

# Regulations of the Audit Committee


**Version 2.0**



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	Title	
	<b>Regulations of the Audit Committee</b>	
	Document #: SK Chemicals -Basic Regulations Version #: 2.0	Issue Date: December 20, 2018

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## CHAPTER I GENERAL PROVISIONS

### Article 1 (Objectives)


The purpose of these Regulations is to prescribe matters necessary for the efficient operation of the Audit Committee (the “Committee”) in accordance with the Articles of Incorporation of SK Chemicals Co., Ltd. (“Company”) and the Board of Directors (“BOD”) Regulations.

### Article 2 (Scope)

All matters concerning the Committee shall follow these Regulations unless otherwise stipulated in the relevant laws or the Articles of Incorporation.

### Article 3 (Authority)

- ① The Committee shall audit the accounts and corporate affairs of the Company.
- ② The Committee may at any time request a director to report on business or investigate the Company's property.
- ③ In addition to Paragraphs (1) through (2), the Committee shall deal with matters stipulated in related laws or delegated by the BOD.

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## CHAPTER II COMPOSITION

### Article 4 (Composition)

- ① Members of the Committee (“members”) shall be appointed by a resolution of the general meeting of shareholders.
- ② The Committee shall be composed of three or more directors.
- ③ At least two-thirds of the members shall be composed of independent directors, and members who are not independent directors shall meet the requirements of Article 542-11 (3) of the Commercial Act.
- ④ When any vacancy occurs in the number of members specified in Paragraphs (2) and (3) due to reasons such as resignation or death of independent directors, the composition requirement of the Committee shall be satisfied at the first general meeting of shareholders convened after such cause occurs.

### Article 5 (Chairperson)

- ① The Committee shall appoint the chairperson among independent directors by a resolution pursuant to Article 8 (1).
- ② The chairperson shall represent the Committee and preside over the Committee’s meetings.
- ③ In the absence of the chairperson, a member designated by the Committee shall act on his/her behalf.

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## CHAPTER III MEETINGS

### Article 6 (Person with Authority to Convene)


- ① The Committee shall be convened by the chairperson. However, in the absence of the chairperson, the other member shall act on his/her behalf in the order stipulated in Article 5 (3).
- ② Each member may request the convening of the Committee by reporting the agenda and reasons to the chairperson. If the chairperson fails to convene the Committee without justifiable reasons, the member who requested the convening of the Committee may convene the Committee.

### Article 7 (Procedure for Convening)

- ① When convening the Committee, a meeting date shall be designated and notified to each member at least five days prior to the date of such meeting.
- ② The Committee may have a meeting at any time with upon the consent of all the members.

### Article 8 (Method of Resolution)

- ① Resolutions of the Committee shall be adopted by the presence of a majority of the members in office and by the affirmative vote of a majority of the members present. The Committee may allow all members or a part thereof to participate in resolutions through the means of communication transmitting and receiving voices simultaneously, in lieu of attending such a meeting in person. In this case, such members shall be deemed to have attended such a meeting in person.
- ② Deleted on <December 20, 2018>


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## Article 9 (Matters to be Deliberated)

The matters to be deliberated by the Committee are as follows:

1. Matters concerning the general meeting of shareholders
  - (1) Request for convening of extraordinary general meeting of shareholders
  - (2) Statement of agenda and documents at the general meeting of shareholders
  
2. Matters Concerning directors and the BOD
  - (1) Duty of reporting to the BOD
  - (2) Preparation and submission of audit reports
  - (3) Request for injunction against illegal acts of directors
  - (4) Request for business report to directors
  - (5) Matters delegated by the BOD
  
3. Matters concerning audit
  - (1) Investigation of business and property
  - (2) Investigation of subsidiaries
  - (3) Receipt of reports from directors
  - (4) Representation in lawsuits between directors and the Company
  - (5) Decision on whether to file a lawsuit upon request therefor from a small number of shareholders against a director
  - (6) Request for appointment or dismissal of auditor <Amended on December 20, 2018>




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- (7) Receipt of reports from auditors on directors' fraudulent acts in performing their duties or on their violation of laws or the Articles of Incorporation
- (8) Receipt of reports from the auditors on the Company's violation of the accounting standards, etc. and implementation of follow-up measures in accordance with laws
- (9) Audit plan and results
- (10) Approval for enactment and amendment of internal accounting management regulations (drawing up and managing the reasons for enactment and amendment in documents (including electronic documents)) <Newly inserted on December 20, 2018>

#### Article 9-2 (Operation, Etc. of Internal Accounting Management System)

- ① The representative director shall report the operation status of the Internal Accounting Management System to the Committee every fiscal year as stipulated by relevant laws. However, if the representative director deems it necessary, the internal accounting manager may report it. <Amended on December 20, 2018>
- ② In the case of the delegation of reporting to the internal accounting manager pursuant to the proviso to Paragraph (1), the reason therefor shall be submitted in writing to the Committee before such reporting. <Newly inserted on December 20, 2018>
- ③ The Committee shall hold a face-to-face meeting to evaluate the operation status of the internal accounting management system, and shall prepare and manage the results in a document ("evaluation results of the Internal Accounting Management System "). <Newly inserted December 20, 2018>

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- ④ The Committee shall report the evaluation results of the Internal Accounting Management System to the BOD in person at least one week before the regular general meeting of shareholders. <Newly inserted December 20, 2018>

#### Article 9-3 (Appointment of Auditor)


- ① The Committee shall prepare evaluation standards and procedures necessary for the appointment of an auditor.
- ② The Committee shall hold a face-to-face meeting for the appointment of an auditor and document the evaluation results, etc.
- ③ When appointing an auditor, the Committee shall document matters related to the audit fee, audit time, and manpower, and shall confirm the compliance of audit reports submitted by the auditor.
- ④ In addition to Paragraphs (1) through (3), the Committee shall appoint an auditor in compliance with relevant laws. [New Inserted on December 20, 2018]

#### Article 10 (Opinions of Related Persons)

- ① If deemed necessary, the Committee may invite related executives, employees, or auditors to attend a meeting to hear their opinions.
- ② If deemed necessary, the Committee may request advice from experts, etc. at the expense of the Company.

#### Article 11 (Minutes)

- ① At all meetings of the Committee, minutes shall be taken.

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- ② The agenda, proceedings and results of a meeting, and the persons who oppose and the reason therefor shall be recorded in the minutes. A member present shall affix his/her seals or signature thereon.

## CHAPTER IV SUPPLEMENT

### Article 12 (Securing Independence)

The Committee shall review matters that may affect the independence of the external auditor, including major matters concerning the relationship between the auditor and the Company, and may present appropriate opinions to the BOD to secure the independence of the independent auditor.

### Article 13 (Exchange of Opinion)


The Committee shall maintain a close cooperative relationship with the auditor and strive to achieve the audit purpose by utilizing the auditor's audit plan, procedures and results.

### Article 14 (Establishment, Etc. of Department in Charge)

- ① The Committee may establish and operate a department in charge of assisting the Committee or utilize the Company's internal audit department to efficiently perform duties.
- ② The Committee may establish separate standards for other necessary matters, such as the establishment and operation of a department in charge, the appointment of specialists, and operating expenses.


### Article 15 (Preparation of Audit Report)

- ① The Committee shall prepare an audit report for each audit.
- ② The method to conduct the audit and results thereof shall be written in the audit report, and the member who has conducted such audit shall affix his/her seal or signature thereon.

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#### Article 16 (Amendment and Abolition of Regulations)

The amendment or abolition of these Regulations is determined by a resolution of the BOD.

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### Addendum

#### Article 1 (Enforcement Date)

These Regulations shall be effective from December 1, 2017.

#### Addendum <December 20, 2018>

#### Article 1 (Enforcement Date)

These Regulations shall be effective from November 1, 2018.