

**CORPORATE GOVERNANCE CHARTER  
OF  
SK BIOPHARMACEUTICALS CO., LTD.**

**April 21, 2021**



## Preamble

SK Biopharmaceuticals Co., Ltd. (the “Company”) should achieve its ultimate goal of sustained progress by maintaining stability and growth. Furthermore, it should create value for its customers, shareholders and society, thereby contributing to social and economic development and human well-being.

The Company aims to upgrade its value so as to create shareholder value and grow along with the wider community through the creation of social values in addition to facilitating economic prosperity. The Company should make a consistent effort to find a balance in the happiness of all stakeholders including patients and their families, and health care professionals (“HCP”), and for long-term sustainability thereof, pursue happiness of all stakeholders in both the present and the future by assuring the management of product quality and provision of services.

The Company acknowledges that establishing a sound corporate governance structure in order to realize such management philosophy is of utmost importance. The Company sets forth the Corporate Governance Charter of SK Biopharmaceuticals Co., Ltd. as the general principle of business management as follows and aims to establish, maintain and develop a sound and transparent governance structure.

## **CHAPTER 1. SHAREHOLDERS**

### **Article 1. Rights of shareholders**

- ① The shareholders will have the basic rights as the shareholders based on the relevant laws and regulations and the Articles of the Incorporation.
- ② Any matters bringing significant changes to the existence of the Company and the shareholders' rights will be determined at the general meeting of shareholders toward ensuring the shareholders' rights to the maximum extent possible.
- ③ The Company will provide the shareholders sufficiently in advance with adequate information on the date, time, place and the list of agenda to be dealt with at the general meeting of shareholders, and the date, time and place of the general meeting of shareholders will be determined to ensure that as many shareholders as possible attend the meeting.
- ④ The shareholders may propose the agenda for the general meeting of shareholders in accordance with the Commercial Code or other relevant laws and regulations, and may question or demand explanation on the agenda at the general meeting of shareholders.

### **Article 2. Fair Treatment of Shareholders**

- ① Each shareholder will have one vote for each share he/she owns, and the fundamental rights of the shareholders will not be violated. In addition, restriction on voting rights of certain shareholders will be imposed on strictly in accordance with the relevant laws and regulations.
- ② The shareholders will receive any necessary information from the Company timely, sufficiently and fairly, and the Company will ensure that all shareholders are treated fairly even when disclosing any information which the Company is not obligated to disclose.
- ③ The shareholders will be protected from unfair insider trading or self- dealings of other shareholders including the controlling shareholders.

### **Article 3. Responsibilities of Shareholders**

- ① Each shareholder will endeavor to exercise his/her voting rights proactively for the development of the Company by acknowledging that his/her exercise of voting rights can affect the management of the Company.
- ② The controlling shareholders who have influence on the management of the Company will act in the best interests of the Company and all shareholders, and will bear any corresponding liabilities in the event the Company and the other shareholders sustain damages due to any act contrary thereto.

## CHAPTER 2. BOARD OF DIRECTORS

### Article 4. Functions of the Board of Directors

- ① The Board of Directors, as a business execution body pursuant to the relevant laws and regulations such as the Commercial Code of Korea, will have authority with respect to the management of the Company in entirety, and will make important managerial decisions and supervise the management of the Company.
- ② The Board of Directors may delegate its authority to the representative director or the committees under the Board of Directors under to the laws and regulations, the Articles of Incorporation, and the Regulation of the Board of Directors; provided, however, that this shall not apply to the matters in which delegation is prohibited thereunder.

### Article 5. Composition of the Board of Directors and Election of Directors

- ① The size of the Board of Directors will be adequate for effective and prudent discussions and decision-making, and will be comprised of a sufficient number of directors to ensure that the committees under the Board of Directors are substantially activated.
- ② The Board of Directors will have outside directors who can function independently from the management and the controlling shareholders, and their number will be adequate to enable the Board of Directors to maintain substantial independence (comprising of not less than three outside directors, which will be a majority of the total number of directors).
- ③ The Board of Directors will be comprised of competent directors with expertise who can contribute substantially to the management of the Company, and the term of office of directors will be guaranteed, absent any grounds for disqualification.
- ④ The Company will ensure that the shareholders exercise their voting rights with adequate time to consider sufficient information on the director candidates.

### Article 6. Operation of the Board of Directors

- ① In principle, the Board of Directors will hold the Board of Directors' meeting once every month, and hold a special Board of Directors' meeting whenever necessary.
- ② The Board of Directors will establish the Regulation of the Board of Directors which stipulates the rights, responsibilities and operation procedure of the Board of Directors in order for its smooth operation.
- ③ The Company will prepare the minutes of its every meeting and maintain and keep the details thereof.
- ④ The Company will disclose the details of the activities of individual directors, including each director's attendance rate at the Board of Directors' meeting,

and yeas and nays of each director on any major agenda subject to public disclosure.

- ⑤ The directors may participate in the Board of Directors' meeting through means of remote communication, if necessary.

#### **Article 7. Committees under the Board of Directors**

- ① The Board of Directors will establish under the Board of Directors committees with adequate number of members to perform certain roles and functions.
- ② A majority of the committee members will be comprised of outside directors.
- ③ The composition, operation and authorities of all committees will be stipulated in writing. The resolutions passed by the committees with respect to the matters delegated by the Board of Directors will have the same effect as the resolutions passed by the Board of Directors, and the committees, at their discretion, may report such resolutions to the Board of Directors as necessary.

#### **Article 8. Duties of Directors**

- ① The directors will perform their duties with the duty of care of a good manager. The directors will make reasonable decisions based on sufficient information by devoting adequate time and effort.
- ② The directors will not exercise their authorities for their own interests or those of any third party, and will always seek to achieve results for the best interests of the Company and the shareholders.
- ③ The directors may not divulge or use for their own interests or those of any third party any confidential information of the Company acquired during the performance of their duties.

#### **Article 9. Responsibilities of Directors**

- ① The directors shall indemnify the Company in the event they violate the relevant laws and regulations or the Articles of Incorporation, or neglect their duties. The directors shall also indemnify any third party in case of bad faith or gross negligence on their part.
- ② The managerial decisions of directors will be respected as long as they have collected, and prudently and sufficiently reviewed reasonably reliable materials and information during the process of making such managerial decisions, and performed their duties in the manner believed to be in the best interests of the Company based on reasonable decisions in good faith.
- ③ The Company may purchase liability insurance for the directors at its expense in order to secure effectiveness in claiming liabilities against the directors and to recruit competent persons as directors.

#### **Article 10. Outside Directors**

- ① The outside directors will not have any relationship with the Company which may give rise to a potential conflict of interest and will be capable of making decisions independent of the management and the controlling shareholders.
- ② The Company will maintain a committee for fair recommendation of candidates for the outside directors, which will be organized to ensure fairness and independence during the process of recommending candidates for outside directors.
- ③ The Company will provide sufficient information necessary for performance of duties by the outside directors, and the outside directors may request the Company to promptly provide any information necessary for the performance of their duties.
- ④ The outside directors will devote sufficient time for the performance of their duties, and will attend the Board of Directors' meeting after reviewing the relevant materials in advance.
- ⑤ The outside directors may request for assistance from the employees or outside experts in accordance with the appropriate procedure if necessary for the performance of their duties, and the Company will fund any costs or expense required for the same.

#### **Article 11. Governance Committee and Senior Outside Director**

- ① The Company will maintain the Governance Committee comprised of all outside directors in order to establish the principle of management substantially centered on the Board of Directors through protection of the values, rights and interests of the shareholders, and enhancing transparency in the governance structure.
- ② The chairperson for the Governance Committee will concurrently serve as a senior outside director (the "Senior Outside Director"). The Senior Outside Director may perform duties necessary to ensure independence of outside directors and to monitor the good faith performance of duties by the representative director and inside directors by, including, presiding at meetings comprised only of outside directors, and in this regard, the Company will support at its expense the matters requested by the Senior Outside Director to the extent they are lawful and reasonable.

### **CHAPTER 3. AUDIT INSTITUTIONS**

#### **Article 12. Audit Committee**

- ① Two-thirds or more of the members of the Audit Committee will be comprised of outside directors to ensure independence, and at least one of the members will have considerable insight in conducting the audit to ensure expertise.
- ② The Audit Committee will carry out legitimacy review of the activities performed by the directors and the management, integrity and feasibility review of financial activities carried out by the Company, adequacy and

accuracy review of the process of financial reports, approval on election and dismissal of the independent auditor, and follow-up report at the general meeting of shareholders.

- ③ The Audit Committee may freely access any information necessary for conducting the audit, and may request for advice from outside institutions and experts, if necessary, at the expense of the Company.
- ④ The Audit Committee will be held at least once every quarter, which may be attended, if necessary, by the management, financial officer, head of the internal audit department, and independent auditor.
- ⑤ The Audit Committee will prepare the minutes of all of its meetings.
- ⑥ The members of the Audit Committee will conduct their duties independent of the management and the controlling shareholders. Accordingly, the members of the Audit Committee will not be entitled to receive any compensation, other than the remuneration as directors.

#### **Article 13. Independent Auditor**

- ① The Company will ensure legal and substantial independence of the independent auditor from the Company, the management, and the controlling shareholders.
- ② The Company may engage the independent auditor to participate in the general meeting of shareholders and provide explanation if the shareholders have any question on the audit report.
- ③ The Company will engage the independent auditor to confirm if there is any inconsistency between the audit result and the audited financial statements and regularly disclosed information.
- ④ The Company will engage the independent auditor to identify during the audit any misconduct or unlawful act committed by the Company.
- ⑤ The Company will engage the independent auditor to review sustainability of the Company as required under the relevant laws and regulations including the Act on the External Audit of Stock Companies.
- ⑥ The Company will engage the independent auditor to report to the Audit Committee any important matters confirmed during the performance of its duties.

### **CHAPTER 4. STAKEHOLDERS**

#### **Article 14. Protection of Rights of Stakeholders**

- ① The Company will endeavor to ensure happiness of various stakeholders related thereto including patients and their families, and HCPs.
- ② The Company will uphold the rights of its employees and enhance their quality of life.
- ③ The Company will promote establishment of fair market order through compliance with fair trade laws and seek balanced development of the

national economy.

- ④ The Company will comply with the creditor protection procedure with respect to matters having significant influence on the status of creditors, such as merger, capital reduction, or spin-off.
- ⑤ In case the stakeholders concurrently hold the position of shareholders, their rights as stakeholders and shareholders will be protected and exercised, respectively.

#### **Article 15. Participation of Stakeholders**

- ① The Company will organize a council as stipulated in the relevant laws and regulations for cooperation with its employees and endeavor to promote cooperation with them.
- ② The Company will provide the stakeholders with information necessary for protection of their rights, to the extent permitted under the relevant laws and regulations, and any contract with third parties.

### **CHAPTER 5. MANAGEMENT MONITORING BY THE MARKET**

#### **Article 16. Disclosure**

- ① The Company will disclose any matters that have or may have significant influence on the decision-making of the shareholders and stakeholders, in addition to those required to be disclosed under the relevant laws and regulations.
- ② Upon determination of important matters other than those subject to regular disclosure, the Company will timely disclose the details of such matters accurately.
- ③ The Company will endeavor to make the disclosure easy to understand and make it easily available to the stakeholders.
- ④ The Company will designate an officer in charge of disclosure, and will establish an internal information delivery system through which the Company's important information can be delivered swiftly to the officer in charge of disclosure.
- ⑤ The Company will disclose in detail the share ownership status of the controlling shareholders and their specially related persons.
- ⑥ The representative director and the chief financial officer (CFO) of the Company will certify the accuracy and integrity of the financial reports.
- ⑦ The Company will establish and announce the code of ethics.



### **Article 17. Change and Defense in Management Rights**

- ① Any act resulting in a change of management rights to the Company such as acquisition, merger, spin-off, or substantial business transfer will be carried out in accordance with a fair and transparent procedure.
- ② The Company's defense of its management rights will not be carried out by sacrificing the interests of the Company and the shareholders in order to maintain the management rights of certain shareholders or the management.
- ③ The Company will ensure that any shareholder opposed to any important structural change such as merger or substantial business transfer will be entitled to exercise his/her appraisal right based on the fair value reflecting the actual value of his/her interest as stipulated in the relevant laws and regulations.

April 21, 2021

## **Addenda**

Enactment on April 21, 2021

This Charter shall enter into force on April 21, 2021 upon approval at the Board of Directors meeting.