketing, and Member of Sustainability Committee	2019.3.22	AGM in 2022	General corporate management	<ul style="list-style-type: none"> <li>- (Current) SK Hynix Head of Global Sales and Marketing</li> <li>- (Former) SK hynix Head of DRAM Development &amp; Business</li> <li>- (Former) SK hynix Head of DRAM Product Development Division</li> </ul>
Independent Director	Shin Chang Hwan	Male	Member of Audit Committee, Strategy Committee and Compensation Committee	2017.3.24	AGM in 2023	Electronics, Electrical and Computer Engineering Professor, Expert in nanoscale semiconductor	<ul style="list-style-type: none"> <li>- (Current) Professor, School of Electronic and Electrical Engineering, College of Information and Communication Engineering, Sungkyunkwan University</li> <li>- (Former) Professor in Electrical Engineering and</li> </ul>

Type of Director	Name	Gender	Title	Date of original appointment <sup>1)</sup>	Tenure until	Area of expertise	Primary career
							Computer Sciences, University of Seoul
Independent Director	Song Ho Keun	Male	Member of Independent Director Nomination Committee, Sustainability Committee and Compensation Committee	2018.3.28	AGM in 2024	Professor of Social sciences, Expert in social policy	<ul style="list-style-type: none"> <li>- (Current) Chair-Professor and Head of Division of Humanities and Social Sciences, POSTECH</li> <li>- (Current) Director, The Yumin Cultural Foundation</li> <li>- (Former) Professor/Chair-Professor, College of Social Sciences, Seoul National University</li> </ul>
Independent Director	Cho Hyun Jae	Male	Member of Independent Director Nomination Committee, Strategy Committee, Sustainability Committee and Compensation Committee	2018.3.28	AGM in 2024	Media broadcasting, Expert in economics and industry	<ul style="list-style-type: none"> <li>- (Former) Visiting Professor, Gwangju University</li> <li>- (Former) MBN CEO</li> </ul>
Independent Director	Yoon Tae Hwa	Male	Member of Audit Committee and Compensation Committee	2018.3.28	AGM in 2024	Expert in Accounting & Auditing (CPA)	<ul style="list-style-type: none"> <li>- (Current) Professor/Head of College of Business, Gachon University</li> <li>- (Former) 25th Chair of Korea Accounting Information Association (KAIA)</li> </ul>
Independent Director	Ha Yung Ku	Male	Board Chair, Lead Independent Director, Member of Audit Committee, Independent Director	2019.3.22	AGM in 2022	Expert in Finance	<ul style="list-style-type: none"> <li>- (Current) Advisor at law firm Kim &amp; Chang</li> <li>- (Former) Chair, Korea Federation of Banks</li> </ul>

Type of Director	Name	Gender	Title	Date of original appointment <sup>1)</sup>	Tenure until	Area of expertise	Primary career
			Nomination Committee, Strategy Committee and Compensation Committee				
Independent Director	Han Ae Ra	Female	Member of Audit Committee, Sustainability Committee and Compensation Committee	2020.3.20	AGM in 2023	Legal expert (Lawyer)	<ul style="list-style-type: none"> <li>- (Current) Professor, School of Law, Sungkyunkwan University</li> <li>- (Former) Lawyer, Kim &amp; Chang</li> <li>- (Former) Research judge, Supreme Court of Korea</li> </ul>

1) In the case of re-appointment, the date of the original appointment is indicated

※ Executive Director Park Jung Ho was first appointed as an Executive Director on March 18, 2016 and resigned from the post on March 23, 2017. He was appointed as a Non-Independent Non-Executive Director on March 24, 2017, resigned from the post on March 29, 2021, and appointed as an Executive Director on March 30, 2021.

As of the date that this report was submitted, committees within the Company's Board are composed as follows:

Committee	Composition					Major roles of the committee
	Title	Classification	Name	Gender	Concurrent positions	
<b>Audit Committee (four persons) (A)</b>	Committee Head	Independent Director	Yoon Tae Hwa	Male	D	1. Audit accounting records and operations of the Company 2. Appoint independent auditor 3. Approve large-scale internal transactions under delegated authority from Board
	Member		Ha Yung Ku	Male	B,D,E	
	Member		Shin Chang Hwan	Male	D,E	
	Member		Han Ae Ra	Female	C,D	
<b>Independent</b>	Committee	Independent	Ha	Male	A,D,E	1. Assess, recommend, and select

Committee	Composition					Major roles of the committee
	Title	Classification	Name	Gender	Concurrent positions	
<b>Director Nomination Committee</b> <b>(three persons)</b> <b>(B)</b>	Head	Director	Yung Ku			independent director candidates in accordance with relevant laws and regulations, Articles of Incorporation, and Board Regulations
	Member		Song Ho Keun	Male	C,D	
	Member		Cho Hyun Jae	Male	C,D,E	
<b>Sustainability Committee</b> <b>(four persons)</b> <b>(C)</b>	Committee Head	Independent Director	Song Ho Keun	Male	B,D	1. Review company's compliance system and related activities including anti-trust, anti-corruption, SHE (Safety, Health, Environment), subcontractors and others 2. Deliberate on following matters related to Company's sustainable management (1) Strategy for and outcomes of sustainable management and social value creation (2) Major CSR (Corporate Social Responsibility) activities (3) Major ESG (Environmental, Social, Governance) trends/issues and response (4) Other matters related to sustainable management raised to the Committee for deliberation by other committees
	Member		Cho Hyun Jae	Male	B,D,E	
	Member		Han Ae Ra	Female	A,D	
	Member	Executive Director	Oh Jong Hoon	Male	-	
<b>Compensation Committee</b> <b>(seven persons)</b> <b>(D)</b>	Committee Head	Independent Director	Song Ho Keun	Male	B,C	1. Review AGM agenda for Ceiling Amount of Remuneration for Directors 2. Granting stock options to management including registered and non-registered executives 3. Specific remuneration for executive directors 4. Evaluation and compensation of Representative Director 5. Examination of executive director candidates 6. Matters not stipulated in each of the
	Member		Ha Yung Ku	Male	A,B,E	
	Member		Cho Hyun Jae	Male	B,C,E	
	Member		Yoon Tae Hwa	Male	A	
	Member		Shin Chang Hwan	Male	A,E	
	Member		Han	Female	A,C	

Committee	Composition					Major roles of the committee
	Title	Classification	Name	Gender	Concurrent positions	
			Ae Ra			above subparagraphs, which the Representative Director deems importance and refers to the committee
	Member	Executive Director	Park Jung Ho	Male	E	
<b>Strategy Committee (five persons) (E)</b>	Committee Head	Independent Director	Ha Yung Ku	Male	A,B,D	1. Annual management plans 2. Medium and long-term strategies and To-Be Model of the Company 3. Important strategic alliance investments (equity investments, licenses, etc.) 4. Review investments of less than 1.5% of shareholder equity considered as key investments by CEO 5. Other important corporate management matters
	Member		Cho Hyun Jae	Male	B,C,D	
	Member		Shin Chang Hwan	Male	A,D	
	Member	Executive Director	Park Jung Ho	Male	D	
	Member		Lee Seok Hee	Male	-	

## B. Independent function of the Board

In accordance with Article 41 of the Articles of Incorporation, the Chair of the Board is appointed by the Board. At the March 2019 board meeting, the posts of Representative Director (CEO) and Board Chair were separated. At the board meeting held on March 30, 2021, the Board appointed independent director Ha Yung Ku to Board Chair to enhance the operational transparency and independence of the Board.

Meanwhile, the Company introduced the Lead Independent Director System since March 2018 to strengthen the Board's independence.

The Lead Independent director convenes and chairs meetings of the Council of Independent Directors (the "Council") composed only of independent directors. At the Council, the independent directors actively discuss and express their opinions independently of the management and the controlling shareholders. The Lead Independent Director can call upon management to report on key business issues at the Council and possesses the authority to evaluate the operations of the Board, therefore being equipped to faithfully perform the function of monitoring and checks.

In addition to the Lead Independent Director System, the Board functions independently from the management and the controlling shareholders by organizing all board committees with a majority of independent directors as well as appointing an independent director as the head of all board committees, appointing an independent director as the Board Chair, and organizing the Audit Committee and the Independent Director Nomination Committee entirely of independent directors.

(Sub-principle 4-②) The board should be comprised of responsible and competent professionals in various fields considering their knowledge and career so that they can effectively contribute to the corporate management.

## **A. Regulations on Expertise and Accountability of the Board**

The Company emphasizes the expertise and accountability of directors in its Corporate Governance Code, Code of Conduct of the Board of Directors, and Rules and duties of the Board of Directors. Item ② under "4. Qualifications of Directors" under "II. Board of Directors" of the Corporate Governance Code states that executive directors must "accumulate rich experience and professional knowledge related to the Company's business, while equipping themselves with reasonable judgment and strong execution, as part of the Company's high-level management." Meanwhile Item ③ states that independent directors must be "persons with expert knowledge or extensive experience in industry, finance, academia, law, accounting, or government, who do not have a major conflict of interest with the Company and who are capable of making independent decisions apart from management or particular shareholders and of contributing to the Company's prosperity and protection of shareholder rights." The Code of Conduct of the Board of Directors and the Rules and duties of the Board of Directors also state such rules of the same intent. The Corporate Governance Code, Code of Conduct of the Board of Directors, and Rules and duties of the Board of Directors are disclosed on the Company's website.

## **B. Ensuring Expertise, Accountability, and Diversity of the Board**

The Company Board is composed of experts in each field, such as finance, accounting, semiconductor technology, law, social policy, media, and others, thereby ensuring expertise, accountability, and diversity.

To provide more detail on the current Board's composition, the Company's executive directors are equipped with extensive management experience and professional knowledge in the semiconductor

industry and technology. Director Park Jung Ho contributes to decisions on major business issues as the Company's Vice Chairman & CEO, bringing his broad experience and insight on Information and Communication Technology including semiconductors, and having made crucial contributions to the Group's growth and prosperity as the CEO and Representative Director of SK Telecom, as well as in his previous capacity as CEO and Representative Director of SK Holdings. Director Lee Seok Hee, our President & CEO, is a seasoned professional well-equipped for his position, having the experience and expertise necessary to foster and lead the Company's core business of memory semiconductors including the development and production of DRAM and NAND flash. Director Oh Jong Hoon, chief of Memory Semiconductor Marketing and Sales, possesses an excellent technical background and product planning experience marked by the successful development of the Company's first, in-house design-based 4Mb DRAM, and uses such experience to shape decisions that help the Company grow as a technology firm.

Among the independent directors, the Board Chair Director Ha Yung Ku, previously the Head of the Korea Federation of Banking Institutions, offers diverse advice on major business matters for the Company based on his broad experience and deep expertise on domestic and overseas finance as well as various industries. Director Song Ho Keun, the most renowned sociologist in Korea, provides professional advice on social value creation, a key topic of interest for the Company. Director Shin Chang Hwan contributes his deep expertise in semiconductors as an expert in electrical and electronic engineering with experience at IBM and Xilinx. The Audit Committee Head Yoon Tae Hwa is a Certified Public Accountant (CPA) and brings expert knowledge on accounting and taxation from his previous service as Chair of the Korea Association of Accountants. Director Cho Hyun Jae gives valuable insight on the Company's macroeconomic policy decisions, based on his deep and wide-reaching knowledge of the Korean economy from years of experience in financial journalism. Director Han Ae Ra, who was appointed in 2020 as the first female director, has experience as judge and as research judge at the Supreme Court. She is a legal expert and currently a Professor at the School of Law at Sungkyunkwan University, and has strengthened the legal expertise of the Company's Board.

The Company Board consists of eight men and one woman.

The Company also offers detailed orientation courses for newly appointed independent directors to build their understanding of the Company and the broader semiconductor industry and enhance their professionalism and competitiveness.



In addition, semiconductor insight programs and periodic workshops on the prospects and future of the semiconductor industry, ESG, and other topics continuously engage directors in contemplation and discussion on current issues and management strategies pertaining to the Company. Furthermore, independent directors regularly receive information on semiconductor industry trends as part of building their professional knowledge as the Company's directors.

The following are the changes for directors since 2019, including new and re-appointment:

Classification	Name	Date of original appointment	Date of tenure expiration	Date of change	Reason for change <sup>1)</sup>	In office
Executive Director	Park Jung Ho	2016.3.18	AGM in 2024	2021.3.30	Newly appointed as an Executive Director	In office
	Lee Seok Hee	2017.3.24	AGM in 2023	2020.3.20	Re-appointed	In office
	Oh Jong Hoon	2019.3.22	AGM in 2022	2019.3.22	Appointed	In office
	Park Sung Wook	2009.3.26	AGM in 2021	2019.3.22	Resigned	In office
Independent Director	Choi Jong Won	2014.3.21	AGM in 2020	2020.3.20	Term expired	Retired
	Shin Chang Hwan	2017.3.24	AGM in 2023	2020.3.20	Re-appointed	In office
	Song Ho Keun	2018.3.28	AGM in 2024	2021.3.30	Re-appointed	In office
	Cho Hyun Jae	2018.3.28	AGM in 2024	2021.3.30	Re-appointed	In office
	Yoon Tae Hwa	2018.3.28	AGM in 2024	2021.3.30	Re-appointed	In office
	Ha Yung Ku	2019.3.22	AGM in 2022	2019.3.22	Appointed	In office
	Han Ae Ra	2020.3.20	AGM in 2023	2020.3.20	Appointed	In office

※ Executive Director Park Jung Ho was first appointed as an Executive Director on March 18, 2016 and resigned from the post on March 23, 2017. He was appointed as a Non-Independent Non-Executive Director on March 24, 2017, resigned from the post on March 29, 2021, and appointed as an Executive Director on March 30, 2021.

※ Former Executive Director Park Sung Wook resigned from his position on March 22, 2019, but stays on with the Company as Commissioner of Future Technology & Growth.

(Sub-principle 4-③) Fairness and independence should be secured during the recommendation and appointment process of the candidates for the directors.

## **A. Director Candidate Recommendation**

For the recommendation and examination of candidates for independent directors, the company has set up the Independent Director Nomination Committee. This board committee is composed of two or more directors, with one half (1/2) or more being independent directors as per company regulations. Currently, all three members of the Independent Director Nomination Committee are independent directors to secure the independence of the committee.

The Company's Independent Director Nomination Committee recommends candidates for independent directors through a fair and transparent process, selecting and recommending candidates who are independent from company management or the majority shareholder and have professional insight in areas such as semiconductors, finance, accounting, management, and social affairs. By meticulously vetting each candidate's professional ethics and the existence of any relationship of interest with the majority shareholder, the committee helps create a balanced composition for the Board to serve its function of monitoring, advising, and keeping management in check.

Independent director candidates who pass this rigorous vetting process and executive director candidates recommended by the Board are reviewed and appointed as directors at the general meeting of shareholders. Meanwhile, the Company does not discriminate against any factors such as nationality, gender, religion, or race in the appointment of an executive or independent director.

## **B. Provision of Information on Director Candidates prior to AGM**

The Company lawfully discloses information on director candidates at least 3 weeks before a general

meeting of shareholders to allow shareholders to sufficiently familiarize themselves with agenda items regarding the appointment and re-appointment of directors and to vote by proxy. To assist shareholders' understanding, the Company also posts on the company website agenda explanatory materials that include important matters of reference in addition to the disclosed information.

The Company has provided the following information on director candidates at general shareholder meetings held since 2020.

Date of information provided	Date of general meeting of shareholders	Director Candidate		Provided information
		Classification	Name	
2021.2.24 (D-34 days)	2021.3.30	Executive Director	Park Jung Ho	1. Candidate's name, date of birth, recommender, relationship with the largest shareholder, independent director candidate, etc. 2. Candidate's main occupation, detailed professional experience, and transaction history with the Company for the past 3 years 3. Any arrears, the management of an insolvent company, legal grounds for disqualification 4. Candidate's job performance plan (in the case of independent director) 5. Reason for the Board's recommendation of the candidate 6. Candidate's signature confirming that the disclosed information is consistent with the facts
		Independent Director	Song Ho Keun	
		Independent Director	Cho Hyun Jae	
		Independent Director	Yoon Tae Hwa	
2020.2.21 (D-28 days)	2020.3.20	Executive Director	Lee Seok Hee	1. Candidate's name, date of birth, recommender, relationship with the largest shareholder, independent director candidate, etc.

		Non-Independent Non-Executive Director	Park Jung Ho	2. Candidate's main occupation, detailed professional experience, and transaction history with the Company for the past 3 years
		Independent Director	Shin Chang Hwan	3. Any arrears, the management of an insolvent company, legal grounds for disqualification 4. Candidate's job performance plan (in the case of independent director)
		Independent Director	Han Ae Ra	5. Reason for the Board's recommendation of the candidate 6. Candidate's signature confirming that the disclosed information is consistent with the facts

## C. Non-adoption of Cumulative Voting

In accordance with Article 9 of the Act on Prevention of Divulgence and Protection of Industrial Technology, the Company, as a business operating in a strategic industry that owns technologies deemed crucial to national prosperity, must protect itself against threats of hostile takeovers by foreign speculators. In this vein, the Company does not adopt a cumulative voting system, convinced that such system poses a greater threat of causing dispute over management rights rather than serving its intended purpose of strengthening the rights of minority shareholders.

However, even if the minority shareholder cannot exercise cumulative voting, the Company makes sure that the opinion of the minority shareholders are reflected through the shareholder proposal rights under the Commercial Act. Meanwhile, shareholders can freely inquire about and demand explanation on agenda items presented at the general meeting of shareholders, and the Company seeks to answer each and every question that may arise to its best effort to fully reflect the opinions of the minority shareholders in the nomination process.

## D. Sufficient measures to ensure fairness and independence

The Independent Director Nomination Committee, which is comprised only of independent directors, uses a fair and transparent process of selecting independent director candidates who meet legal standards and

qualifications under relevant laws, such as the Commercial Act, as well as professional and independence requirements, and are appointed by vote at the general meeting of shareholders. Thus, fairness and independence in the nomination and appointment processes are sufficiently ensured.

(Sub-principle 4-④) People who are responsible for the defamation of the enterprise value or infringement of shareholders' equity interest should not be appointed as an executive officer.

## A. Executive Officers of the Company (including Non-registered Executive)

As of the end of March 2021, the Company's list of executive officers (including non-registered executives) is as follows:

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Park Jung Ho	Male	Vice Chairman & CEO	Registered Executive	Full-time	CEO Member of Strategy Committee Member of Compensation Committee
Lee Seok Hee	Male	President & CEO	Registered Executive	Full-time	CEO Member of Strategy Committee
Oh Jong Hoon	Male	Director	Registered Executive	Full-time	Head of Global Sales & Marketing Member of Sustainability Committee
Shin Chang Hwan	Male	Director	Registered Executive	Part-time	Independent Director Member of Audit Committee Member of Strategy Committee Member of Compensation Committee
Song Ho Keun	Male	Director	Registered Executive	Part-time	Independent Director Member of Independent Director Nomination Committee

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
					Member of Sustainability Committee Member of Compensation Committee
Cho Hyun Jae	Male	Director	Registered Executive	Part-time	Independent Director Member of Independent Director Nomination Committee Member of Strategy Committee Member of Sustainability Committee Member of Compensation Committee
Yoon Tae Hwa	Male	Director	Registered Executive	Part-time	Independent Director Member of Audit Committee Member of Compensation Committee
Ha Yung Ku	Male	Director	Registered Executive	Part-time	Independent Director Board Chair Lead Independent Director Member of Audit Committee Member of Independent Director Nomination Committee Member of Strategy Committee Member of Compensation Committee
Han Ae Ra	Female	Director	Registered Executive	Part-time	Independent Director Member of Audit Committee Member of Sustainability Committee Member of Compensation Committee
Chey Tae Won	Male	Chairman	Non-registered Executive	Full-time	Chairman
Park Sung Wook	Male	Vice Chairman	Non-registered Executive	Full-time	Commissioner for Future Technology
Kim Dong Sub	Male	President	Non-registered Executive	Full-time	Chief Officer of Communication & External Affairs

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Jin Kyo Won	Male	President	Non-registered Executive	Full-time	Chief Product & Production Officer
Curtis Kim	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Kang Sang Won	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Kang Sun Guk	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kang You Jong	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kang Jin Soo	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kwak Noh Jung	Male	VP	Non-registered Executive	Full-time	Head of Manufacturing Technology
Gwon Ki Chang	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Kwon Jae Soon	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Kil Byung Song	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Kim Kwang Wook	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Kim Ki Hyun	Male	VP	Non-registered Executive	Full-time	CIS Business Executive
Kim Neung Koo	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Kim Dal Ju	Male	VP	Non-registered Executive	Full-time	Corporate Strategy & Planning Executive
Kim Dong Gyu	Male	VP	Non-registered Executive	Full-time	Corporate Strategy & Planning Executive
Kim Man Sup	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Kim Sang Deok	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Kim Sang Ho	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Kim Seok	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kim Sun Keum	Male	VP	Non-registered Executive	Full-time	Finance Executive
Kim Seon Soon	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Kim Seong Han	Male	VP	Non-registered Executive	Full-time	Head of Procurement
Kim Young Sik	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Kim Woon Yong	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Kim Youn Wook	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Kim Jum Soo	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Kim Jeong Ki	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Kim Jeong Soo	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Kim Jeung Tae	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kim Jong Ho	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kim Jong Hwan	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Kim Ju Seon	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kim Jun Han	Male	VP	Non-registered Executive	Full-time	Corporate Strategy & Planning Executive
Kim Jin Kook	Male	VP	Non-registered Executive	Full-time	Head of Research & Development



Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Kim Jin Bae	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Kim Jin Hyock	Male	VP	Non-registered Executive	Full-time	Corporate Strategy & Planning Executive
Kim Chun Sung	Male	VP	Non-registered Executive	Full-time	Solution Development Executive
Kim Choon Hwan	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Kim Tae Hoon	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Kim Hyun Jun	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Kim Hyun Jung	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Kim Hyeong Soo	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Kim Hyung Soo	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Kim Hyung Hwan	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Na Myung Hee	Female	VP	Non-registered Executive	Full-time	Research & Development Executive
Noh Jong Won	Male	VP	Non-registered Executive	Full-time	Head of Corporate Support
Do Chang Ho	Male	VP	Non-registered Executive	Full-time	Product & Production Executive
Ryu Sung Soo	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Ma Keum Sun	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Moon Seung Hun	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Moon You Jin	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Moon Garthgeung	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Min Kyung Hyun	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Park Kyoung	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Park Myoung Soo	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Park Byung Chae	Male	VP	Non-registered Executive	Full-time	Finance Executive
Park Sung Kye	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Park Seong Hwan	Male	VP	Non-registered Executive	Full-time	Finance Executive
Park Su Man	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Park Yong Kun	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Park Jung Sik	Male	VP	Non-registered Executive	Full-time	Head of Quality & Reliability Assurance
Park Jun Sik	Male	VP	Non-registered Executive	Full-time	Corporate Strategy & Planning Executive
Park Jin Kyu	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Park Chan Dong	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Park Chan Ha	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Park Chang Heon	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Park Cheol Gyu	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Park Cheor Beom	Male	VP	Non-registered Executive	Full-time	CEO's Staff Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Park Hyun	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Baek Hyun Chul	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Seo Jung Min	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Son Sang Soo	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Son Seok Woo	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Song Jun Ho	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive
Song Chang Rock	Male	VP	Non-registered Executive	Full-time	Head of CIS Business
Song Chang Suk	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Song Chi Hwa	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Song Hyun Jong	Male	VP	Non-registered Executive	Full-time	Head of Digital Transformation
Shin Jeong Ho	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Shim Dae Yong	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Ahn Hyun	Male	VP	Non-registered Executive	Full-time	Head of Solution Development
Yang Hyung Mo	Male	VP	Non-registered Executive	Full-time	Finance Executive
Oh Tae Kyung	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Won Kook	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Ryu Man Seog	Male	VP	Non-registered Executive	Full-time	Head of Corporate Culture

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Yoon Seog Hun	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive
Lee Kang Min	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Lee Kang Wook	Male	VP	Non-registered Executive	Full-time	Product & Production Executive
Lee Kee Jeung	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Lee Gi Hwa	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Lee Moon Hwan	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Lee Min Hyung	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Lee Bang Sil	Female	VP	Non-registered Executive	Full-time	CEO's Staff Executive
Lee Byoung Ki	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Lee Byung Chan	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Lee Sang Kwon	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Lee Sang Rak	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Lee Sang Lae	Male	VP	Non-registered Executive	Full-time	Global Sales & Marketing Executive
Lee Sang Youp	Male	VP	Non-registered Executive	Full-time	Procurement Executive
Lee Sang Chul	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Lee Sang Hwa	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Lee Sang Hwan	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Lee Sung Jae	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Lee Sung Hoon	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Lee Soon Bum	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Lee Woong Sun	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Lee Il Woo	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Lee Jung Seock	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Lee Chang Soo	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive
Lee Chang Soo	Male	VP	Non-registered Executive	Full-time	Digital Transformation Executive
Lee Tae Hak	Male	VP	Non-registered Executive	Full-time	Solution Development Executive
Lee Hanjoo	Male	VP	Non-registered Executive	Full-time	Digital Transformation Executive
Lee Ho Seok	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Lee Hong Deok	Male	VP	Non-registered Executive	Full-time	Procurement Executive
Chang Seung Ho	Male	VP	Non-registered Executive	Full-time	Solution Development Executive
Jang Ji Eun	Female	VP	Non-registered Executive	Full-time	DRAM Development Executive
Chang Hyuk Joon	Male	VP	Non-registered Executive	Full-time	Head of Finance
Jeon Jong Min	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Chun Jun Hyun	Male	VP	Non-registered Executive	Full-time	Solution Development Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Jeong Sang Kyoo	Male	VP	Non-registered Executive	Full-time	Solution Development Executive
Jung Sang Rok	Male	VP	Non-registered Executive	Full-time	Communication & External Affairs Executive
Chung Sung Yong	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Jeong Woo Pyo	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Chung Eun Tae	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Cheong Jin Soo	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Jung Chang Kyo	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Jeong Cheol Woo	Male	VP	Non-registered Executive	Full-time	Product & Production Executive
Jung Tae Woo	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Cho Myoung Kwan	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive
Cho Min Sang	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Cho Young Mann	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Cho Joo Hwan	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Cho Ho Jin	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Jin Sung Gon	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Jin Il Sup	Male	VP	Non-registered Executive	Full-time	DRAM Development Executive
Cha Sang Yeob	Male	VP	Non-registered Executive	Full-time	Product & Production Executive

Name	Gender	Position	Registered/Non-registered Executive	Full-time/Part-time	Responsibilities
Cha Seon Yong	Male	VP	Non-registered Executive	Full-time	Head of DRAM Development
Cheon Young Il	Male	VP	Non-registered Executive	Full-time	Research & Development Executive
Choi Kwang Moon	Male	VP	Non-registered Executive	Full-time	Corporate Culture Executive
Choi Myoung Sup	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Choi Woo Jin	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Choi Jung Dal	Male	VP	Non-registered Executive	Full-time	Head of NAND Development
Choi Jung San	Male	VP	Non-registered Executive	Full-time	Quality & Reliability Assurance Executive
Choi Jun Gi	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Choi Jin Woo	Male	VP	Non-registered Executive	Full-time	Manufacturing Technology Executive
Choi Chang Eun	Male	VP	Non-registered Executive	Full-time	Solution Development Executive
Choi Hong Sok	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Han Sang Shin	Male	VP	Non-registered Executive	Full-time	Package & Test Executive
Han Young Su	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Huh Hwang	Male	VP	Non-registered Executive	Full-time	NAND Development Executive
Hong Sang Hoo	Male	VP	Non-registered Executive	Full-time	Head of Package & Test

## B. Executive Officer Appointment Policy

Under its executive officer management system, the Company validates matters related to the appointment

and retaining of senior executives every year, wherein it conducts a comprehensive review of the suitability of executives in their posts. On top of a comprehensive assessment of the performance of their respective positions, such as competence and leadership, executives are assessed for any damages they may have caused to enterprise value or any infringement of shareholders' equity interest, the findings of which are reported to the Board for approval and finalization.

In accordance with Paragraph 3, Article 21 (Cause for Dismissal) of the Employment Rules, the Company may dismiss an employee in its discretion if the person is sentenced to imprisonment or a heavier punishment under criminal law, and operates a disciplinary system to account for unethical or unjust behavior as defined by the Company's internal standards, beyond actions that violate enterprise value, i.e. embezzlement or breach of duty, or that infringe upon shareholders' equity interest as found by an external public agency. In addition, candidates for key management positions are checked and vetted against personnel information owned by the Company, including records on rewards and penalties, before they are recommended to the Chief Executive Officer. The list of candidates is determined upon discussion with the CEO and finalized after reporting to the Board.

## **C. Appointment Status**

Among Company executives, Chairman Chey Tae Won was convicted of embezzlement charges by the Supreme Court of Korea on February 27, 2014. However, the incident came before he was appointed as an executive of the Company, and the said executive resigned from his post as Representative Director after the guilty verdict. Meanwhile, the executive was pardoned and his records restored in August 2015, for which he is deemed to have no disqualification to serve as a non-registered executive of the Company.

As Chairman of SK Group, Chey Tae Won is leveraging the vast knowledge and experience gained through global management and use this to help the Company strengthen its position as a technology-driven company and build a foundation for sustainable growth. At the same time, he is contributing to the company's development in his position as a non-registered executive to enhance the company's social value.

## **D. Non-adoption of the Executive Director System**

The Company has not adopted an executive director system at this point for reasons including: the



positions of the CEO and the Chairman of the Board are separately held, the Board Chair who is an independent director faithfully conducts checks against the management, and the Independent Director Council consisting only of independent directors is in place. If deemed necessary, adoption of the system will be considered in the future.

**(Key Principle 5) Responsibilities of Independent Directors**

- Independent directors should be able to independently participate in important corporate management decision-making and to supervise and support the management as a Board member.

(Sub-principle 5-①) Corporate should identify, during the appointment stage of the process, that independent directors do not have significant personal interests in the corporate.

## A. Independence (Interests) of Independent Directors

Our independent directors have no significant interests with the Company or our affiliates, and we verify to check for the existence of any such interests during the selection process. When the Board proposes a candidate for independent director at the general meeting of shareholders, details of any transaction between the candidate and the company and/or our affiliates and the existence of any significant interests with the Company are reviewed. Further, we receive the Confirmation of eligibility for independent director qualification to verify the candidate's independence.

As of the date of report submission, our independent directors have no prior employment with us or our affiliates. In addition, there has been no history of transactions in the past three business years between our independent directors or companies where they serve as employees and the Company and/or its affiliates.

Name	Independent directors who previously served in the company or affiliates		Transactions between independent directors (or companies with independent directors as the largest shareholder) and the company and/or our affiliates		Transactions between companies where independent directors serve as employees or executives and the company and/or affiliates	
	Our company	Our affiliates	Our company	Our affiliates	Our company	Our affiliates

Shin Chang Hwan	None	None	None	None	None	None
Song Ho Keun	None	None	None	None	None	None
Cho Hyun Jae	None	None	None	None	None	None
Yoon Tae Hwa	None	None	None	None	None	None
Ha Yung Ku	None	None	None	None	None	None
Han Ae Ra	None	None	None	None	None	None

## B. Independent Directors' Tenure

As of the date of report submission, there is no independent director whose tenure of service has exceeded 6 years, and the tenure of each incumbent independent director is stated in the table below. Further, there are no independent directors whose tenure of service has exceeded 9 years including in our affiliates.

Independent directors' tenure in office expires at the end of the 3<sup>rd</sup> general meeting of shareholders as per our Articles of Incorporation. Independent directors with upcoming tenure expiration, are evaluated on their overall fulfillment of duties to determine on one re-appointment so that their tenure does not exceed the 6<sup>th</sup> regular general shareholders meeting.

Name	Our company		Including affiliates	
	Tenure of service <sup>1)</sup>	Reason for exceeding 6 years	Tenure of service	Reason for exceeding 9 years
Shin Chang Hwan	4 years and 2 months	-	-	-
Song Ho Keun	3 years and 2 months	-	-	-
Cho Hyun Jae	3 years and 2 months	-	-	-
Yoon Tae Hwa	3 years and 2 months	-	-	-
Ha Yung Ku	2 years and 2 months	-	-	-
Han Ae Ra	1 year and 2 months	-	-	-

1) As of the date of report submission on May 31, 2021

## C. Appointment of independent director candidates without significant interests

The Company, from the recommendation stage of independent directors, recommends and appoints candidates who 1) meet the qualifications set by related laws such as the Commercial Act, 2) are independent from the management and the largest shareholder, and 3) are experts in specific areas. Moreover, the Company discloses information about the candidates including their confirmed independence (interests) when announcing the agenda of the general meeting of shareholders.

(Sub-principle 5-②) Independent directors should put enough amount of time and efforts to sincerely fulfill their duties.

## A. Concurrent Employment Status of Independent Directors

The Company allows independent directors to have concurrent positions in other companies only within the scope permitted by the Commercial Act. No independent director currently holds a concurrent position outside this scope. Independent director's holding of concurrent position as of the report submission date is as follows.

Name (Audit Committee member)	Initial appointment date	Tenure expiration date	Current office	Status of concurrent offices held			
				Concurrent institution <sup>1)</sup>	Concurrent position	Tenure of service in concurrent institution	Listed/non-listed institution (concurrent)
Shin Chang Hwan (Audit Committee member)	2017.3.24	AGM in 2023	Professor of Electronic & Electrical Engineering, Sungkyunkwan University, College of Information and Communication Engineering	-	-	-	-

Song Ho Keun	2018.3.28	AGM in 2024	Endowed-chair professor/Dean of Department of Humanities and Social Sciences at POSTECH	DTR Automotive	Independent Director	2020.3.27~ present	Listed corporation (KOSPI)
				Yumin Cultural Foundation	Director	2009.12.15~ present	N/A
Cho Hyun Jae	2018.3.28	AGM in 2024	-	-	-	-	-
Yoon Tae Hwa (Audit Committee head)	2018.3.28	AGM in 2024	Dean of Gachon University Graduate School of Business Administration/ Professor of Business Administration	Innocean Worldwide	Independent Director	2020.3.25~ present	Listed corporation (KOSPI)
				POSTECH Educational Foundation	Auditor	2019.8.12~ present	N/A
				KOSDAQ Disclosure Committee	Head	2019.1.1~ present	N/A
				National Tax Service	Representative Citizen Auditor	2018.9.4~ present	N/A
Ha Yung Ku (Audit Committee member)	2019.3.22	AGM in 2022	Advisor at law firm Kim & Chang	Mirae Asset Global Investments	Independent Director and Board Chair	2019.3.29~ present	N/A
Han Ae Ra (Audit Committee member)	2020.3.20	AGM in 2023	Professor, School of Law, Sungkyunkwan University	-	-	-	-

1) Concurrent institutions include non-profit corporation, incorporated foundation etc.

## B. Independent directors' sincere fulfillment of duties

The Company allows independent directors to have concurrent positions in another company only within the scope permitted by the Commercial Act. The company's independent directors commit sufficient time and efforts into the board activities, while sincerely fulfilling their duties as directors also through the council of independent directors and other board education sessions. Meanwhile, independent directors'

sincere fulfillment of duties can also be confirmed through their 100% attendance rate at board and committee meetings.

(Sub-principle 5-③) The corporate should provide enough amount of information and resources necessary for the independent directors' performance of duty.

## A. Support for Independent directors' performance of duty

### (1) Operation of Council of Independent Directors

The Company operates a Council of Independent Directors consisting only of independent directors. The members of the Council of Independent Directors seek professional and reasonable decision-making by reviewing management agendas and agenda to be submitted to the board beforehand, and the expert opinions raised during the in-depth debates are reflected in all management activities. Since 2020 and as of the date of report submission on May 31, 2021, a total of 15 council meetings have been held. The company provides sufficient information through the council, thereby allowing independent directors' fulfillment of duties.

#### [Council of Independent Directors meetings held since 2020<sup>1</sup>]

	Regular / Extra ordinary	Meeting date	Attendance <sup>2)</sup>	Agenda	Remarks
1	Regular	2020.1.20	5/6	1. The 72nd (2019) Financial Statements (proposal) 2. The 72nd (2019) Business Report (proposal) 3. 2019 Operational status of internal accounting control system 4. Transaction with SK ecoplant (proposal) 5. 2020 Business Plan (proposal) 6. Operation plan for SK University (mySUNI)	Prior deliberation Prior deliberation Reported Prior deliberation Prior deliberation Reviewed

2	Regular	2020.2.19	6/6	1. 2019 Operational status results of internal accounting control system 2. Stock option grants (proposal) 3. Convocation of the 72nd general meeting of shareholders (proposal) 4. January 2020 earnings	Reported Prior deliberation Prior deliberation Reported
3	Regular	2020.4.20	6/6	1. Donation to the Korea Foundation for Advanced Studies etc. (proposal) 2. 2020 SUPEX Council Agreement operating costs transaction (proposal) 3. Q1'20 earnings results 4. 2019 performance evaluation result of the Board 5. Plan to hold H1 Board workshop (proposal)	Prior deliberation Prior deliberation Reported Reported Reported
4	Regular	2020.5.25	6/6	1. Appoint Sustainability Committee members & revise committee regulations (proposal) 2. 2019 performance evaluation result of the board 3. April 2020 earnings	Prior deliberation Reported Reported
5	Regular	2020.6.22	6/6	1. Transaction with SK Telecom, etc. (proposal) 2. Amendment of Board Regulations (proposal) 3. Internal transaction management status 4. May 2020 earnings 5. Project Indigo	Prior deliberation Prior deliberation Reported Reported Reviewed
6	Regular	2020.7.20	6/6	1. Transaction with SK hystec (proposal) 2. Q2'20 earnings results 3. 2020 Revised Business Plan (proposal)	Prior deliberation Reported Prior deliberation

7	Regular	2020.9.21	6/6	1. Kioxia IPO related key progress and plans	Reported
				2. August 2020 earnings	Reported
				3. Review of U.S. One Equity Partners (OEP) growth fund	Reported
				4. Transaction with SK Telecom (proposal)	Prior deliberation
				5. Progress on establishment of AI Co. (Gauss Labs)	Reported
				6. Response to U.S. Subsidiary security incident	Reported
8	Regular	2020.9.28	6/6	1. Key issues related to Project Elements contract	Reported
				2. Project Elements due diligence results	Reported
9	Regular	2020.11.23	6/6	1. Selection of preferred bidder for SEC LNG supply transaction (proposal)	Prior deliberation
				2. October 2020 earnings	Reported
				3. Financial Story	Reported
10	Regular	2020.12.2	6/6	1. 2021 organization reshuffle & major executive-level staffing changes	Reported
11	Regular	2020.12.14	6/6	1. Donation (proposal)	Prior deliberation
				2. Authorize issue of bonds during 2021 (proposal)	Prior deliberation
				3. Transaction with SKHYCL (proposal)	Prior deliberation
				4. Transaction with SK ecoplant (proposal)	Prior deliberation
				5. Transaction with SK energy (proposal)	Prior deliberation
				6. Transaction with SK Telecom, etc. (proposal)	Prior deliberation
				7. November 2020 earnings	Reported

12	Regular	2021.1.25	6/6	1. Appointment of Independent Director Nomination Committee members (proposal)	Prior deliberation
				2. The 73rd (2020) Financial Statements (proposal)	Prior deliberation
				3. The 73rd (2020) Business Report (proposal)	Prior deliberation
				4. 2021 funds management plan (proposal)	Reviewed
				5. 2020 operational status of internal accounting control system	Reported
				6. Transaction with SK Planet (proposal)	Prior deliberation
				7. 2021 Business Plan (proposal)	Prior deliberation
				8. Transaction results with SK ecoplant	Reported
				9. Progress on LNG supply contract	Reviewed
				10. OEP Growth Fund investment plan	Reviewed
13	Regular	2021.2.22	6/6	1. Report on PS-related status	Reported
				2. Convocation of the 73rd general meeting of shareholders (proposal)	Prior deliberation
				3. Transaction with ASML (proposal)	Prior deliberation
				4. Analysis of 2020 operational status of internal accounting control system	Reported
				5. Direction of ESG strategies	Reviewed
				6. January 2021 earnings	Reported
14	Regular	2021.3.22	6/6	1. Governance Story (proposal)	Reviewed
15	Regular	2021.4.26	6/6	1. Disposition of treasury shares	Prior deliberation
				2. Donation to the Korea Foundation for Advanced Studies, etc. (proposal)	Prior deliberation
				3. 2021 health and safety plan (proposal)	Prior deliberation
				4. 2021 SUPEX Council Agreement operating costs transaction (proposal)	Prior deliberation
				3. Q1'21 earnings results	Reported

1) As of the report submission on May 31, 2021

2) No. of independent directors attending/ Total no. independent directors



## **(2) Corporate Support for Independent Directors' execution of duties**

The Company has established and adopted regulations to support independent directors in their execution of duties. To meet the needs of independent directors such as their requests for information, a Board Secretariat has been set up under the auspices of the Board.

The Board Secretariat swiftly and sufficiently provides information and resources that independent directors require to execute their duties. The Board Secretariat provides data requested by independent directors, such as management information and agendas of the Board and committees through the Board Information Service System. Thus, independent directors can freely access this system using electronic devices provided by the Company to view management information and agendas any time anywhere. In addition, the system also provides access to other general information about the Board, including financial information and emails.

To assist independent directors with their duties, the Company provides orientation and training, semiconductor technology training, site visits, and regular workshops. The orientation is provided for the newly-appointed independent directors and consists of content such as introduction to the Company and the semiconductor industry and description of the duties of directors.

In addition to orientation, the Company provides independent directors with frequent technical training to enhance their understanding of the semiconductor industry and the manufacturing processes. The technical training is conducted by in-house professionals in a customized one-on-one manner, and can be given upon request by independent directors or when deemed necessary by the Company.

Moreover, the Company hosts special semi-annual workshops for independent directors where they discuss key management agendas and technology trends. The Company also helps enhance the understanding of independent directors on the current status of the Company's manufacturing facilities and overseas businesses through visits to the Company's domestic and overseas business sites at least twice a year.

## **B. Sufficient provision of information and resources for Independent directors' execution of duties**

Through operation of the council of independent directors, orientation for independent directors, provision

of education and workshop opportunities for the board and provision of information and resources through the dedicated Board Secretariat, the company provides sufficient information for independent directors' execution of duties.

**(Key Principle 6) Evaluation of Independent Directors' Activities**

- To promote active performance of duties by the independent directors, their activities should undergo fair evaluation; and the decisions on their remuneration and reappointment should be made on the basis of the outcomes of such evaluation.

**(Sub-principle 6-①) Evaluation of the independent director should be based on the individual performance, and the evaluation of the independent director should be reflected in the decision on reappointment.**

## **A. Evaluation of Independent Directors' Activities**

Since 2018, the Company conducted a performance evaluation of the Board to evaluate how faithfully the Board is performing its roles and responsibilities and to improve its operational efficiency. The performance evaluation is utilized to strengthen the roles and responsibilities of the Board and to improve the operational efficiency of the Board.

The appraisal was carried out in a self-evaluation manner on all executive and independent directors, and the appraisal criteria were written based on the reference criteria from an external advisory institution to guarantee fairness and objectivity. The evaluation score was calculated based on 24 criteria on a 5-point scale (including one criterion being a short-answer question). The appraisal was conducted online via the Board Information Service System.

The Board Secretariat reports the appraisal result to the Board before disclosing it to the stakeholders through fair disclosure, such as business reports.

The Company values faithful fulfillment of duties and operational efficiency at the Board and the committee level and does not evaluate individual independent directors separately.

The Company is currently reviewing how to improve the evaluation method of board activities. The board activities in 2020 have not been assessed, but the Company will proceed with improved evaluations in the future.

Meanwhile, in order to strengthen the Board's operational effectiveness and expertise, the Company reviewed the roles of each committee. Upon which, on March 30, 2021, the Board resolved to reorganize the Board and committees by expanding their roles and increasing the number of committee members. After the addition of new committee members and changes to committee rules that was completed on May 7, 2021, the Company is striving to make sure that the reorganization can take root.

(Sub-principle 6-②) Independent directors' remuneration should be decided in amounts reflecting the appraisal result of the independent directors and the accountability & risks of fulfilling duties.

## A. Independent Directors' remuneration

In accordance with Article 34 of the Company's Articles of Incorporation, independent directors are paid within the remuneration limits approved by the general meeting of shareholders. The Company discloses the remuneration it pays to its independent directors in the Business report. The remuneration paid to the independent directors in the year 2020 are as follows:

(Unit: KRW million)

Classification	Headcount	Period	Total remuneration	Average remuneration per person
Independent Director (excluding Audit Committee members)	2	2020 (annual)	189	84
Audit Committee member	4	2020 (annual)	318	84

\* Headcount as of Dec 31, 2020. Total remuneration and average remuneration per person are based on the total cumulative amount in 2020.

\*\* Average remuneration per person = total remuneration / the average headcount in the relevant period

Meanwhile, at the 3<sup>rd</sup> board meeting held on March 30, 2021, the Company decided to reorganize the Board to expand the roles of the Board and committees. In line with this, to increase the accountability of directors, the Company has decided to increase the remuneration of independent directors by 10% from March 30, 2021, and pay 200 shares each as stock grants.

## B. Appropriateness of Independent Directors' Remuneration

The Company determines remuneration of independent directors at a proper level in consideration of accountability and risk and time required for fulfilling duties. Also in order to maintain independence, remuneration is not differentiated amongst independent directors nor is it differentiated depending on appraisals.

### (Key Principle 7) Operation of the Board

- The Board should be operated efficiently and rationally to ensure that the management decisions are made in the best interests of the corporation and shareholders.

(Sub-principle 7-①) The Board should be held in principle, on a regular basis, and the corporate should prepare operational regulations that stipulate the authority, responsibility and operational procedures of the board in detail.

## A. Overall operation of the Board

The Company stipulates the general matters related to the operation of the Board in detail, such as regular board meetings, operation procedures as well as the authorities and responsibilities of the Board, in the Articles of Incorporation and the Board Regulations. According to the Articles of Incorporation and the Board Regulations, the Board holds its regular board meeting within 45 days after the closure of every quarter and is able to hold a special board meeting under its necessity. Board meetings are held more often than stipulated in the Articles of Incorporation and the Board Regulations, with 13 board meetings held in the year 2020.

According to the Articles of Incorporation and Board Regulations, the notice of convocation of board meetings is given two days before the meeting date with details of the meeting date, location and agenda. In case of emergency, the notice of convocation of board meetings may be given by the day before the meeting date. In addition, with the consent of all directors, board meetings may be held at any time without prior notice on convocation. The Articles of Incorporation and the Board Regulations are disclosed on the company website and available to shareholders and stakeholders.

As of the report submission on May 31, 2021, board meetings held since 2020 are as follows:

	Agenda		Approved /rejected	Regular /extraor dinary	Meeting date	Date of agenda notificat ion	Attendance /quota
	Classif ication	Details					
1	Resolu tion	1. Appointment of Compliance officer	Approved	Regular	'20.1.30	'20.1.28	9/9
		2. The 72nd (2019) Financial Statements (proposal)	Approved				
		3. The 72nd (2019) Business Report (proposal)	Approved				
		4. Transaction with SK ecoplant (proposal)	Approved				
		5. 2020 Business Plan (proposal)	Approved				
2	Resolu tion	1. Stock option grants (proposal)	Approved	Regular	'20.2.21	'20.2.19	9/9
		2. Convocation of the 72nd general meeting of shareholders (proposal)	Approved				
3	Resolu tion	1. Appointment of the Chair of the Board	Approved	Regular	'20.3.20	'20.3.18	9/9
		2. Appointment of CEO	Approved				
		3. Appointment of the Lead Independent Director	Approved				
		4. Appointment of Board Committees and committee members	Approved				
4	Resolu tion	1. Loan of funds to Wuxi production company (SKHYCL) (proposal)	Approved	Extraordi nary	'20.4.2	'20.3.31	8/8*
5	Resolu tion	1. Donation to the Korea Foundation for Advanced Studies etc. (proposal)	Approved	Regular	'20.4.22	'20.4.20	9/9
		2. Transaction with SK Innovation (proposal)	Approved				9/9
		3. Transaction with SK Telecom (proposal)	Approved				8/8*
6	Resolu tion	1. Appoint Sustainability Committee members & revise committee regulations (proposal)	Approved	Regular	'20.5.27	'20.5.25	9/9
7	Resolu tion	1. Transaction with SK Telecom, etc. (proposal)	Approved	Regular	'20.6.24	'20.6.22	8/8*
		2. Amendment of Board Regulations (proposal)	Approved				9/9
8	Resolu tion	1. Transaction with SK hystec (proposal)	Approved	Regular	'20.7.22	'20.7.20	9/9
		2. 2020 Revised Business Plan (proposal)	Approved				9/9
9	Resolu tion	1. Transaction with SK Telecom (proposal)	Approved	Regular	'20.9.24	'20.9.22	8/8*
10	Resolu	1. Intel SSD/NAND business acquisition (proposal)	Approved	Extra	'20.10.20	'20.10.16	9/9

	Agenda		Approved /rejected	Regular /extraor dinary	Meeting date	Date of agenda notificat ion	Attendance /quota
	Classif ication	Details					
	tion			ordinary			
11	Resolu tion	1. Donation to Center for Social value Enhancement Studies (CSES) (proposal)	Approved	Regular	'20.10.30	'20.10.28	9/9
12	Resolu tion	1. Selection of preferred bidder for SEC LNG supply transaction (proposal)	Approved	Regular	'20.11.25	'20.11.23	9/9
13	Resolu tion	1. Donation proposal	Approved	Regular	'20.12.21	'20.12.17	9/9
		2. Authorize issue of bonds in 2021 (proposal)	Approved				9/9
		3. Transaction with SKHYCL (proposal)	Approved				8/8*
		4. Transaction with SK ecoplant (proposal)	Approved				9/9
		5. Transaction with SK energy (proposal)	Approved				9/9
		6. Transaction with SK Telecom (proposal)	Approved				8/8*
14	Resolu tion	1. Appointment of Independent Director Nomination Committee members (proposal)	Approved	Regular	'21.1.28	'21.1.26	9/9
		2. The 73rd (2020) Financial Statement (proposal)	Approved				9/9
		3. The 73rd (2020) Business Report (proposal)	Approved				9/9
		4. Transaction with SK Planet (proposal)	Approved				9/9
		5. 2021 Business Plan (proposal)	Approved				9/9
	Report	6. 2020 Operational status of internal accounting control system	Reported				9/9
		7. 2021 fund management plan	Reported				9/9
		8. 2020 compliance management activities	Reported				9/9
15	Resolu tion	1. Stock option grants (proposal)	Approved	Regular	'21.2.24	'21.2.22	9/9
		2. Convocation of the 73rd Regular general meeting of shareholders (proposal)	Approved				9/9
		3. Transaction with ASML (proposal)	Approved				9/9
	Report	4. 2020 Operational status results of internal accounting control system	Reported				9/9
16	Resolu	1. Appointment of the Chair of the Board	Approved	Regular	'21.3.30	'21.3.26	9/9

	Agenda		Approved /rejected	Regular /extraor dinary	Meeting date	Date of agenda notificat ion	Attendance /quota
	Classif icatio n	Details					
	tion	2. Appointment of CEO	Approved				9/9
		3. Appointment of Board committees and committee members	Approved				9/9
		4. 2021 CapEx increase (proposal)	Approved				9/9
	Report	5. Progress and plans on Yongin Semiconductor Cluster	Reported				9/9
17	Resolu tion	1. Disposition of treasury shares	Approved	Regular	'21.4.28	'21.4.26	9/9
		2. Donation to the Korea Foundation for Advanced Studies, etc. (proposal)	Approved				9/9
		3. 2021 health and safety plan (proposal)	Approved				9/9
		4. Transaction with SK Innovation (proposal)	Approved				9/9
		5. Transaction with SK Telecom (proposal)	Approved				8/8*
	Report	6. Q1'21 earnings results	Reported				9/9
18	Resolu tion	1. Amendment of Board Regulations (proposal)	Approved	Regular	'21.5.7	'21.5.4	9/9
	Report	2. Investment in 8inch Foundry	Reported				9/9

\* Resolutions regarding self-dealing transactions of Park Jung Ho (SK Telecom) and Lee Seok Hee (SKHYCL), thus are excluded from vote and attendance/quota

## B. Regular meetings of the Board

The Company details the Board's duties, responsibilities and operational procedures etc. in the Board Regulations and regularly holds board meetings

(Sub-principle 7-②) The Board should record minutes in detail for every meeting and disclose the attendance rate of each director at the board meeting and the activities such as the approval and disapproval on the agenda.

## A. Minutes of Board meetings

The Company takes records and keeps on file minutes of board meetings, containing agenda, progress, results, opponents of the agenda and reasons, and the seal or signature of the directors who attended the meeting. The company also discloses details of attendance, approval/disapproval of the agenda in the Business Report and on the company website. Minutes of board meetings are kept within the Company under the responsibility of the Board Secretariat. While the Company keeps records of key discussions and resolutions, such records are kept in confidentiality considering the sensitivity and inclusion of business secrets in such discussions.

## B. Board Activities

As of the report submission on May 31, 2021, the attendance details of individual directors who held office from 2020 is as follows:

Classification	Round	1	2	3	4	5	Remarks
	Meeting date	'20.1.30	'20.2.21	'20.3.20	'20.4.2	'20.4.22	
Executive Director	Lee Seok Hee	Attended	Attended	Attended	N/A	Attended	
	Oh Jong Hoon	Attended	Attended	Attended	Attended	Attended	
Independent Director	Choi Jong Won	Attended	Attended	N/A	N/A	N/A	Tenure ended on '20.3.20
	Shin Chang Hwan	Attended	Attended	Attended	Attended	Attended	
	Song Ho Keun	Attended	Attended	Attended	Attended	Attended	
	Cho Hyun Jae	Attended	Attended	Attended	Attended	Attended	
	Yoon Tae Hwa	Attended	Attended	Attended	Attended	Attended	
	Ha Yung Ku	Attended	Attended	Attended	Attended	Attended	
	Han Ae Ra	N/A	N/A	Attended	Attended	Attended	Appointed on '20.3.20
Non-Independent Non-Executive	Park Jung Ho	Attended	Attended	Attended	Attended	Attended	

Classification	Round	6	7	8	9	10	11	12
	Meeting date	'20.5.27	'20.6.24	'20.7.22	'20.9.24	'20.10.20	'20.10.30	'20.11.25



Executive Director	Lee Seok Hee	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Oh Jong Hoon	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Independent Director	Shin Chang Hwan	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Song Ho Keun	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Cho Hyun Jae	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Yoon Tae Hwa	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Ha Yung Ku	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Han Ae Ra	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Non-Independent Non-Executive	Park Jung Ho	Attended	Attended	Attended	N/A	Attended	Attended	Attended

Classification	Round	13	14	15	16	17	18
	Meeting date	'20.12.21	'21.1.28	'21.2.24	'21.3.30	'21.4.28	'21.5.7
Executive Director	Lee Seok Hee	Attended	Attended	Attended	Attended	Attended	Attended
	Oh Jong Hoon	Attended	Attended	Attended	Attended	Attended	Attended
Independent Director	Shin Chang Hwan	Attended	Attended	Attended	Attended	Attended	Attended
	Song Ho Keun	Attended	Attended	Attended	Attended	Attended	Attended
	Cho Hyun Jae	Attended	Attended	Attended	Attended	Attended	Attended
	Yoon Tae Hwa	Attended	Attended	Attended	Attended	Attended	Attended
	Ha Yung Ku	Attended	Attended	Attended	Attended	Attended	Attended
	Han Ae Ra	Attended	Attended	Attended	Attended	Attended	Attended
Non-Independent Non-Executive/ Executive Director	Park Jung Ho	Attended	Attended	Attended	Attended	Attended	Attended

\* Executive Director Park Jung Ho was first appointed as an Executive Director on March 18, 2016 and resigned from the post on March 23, 2017. He was appointed as a Non-Independent Non-Executive Director on March 24, 2017, resigned from the post on March 29, 2021, and appointed as an Executive Director on March 30, 2021.

Individual directors' attendance and approval of board meeting agenda items during the recent three business years is as follows:

Name	Classification	Tenure	Attendance rate (%)				Approval rate (%)			
			Recent 3 year average	Recent 3 years			Recent 3 year average	Recent 3 years		
				2020	2019	2018		2020	2019	2018
Park Sung Wook	Executive Director	'09.3.26~ '19.3.22	100	-	100	100	100	-	100	100
Kim Joon Ho	Executive Director	'13.3.22~ '18.3.27	100	-	-	100	100	-	-	100
Lee Seok Hee	Executive Director	'17.3.24~ present	97.2	100	100	91.7	100	100	100	100
Oh Jong Hoon	Executive Director	'19.3.22~ present	100	100	100	-	100	100	100	-
Kim Dookyung	Independent Director	'12.2.14~ '18.3.28	100	-	-	100	100	-	-	100
Park Young-June	Independent Director	'12.2.14~ '18.3.28	100	-	-	100	100	-	-	100
Kim Dae-II	Independent Director	'12.2.14~ '18.3.28	100	-	-	100	100	-	-	100
Lee Chang-Yang	Independent Director	'12.2.14~ '18.3.28	100	-	-	100	100	-	-	100
Choi Jong Won	Independent Director	'14.3.21~ '20.3.20	100	100	100	100	100	100	100	100
Shin Chang Hwan	Independent Director	'17.3.24~ present	100	100	100	100	100	100	100	100
Song Ho Keun	Independent Director	'18.3.28~ present	100	100	100	100	98.9	96.7	100	100
Cho Hyun Jae	Independent Director	'18.3.28~ present	100	100	100	100	100	100	100	100
Yoon Tae Hwa	Independent Director	'18.3.28~ present	100	100	100	100	100	100	100	100
Ha Yung Ku	Independent Director	'19.3.22~ present	100	100	100	-	100	100	100	-
Han Ae Ra	Independent Director	'20.3.20~ present	100	100	-	-	100	100	-	-
Park Jung	Executive	'16.3.18~	81.5	100	77.8	66.7	100	100	100	100

Ho	Director	present								
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\* The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

#### (Key Principle 8) Committees of the Board

- For an efficient operation, the Board should establish internal committees which are responsible for the performance of specific functions and roles.

(Sub-principle 8-①) At least majority of members of the committees of the Board should be composed of independent directors, and all of the members of the Audit Committee and Remuneration (compensation) Committee should be comprised of independent directors.

## A. Establishment of Board Committees

The Company has installed and operates the Audit Committee, the Independent Director Nomination Committee, the Sustainability Committee, the Compensation Committee and the Strategy Committee under the Board for efficient and expert operations of the Board. The roles and composition of each board committee is detailed under Sub-principle 4-① of this report.

While the Company has not installed a separate Internal transactions committee and Risk Management committee, functions of the committees are taken up by the Audit Committee and the Board.

## B. Composition of each committee by a majority of Independent Directors

As stipulated in each committee regulations, all committees under the Board are comprised by a majority of independent directors, with the Audit Committee and Independent Director Nomination Committee comprised only of independent directors.

(Sub-principle 8-②) Organization, operation and the authority of all the committees should be stipulated in the express provision, and the committee should report the resolutions to the board.

## A. Committee installation and operation regulations

The purpose of establishment, organization, operation, authorities and responsibilities of each committee are stipulated in the relevant committee regulations.

## B. Committee matters for reporting to the Board

The results of committee meetings are reported to the board meeting which is held right after the committee meeting, and are disclosed in the Business Report and on the company website. In addition, the operation of the committee, such as its structure, role, performance, have been evaluated.

## C. Committee activities and Directors' committee attendance

### (1) Audit Committee

The Company established the Audit Committee to conduct audits on the accounting and operation of the Company. The Audit Committee is comprised of four independent directors only. Information on the Audit Committee is detailed in Sub-principles 9-① of IV. Audit Systems of this report.

### (2) Independent Director Nomination Committee

The Independent Director Nomination Committee aims for a transparent and fair operation of the nomination procedure for independent director candidates of the Company. As of the board resolution on March 30, 2021, the Independent Director Nomination Committee consists of three independent directors only, namely directors Ha Yung Ku, Song Ho Keun, and Cho Hyun Jae.

Details of agenda discussed at the Independent Director Nomination Committee from 2020 and as of report submission on May 31, 2021 are as follows:

Round	Meeting date	Attendance/ quota	Agenda		Result
			Classification	Details	
1	2020.2.21	3/3	Resolution	1. Nomination of independent directors for the 72nd regular shareholders' meeting (proposal)	Approved

2	2021.2.24	3/3	Resolution	1. Appointment of the Committee Chair	Approved
			Resolution	2. Nomination of independent directors for the 73 <sup>rd</sup> regular shareholders' meeting (proposal)	Approved

Individual directors' attendance at meetings of the Independent Director Nomination Committee in the recent three business years is as follows:

Classification	Name	Attendance rate (%)			
		Recent 3 year average	Recent 3 years <sup>1)</sup>		
			2020	2019	2018
Executive Director	Park Sung Wook	100	-	100	100
Independent Director	Park Young-June	100	-	-	100
Independent Director	Choi Jong Won	100	100	100	100
Executive Director	Lee Seok Hee	100	100	-	-
Independent Director	Cho Hyun Jae	100	100	100	-
Independent Director	Ha Yung Ku <sup>2)</sup>	-	-	-	-
Independent Director	Song Ho Keun <sup>2)</sup>				

1) The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

2) Independent directors Ha Yung Ku and Song Ho Keun were appointed as members of the Independent Director Nomination Committee after February 2020.

### (3) Sustainability Committee

The Company established the Sustainability Committee to set up strategies on the sustainable management and social value creation and to check the progress. The Sustainability Committee is comprised of three independent directors and one executive director.

The committee has reviewed and made resolutions every quarter on (1) the Company's compliance system and related activities, including anti-trust, anti-corruption, SHE (Safety, Health, Environment), subcontractors, and others, (2) the matters related to sustainable management of the Company, such as (i) the sustainable management and social value strategy and achievement, (ii) major CSR (Corporate Social Responsibility) activities, (iii) major ESG (Environmental, Social, Governance) status and response, and (iv) items presented by other committees for which a discussion on sustainable management is deemed necessary.

Details of the agenda discussed at the Sustainability Committee from 2020 and as of report submission on May 31, 2021 are as follows:

Round	Date	Attendance/ quota	Agenda		Result
			Classification	Details	
1	2020.3.6	3/3	Report	1. 2020 donation plan	Reported
			Report	2. 2020 Sustainability Report publication plan	Reported
2	2020.6.16	4/4	Report	1. Donations from 2018 to 2020 (KRW 500million ~ 1 billion)	Reported
			Report	2. Results of 2020 Sustainability Report review	Reported
			Report	3. Compliance officer's report for 2020	Reported
3	2020.10.8	4/4	Report	1. Social Value 2030 implementation plan	Reported
			Report	2. 2020 DBL Readiness Index (RI) assessment results	Reported
			Report	3. Donations to Social Value Connect (SOVAC)	Reported
4	2020.12.10	4/4	Report	1. SK hynix's declaration of 2050 "RE100"	Reported
			Report	2. Compliance management activities in 2020	Reported
5	2021.2.16	4/4	Report	1. Promotion of Social Value 2030 (proposal)	Reported
			Report	2. Progress of On-tact share one meal Project	Reported

Individual directors' attendance at meetings of the Sustainability Committee is as follows:

Classification	Name	Attendance rate (%)	
		Recent 3 year	Recent 3 years <sup>1)</sup>

		average	2020	2019	2018
Independent Director	Song Ho Keun	100	100	100	100
	Cho Hyun Jae	100	100	100	100
	Han Ae Ra	100	100	-	-
Executive Director	Lee Seok Hee	50	-	0	100
	Oh Jong Hoon	100	100	100	-

1) The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

#### (4) Strategy Committee

The Company assigned additional roles to the Investment Strategy Committee, which was originally established on March 20, 2020, and changed its name into the Strategy Committee on March 30, 2021 to review annual management plans related to the Company's important business plans, strategies, investments, mid to long-term strategies including the To-Be Model of the Company, important strategic alliance investments, investments of less than 1.5% of shareholder equity considered as key investments by CEO, and other important corporate management matters. The Strategy Committee consists of three independent directors and two executive directors.

Details of the agenda discussed at the Strategy Committee and as of report submission on May 31, 2021 are as follows:

Round	Meeting date	Attendance/ quota	Agenda		Result
			Classification	Details	
1	2020.10.28	3/3	Resolution	1. Appointment of the Committee Chair	Approved
			Report	2. 2021 Business Plan (preliminary)	Reported
			Report	3. 2021 CapEx and pre-code target	Reported
2	2021.1.28	3/3	Report	1. 2021 CapEx changes and January results of Investment Review Committee	Reported

3	2021.3.29	3/3	Report	1. Additional investment in 2021	Reported
			Report	2. Investment changes in March 2021	Reported

Individual directors' attendance at meetings of the Strategy Committee is as follows:

Classification	Name	Attendance rate (%)			
		Recent 3 year average	Recent 3 years <sup>1)</sup>		
			2020	2019	2018
Independent Director	Ha Yung Ku	100	100	-	-
	Shin Chang Hwan	100	100	-	-
Executive Director	Lee Seok Hee	100	100	-	-
	Park Jung Ho <sup>2)</sup>	-	-	-	-
Independent Director	Cho Hyun Jae <sup>2)</sup>	-	-	-	-

1) The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

2) The name of the Investment Strategy Committee, which was established on March 20, 2020, was changed to the Strategy Committee on March 30, 2021 and additional members were appointed. Currently the Strategy Committee consists of 3 independent directors, Ha Yung Ku, Cho Hyun Jae, and Shin Chang Hwan, and 2 executive directors, Park Jung Ho and Lee Seok Hee.

## (5) Compensation Committee

On March 30, 2021, the Company expanded and reorganized the Compensation Committee, which was originally established on March 20, 2020, to review the upcoming AGM agenda for a ceiling amount of remuneration for directors, granting of stock options to management, including registered and non-registered executives, the specific remuneration for executive directors, the evaluation and compensation of Representative Director, the examination of executive director candidates, and matters that the Representative Director deems important and refers to the committee. The Compensation Committee consists of six independent directors and one executive director.



Details of the agenda discussed at the Compensation Committee from 2020 and as of report submission on May 31, 2021 are as follows:

Round	Meeting date	Attendance/ quota	Agenda		Result
			Classification	Details	
1	2020.11.16	3/3	Resolution	1. Appointment of the Committee Chair	Approved
			Report	2. Review of regulations and cases related to the Compensation Committee	Reported
			Report	3. Executive compensation policy and standard	Reported
2	2021.1.12	3/3	Report	1. Review the compensation system	Reported
			Report	2. Analysis of the Intel NSG compensation system	Reported
3	2021.2.9	3/3	Report	1. Plan to improve profit-sharing related compensation policies	Reported
4	2021.2.24	3/3	Report	1. Ceiling amount of director's remuneration for the 74th FY (proposal)	Reported
			Report	2. Stock option grants (proposal)	Reported
			Report	3. Executive LTI implementation plan	Reported
5	2021.4.28	7/7	Resolution	1. 2021 company-wide and CEO KPI operation (proposal)	Approved
			Resolution	2. Compensation standards for President and above (proposal)	Approved

Individual directors' attendance at meetings of the Compensation Committee is as follows:

Classification	Name	Attendance rate (%)			
		Recent 3 year average	Recent 3 years <sup>1)</sup>		
			2020	2019	2018
Independent	Song Ho Keun	100	100	-	-

Director	Cho Hyun Jae	100	100	-	-
	Yoon Tae Hwa	100	100	-	-
	Ha Yung Ku <sup>2)</sup>	-	-	-	-
	Shin Chang Hwan <sup>2)</sup>	-	-	-	-
	Han Ae Ra <sup>2)</sup>	-	-	-	-
Executive Director	Park Jung Ho <sup>2)</sup>	-	-	-	-

1) The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

2) The Compensation Committee, which was established on March 20, 2020, was reorganized on March 30, 2021.

Currently, the Compensation Committee consists of 6 independent directors, Song Ho Keun, Ha Yung Ku, Cho Hyun Jae, Yoon Tae Hwa, Shin Chang Hwan, and Han Ae Ra, and 1 executive director, Park Jung Ho.

## 4. Audit Systems

### (Key Principle 9) Internal Auditing Bodies

- Internal auditing bodies such as the Audit Committee and the internal auditor should perform their auditing duties faithfully by maintaining independence from the management and controlling shareholders, and the details of key activities of internal auditing bodies should be disclosed.

(Sub-principle 9-①) Internal auditing bodies such as the Audit Committee and the internal auditor should secure independence and professionalism.

## A. Audit Committee's Composition, Independence and Professionalism

The Company stipulates the independence of the Audit Committee in Article 2-2 of the Audit Committee regulations to sufficiently secure its independence and professionalism and appoints independent directors who would faithfully carry out their duties as members of the Audit Committee. The Audit Committee is currently comprised of four independent directors only. The Company appointed one accounting expert and one financial expert to the committee, thereby exceeding the minimum legal requirements under the Commercial Act and related regulations.

### [Composition of Audit Committee]

Composition			Career and qualifications related to auditing	Remarks
Title	Classification	Name		
Committee Head	Independent Director	Yoon Tae Hwa	B.S. in Business Administration, Yonsei University Ph.D. in Business Administration, Yonsei University Certified Public Accountant (acquired in Dec 1985) CPA, Ahn Kwon & Co. (accounting firm) (1985~1987) Professor, Korea Banking Institute (1989~1998)	Committee member (2018.3.28 ~ present)
Member	Independent Director	Ha Yung Ku	Northwestern University Kellogg School M.B.A. CEO, Koram Bank (2001~2004) Chairman & CEO, Citigroup Korea (2004~2014) Chairman, Korea Federation of Banks (2014~2017)	Committee member (2020.3.20 ~ present)
Member	Independent Director	Shin Chang Hwan	-	Committee member (2017.3.24 ~ present)
Member	Independent Director	Han Ae Ra	-	Committee member (2020.3.20 ~ present)

## B. Audit Committee Management

### (1) Regulations and authorities of the Audit Committee

The purpose of the Audit Committee is to conduct audits on the accounting and operation of the Company. In addition, the Committee makes deliberations and resolutions on the agenda delegated by the Board, and supervises the performance of the management to make sure that the directors and management are able to make reasonable judgments on management decision-making. The operation purpose, structure, authorities and responsibilities of the Audit Committee are stipulated in the Audit Committee regulations which are disclosed on the Company's website.

## (2) Training provided to the Audit Committee

In order to enhance the expertise of Audit Committee members, the Company provides professional seminar opportunities and regular meetings with independent auditors at least once a quarter.

The Audit Committee may require management, executives in charge of finance, head of the internal audit team and independent auditors to attend meetings when deemed necessary for the execution of duties, and may ask for the counseling of outside experts at the Company's expense when necessary.

### [Training provided to the Audit Committee]

Training Date	Training Provider	Attendant	Reason for absence	Major training content
'20.5.13	Board Secretariat	Ha Yung Ku Yoon Tae Hwa Shin Chang Hwan Han Ae Ra	-	- The new market environment and the Audit Committee - The internal accounting control system and the role of the Audit Committee
'20.7.7	Audit Committee Forum (webinar)	Han Ae Ra	Training for designated committee member	- Reasons for disagreement among auditors and seeking solutions - Introduction to Audit Committee operation guidelines
'20.7.24	Samjong KPMG Audit Committee Institute (webinar)	Ha Yung Ku Shin Chang Hwan	Training for designated committee members	- Webinar related to Audit Committee operations
'20.11.12	Samjong KPMG Audit Committee Institute (webinar)	Yoon Tae Hwa	Training for designated committee members	- Understanding the overall internal accounting management system - Internal accounting management system supervision checkpoint - Design and operations perspective - Evaluation and reporting perspective
'21.4.22	Audit Committee Forum (webinar)	Yoon Tae Hwa	Training for designated	- COVID-19 era and ESG: What should we prepare in an era of change?

Training Date	Training Provider	Attendant	Reason for absence	Major training content
		Shin Chang Hwan Han Ae Ra	committee members	- ESG-related reporting and the role of the Audit Committee
'21.5.20	Board Secretariat	Yoon Tae Hwa Ha Yung Ku Shin Chang Hwan Han Ae Ra	-	- Understanding the internal accounting management system and the Company's operating system - Regulations related to insider trading and the current status of the Company's transactions - Ethical management development tasks of SK hynix

### (3) Process of investigating the fraudulent act of management

The Audit Committee has been given the authority to investigate the fraudulent act of the management and to be backed by the support on related information and cost. The details are as follows:

- Article 12 of the Audit Committee Regulation (Items for Consideration)

#### 3. Matters on Accounting

(7) The receipt of auditors' reports on the matters of fraudulent act during directors' performance of duties and key matters regarding the violations of the laws and regulations

- Article 13 of the Audit Committee Regulation (Attendance of the Person Concerned, etc.)

② The Committee may require the consulting of external experts at the expense of the Company when deemed necessary.

### (4) The Audit Committee Support team

In order to receive instructions from the Audit Committee and carry out overall support of the committee from an independent position, the Company established a separate Audit Committee support team within the Board Secretariat in February 2020. The team is established under the Board Secretariat and is comprised of five members including the Board Secretariat executive officer. The Audit Committee support team is comprised of one member with more than 20 years of legal affairs, compliance and board support

work and one member with more than 10 years of accounting/tax accounting, thus providing expert support to the Audit Committee. The appointment and dismissal of members of the Audit Committee support team will follow a consultation procedure with the Audit Committee, thus the support team has secured independence from the management.

## **(5) Audit Committee's Authority to Access Critical Information**

The Audit Committee members shall be able to require and be reported on the management info necessary to the audit operation. The authority of the Audit Committee to access critical information and to receive report from the management is well stipulated in the Audit Committee Regulation as follows:

- Article 3 of the Audit Committee Regulation

- ③ The Committee can require the reporting of directors on sales, and be able to investigate on the financial status of the Company.
- ④ The Committee shall be able to require the sales reporting of subsidiaries when it is necessary to perform its duties. In this case, when subsidiaries do not report immediately, or when there is a need to check the content of the report, the Committee shall be able to investigate the operation and financial status of the subsidiaries.

In addition, on receiving orders from the Audit Committee, the Head of Ethics Management shall monitor and check fraudulent and unethical acts of the management that may occur or are expected based on ① online, offline and written reports, ② findings from the internal audit and control activities, and ③ items given by the Audit Committee.

When the CEO or other top management is the subject of a fraudulent act, the Audit Committee may appoint outside experts to make sure that the investigation is conducted in an objective manner, and have the results reported to the Audit Committee. When punishment is necessary based on the results, the committee shall ask HR department for the duly required punishment.

## **C. Remuneration of the Audit Committee**

The Audit Committee members do not receive additional remuneration other than remuneration received as an independent director. The Company considers the remuneration amount to be an appropriate level that allows the Audit Committee members' faithful conduct of duties.

The average remuneration for the Audit Committee members and independent directors in 2020 is as follows:

(Unit: KRW million)

Classification	Headcount	Period	Total remuneration	Average remuneration per person
Audit Committee member	4	2020 (annual)	318	84

\* Headcount as of December 31, 2020. Total remuneration and average remuneration per person are based on the total cumulative amount in 2020.

\* Average remuneration per person = total remuneration / the average headcount in the relevant period

## D. Independence and Professionalism of the Audit Committee

The Company's Audit Committee is comprised entirely of independent directors thus securing independence of the committee. One accounting expert and one financial expert are appointed to the committee, and with continued training provided to the committee members on audit related matters, the expertise of the committee is secured.

(Sub-principle 9-②) Internal auditing bodies, such as Audit Committee and Auditor, should execute auditing work with sincerity e.g. hosting regular meetings and transparently disclose the details of activities.

## A. Audit Committee Activities

The Audit Committee of the Company has held its meeting more than once a quarter to conduct audit on the accounting and operation of the Company, and 10 meetings were held in the year 2020 alone. The Audit Committee has been reported financial results, fiscal year-end accounting audit results, internal audit results and plans.

### (1) Appointment of Independent Auditors

According to the amendment of the Act on External Audit of Stock Companies in November 2018, the Company has authorized the Audit Committee to appoint independent auditors, revised the Audit Committee Regulation, and has set up necessary evaluation standards and procedures for the appointment

of independent auditors. Based on the Audit Committee Regulation, the same independent auditor is appointed for three consecutive business years. Currently the company has contracted with Samil PWC for independent auditing for a three year period from 2020 to 2022 as a designated company for periodic designation of independent auditor in 2020.

## **(2) Operational status of the Internal Accounting Control System**

The representative of the Company and the internal accounting control manager checked the operational status of the internal accounting control system each year and reported the results to the Audit Committee. The Audit Committee, which receives the evaluation on operational result of the internal accounting control system, concluded that it is effectively designed and operated in line with the regulation of the internal accounting system. Thus the CEO reported the evaluation results of the Audit Committee and the opinions of the auditors on the operation of the internal accounting control system every year to the AGM.

## **(3) Regulations regarding Audit**

The Company has installed the Audit Committee Regulation and the regulation of the internal accounting control to stipulate the operation procedure of the Audit Committee, taking and storing of meeting minutes, and reporting procedures to the shareholders meeting. In particular, based on the Commercial Act and regulations of the Audit Committee, the Audit Committee issues its opinion at the shareholders meeting after investigating the legitimacy of the agenda and documents to be submitted for the shareholders meeting.

Audit Committee meeting minutes are written after each meeting and are stored with signatures of attending committee members. The activities of the Audit Committee are disclosed in the Business Report and on the Company's website.

Audit Committee meetings held from 2020 and as of report submission on May 31, 2021 are as follows:

Round	Meeting date	Attendance /quota	Agenda		Approved /Rejected
			Category	Content	
1	'20.1.20	3/3	Report	1. 2019 operational status of internal accounting control system	Reported
			Report	2. 2019 ethics management results and 2020 operation plan	Reported
2	'20.2.19	3/3	Resolution	1. Evaluation report on the operational status of the internal	Approved



Round	Meeting date	Attendance /quota	Agenda		Approved /Rejected
			Category	Content	
				accounting control system in 2019	
			Report	2. FY2019 accounting audit results	Reported
3	'20.3.11	3/3	Resolution	1. Matter of checking the legitimacy of the agenda and documents for the 72nd regular general meeting of shareholders	Approved
			Resolution	2. Audit report (proposal)	Approved
			Resolution	3. Statement of opinion on the internal monitoring system (proposal)	Approved
			Resolution	4. Transaction with SK Holdings (proposal)	Approved
4	'20.4.22	4/4	Resolution	1. Appointment of Audit Committee Head (appointed Ha Yung Ku as head of committee)	Approved
			Resolution	2. Lend funds to SKHYSI (proposal)	Approved
			Report	3. 1Q Ethics management result report	Reported
			Report	4. Report on non-Audit matters	Reported
			Report	5. 2020 Audit Committee operation plan (proposal)	Reported
5	'20.6.24	4/4	Resolution	1. Transaction with SK Holdings (proposal)	Approved
			Resolution	2. Transaction with SK Airgas (proposal)	Approved
			Report	3. Annual operational plan for the internal accounting control system in 2020	Reported
			Report	4. FY2020 PCAOB implementation plan	Reported
			Report	5. Report on non-Audit matters	Reported
6	'20.7.20	4/4	Report	1. 1H20 Ethics management result	Reported
			Report	2. FY2020 PCAOB Audit performance plan	Reported
			Report	3. Evaluation contract on the operational status of the internal accounting control system in 2020	Reported
7	'20.8.12	4/4	Report	1. 1H20 Financial Audit report	Reported
			Report	2. Report on non-Audit matters	Reported
8	'20.9.21	4/4	Resolution	1. Transaction with SK Holdings (proposal)	Approved
			Resolution	2. Transaction with SK siltron (proposal)	Approved
			Resolution	3. Transaction with SK E&S (proposal)	Approved
			Resolution	4. HAPPY-MORE Inc. paid-in capital increase (proposal)	Approved

Round	Meeting date	Attendance /quota	Agenda		Approved /Rejected
			Category	Content	
			Report	5. 1st interim evaluation report on the operational status of the internal accounting management system	Reported
9	'20.11.11	4/4	Report	1. 3Q Ethics management result report	Reported
			Report	2. Plan for Independent Auditor evaluation (proposal)	Reported
10	'20.12.14	4/4	Resolution	1. Transaction with SK Holdings (proposal)	Approved
			Resolution	2. Transaction with SK siltron (proposal)	Approved
			Resolution	3. Transaction with SK hyeng (proposal)	Approved
			Resolution	4. Transaction with SK E&S (proposal)	Approved
			Report	5. PCAOB Audit interim report	Reported
			Report	6. Designated Audit contract in 2021 (proposal)	Reported
11	'21.1.25	4/4	Report	1. Ethical management business performance in 2020 & plans for 2021	Reported
			Report	2. Status of the internal accounting control system in 2020	Reported
12	'21.2.22	4/4	Resolution	1. Evaluation report on the operational status of the internal accounting control system in 2020 (proposal)	Approved
			Resolution	2. Matter for receiving consent on the appointment of the person in charge of the internal audit team	Approved
			Report	3. Report on non-Audit matters	Reported
			Report	4. FY2020 accounting audit results	Reported
13	'21.3.22	4/4	Resolution	1. Matter of checking the legitimacy of the agenda and documents for the 73rd Regular general meeting of shareholders	Approved
			Resolution	2. Audit report (proposal)	Approved
			Resolution	3. Statement of opinion on the internal monitoring system (proposal)	Approved
			Resolution	4. Transaction with SK Holdings (proposal)	Approved
			Report	5. Report on the M16 acquisition tax	Reported
14	'21.4.26	4/4	Resolution	1. Appointment of Audit Committee Head (appointed Yoon Tae Hwa as head of committee)	Approved
			Report	2. Report on the PCAOB Audit results for 2020	Reported
			Report	3. Report on non-Audit matters	Reported

Round	Meeting date	Attendance /quota	Agenda		Approved /Rejected
			Category	Content	
			Report	4. Ethical management business report	Reported
			Report	5. Report of review results on non-Audit contracts	Reported

The attendance of each director at the Audit Committee is as follows.

Classification	Round	1	2	3	4	5	6	Remarks
	Meeting date	'20.1.20	'20.2.19	'20.3.11	'20.4.22	'20.6.24	'20.7.20	
Independent Director	Choi Jong Won	Attended	Attended	Attended	-	-	-	Tenure ended on '20.3.20
	Shin Chang Hwan	Attended	Attended	Attended	Attended	Attended	Attended	
	Yoon Tae Hwa	Attended	Attended	Attended	Attended	Attended	Attended	
	Ha Yung Ku	-	-	-	Attended	Attended	Attended	Appointed on '20.3.20
	Han Ae Ra	-	-	-	Attended	Attended	Attended	Appointed on '20.3.20

Classification	Round	7	8	9	10	11	12	13	14
	Meeting date	'20.8.12	'20.9.21	'20.11.11	'20.12.14	'21.1.25	'21.2.22	'21.3.22	'21.4.26
Independent Director	Shin Chang Hwan	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Yoon Tae Hwa	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Ha Yung Ku	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
	Han Ae Ra	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended

Individual directors' attendance at committee meetings during the recent three business years is as follows:

Classification	Name	Attendance rate (%)			
		Recent 3 year average	Recent 3 years <sup>1)</sup>		
			2020	2019	2018
Independent	Kim Dookyung	100	-	-	100

Director	Kim Dae-II	100	-	-	100
	Lee Chang-Yang	100	-	-	100
	Choi Jong Won	100	100	100	100
	Shin Chang Hwan	100	100	100	100
	Yoon Tae Hwa	100	100	100	100
	Ha Yung Ku	100	100	-	-
	Han Ae Ra	100	100	-	-

1) The year that does not fall into the tenure of service of the relevant director in the recent 3 years is marked as "-".

## B. Audit Committee's faithful conduct of audit related responsibilities

Based on the content indicated above, the Audit Committee is faithfully conducting its audit related responsibilities.

### (Key Principle 10) Independent Auditors

- In order to make certain that the shareholders and other users have confidence in the corporate financial information, an independent auditor must perform his/her auditing tasks fairly and independently from the corporation audited, including its management and controlling shareholders.

(Sub-principle 10-①) Internal auditing bodies should prepare and operate the policy to secure the independence, and professionalism when they appoint independent auditors.

## A. Policy on appointment of Independent Auditors

According to Article 4 (Companies Subject to External Audit) of the Act on External Audit of Stock Companies, the Company makes sure that independent auditors conduct fair audits on the accounting information with an independent perspective from the Company, management and controlling shareholders.

Independent auditors were appointed based on an overall assessment considering competency factors such as audit experience, scale of the accounting company, audit quality including understanding of the

company and the efficiency of the audit.

The Audit Committee evaluates the results of the audit activities of the independent auditors every year, including the appropriateness of the audit, cooperation with the audit department, status of disciplinary actions and periodic replacement of the partner in charge of audit. In addition, in order to secure the independence of the independent auditor, the contract on core audits and non-core services with the independent auditor and partner accounting companies must acquire the prior approval of the Audit Committee. The contract is approved based on review of compliance with Article 21 (Restrictions on Functions) of the Certified Public Accountant Act and Article 14 (Restrictions on Functions) of the Enforcement Decree of the Certified Public Accountant Act, as well as conflicts of interest, necessity of the contract and the feasibility of remuneration.

The Company entered into the following audit contracts and non-core services with our independent auditor during the past three business years.

### **[Audit contracts with independent auditor]**

(Unit: KRW million, Hours)

<b>Business Year</b>	<b>Auditor</b>	<b>Content</b>	<b>Remuneration</b>	<b>Hours</b>
74th FY (2021)	Samil PWC	Quarterly and half-yearly review Audit on the separate financial statements Audit on the consolidated financial statements Audit of internal accounting system	2,975 <sup>1)</sup>	26,500 <sup>1)</sup>
73rd FY (2020)	Samil PWC	Quarterly and half-yearly review Audit on the separate financial statements Audit on the consolidated financial statements Audit of internal accounting system	2,820	25,466
72nd FY (2019)	Samjong KPMG	Quarterly and half-yearly review Audit on the separate financial statements Audit on the consolidated financial statements Audit of internal accounting system	2,243	23,917

1) The total audit (including review) remuneration and total estimated audit (including review) hours at the time of the service contract. As of the end of the first quarter of 2021, the actual performance audit (including review) remuneration amounted to KRW 595 million and audit hours was 2,170 hours.

## [Non-audit contracts with independent auditor]

(Unit: KRW million)

Business Year	Date of contract	Content	Contract Period	Contract remuneration
74th FY (2021)	-	-	-	-
73rd FY (2020)	2020.12.31	Review service on the adequacy of the M16 acquisition tax	2020.12.31~2021.2.28	30
	2020.12.22	Comfort letter service for issuance of overseas bonds	2020.12.1~2021.1.29	242
	2020.8.25	Bond entrustment performance report service	2020.8.31~2021.4.30	6
	2020.4.1	Corporate tax adjustment service	2020.4.1~2021.3.31	35
	2019.12.23	Service for correction request and tax complaint	2020.1~ Final completion	972 <sup>1)</sup>
72nd FY (2019)	2019.7.5	Outsourcing of transfer price documentation	2019.7~2019.12	200
	2019.7.5	Outsourcing of Advance Pricing Agreement between Korea and China	2019.3~ Final completion	180

1) This service is a type of contract in which remuneration is determined according to the success amount.

Service remuneration is incurred based on performance such as meaningful correction requests and tax appeals within the business year.

Meanwhile, the Company appointed Samjong KPMG as the independent auditor for 6 consecutive business years from 2014 to 2019. According to Article 11 Paragraph 2 of the Act on External Audit of Stock Companies and Article 15 of the same enforcement decree, the Company became a target for the periodic designation of independent auditor in 2020, and contracted with Samil PWC, the auditor designated by the Securities and Futures Commission, for independent audit of the 3 consecutive business years of 2020 to 2022.

As a result of becoming a designation target company of the Act on External Audit of Stock Companies and same enforcement decree, the Company appointed the auditor designated by the Securities and Futures Commission and did not obtain a separate approval procedure with the Audit Committee.

## **B. Policies for securing independence and professionalism in the Independent Auditor Appointment process**

The Company sufficiently establishes and operates policies to secure the independence and professionalism of the independent auditor appointment process.

(Sub-principle 10-②) Audit Committee (or auditor) should communicate with the auditors periodically in every phase of audit pipeline such as independent auditing and audit result reporting etc.

## **A. Communication between the Audit Committee and the Independent Auditor**

The Audit Committee holds a quarterly independent meeting with the independent auditor without the participation of company representatives. Through this regular meeting, key matters related to independent audit are discussed and thus there is sufficient communication with the independent auditor regarding all stages of the independent audit process.

The Audit Committee holds half-yearly and fiscal year-end meetings to check major audit-related issues such as the modification of the major accounting standard, key audit items, quarterly and half-yearly financial statement audit and results, and audit plan.

To clarify the responsibility of preparing financial statements and enhance the credibility of the independent auditor, the Company faithfully submits the unaudited financial statements to our independent auditor and the Securities and Futures Commission to comply with our legal responsibility as a stock-listed company. For the 2020 year-end audit, the company submitted the unaudited non-consolidated and consolidated financial statements including notes to the financial statements well in advance of the legal requirement for submission by 4 weeks and 6 weeks prior to the AGM.

## **B. Future plan in case when there is insufficient communication on a regular basis**

As outlined in the above, the Audit Committee communicates with the independent auditor without the participation of company personnel on a quarterly basis. At these meetings, key items of independent audit are discussed. Thus there is sufficient communication between the Audit Committee and independent auditor during all stages of the independent audit process.

## [Appendix 1] Conformity Level with the Corporate Governance Key Indicators

Classification	Key Indicators	Conformity	
		○	X
Shareholders	① Give AGM convocation notice 4 weeks ahead of the general meeting of shareholders*	○	
	② Use electronic voting*	○	
	③ Hold the general meetings of shareholders on a day other than the days on which most of the general meetings of shareholders are concentrated*		X
	④ Provide the dividend policy and the future dividend plan to shareholders at least once a year**	○	
Board of Directors	⑤ Prepare and operate the succession policy (including the contingency appointment policy) for the CEO (Chief Executive Officer)	○	
	⑥ Prepare and operate the internal control policy	○	
	⑦ Separate the chair of the board and the representative director	○	
	⑧ Adopt cumulative voting system		X
	⑨ Establish a policy to avert appointment of executive officers who are accountable for the defamation of corporate value or infringement of shareholders' equity interest		X
	⑩ Non-existence of an independent director who has been working more than 6 years	○	
Audit Systems	⑪ Provide education for the Audit Committee at least once a year**	○	
	⑫ Establish independent internal auditing support bodies(supporting organization to Audit Committee)	○	
	⑬ Appoint accounting or financial expert to the Audit Committee	○	
	⑭ The Audit Committee holds meetings with independent auditors more than once a quarter without attendance of the management**	○	
	⑮ Establish procedures for the Audit Committee to have access to the important information related to the corporate management	○	

Information as of report submission date

\* Items are based on the most recent general meeting of shareholders held prior to the date of report submission

\*\* Items based on actions occurring during the disclosure period