

**Explanatory Document on the Agenda of the General Meeting  
of Shareholders and Minority Shareholder's Proposal**

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Gwangju Shinsegae (the “**Company**” or “**We**”) is always deeply grateful for the interest and affectionate advice of our shareholders, including the shareholders who made the shareholders’ proposal (the “**Proposing Shareholder**”). We always listen attentively to the shareholders’ opinions and strive to communicate with them diligently.

In September 2021, Shinsegae Co., Ltd. (“**Shinsegae**”), the largest shareholder, purchased the shares of the Company held by Vice Chairman Yong-Jin Chung. Thereafter, in December 2021, Nam-Hoon Kim (“**N. H. Kim**”), who owns 1% of the Company's shares, sent a shareholder letter requesting (i) a tender offer at the same price as the purchase price of such shares of the Company sold, (ii) dividend payout ratio of 50% or more, and (iii) buy-back and cancellation of 300,000 treasury shares. In response to N. H. Kim’s request as above, the Company sufficiently communicated as follows and reflected the shareholder's opinions as much as possible in the management of the Company.

- First of all, regarding the tender offer at the same price as the purchase price of the shares purchased by the largest shareholder, through three (3) meetings with the person-in-charge at the Company, we explained to N. H. Kim that it was difficult for the Company to know or be involved in this matter since the necessity of the purchase of shares of by the largest shareholder or the necessity of a tender offer were matters to be decided by the parent company, Shinsegae.
- Regarding the request for dividend payout ratio of 50% or more, the Company increased its dividend payout ratio by 5.8% from the dividend policy announced by the Company on October 5, 2021 (net profit for the first year *times* 20% or more), and as such resolved to increase the dividend payout ratio to KRW 8,500 per share (dividend payout ratio of 25.8% before stock split) at the ordinary general meeting of shareholders held in March 2022.
- Regarding the request for buy-back and cancellation of 300,000 treasury shares, the Company had only 590,000 outstanding shares excluding the shares held by the largest shareholder at the time, which made it practically difficult to buy back and cancel 300,000 shares as treasury shares. Therefore, instead, in order to activate stock trading by expanding the number of outstanding shares, the Company decided and announced a stock split (1:5 split) on February 22, 2022, and implemented such stock split by approval of amendment to the articles of incorporation (the “**AOI**”) at the ordinary general meeting of shareholders held on March 23, 2022.
- In addition, as publicly disclosed, the Company will cancel all of its 42,810 treasury shares by a resolution of the general meeting of shareholders. Since the above shares were acquired by the exercise of appraisal rights in the course of business transfer conducted in January 2019, they may be cancelled through capital reduction by a resolution of the general meeting of shareholders.

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Later, in February 2022 and January 2023, in response to N. H. Kim's request for perusal and copying of the shareholders' registry, we provided the Company's shareholders' registry along with an official response in respect of his shareholder rights. In addition, in November 2022, N. H. Kim sent a shareholder letter for the ordinary general meeting of shareholders in March 23 (the "**Shareholder's Proposal**"), and in response thereto, the Company had a face-to-face meeting with N. H. Kim in December 2022 to fully listen to the shareholder's opinions.

The purpose of this Explanatory Document is to explain the results of the Company's review of the Shareholder's Proposal and its positions thereon, so as to enable all shareholders to make an informed decision at the general meeting of shareholders to enhance the Company's corporate value and interests of all shareholders.

We will continue to make efforts to increase our corporate value and the interests of all shareholders through constructive and diligent communication with our shareholders.

## **I. Company's Position on the Shareholder's Proposal for Regular Dividends**

### **1. Purpose of Decision on FY23 Regular Dividends and Outcomes of Shareholder Return**

Please refer to the Company's disclosure on February 15, 2023 posted on the Data Analysis, Retrieval and Transfer system of the Financial Supervisory Service and the explanatory materials on the appropriateness of dividends posted on our website link, for explanation on the decision on FY 23 regular dividends and outcomes of shareholder return, the business and financial status of the Company that served as the basis therefor, and the Company's expected future shareholder return policy.

<http://www.gjshinsegae.co.kr/theme/new2/html/company3/04.php>

The Company decided on a dividend proposal at its board of directors (the "**BOD**") meeting that (i) fully accepts, to the extent possible, the Shareholder's Proposal to increase the dividend payout ratio, thus reaching a dividend payout ratio of 30%, (ii) is considerably superior to those in the same industry, and (iii) faithfully complies with the Company's current disclosure on its dividend policy.

### **2. Review on Shareholder's Proposal on Dividends**

The shareholder is proposing the Company to pay dividends at KRW 3,750 per share. However, we believe that such dividend proposal will not be helpful for increasing our corporate value and interests of all shareholders for the following reasons.

#### **(1) Investment Demand and Need for Reserve Funds**

Currently, we are planning to develop Art & Culture Park in Gwangju, and we have communicated this plan to the market through media reports.

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[Press release dated August 17, 2022 distributed by the Company]



Please use this online from 12:00 p.m. on August 17 (Wed). Press Release released by NEWSIS

### Shinsegae, to promote development of Starfield and department store in Gwangju at the same time

- **Shinsegae Property, to review the Eodeungsan Tourist Complex as a candidate for the first Starfield store in Honam region**
- **Plan to develop a stay-type multilevel shopping mall where visitors can enjoy shopping, cultural leisure, entertainment, and recreation in one place**
- **Shinsegae Department Store, to develop Gwangju Shinsegae as the “best landmark department store in Korea” beyond “Region No. 1 Store”**
- **Plan to upgrade to “high-quality” equal to the world’s top ‘Gangnam’-style class and to open Hermes, Louis Vuitton and Chanel for the first time in Gwangju and Homan region.**
- **Expected to contribute to job creation and revitalization of the local economy by creating synergies for development of Starfield and department store at the same time.**

[Omitted below]

In this regard, we expect large-scale investment will be necessary in the future. More specifically, considering the size of our operating cash flow (approximately KRW 68 billion on average over the past three years), we expect that additional financing will be necessary for the above investment. However, due to the recent financial market stagnation, financing costs have been escalating, and the interest rate on corporate bonds (a three-year bond with Shinsegae Inc.’s credit rating of AA) has sharply risen to 4.09% as of February 6, 2023. Considering the uncertainty in the capital market and high financial costs, we believe it would be better to use our reserved funds while maintaining the current level of shareholder return under the dividend policy.

#### [Corporate Bond Yield Trend]

%	2020.12.31	2021.12.31	2022.12.31	2023.01.30	2023.02.06
<b>AA (3-year bond)</b>	1.3	2.38	5.16	4.18	4.09

(Source: Nice Investors Service Co., Ltd.)

If the dividends at KRW 3,750 per share is paid as requested by the shareholder, approximately KRW 30 billion will be required annually for dividends, and considering the current cash holdings and future CAPEX, the Company would be concerned about the lack of cash flow. Accordingly, we formulated the current dividend proposal which increases the dividend payout ratio up to 30% while maintaining our investment capacity.

#### (2) Need to Securing Cash Liquidity Due to Industry Characteristics

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As noted above, there exists likelihood that the volatility of cash flow would increase due to the planned large-scale investment and uncertainties in the business environment. If we rush into expanding the size of dividends before cash flow is generated in earnest following the planned investment, the liquidity of the Company may deteriorate. Also, if we are forced to decrease the size of dividends after increasing them, it may negatively affect our corporate value.

In addition, due to the nature of department stores and distribution industry, liquidity needs to be maintained in a stable manner in order to secure financial resources for repayment of operating liabilities such as sales and cash flow fluctuations and trade payables. In particular, the need to secure cash is more prominent due to the recent blow to the offline distribution industry due to the COVID-19 pandemic.

### (3) Need for Cash Reserve in Preparation for Changes in External Environment

The distribution industry in general, including the Company, is exposed to the risk of deteriorating sales performance due to decline in consumer sentiment caused by global inflation and interest rate hikes, and the risk of sales decline due to the prolonged COVID-19 crisis remaining. In addition, it is becoming more important to maintain a stable financial structure and secure liquidity in the face of stagnant financing markets and growing risks of external environmental fluctuations.

We aim to secure stable operating and investment funds, reduce financing costs, and gradually increase the scale of shareholder return by securing liquidity, which we believe will increase the corporate value.

### (4) Need for Stable Maintenance and Growth of Level of Dividends and Shareholder Return

As described in the materials previously disclosed, dividends serve also as a tool to signal and deliver certain information. In general, investors tend to take dividend growth as a sign that the Company's profitability will improve, and dividend decrease as a sign that the profitability will decrease. Therefore, if we rapidly increase the dividends to approximately twice of the dividend payout ratio paid in FY21 despite no particular other factors present to improve profitability, and if we decrease the dividends due to decline in profitability and cash flow, it may send a wrong signal to the market, causing confusion in the market and hindering the rise of our share price in the long-term. As such, we intend to gradually increase our dividend payout ratio by taking into account a **stable increase of corporate value from a long term perspective, future CAPEX size, and current uncertainties in the business environment.**

### (5) Regarding Sale of Shares held by Major Shareholder

The shareholder argued that the sale of the shares of the Company by Vice Chairman Yong-Jin Chung, who was the largest shareholder of the Company, on September 14, 2021 to Shinsegae, the current largest shareholder, was made with a control premium, and as a result, the minority shareholders of the Company suffered losses from a drop in the share price of the Company, and accordingly, the dividends of the Company should be increased.

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In this regard, the Company's share price trends before and after the above sale and the time of disclosure are as follows:

\* As of the end of Sept. 15, 2021 after disclosure on acquisition of shares

**[Trend of Company's Share Price before and after Sale by Major Shareholder]**

Unit: KRW

Classification	Gwangju Shinsegae	KOSPI Index	Distribution Industry Index
Average Share Price for Three Months before the Sale (June 16 ~ September 15, 2021)	39,437	3,220	430
Average Share Price for Three (3) Months after the Sale (September 16 ~ December 15, 2021) <i>(Rate of change compared to before disclosure on the Sale)</i>	37,233 <i>(- 5.6%)</i>	2,995 <i>(- 7.0%)</i>	390 <i>(- 9.3%)</i>
Share Price as of End of 2022 (as of Dec. 29, 2022) <i>(Rate of change compared to before disclosure on the Sale)</i>	32,000 <i>(- 18.9%)</i>	2,236 <i>(- 30.5%)</i>	334 <i>(- 22.4%)</i>

In fact, the Company's three-month average share price fell by about 5.6% after the public disclosure of the acquisition of shares by the major shareholder, but the overall KOSPI index and the distribution industry index fell by about 7.0% and 9.3%, respectively. Considering this, the Company's three-month average share price showed a rather solid trend compared to the market indices. As such, it appears inconsistent with the overall market trend to argue that the Company's stock price decreased due to the acquisition of the shares by the major shareholder. Given that shares prices are generally effected by a combination of various factors in the market, it is rather unreasonable to attribute the cause of the fluctuation of our share price based on this one fact alone.

In addition, as of the end of the previous year, our share price fell by about 18.9% compared to the time before the disclosure of the sale, but the KOSPI market index fell by approximately 30% during the same period, which indicates that the Company's share price continues to show a strong trend compared to the market.

As the above sale of the shares of the major shareholder is a transaction between the shareholders of the Company, it is difficult to clarify the exact circumstances and terms of such transaction other than those disclosed by the Company.

However, the following Korean courts have ruled that even in the case of transactions between related parties, the sale of controlling interests of a listed company, etc. should be made at an appropriate value including the control premium, and the relevant laws such the Corporate Income Tax Law (the "CITL") also have provisions regarding the calculation of the appropriate price that reflect the control premium in the sale of shares held by the major shareholder. If the control premium is not reflected, it may constitute a denial of unfair act and calculation under the CITL, which may trigger taxation issues.

**CITL**

**Article 15 (Scope of Gross Income)** (1) The gross income shall be the amount of profits or income (hereinafter referred to as "earnings") generated by transactions which increase the net assets of a corporation, except for capital input or financing and what is provided in this Act.

(2) The following amounts shall be deemed gross income:

1. Where securities are purchased from an individual who is a related party at the prices lower than the market prices referred to in Article 52 (2), the amount equivalent to the difference between such market prices and the relevant purchase prices;

2. An amount equivalent to the amount of foreign corporate tax referred to in Article 57 (4), which is calculated as prescribed by the Presidential Decree and eligible for the tax credit under Article 57 (1); or

3. The amount of income distributed under Article 100-18 (1) of the Restriction of Special Taxation Act.

**Article 52 (Denial of Unfair Act and Calculation)**

(1) Where the head of the tax office having jurisdiction over the place of tax payment or the commissioner of the competent regional tax office deems that a domestic corporation's action or calculation of the amount of income has unjustly reduced the tax burden of said domestic corporation for its income through transactions with a related party, he/she shall calculate the amount of income for each business year of the domestic corporation regardless of said corporation's action or calculation of the amount of income ("unfair act and calculation"). <Amended on Dec. 31, 2011; Dec. 24, 2018>

(2) In applying paragraph (1), the standards for determination shall be sound social norms, generally-accepted trade practices, and the prices applied or acknowledged to be applied to arm's length transactions between persons, other than related parties (including premium rates, interest rates, rents, exchange rates, and other corresponding rates; hereinafter referred to as "market price"). <Amended on Dec. 31, 2011; Dec. 24, 2018>

(Omitted)

(4) In applying Paragraphs (1) through (3), matters necessary for the types of unfair act and calculation, the assessment of market prices, and other matters shall be prescribed by Presidential Decree. <Amended on Dec. 24, 2018>

**Enforcement Decree of the CITL****Article 89 (Scope of Market Price)**

(1) In applying Article 52 (2) of the Act, where there is a price at which the relevant corporation has continuously made with many and unspecified persons, other than a related party, or a price at which transactions have been made ordinarily between third parties who are not related parties in a situation similar to the relevant transaction, such price shall be used. However, where stocks issued by a listed corporation have been traded by any of the following methods, the market price of the relevant stocks shall be the closing price of such stocks on the day of trading on the (or the immediately before closing price of such stocks on the day of trading where trading is conducted while the Exchange is closed) the stock exchange (the "Stock Exchange") under Article 8-2 (2) of the Financial Investment Services and Capital Markets Act, and if the transfer of management rights is actually accompanied, as prescribed by Ordinance of the Ministry of Strategy and Finance, 20/100 of such value shall be added thereto by applying

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mutatis mutandis Article 63 (3) of the Inheritance Tax and Gift Tax Act: <Amended on February 28, 2007; February 4, 2009; February 2, 2012; February 17, 2021>

1. Transactions outside the securities market under Article 8-2 (4) 1 of the Financial Investment Services and Capital Markets Act;
2. Methods prescribed by Ordinance of the Ministry of Strategy and Finance, such as block trading.

Therefore, it is difficult to assume that the sale and purchase of shares between major shareholders with addition of a control premium was necessarily not in compliance with relevant laws, and it is also difficult to deem that any change or loss has occurred to the Company's business, financial situation or corporate value due to the above sale being a transaction between the shareholders of the Company.

In addition, as the largest shareholder of the Company changed to Shinsegae due to this share sale and purchase transaction between the shareholders of the Company (which was also difficult for the Company to engage in or decide), it has become easier to secure and enhance business cooperation and synergy between Shinsegae and the Company, and the likelihood of the largest shareholder's large-scale investment into the Company and expansion of its business has also been increased, which is quite helpful in terms of potential increase in the value of the Company and interests of all of its shareholders.

## **II. Company's Position on Shareholder's Proposal for Appointment of Outside Director who will become Audit Committee Member**

### **1. Regarding Company's Management Fee Agreement**

The Company has entered into a management alliance agreement with Shinsegae, under which the Company is granted the right to generally use Shinsegae's intellectual property rights such as brand and marks in its department stores, in addition to the usual management consulting services, and the Company has been paying an amount equal to 1.3% of its sales as management alliance fees<sup>1</sup>. On January 1, 2021, the Company extended the management fee agreement (from January 1, 2021 to December 31, 2025) under which the Company shall pay an amount equal to 2.0% of its gross sales as management fees<sup>2</sup>.

The shareholder argued that the management fee agreement above was entered unfairly such that it has caused damage to the Company and submitted the Shareholder's Proposal for the appointment of directors, stating that a fair and independent appointment of outside directors and audit committee members is necessary to prevent such acts from being repeated in the future.

However, for the reasons further set forth in the following, the management fee agreement was entered for the Company's management necessity and its terms and conditions are appropriate,

<sup>1</sup> Public Disclosure on Status of Large Business Group disclosed by Gwangju Shinsegae on May 31, 2021

<sup>2</sup> Quarter Report disclosed by Gwangju Shinsegae on May 14, 2021



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and it was duly executed in compliance with all required legal procedures, and thus, the shareholder's above arguments are inconsistent with the relevant facts and therefore incorrect.

### **(1) Management Necessity of Management Fee Agreement**

Under the management alliance agreement, Shinsegae grants us the right to use the above intellectual property rights, and provides management advice and services related to management policy and management-related matters, sales-related policies, miscellaneous goods division, apparel division, kitchenware and fashion division, consumer electronics division, and purchase by proxy of goods such as planned development products, and use of department store brand.

For our business, it is currently essential to use department store brand. In addition, with respect to our management policy and management, it is cost-effective and operationally efficient to receive the services in the form of management advisory services through Shinsegae's common pool of personnel rather than to bear costs and risks through independent organization and personnel expansion.

### **(2) Appropriateness of Terms and Conditions of Management Fee Agreement**

Shinsegae's management advisory services (management policy, sales policy, product planning and purchase by proxy, use of department store brand) have been expanded and personnel involved and costs to be expensed have also increased to pursue specialization of business management functions and to strengthen store organization efficiency at the Shinsegae Department Store Group level. We have recalculated the appropriate fee rate to reflect these cost increases.

With regard to the terms and conditions of the management fee agreement, we have evaluated and applied an appropriate fee rate through external valuation by an independent valuation agency, and calculated the appropriate fee rate by adding an appropriate margin to the input cost for services provided by Shinsegae, and reviewed whether the level was within the range of fee rates in similar cases.

Even in light of other companies' cases, the terms and conditions of the above management fee agreement is similar to the terms and conditions (2.0% of sales) of the management fee agreement executed between Shinsegae Co., Ltd. and Arario Co., Ltd. (which is not an affiliate of Shinsegae co., Ltd.) for the Cheonan-Asan Store of Shinsegae Department Store in June 2021, and also similar to those of the management fee agreement for Emart's Anyang Store, Sihwa Store and Bucheon Store. Therefore, we believe that the terms and conditions of the management fee agreement for the Company are within an appropriate range. In particular, given that the management fee agreement with Arario Co., Ltd., which is not an affiliate of Shinsegae, has been executed on the similar terms and conditions, if the terms and conditions of the management fee agreement of the Company differ materially from those of the management fee agreement of Arario Co., Ltd. without any justifiable reason, it may become difficult to rule out the possibility that tax or legal issues, such as regarding denial of unfair act and calculation under the CITL and/or unfair support under the fair trade law, may arise.

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### **(3) Procedural Legitimacy of Process of Executing Amendment to Management Fee Agreement**

On December 17, 2020, the Company held a BOD meeting to discuss and approve the amendment to the management fee agreement with Shinsegae by unanimous consent of all directors present. At that time, the BOD approved such amendment, judging that the terms and conditions of management fees were appropriate, in light of the following: (i) relevant services provided by Shinsegae were essential for the Company's management; (ii) common expenses increased due to the increase in the number of common personnel of Shinsegae due to the specialization of relevant services; (iii) fees for similar agreements within the group, including E-MART, were usually about 2.0%; and (iv) the appropriateness of fees was evaluated by an independent agency.

## **2. Adequacy of Outside Director and Audit Committee Member Candidates**

### **(1) Management of Outside Director Candidates and Selection Process**

The Company is not a large-scale listed company that is required to organize the Outside Director Candidate Recommendation Committee pursuant to Article 542-8 of the Korean Commercial Code (the "KCC") and Article 34 of the Enforcement Decree of the KCC. Nevertheless, in order to faithfully verify the independence and expertise of outside director candidates and proceed with a strict recommendation process, the Company has established the Outside Director Candidate Recommendation Committee (the "**Recommendation Committee**") as a committee within the BOD pursuant to Article 36-2 of the AOI and Article 14 of the Regulations of the BOD. Currently, the Recommendation Committee consists of two (2) outside directors and one (1) inside director, with the majority being outside directors, so that objective and transparent decisions can be made in recommending candidates. The Recommendation Committee is striving to manage and verify appropriate outside director candidates in advance and to secure those outside director candidates who are able to make prompt and reasonable decisions in a rapidly changing business environment by focusing on the qualifications of the outside director candidates as prescribed by the relevant laws and regulations such as the KCC, whether they have relevant expertise in finance, global and ESG, and overall diversity and expertise in the composition of the entire BOD.

### **(2) Company's Plan for Outside Director and Audit Committee Member**

Candidates Dong-Yeon Han, Gun-Ri Lee, and Sang-Ho Lee, who were recommended by the BOD as candidates for outside directors and audit committee members of the Company through the resolution to convene the ordinary general meeting of shareholders, are excellent individuals with independence and expertise as follows, and are expected to make a great contribution to the management and shareholder value enhancement of the Company.

Candidate Dong-Yeon Han obtained a bachelor's degree in economics from Wonkwang University and a master's degree in economics from Budapest University. He served as Director of the National Tax Service, Assistant Commission for Integrity Reporting Bureau of Jungbu Regional Tax Office, and Head of the Gwangju Regional Tax Office. He has been serving as an outside director of Gwangju Shinsegae since March 2021. He has served as a

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head of a regional tax office, and it is indisputable that his expertise in audit, finance, and tax is better than anyone else. Based on the foregoing, he, as the Chairman of the Audit Committee of the Company, supervised external auditors and approved the financial statements.

Candidate Gun-Ri Lee obtained a bachelor's degree in law from Seoul National University, a master's degree in law from Yonsei University, and a doctorate degree at law from Hanyang University, and served as the Chief Prosecutor of the Jeju District Prosecutors' Office, the Chief Prosecutor of the Changwon District Prosecutors' Office, the Director of the Criminal Trial & Civil Litigation Department of the Supreme Prosecutors' Office, and the Vice Chairman of the Anti-Corruption and Civil Rights Commission. The candidate is a legal expert based on his long career as a prosecutor and has extensive experience and expertise in the operation of state affairs and policy planning while serving as Vice Chairman of the Anti-Corruption and Civil Rights Commission. Based on these expertise, he is expected to oversee the Company's management from a reasonable perspective, contribute to the establishment of compliance control and internal control, and help the BOD make strategic decisions.

Candidate Sang-Ho Lee is a professor of economics at Chonnam National University who has obtained a bachelor's degree in economics from Korea University, a master's degree in management science administration from KAIST, and a doctorate degree in industrial management from KAIST. He served as a member of the Government Project Evaluation Support Group under the Prime Minister's Office, an advisory professor at the Gwangju & Jeonnam Branch of the Bank of Korea, and a member of the Business Restructuring Plan Review Committee under the Ministry of Commerce, Industry and Energy. As an ESG expert, he has extensive research experience in corporate social responsibility and environmental issues. He is expected to contribute to the development of the Company as an ESG and corporate management expert.

In addition, among the three (3) candidates above, Dong-Yeon Han is an expert in finance and accounting and tax, Gun-Ri Lee is an expert in legal and compliance control, and Sang-Ho Lee is an expert in business management and ESG. As such, our candidates for outside directors and audit committee members are composed of candidates with diverse expertise in areas essential to the Company's business management.

### **(3) Company's View on Candidates proposed by Shareholder**

As explained above, the Company has established and operated objective and transparent process to ensure the substantial independence of outside directors and to ensure the appointment of outside directors with diverse expertise. Any shareholder, including the shareholder who made the Shareholder's Proposal, may recommend a candidate for an outside director, and through this, any shareholder may recommend a candidate for outside director through sufficient verification process as above.

Given that Candidate Il-Sung Bae, who was recommended in the Shareholder's Proposal, has not undergone the above rigorous candidate verification and selection process, we are concerned that it would be difficult for us to evaluate whether the candidate has sufficient expertise and independence required for the management and corporate value enhancement of the Company. In addition, given that the shareholder who made the Shareholder's Proposal

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initially proposed another candidate who was a lawyer as a candidate for an outside director and an audit committee member, but changed the proposed candidate to Il-Sung Bae, who is an accountant, only after approximately one (1) month, it is difficult to confirm whether sufficient and prudent consideration has been given from the perspective of the shareholder.

On the other hand, the candidate Dong-Yeon Han has qualifications appropriate as an outside director of the Company in that he has earned experience as an audit committee member by performing his audit duties as the chairman of the audit committee for the past two (2) years and has a wide range of perspectives necessary for the distribution business through various work experiences regarding tax, finance and audit at the NTS.

As described above, the BOD of the Company is already composed of top experts in finance, accounting, legal, management, and ESG with global capabilities, in a balanced manner, taking into account the professional consistency of outside directors in order to meet our management strategy and enhance future competitiveness. In addition, each of the directors has sufficient experience and expertise, such as serving as a reputable expert in the government or academia for a long time. Accordingly, in light of the expertise and balanced composition of the current candidates, we believe that there is no need to appoint an outside director with relatively limited experience without going through sufficient verification process as in the Shareholder's Proposal.

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