

# ARTICLES OF INCORPORATION

(Revised March 23, 2021)

**LOTTE ChilSung Beverage Co., Ltd.**

# Chapter 1 General Provisions

## Article 1 (Name of company)

The name of this company shall be named as "LOTTE ChilSung Beverage Co., Ltd." in English.

## Article 2 (Objectives)

The objective of this company is to engage in each of the following businesses.

1. Manufacture and sale of Refreshing beverages
2. Manufacture and sale of Fruits and Vegetables beverages, and Cereals beverages
3. Manufacture and sale of Food
4. Manufacture and sale of Nutrition and Favorite beverages
5. Manufacture and sale of Coffee and Teas
6. Manufacture and sale of Ice cream
7. Cultivation and Process of Farm products and Fishery products
8. Real Estate Leasing service
9. Car maintenance and Inspection agency business
10. Car driving education business
11. Transportation
12. Warehousing industry
13. Export and Import industry
14. Manufacture and sale of Ginseng products
15. Manufacture and sale of Liquors
16. Trade agency
17. Manufacture and sale of Seasoned foods

18. Manufacture and sale of Mineral waters
19. Manufacture and sale of Canned or bottled foods
20. Manufacture and sale of Instant foods
21. Manufacture and sale of Dairy products
22. General waste disposal services
23. Operation of Training Institute
24. Tree-planting Business
25. Maintenance and Repair Services of General Equipment
26. Distribution industry
27. Tobacco retailers
28. Manufacture and sale and repair of freezers
29. Import and sale of Refreshing waters
30. Import and sale of Liquors
31. Manufacture and sale of Beers on a small scale
32. Manufacture and sale, including process, of foods good for health, and Import and sale of foods good for health
33. Telecommunications sales
34. Ice Manufacturing
35. Manufacture of Lactic acid bacteria beverages
36. Manufacture and sale of Beer, wine, and other fermented products, and Manufacture and sale of by-products
37. Investment research for Liquors industry
38. Service business
39. Executing agency of stores on the Internal structure and the design
40. Intangible Property Leasing service
41. Sale of Gift vouchers

- 42. Brokerage of mail order selling
- 43. Sale of media advertisements
- 44. Operation of restaurants and franchise business
- 45. Wholesale Business of Toy, Hobby, and Recreational Goods
- 46. New Renewable Energy Generation
- 47. Commodity Trading Brokerage
- 48. Other beverage and Grocery Comprehensive Retail
- 49. Manufacturing of plastic molding containers for packaging
- 50. All or any businesses incidental to the above

### **Article 3 (Location of head office and the subsidiaries)**

- ① The Company shall have its head office in Seoul.
- ② The Company may have the branch offices, the sub-branches, the factories and the local corporation in Korea or overseas, if necessary, by the resolution of Board of Directors.

### **Article 4 (Method of public notices)**

The public notice(s) of the company shall be announced on its internet homepage (<http://company.lottechilsung.co.kr/>). Only if it is impossible to announce its public notice on its internet homepage due to a computer problem or other unavoidable reason, it shall be announced on "*Maeil Business Newspaper*" which is daily published in Seoul, Korea.

## **Chapter 2 Shares**

### **Article 5 (Total number of authorized shares)**

The total number of shares which the company is authorized to issue shall be 24,000,000.

#### **Article 6 (Par value)**

Par value per share of the company shall be KRW 500.

#### **Article 7-1 (Kinds of shares certificate)**

The kinds of share certificates of the company shall be a registered common share and a preferred share by the resolution of Board of Directors.

#### **Article 7-2 (The number of preferred share and details)**

① The preferred share of the company shall be non-voting and the number of issued shares shall be 6,000,000 shares.

② The dividend rate of preferred shares shall be not less than 9% per annum adopted on the Board of Directors or the committee authorized by the Board of Directors.

③ In case the dividend rate of common shares shall exceed that of the preferred shares, the dividend rate of preferred shares shall be decided as the same as dividend rate of common shares only.

④ In case a dividend of preferred shares has not been paid in a business year, the accumulated amount of dividend not paid shall be paid with priority in the next business year.

⑤ In case the resolution that the company shall pass dividends of the preferred shares is determined by the general meeting of the shareholders, the voting rights of the shareholders who shall be possessed of the preferred shares shall subsist from the following general meeting of the shareholder after the general meeting of the shareholder in which the resolution may be made till the end of the general

meeting of the shareholder, where the resolution of the preferential dividend shall be made.

⑥ In case of issuance of additional shares for value or for free, or in case of the distribution of stock dividends, the company shall, in principle, issue common shares for common shares and preferred shares for preferred shares with the same characteristics thereof in proportion to the number of shares being held.

⑦ The duration of preferred stock is 10 years from the issuance date, and upon expiration of this period, it is converted into common stock. However, if the predetermined dividend is not paid during the above period, the period is extended until the predetermined dividend is completed.

#### **Article 8 (Electronic Registration of Shares and Rights Required to be Included in Preemptive Right Certificates)**

Instead of issuing shares and preemptive right certificates, the Company shall electronically register such shares and rights required to be included in the preemptive right certificates with the electronic registration agency's electronic account registry.

#### **Article 9 (Issuance and Allotment of Shares)**

① The company shall issue new shares according to following each method under resolution of the board of directors:

1. the way that gives an opportunity to subscribe for new shares to a shareholder in order to allot new shares according to the number of its holding shares; or

2. the way that gives an opportunity to subscribe for new shares to a specific person (including a shareholder of the company) in order to allot new shares in another way other than sub-clause 1 above as necessary for accomplishing the

company's management purposes such as introduction of a new technology, improvement of its financial structure and so on within the scope that does not exceed 20/100 of total number of shares issued;

3. the way that gives an opportunity to subscribe for new shares to many and unspecified persons (including a shareholder of the company) in another way other than sub-clause 1 above within the scope that does not exceed 50/100 of total number of shares issued and then allots a new share to the person(s) who subscribed for a new share

② If the company allots new shares in the way of sub-clause ①-3 above, the company shall allot a new share in the one of following ways under resolution of the board of directors:

1. the way that allots new shares to many and unspecified persons without classification for the types of the person(s) to receive an opportunity to subscribe for a new share;

2. the way that preferentially gives an opportunity to subscribe for new shares to a shareholder of the company and then gives an opportunity to be allotted a new share to many and unspecified persons if there remain new shares unsubscribed;  
or

3. the way that gives an opportunity to subscribe for new shares to a special-typed person according to a reasonable standard prescribed in the relevant laws and regulations like demanding forecasting, etc. prepared by an investment dealer or investment broker as a subscriber or agent/broker

③ If the company allots new shares by sub-clause ①-2 and/or ①-3 above, the company shall notify or publicly announce what prescribed in Article 416-1, Article 416-2, Article 416-2-2, Article 416-3 and Article 416-4 of 「*Commercial Act*」to shareholders until two(2) weeks before the payment due date of the subscription

money. Only, above notice or announcement may be substituted by officially announcing a report for main issues to Financial Services Commission and Korea Exchange pursuant to Article 165-9 of *Financial Investment Services and Capital Markets Act*.

④ If the company issues new shares in the one of methods set forth in sub-clause ①, the type, number and issue price of new shares to be issued shall be decided by resolution of the board of directors.

⑤ If new shares are not subscribed or the subscription money is not paid by the deadline of subscription when allotting new shares, how to deal with odd-lot shares when allotting new shares shall be decided by resolution of the board of directors pursuant to what prescribed in the relevant laws and regulations for propriety of the issue price, etc.

⑥ The company shall decide how to decide the odd-lot shares to be generated when allotting new shares by resolution of the board of directors.

⑦ If the company allots new shares by sub-clause ①-1 above, the company shall issue a certificate of preemptive right to new shares to a shareholder.

#### **Article 10 (Equal Dividend)**

The Company distributes equal dividends to all shares of the same type issued (including converted) as of the dividend base date, regardless of the issue date.

#### **Article 11 (Transfer Agent)**

① The company shall have a transfer agent to handle the transfer business.

② The company shall keep the shareholders registry or a duplicate thereof at the location where the transfer agent renders its services, and cause the transfer agent to engage in electronic registration of shares, management of the shareholders registry, and other businesses related to shares.



③ The procedures related to the handling of affairs under Paragraph ② shall be in accordance with the relevant business regulations set by the transfer agent.

#### **Article 12. (Preparation and Keeping of Shareholders' List)**

① When this company receives a notice of owner details from the electronic registration authority, it shall prepare and keep a shareholder list by entering the notified matter and the date of notice.

② The company may request the electronic registration authority to prepare the owner's specification if necessary, such as when there is a change in the current status of shareholders (including related persons, etc.) holding 5% or more shares.

#### **Article 13. (Reference date)**

① The Company shall use the shareholders listed in the last shareholder list on December 31 of each year as the shareholders who will exercise their rights at the regular general meeting of shareholders.

② In the event of convening of an extraordinary general meeting of shareholders or other necessary cases, the shareholder listed in the list of shareholders on the date determined by the resolution of the board of directors may be the stockholder to exercise the right, and the company must publicly announce it two weeks prior to the date determined by the resolution of the board of directors. do.

## **Chapter 3 Bonds**

#### **Article 14 (Issuance of Bonds)**

① This company may issue bonds by resolution of the board of directors.

② The board of directors may entrust the representative director to issue bonds within a period not exceeding one year by determining the amount and type of bonds.

#### **Article 14-2 (Issuance of convertible bonds)**

① The company may issue convertible bonds to another person other than a shareholder under resolution of the board of directors within the scope that does not exceed fifty billion Korean won (KRW50,000,000,000) of total par value of the bonds in following each case:

1. In case of issuing convertible bonds in the way that gives an opportunity to subscribe for the bonds to a person specified by sub-clause ①-1 of Article 9 hereof (including a shareholder of the company) in order to allot convertible bonds as necessary for accomplishing the company's business purposes such as introduction of a new technology, improvement of financial structure, etc.;

2. In case of issuing convertible bonds in the way that gives an opportunity to subscribe for the bonds to many and unspecified persons (including a shareholder of the company) in the way of sub-clause ①-1 of Article 9 hereof and then allots the bonds to the person who subscribed for the convertible bonds;

3. In case of issuing convertible bonds in overseas countries pursuant to Article 165-16 of 「*Financial Investment Services and Capital Markets Act*」;

4. In case of issuing convertible bonds to domestic and/or overseas financial institutions for the purpose of urgent financing; or

5. In case of issuing convertible bonds for the purpose of attracting foreign investment

② If convertible bonds are allotted by sub-clause ①-2 above, the company shall allot convertible bonds in the one of following ways under resolution of the board of directors:

1. The way that allots convertible bonds to many and unspecified persons without classification of the types of persons who will receive an opportunity to subscribe for the bonds;

2. The way that preferentially gives an opportunity to subscribe for convertible bonds to a shareholder and then gives an opportunity to be allotted the bonds to many and unspecified persons if there remain convertible bonds unsubscribed; or

3. The way that gives an opportunity to subscribe for convertible bonds to a special-typed person according to a reasonable standard prescribed in the relevant laws and regulations like demanding forecasting, etc. prepared by an investment dealer or investment broker as a subscriber or agent/broker

③ The board of directors may issue the convertible bonds set forth in sub-clause ① on the condition that gives a convertible right for only the some of the bonds.

④ Any share to be issued by exercising preemptive rights shall be of the total amount of the par value of common shares and non-voting preferred shares, and the issue price of the shares shall be determined to be the par value of the share or more by the Board of Directors when the debentures are issued.

⑤ The period in which request for conversion can be made shall be from the day succeeding the date after one month of issuance of the concerned bond to the day immediately before the date of maturity. However, the period in which request for conversion can be determined by the Board of Directors during the period aforesaid in accordance with relevant laws and regulations in Korea.

⑥ In case of conversion to stock, the company pays interest only on the interest for which the payment due date has arrived before the conversion.

## Article 15 (Issuance of bonds with warrants)

① The company may issue bonds with warrant to another person other than a shareholder under resolution of the board of directors within the scope that does not exceed fifty billion Korean won (KRW50,000,000,000) of total par value of the bonds in following each case:

1. In case of issuing bonds with warrant in the way that gives an opportunity to subscribe for the bonds to a person specified by sub-clause ①-1 of Article 9 hereof (including a shareholder of the company) in order to allot the bonds as necessary for accomplishing the company's business purposes such as introduction of a new technology, improvement of financial structure, etc.;

2. In case of issuing bonds with warrant in the way that gives an opportunity to subscribe for the bonds to many and unspecified persons (including a shareholder of the company) in the way of sub-clause ①-1 of Article 9 hereof and then allots the bonds to the person who subscribed for the bonds;

3. In case of issuing bonds with warrant in overseas countries pursuant to Article 165-16 of 「*Financial Investment Services and Capital Markets Act*」;

4. In case of issuing bonds with warrant to domestic and/or overseas financial institutions for the purpose of urgent financing; or

5. In case of issuing bonds with warrant for the purpose of attracting foreign investment

② If bonds with warrant are allotted by sub-clause ①-2 above, the company shall allot the bonds in the one of following ways under resolution of the board of directors:

1. The way that allots bonds with warrant to many and unspecified persons without classification of the types of persons who will receive an opportunity to subscribe for the bonds;

2. The way that preferentially gives an opportunity to subscribe for bonds with warrant to a shareholder and then gives an opportunity to be allotted the bonds to many and unspecified persons if there remain the bonds unsubscribed; or

3. The way that gives an opportunity to subscribe for bonds with warrant to a special-typed person according to a reasonable standard prescribed in the relevant laws and regulations like demanding forecasting, etc. prepared by an investment dealer or investment broker as a subscriber or agent/broker

③ The amount of new shares for which can be demanded by holders of bond with warrants shall be determined by the Board of Directors provided that maximum amount of new shares to be subscribed by holders of bonds with warrants shall not exceed the total par value of bonds with warrants.

④ The shares to be issued by exercise of a preemptive right shall be common or preferred shares, and the issue price shall be decided by the board of directors at the par value or more when issuing the bonds.

⑤ The period in which a bondholder may exercise his preemptive rights to new shares shall be from the day succeeding the date after one month of issuance of bonds with warrants to the day immediately before the date of maturity. However, the period in which a bondholder may exercise his preemptive rights to new shares can be determined by the Board of Directors during the period aforesaid in accordance with relevant laws and regulations in Korea.

**Article 15-2 (Electronic Registration of Bonds and Rights Required to be Included in Warrant Certificates)**

Instead of issuing bonds and warrants, the company electronically registers the rights to be displayed on bonds and warrants in the electronic registration account book of the electronic registration authority. However, in the case of debentures, electronic registration may not be performed except for listed debentures for which electronic registration is mandatory according to laws and regulations.

#### **Article 16 (Application of the Provisions on Issuance of bonds)**

The Article 11 and 12 shall apply to the issuance of bonds.

## **Chapter 4 General Meeting of Shareholders**

#### **Article 17 (Convening a general meeting)**

① The company shall have the ordinary general meeting of shareholders and the extraordinary general meeting of shareholders.

② The regular general meeting of shareholders shall be convened within three months from the standard date specified in Article 13, Paragraph ①, and the extraordinary general meeting of shareholders shall be convened as necessary.

③ The general meeting of the shareholders shall in principle be held at the place where the head office is located. However, if necessary, the meeting could be held at its adjacent areas.

#### **Article 18 (Convener of meeting)**

① The general meeting of shareholders shall be convened by the representative director by the resolution of the Board of Directors except as otherwise provided for by law.

② In case the representative director is unable to perform his duty, Article 32-2 shall be applied.

#### **Article 19 (Notification or announcement of meeting)**

① The company shall give at least 2 weeks prior notice including date, time, place and the aim of a meeting in writing or any form of electronic documents.

② With respect to the shareholders holding not more than 1% of the total number of issued and outstanding voting share, the notice may be replaced by giving at least two week advance public notice with respect to the convening of and agenda for the meeting at least twice at two or more daily newspapers issued in seoul, or in the Financial Supervisory Service(FSS) or an electronic disclosure system operated by Korea Exchange, and it shall substitute for the notification stated in Clause ①.

#### **Article 20 (Chairman)**

① The representative director shall be a chairman of the general meeting of shareholders.

② In case the representative director is unable to perform his duty, Article 32-2 shall be applied.

#### **Article 21 (Maintenance of order by chairman)**

① The chairman of a general meeting of shareholders may order persons, who intentionally speak or behave obstructively or who disturb the proceedings of the meeting, to stop or retract a speech or to leave the place of the meeting, and such persons shall comply with his order.

② Chairman may confine time and number of shareholders' remarks in order to make sure the meeting runs smoothly.

### **Article 22 (Voting right of the shareholders)**

- ① Each shareholder shall have one vote for each share.
- ② If the shareholders who have voting rights more than two will exercise of vote in disunity, they shall notify the company of the meaning and the reason in writing three days prior to the date set forth the general meeting of shareholders.
- ③ The company may refuse the disunity of the voting rights of shareholders. However, However, in this case that the shareholders accepted a trust of shares or that the shareholders have the shares on behalf of another person, there will be exceptions.

### **Article 23 (Limitation of voting rights for reciprocity)**

If the Company, its parent company, the subsidiaries, or the affiliates have the shares of any other company that exceed 10% of the total issued and outstanding shares of any other company, the shares of the company which any other company has shall not be entitled to vote.

### **Article 24 (Voting by proxy)**

- ① A shareholder may exercise his voting right by a proxy who shall be required to be a shareholder of the company.
- ② The proxy referred to in Clause ① shall present a power of attorney prior to opening of the general meeting.

### **Article 25 (Voting method of the meeting)**

Except as otherwise agreed, the resolutions of the meetings of shareholders shall require the presence of shareholders totally twenty five percents (25%) of the total number of share issued and outstanding for a quorum, and the resolutions shall be adopted by a majority of shareholders present.



### **Article 26 (Minutes of shareholders' general meeting)**

The substance of the course of the proceedings of a general meeting of shareholders and the results thereof shall be recorded in minutes, which shall bear the names and signatures or seals of the chairman and the directors present at the meeting. And the minutes of shareholders' general meeting shall be kept in the head office and branches.

## **Chapter 5 Directors, Executive and Board of Directors**

### **Article 27 (Number of directors)**

- ① The number of directors of the company shall be three (3) to nine (9), and the number of external directors shall be a majority of the total number of directors.
- ② In the event that the number of outside directors fails to meet a majority requirement for constitution of the Board of Directors due to vacancy (caused by resignation or death), such vacancy should be filled at the first General Meeting of shareholders convened after such vacancy has occurred.

### **Article 28 (Election of directors)**

- ① The directors shall be appointed at the shareholders' general meeting.
- ② The directors shall be elected at the general meeting of shareholders if the approval of a majority vote of the shareholders present at such meeting is obtained and such majority also represents at least one-fourth of the total number of shares issued and outstanding.
- ③ If there is any deficiency in board, the member will be supplemented by the general shareholders' meeting. However, if such deficiency does not affect the

minimum required number of members in the ordinary management, the election for directors will be deferred to the next general shareholders' meeting.

④ The concentrated voting prescribed in the Article 383-2 of the Commercial Law shall not be applicable when 2 or more directors are elected.

#### **Article 29 (Recommendation for outside directors)**

① The outside directors who are fully qualified in their field according to the Commercial Code and other relevant laws and regulations shall be elected by the Outside Director Nomination Committee.

② The details of recommendations and eligibility of candidates for outside directors shall be decided by the Outside Director Nomination Committee.

#### **Article 30 (Term of office)**

① The term of office of a director shall be decided by resolution of a shareholders' meeting within three (3) years after its inauguration. Where the term of office expires before the closing of the ordinary general meeting of shareholders convened in respect of the last term for the settlement of accounts during his term of office, however, the term of office shall be extended to the closing of such general meeting.

② An outside director may not hold office for more than 6 years, and the term of office as an outside director in this company or an affiliated company may not exceed 9 years in total.

③ The term of office of a director elected by-election shall be the remainder of the term of the predecessor.

#### **Article 31 (Appointment of Representative Director, Etc.)**

The company may appoint some representative directors among a chairman, vice-chairman, president, vice-president, executive director and managing director by resolution of the board of directors.

### **Article 32 (Directors' Duties)**

- ① The representative director shall represent the company in accordance with the law and shall control all the affairs of the company.
- ② The vice-chairman, the executive director, the managing director and other directors shall assist the representative director, furthermore they shall divide the business duties and perform their duties faithfully according to the resolution of the Board of Directors. And in case of the absence of the representative director, other representative director will succeed the president position, and then the other directors shall act as the representative director according to the order mentioned this Clause ②.

### **Article 32-2 (Reporting obligations of Board)**

A director shall notify the Auditor Committee in case he/she has a reasonable reason that the company will suffer a substantial harm or injury.

### **Article 33 (Convening of the meeting of Board of Directors and the Members)**

- ① The Board of Directors shall consist of the directors and determine the important aspects of the company.
- ② The representative director in the capacity of the president shall be a convener of the Board of Directors. And in case of the absence of the representative director, the Article 32-2 shall be applied.
- ③ Representative Director(the president) or a director designated separately by the directors' meeting if any, shall call a meeting by sending the notification to each

director one day prior to the date of meeting. However, if there is unanimously any consent of directors, the calling procedures may be omitted.

#### **Article 33-2 (Delegation)**

The authority on the resolution of the Board of Directors, except the things prescribed by the Laws or Article of Incorporation, may be delegated to the Representative Director and the Committee by the resolution of the Board of Directors.

#### **Article 33-3 (Execution Committee)**

① Apart from the Board of Directors, for fast and smooth management decisions, the company may establish the Execution Committee which consists of the executive directors and the executive officers.

② Execution committee shall review and decide regarding important agenda, of the company management, to be delegated by the Board of Directors.

#### **Article 34 (Remuneration of officers and Severance allowance of officers)**

① The ceiling of remuneration for the directors shall be determined by the resolutions of the general meeting of shareholders.

② Severance allowances of the directors stated in the resolution of the shareholders' meeting shall be handled in accordance with "Officer's Severance Pay Regulations".

#### **Article 35 (Minutes of board of directors' meeting)**

① The company shall draw up the minutes of the board of directors meeting.

② The substance of the course of the proceedings of board of directors' meeting and the results thereof shall be recorded in the minutes, including the directors who

opposes the issue and the reason for the opposite, which shall bear the names and signatures or seals of the directors present at the meeting.

### **Article 36 (Resolution of the board of directors' meeting)**

① The resolution of the board of directors' meeting shall be resolved by a majority vote when the majority of directors are present in the meeting.

However, in connection with issues that corresponds to Article 397-2 of the Commercial Code(Prohibition of the usefulness of company's opportunities and assets) and Article 398(Trade between directors and the company), the resolution of the board of directors' meeting shall be at the request of more than two-thirds of the number of directors.

② A director who has a special relation to the matters to be resolved shall not exercise his/her voting right.

③ The board of directors' meeting could be held, without the directors' attending the meeting of the Board of Directors in whole or in part, by communication means of transmitting video and voice at the same time. In this case, the directors concerned shall be deemed to have attended the Board of Directors.

### **Article 37 (Committee)**

① The Company may establish the following committees within the Board of Directors.

1. The Committee of Non-Executive Director Candidates
2. The Audit Committee
3. The Management Committee
4. The Remuneration Committee
5. The Inside Trading Committee
6. Other committees as deemed necessary by the Board of Directors

② Power and operation of each committee shall be determined by the resolution of the Board of Directors, except as otherwise provided for in the relevant laws and regulations.

③ Articles 33, 35 and 36 shall apply in respect of the committee.

## Chapter 6 Audit Committee

### Article 38 (Composition of Audit Committee)

① The company shall organize an Audit Committee pursuant to Article 37 hereof instead of appointing an auditor.

② The Audit Committee shall consist of three or more directors.

③ More than two thirds of the members must be outside directors and the members of non-outside directors should be qualified for the Commercial Code Article 542 Clause 10-2.

④ The members of the audit committee shall appoint an audit committee member from among the directors appointed after the directors are appointed at the general meeting of shareholders. In this case, one of the members of the audit committee shall be appointed as a director who will become a member of the audit committee separately from other directors by a resolution of the general meeting of shareholders.

⑤ The appointment of members of the audit committee shall be made by a majority of the voting rights of the shareholders present, but not less than 1/4 of the total number of issued stocks. However, in cases where voting rights can be exercised electronically in accordance with Article 368-4 (1) of the Commercial Act, a

resolution to appoint a member of the audit committee may be made with a majority of the voting rights of shareholders present.

⑥ Members of the audit committee may be dismissed by a resolution of the general meeting of shareholders pursuant to Article 434 of the Commercial Act. In this case, the members of the audit committee under the proviso to paragraph (4) lose their positions as directors and members of the audit committee.

⑦ For the appointment and dismissal of members of the audit committee, shareholders who hold more than  $\frac{3}{100}$  of the total number of issued stocks, excluding non-voting stocks A person related to him or her (including the stocks owned by other persons prescribed by the Enforcement Decree of the Commercial Act) shall not exercise the voting right on the excess stock.

⑧ The Audit Committee should elect the representative on behalf of the Committee by the resolution of their own accord. In this case, the Chairman should be outside director.

⑨ In the event that the number of outside directors fails to meet the two thirds ( $\frac{2}{3}$ ) requirement for constitution of the Audit Committee due to vacancy (caused by resignation or death), such vacancy should be filled at the first General Meeting of shareholders convened after such vacancy has occurred.

### **Article 39 (Duties of the Audit Committee)**

① The Audit Committee shall audit the accounting and the business of the company

② The Audit Committee may convene the board of directors by submitting, in writing, the purpose and reason to hold the meeting to a director as necessary.

③ If the director does not convene the board of directors without delay in spite of the request of the Audit Committee set forth in sub-clause ② above, the Audit Committee may convene the board of directors.

④ The Audit Committee may convene an extraordinary general meeting by submitting the written document which involves the purpose and the reason of the meeting to the board of directors.

⑤ The Audit Committee, for the performing its duties, may request the subsidiaries to report on the business. In this case, the subsidiaries shall not report without delay, or the Audit Committee of its own accord shall decide to verify the contents of the report, the Audit Committee may investigate the subsidiaries' business and financial condition.

⑥ The Audit Committee may select outside auditors of the Company.

⑦ The Audit Committee shall fulfill what delegated by the board of directors including sub-clause ① to ⑥.

⑧ The Board of Directors shall not overturn the decision of the Audit Committee.

⑨ The Audit Committee may ask an expert's advice in the company's expense.

#### **Article 40 (Audit Report)**

The Audit Committee shall draw up the audit report about the audit. The substance of the course of the proceedings of the audit and the results thereof shall be recorded in the audit report, which shall bear the names and signatures or seals of the auditor executed the audit.

## **Chapter 7 Accounting**

#### **Article 41 (Fiscal year)**

The fiscal year of this company covers from the 1st day of January through the end of December every year.



## **Article 42 (Preparation and keeping of financial statements, etc.)**

① The Representative Director(President) of this company shall make the following documents and the subsidiary specifications and the operation report six weeks prior to the opening date of the shareholders' general meeting, get the approval of the Audit Committee and submit the documents to the shareholders' general meeting.

1. Balance Sheet

2. Income Statement

3. Other documents, specified in the Commercial Code Act, for displaying of the company's financial position and performance

② The Consolidated Balance Sheet shall be involved in addition to the documents of Clause ①, if the company, prescribed by the Commercial Code Act, has the responsibility of drawing up the Consolidated Balance Sheet.

③ The Auditor Committee shall submit to the representative director the audit report one weeks prior to the opening date of the shareholders' general meeting.

④ When approval of the documents referred to in Clause ① by the shareholders' meeting is obtained, Representative director of the company shall without delay publish the balance sheet and auditors' opinion of outside auditors.

## **Article 43 (Appropriation of Profits)**

The company shall appropriate the retained earnings for every fiscal year as follows:

1. Legal reserve (Earned profit reserve under the Commercial Code)

2. Other statutory reserve

3. Dividends to shareholders

4. Voluntary reserve

5. Other appropriations of retained earnings

#### **Article 44 (Dividends)**

- ① Dividends may be paid in cash or with shares or in kind.
- ② The dividends in Paragraph 1 shall be paid to the shareholders or registered pledgees listed in the list of shareholders as of the date specified in Paragraph ① of Article 13.
- ③ In case of distribution of stock dividends, the Company shall, upon resolution of the meeting of the shareholder, be able to distribute different kinds of shares provided that two or more kinds of shares have been issued.

#### **Article 45 (Interim Dividend)**

- ① The company may pay out interim dividends to the shareholders who are registered on the shareholders' list as of July 1<sup>st</sup> at 00:00 a.m. pursuant to Article 462-3 of 「*Commercial Act*」.
- ② The interim dividends set forth in sub-clause ① above shall be paid out by resolution of the board of directors only within forty five (45) days after the record date set forth in sub-clause ① above.
- ③ The limit of interim dividends shall be the amount deducting following each amount from net asset (amount) on the balance sheet of the just previous settlement term:
  1. The capital of the just previous settlement term;
  2. The sum total of capital reserves and earned surplus reserves accumulated by the just previous settlement term;
  3. Unrealized gains prescribed in 「*Enforcement Decree of Commercial Act*」;
  4. The amount to be paid out as profit dividends which decided at the general (annual) meeting of shareholders of the just previous settlement term;

5. Voluntary reserves accumulated for a special purpose accumulated by the just previous settlement term pursuant to any provision hereof or resolution of a shareholders' meeting; and

6. Earned surplus reserves to be accumulated at the settlement term of the year according to interim dividend

#### **Article 46 (Extinctive prescription of demanding right for dividends)**

① The right to demand for payment of dividends shall be extinguished by prescription if the right is not exercised for five years.

② Dividends after the expiration of the prescriptive period as provided in Clause ① shall escheat to the company.

## **Additional Clauses**

#### **Article 47 (Applicable Scope)**

The matters not stipulated in Articles of Incorporation shall comply with the resolution of shareholders' meeting, Commercial Code and other related laws.

#### **Article 48 (Enforcement Date)**

The amended Articles of Incorporation shall become effective on the resolution date of the ordinary general meeting of shareholders for the 54st fiscal year; provided(March 23, 2021)

#### **Article 49 (Transitional Measures for preferred shares)**

For the preferred shares (Common share dividend rate + 1% additional cash dividend) which issued by the company before the effective date(October 1, 1996)

of revised the Commercial Code, in the case the preferred shares are published by the bonus issue, new preferred shares shall be assigned pursuant to the provisions of Article 7-2.

## Revision History of Articles of Incorporation

Established November 28, 1967

Revised February 27, 1985 (Due to Revision and Enforcement of *Commercial Act*)

Revised February 27, 1986

Revised February 29, 1988

Revised February 27, 1989

Revised February 27, 1990

Revised February 27, 1991

Revised February 27, 1992

Revised February 26, 1994

Revised February 27, 1995

Revised February 28, 1996

Revised February 27, 1997

Revised March 20, 1998

Revised March 19, 1999

Revised March 17, 2000

Revised March 16, 2001

Revised March 15, 2002

Revised March 26, 2004

Revised March 19, 2010

Revised March 18, 2011

Revised March 23, 2012 (Partially Enforced)

Revised April 15, 2012 (Due to Revision and Enforcement of *Commercial Act*)

Revised March 22, 2013

Revised March 20, 2015

Revised March 24, 2017

Revised March 28, 2019

Revised March 27, 2020

Revised March 23, 2021