

# **Articles of Association**

**HANKOOK TIRE & TECHNOLOGY CO., LTD.**

## **Articles of Association**

Established on Sept. 1, 2012 Articles of Association No. 1

Revised on March 27, 2015 Articles of Association No. 2

Revised on March 28, 2019 Articles of Association No. 3

## **Chapter 1 General Rules**

### **Article 1 (Corporate Name)**

The Company shall be referred to as "Hankook Tire and Technology Jusik Hoesa," which shall be written in English as "HANKOOK TIRE & TECHNOLOGY CO., LTD." Provided, however, that this corporate name change takes effect from May 8, 2019. (Articles of Association No.3)

[Date of enforcement : May 5, 2019]

### **Article 2 (Purpose)**

The Company engages in the following businesses.

1. Manufacture, retreading, processing, and sale of automobile tires, tubes, and accessories thereof;
2. Manufacture and sale of rubber products and specialty chemical products;
3. Technical services concerning manufacture of tires and other rubber products;
4. Manufacture and sale of storage batteries;
5. Manufacture and sale of automobile components;
6. Overhaul, inspection, and repair of automobiles;
7. Manufacture, assembly, leasing, and sale of machinery, industrial equipment, and other components;
8. Housing business and sale, supply, and leasing of residential buildings;
9. Development, sale/purchase, and leasing of real estate;
10. Transport, transport-related services, storage, and warehousing;
11. Export/import and wholesaling/retailing;
12. Manufacture and sale of new materials and non-metal products;
13. Manufacture, assembly, and sale of transport equipment and other components;
14. Collection and processing of wastes;
15. Gas station business;
16. Educational services;
17. Internet and information & telecommunications business;
18. Sports facilities, golf courses, and comprehensive leisure business;
19. Sale of intangible assets held by the Company including knowledge and information and services related to such business;

20. Electronic commerce and related services;
21. Development, manufacture, and sale of, and research services regarding, separators for fuel cells and their components;
22. Rubber products rental and leasing; (Articles of Association No.3)
23. Door-to-door sales, mail order sales, and any other service business incidental thereto; and (Articles of Association No.3)
24. Business incidental to business set forth in any of the foregoing subparagraphs.

### **Article 3 (Location of Head Office and Establishment of Branches, etc.)**

- ① The Company shall have its head office in Seoul.
- ② When deemed necessary at its reasonable discretion, the Company may establish branches, sub-branches, offices, subsidiaries, workshops, and/or factories inside or outside the Republic of Korea by a resolution of the Board of Directors or such committee as authorized by the Board of Directors.

### **Article 4 (Method of Public Notice)**

The Company shall post public notices on its website at <http://www.hankooktire.com>; provided that if the website is unavailable due to an IT system failure or other unavoidable circumstances, public notices shall be posted in the Seoul Economic Daily, a daily newspaper published in Seoul.

## **Chapter 2 Shares**

### **Article 5 (Total number of shares to be issued)**

The total number of shares to be issued by the Company is 250,000,000 (two hundred fifty million) shares.

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

The par value of shares by the Company is five hundred won (KRW 500) per share.

### **Article 7 (Types of shares)**

① Shares to be issued by the Company shall be common shares and class shares, both of which are to be in registered form.

② Class shares to be issued by the Company are preferred shares concerning dividends, shares with no or restricted voting rights, redeemable shares, convertible shares, and shares combining all or in part.

### **Article 8 (Number and Description of Class Shares)**

The Company may issue preferred shares to the extent permitted by applicable laws, not exceeding half of the total number of issued and outstanding shares. (Articles of Association No.2)

① The Company may issue non-voting dividend-preference shares ("Preferred Shares") as one of the class shares. The Preferred Shares shall have no voting rights for any matter to be resolved by the general meeting of shareholders. (Articles of Association No.2)

② For the class shares, the amount equivalent to the preferred ratio determined by the Board of Directors at the time of issuance at least 5% per annum of the par value shall be paid preferentially in cash.

③ If the dividend ratio of the common shares exceeds that of the class shares, the additional dividend on the class shares shall be distributed by requiring participation in distribution of dividends with respect to such excess at the same ratio as dividends for common shares.

④ Where it is resolved not to distribute dividends on class shares, relevant voting rights shall be deemed to exist from the general meeting in which such resolution is made, until the termination of the general meeting in which such preferred dividend is resolved.

⑤ In the case of the Company's capital increase for paid-in or for free, the new shares allocated to the Preferred Shares may be, as resolved by the Board of Directors, either common shares, or Preferred Shares or other class shares determined by the Articles of Association. (Articles of Association No.2)

### **Article 9 (Types of Share Certificates)**

Share certificates of the Company shall be issued in eight denominations of one (1), five (5), ten (10), fifty (50), one hundred (100), five hundred (500), one thousand (1,000), and ten thousand (10,000) share(s).

<b>Article 9 (Electronic Registration of the Rights to be Indicated in Shares and Certificates of Preemptive Right to New Shares)</b>
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Instead of issuing stock certificates and certificates of preemptive right to new shares, the Company shall electronically register the rights to be indicated in shares and certificates of preemptive right to new shares with the electronic registration account book of an electronic registration institution. (Articles of Association No.3)

[Date of enforcement : Sept. 16, 2019]

## **Article 10 (Preemptive Rights)**

① The shareholders of the Company shall have preemptive rights to subscribe for new shares to be issued by the Company in proportion to their respective shareholdings.

② Notwithstanding Paragraph ①, the Company may allocate new shares to person(s) other than the Company's existing shareholders through a resolution of the Board of Directors in any of the following cases:

1. Where the Company issues new shares or has a subscriber subscribe for new offering, to the extent not exceeding 50% of the total number of issued and outstanding shares;

2. Where the Company issues new shares through general public offering through a resolution of the Board of Directors pursuant to Article 165-6 of the Financial Investment Services and Capital Markets Act, to the extent not exceeding 50% of the total number issued and outstanding shares;

3. Where the Company issues new shares preferentially to the members of the Employee Stock Ownership Association pursuant to Article 165-7 of the Financial Investment Services and Capital Markets Act;

4. Where the Company issues new shares upon the exercise of stock options pursuant to Articles 340-2 and 542-3 of the Commercial Act;

5. Where the Company issues new shares for the issuance of depository receipts (DR) pursuant to Article 165-16 of the Financial Investment Services and Capital Markets Act, to the extent not exceeding 50% of the total number of issued and outstanding shares;

6. Where the Company issues new shares in order to attract foreign investment under Foreign Investment Promotion Act, which is necessary for the management of the Company, to the extent not exceeding 50% of the total number of issued and outstanding shares;

7. Where the Company issues new shares to companies affiliated for production, sales, etc., to the extent not exceeding 30% of the total number of issued and outstanding shares by a resolution of the Board of Directors, necessary for management of the Company.

③ Where the Company allocates new shares to person(s) other than shareholders pursuant to Paragraph ②, the Company shall give notice or public notice of the matters prescribed in Subparagraphs 1, 2, 2-2, 3, and 4 of Article 416 of the Commercial Act to shareholders, at least two weeks prior to the payment deadline.

④ Where the Company issues new shares by a means under Paragraph ② 1, 2, 5, 6, or 7, the class, the number and price of the shares to be issued shall be determined by a resolution of the Board of Directors.

⑤ In case of abandonment or loss of the preemptive rights of the shareholders to subscribe for new shares, or if fractional shares occur at the time of the allocation of new shares, disposal of such shares shall be determined through a resolution of the Board of Directors.

### **Article 11 (Stock Options)**

① The Company may grant stock options as provided in Articles 340-2 and 542-3 of the Commercial Act to its officers and employees by a special resolution in a general meeting of shareholders, to the extent not exceeding ten-hundredths (10/100) of the total issued and outstanding shares; provided that if stock options are not more than one-hundredth (1/100) of the total issued and outstanding shares, the Company may grant such stock options by a resolution of the Board of Directors. In such case, stock options granted by a resolution in a general meeting of shareholders or by a resolution of the Board of Directors may be contingent upon the Company's performance including achievement of its business objectives or stock market index, etc.

② Persons to whom stock options may be granted shall be the officers and employees of the Company who have contributed or have the capacity to contribute to the establishment, management, overseas business, technical innovation, etc. of the Company as well as the officers and employees of its affiliates as provided in Article 9(1) of the Enforcement Decree of the Commercial Act; provided that any of the following persons shall be excluded:

1. The largest shareholder (Refers to the largest shareholder in Civil Code Article 542-8 paragraph 2 item 5, the same hereinafter) and the affiliate person (Refers to the affiliate person in Civil Code Article 542-8 paragraph 2 item 5, the same hereinafter). But, the person who became an affiliate person by becoming the executive of this corporation (including the executives of the related company set in Civil Code Enforcement Ordinance Article 9 paragraph 1) is excluded (including the part time executives of the sister company).

2. Major shareholder (Refers to the major shareholder in Civil Code Article 542-8 paragraph 2 item 6, the same hereinafter) and the affiliated person. But, the person who became an affiliate person by becoming the executive of this corporation (including the executives of the related company set in Civil Code Enforcement Ordinance Article 9 paragraph 1) is excluded.

3. Person who becomes the major shareholder by exercising the stock option

③ Shares to be issued as a result of exercise of stock options (in case the Company pays, either in cash or with treasury shares, the difference between the exercise price of stock options and the market price, they refer to the shares which serve as the basis for calculation of such difference) shall be common or class shares in registered form.

④ The number of officers and employees entitled to the grant of stock options shall not exceed fifty-hundredths (50/100) of all existing officers and employees. Stock options granted to an individual officer or employee shall not exceed ten-hundredths (10/100) of the total issued and outstanding shares.

⑤ The exercise price of each share regarding which a stock option is to be exercised shall be no less than any of the following in value. The same shall apply to those cases where the exercise price is adjusted after stock options are granted:

1. When new stocks are issued, the highest price among the following

A. Based on the date of assigning the stock option, the market price of the corresponding stock by applying the provision of Law on Capital Market and Financial Investment Business Enforcement Ordinance Article 176-7 paragraph 2 item 1

B. Face price of the corresponding stock

2. In cases of other than item 1, the market price of the corresponding stock assessed by the provision of item 1 number A

⑥ Stock options may be exercised within seven (7) years after the lapse of three (3) years from the date of such resolution as provided in the foregoing Paragraph ①.

⑦ A person to whom a stock option has been granted shall serve the Company for at least two (2) years from the date of such resolution as provided in the foregoing Paragraph ① in order to exercise such stock option; provided that if a person to whom a stock option has been granted dies, retires, or resigns at a mandatory retirement age, or retires or resigns for a reason not attributable thereto within two (2) years from the date of such resolution as provided in the foregoing Paragraph ①, the stock options may be exercised during the exercise period thereof.

⑧ Article 12 hereof shall apply mutatis mutandis to dividends for new shares issued due to exercise of stock options.

⑨ The Company may cancel the grant of stock options by a resolution of the Board of Directors in any of the following cases:

1. If the executive or employee given the stock option retires or leaves the Company by one's own will

2. If the executive or employee given the stock option causes a critical damage to the Company intentionally or by mistake

3. If the Company cannot respond to the exercise of the stock option due to the Company's bankruptcy or dissolution, etc.

4. If other cancellation cause set in the stock option contract occurs



### **Article 12 (Base Date for Calculation of Dividends for New Shares)**

If the Company issues new shares by rights issue, bonus issue, or share dividend, the new shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year in which the new shares are issued with respect to dividends for the new shares.

### **Article 13 (Transfer Agent)**

- ① The Company shall have a transfer agent by a resolution of the Board of Directors.
- ② The Company shall keep available the register of shareholders or a copy thereof at the office of the transfer agent and cause the transfer agent to handle title transfer, registration or deregistration of pledges, notation of entrustments or cancellation thereof, issuance of share certificates, receipt of notices and other share-related affairs.
- ③ The procedures to handle such affairs as provided in the foregoing Paragraph ② shall be subject to the Rules on Securities Transfer Agency Business, etc. of the transfer agent.

### **Article 13 (Transfer Agent)**

- ① The Company shall have a transfer agent by a resolution of the Board of Directors.
- ② The Company shall keep available the register of shareholders or the copy thereof at the office of the transfer agent and cause the transfer agent to take charge of the electronic registration of shares, the management of register of shareholders, and other business related to shares. (Articles of Association NO. 3)
- ③ The procedures to handle such affairs as provided in the foregoing Paragraph ② shall be subject to the Rules on Securities Transfer Agency Business, etc. of the transfer agent.

[Date of enforcement : Sept. 16, 2019]

### **Article 14 (Report of Address, Name, Seal, or Signature of Shareholders, etc.)**

- ① Shareholders and registered pledgees shall report their addresses, names, seals or signatures to the transfer agent provided in Article 13 hereof.
- ② Shareholders and registered pledgees who reside in foreign countries shall appoint and report the place where, and an agent to whom, notices will be given in the Republic of Korea.

- ③ The same shall apply in case of any change in matters set forth the foregoing Paragraph  
① or ②.

**Article 14 <Omitted> (Articles of Association No.3)**

[Date of enforcement : Sept. 16, 2019]

**Article 15 (Closing of Register of Shareholders and Record Date)**

- ① From January 1 to 31 each year, the Company shall suspend any entry onto the register of shareholders of any alteration of shareholders' rights.
- ② The Company shall permit the shareholders who remain entered on the final register of shareholders as of December 31 each year to exercise their rights at the ordinary general meeting of shareholders concerning the closing period thereof.
- ③ If the Company convenes an extraordinary general meeting of shareholders or if deemed otherwise necessary at its reasonable discretion, the Company may, by a resolution of the Board of Directors, suspend any entry onto the register of shareholders of any alteration of shareholders' rights for a certain period not exceeding three (3) months or permit the shareholders who remain entered on the register of shareholders on a date determined by a resolution of the Board of Directors to exercise their rights. If the Board of Directors deems it necessary, the Company may close the register of shareholders and set the record date at the same time by giving at least two (2) weeks' prior public notice thereof.

**Chapter 3 Bonds**

**Article 16 (Issuance of Bonds)**

- ① The Company may issue bonds by a resolution of the Board of Directors.
- ② The Board of Directors may authorize the representative director to issue bonds within a period not exceeding one (1) year. The price and type of such bonds shall be decided by the Board of Directors.

**Article 16-2 (Provisions Applicable Mutatis Mutandis for Bond Issuance)**

The provisions of Article 13 shall apply *mutatis mutandis* to bond issuance. (Articles of

Association NO. 3)

[Date of enforcement: Sept. 16, 2019] <Newly inserted>

### **Article 17 (Issuance of Convertible Bonds)**

① In any of the following cases, the Company may issue convertible bonds to persons other than existing shareholders in the Company by a resolution of the Board of Directors to the extent that the total face value thereof shall not exceed eight hundred billion won (KRW 800,000,000,000):

1. Where the Company issues convertible bonds through general public offering
2. Where the Company issues convertible bonds in order to attract foreign investment under the Foreign Investment Promotion Act, which is necessary for the management of the Company
3. Where the Company issues convertible bonds to relevant affiliated companies necessary for introduction of technologies;
4. Where the Company issues convertible bonds to domestic or overseas financial institutions to raise funds in urgency;
5. Where the Company issues convertible bonds in a foreign country pursuant to Article 165-16 of the Financial Investment Services and Capital Markets Act;
6. Where the Company issues convertible bonds for other management necessities.

② The Board of Directors may determine that convertible bonds provided in the foregoing Paragraph ① shall be issued on the condition that conversion rights be granted to only a part thereof.

③ The shares to be issued upon conversion shall be common shares or non-voting dividend-preference shares, and the conversion price shall be equal to or greater than the par value of the shares as determined by the Board of Directors at the time of issuance of the bonds.

④ The period during which conversion rights may be exercised shall commence on the date immediately following the issuance date of the corresponding convertible bonds and end on the date immediately preceding the redemption date thereof; provided that the Board of Directors may adjust the conversion period by its resolution within the scope of said period.

⑤ For the purpose of allocation of dividends concerning shares issued as a result of conversion or payment of interest on convertible bonds, Article 12 hereof shall apply *mutatis mutandis*.

## **Article 18 (Issuance of Bonds with Warrants)**

① In any of the following cases, the Company may issue bonds with warrants to persons other than its existing shareholders by a resolution of the Board of Directors to the extent that the total face value of such bonds with warrants does not exceed eight hundred billion won (KRW 800,000,000,000):

1. Where the Company issues bonds with warrants through general public offering
2. Where the Company issues bonds with warrants in order to attract foreign investment under Foreign Investment Promotion Act, which is necessary for the management of the Company
3. Where the Company issues bonds with warrants to relevant affiliated companies necessary for introduction of technologies
4. Where the Company issues bonds with warrants to domestic or overseas financial institutions to raise funds in urgency
5. Where the Company issues bonds with warrants in a foreign country pursuant to Article 165-16 of the Financial Investment Services and Capital Markets Act
6. Where the Company issues bonds with warrants for other management necessities.

② The amount of new shares which can be subscribed for by the holders of bonds with warrants shall be determined by the Board of Directors to the extent not exceeding the aggregate face value of the bonds.

③ The share to be issued upon exercise of warrants shall be common shares or non-voting dividend-preference shares, and the issue price shall be equal to or greater than the par value of the shares as determined by the Board of Directors at the time of issuance of the bonds.

④ The period during which preemptive rights may be exercised shall commence on the date immediately following the issuance date of the corresponding bonds and end on the date immediately preceding the redemption date thereof; provided that the Board of Directors may adjust the exercise period of preemptive rights by its resolution within the scope of said period.

⑤ For the purpose of allocation of dividends on the shares issued as a result of exercise of preemptive rights, Article 12 hereof shall apply *mutatis mutandis*.

### **Article 18-2 (Electronic Registration of the Rights to be Indicated in Bonds and Warrants)**

Instead of issuing bonds and warrants, the Company shall electronically register the rights to be indicated in bonds and warrants with the electronic registration account book of an electronic registration institution. (Articles of Association NO. 3)

[Date of enforcement: Sept. 16, 2019] <Newly inserted>

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

### **Article 19 (Time to Convene)**

- ① General meetings of shareholders of the Company shall comprise ordinary and extraordinary general meetings of shareholders.
- ② Ordinary general meetings of shareholders shall be convened within three (3) months from the close of each fiscal year, and extraordinary general meetings of shareholders shall be summoned when necessary.

### **Article 20 (Authority to Convene)**

- ① Unless otherwise provided in applicable laws, general meetings of shareholders shall be convened by the representative director of the Company in accordance with a resolution of the Board of Directors.
- ② In the event the representative director is incapable of performing his or her duties, Article 23 hereof shall apply *mutatis mutandis*.

### **Article 21 (Notice and Public Announcement of Meeting)**

- ① In convening a general meeting of shareholders, a written or electronic notice thereof specifying the time, place, and agenda thereof shall be sent to the shareholders at least two (2) weeks prior to the date thereof.
- ② With regard to shareholders holding no more than one-hundredth (1/100) of the total issued and outstanding voting shares, a written notice of a general meeting of shareholders as provided in the foregoing Paragraph ① may be replaced by making a public announcement of the convening and agenda of the general meeting of shareholders in the “Korea Economic Daily” and “Seoul Economic Daily”, which are published in Seoul, twice or more or by posting a public notice in the electronic disclosure systems operated by the Financial Supervisory Service or the Korea Exchange at least two (2) weeks prior to the date of such meeting.

### **Article 22 (Place of Meeting)**

A general meeting of shareholders shall be held at a place where the head office or factory of the Company is located or at any other place adjacent thereto as required.

### **Article 23 (Chairperson)**

- ① The representative director shall serve as chairperson of a general meeting of shareholders.
- ② In the event the representative director is incapable of performing his or her duties, an officer of the Company shall vicariously perform his or her duties as determined by the Board of Directors.

### **Article 24 (Chairperson's Authority to Maintain Order)**

- ① The chairperson of a general meeting of shareholders may order a person who intentionally speaks or behaves obstructively or who disturbs the proceedings of the meeting to stop or cancel a speech or leave the place of the meeting. Such person shall comply with such order.
- ② The chairperson of a general meeting of shareholders may restrict the time and number of speeches by shareholders as deemed necessary for the purpose of smooth proceedings thereof.

### **Article 25 (Shareholders' Voting Right)**

Each shareholder shall have one vote per share.

### **Article 26 (Limitations on Voting Rights of Cross-Held Shares)**

If the Company, its parent company and any of the subsidiary companies, or any of the subsidiary companies, alone or in aggregate, hold(s) shares exceeding one-tenth (1/10) of the total issued and outstanding shares in any other company, the shares in the Company held by such other company shall not have voting rights.

### **Article 27 (Split Voting)**

- ① If any shareholder who holds two (2) or more votes wishes to split his or her votes, the shareholder shall notify the Company, in writing, of such intent and the reasons therefor at least three (3) days prior to the date of a general meeting of shareholders.
- ② The Company may refuse to allow a shareholder to split his or her votes unless the shareholder has acquired the shares in trust or otherwise holds the shares for and on behalf of any other person.

### **Article 28 (Voting by Proxy)**

- ① Shareholders may cause an agent to exercise their voting rights.
- ② Such agent as provided in the foregoing Paragraph ① shall submit documents (powers of attorney) evidencing the authority to act as an agent to the Company prior to commencement of a general meeting of shareholders.

### **Article 29 (Method of Resolution in General Meeting of Shareholders)**

Except as specifically otherwise provided in applicable laws or herein, any resolution in a general meeting of shareholders shall be adopted by the affirmative vote of a majority of the shareholders present; provided that such votes shall represent not less than one-fourth (1/4) of the total issued and outstanding shares.

### **Article 30 (Exercise of Voting Rights in Writing)**

- ① Shareholders may exercise their voting rights in writing without direct presence in a general meeting of shareholders.
- ② In the event of the foregoing Paragraph ①, the Company shall attach documents and references necessary for shareholders' exercise of voting rights to a written notice of a general meeting of shareholders.
- ③ Any shareholder who wishes to exercise voting rights in writing shall state necessary matters in such documents as provided in the foregoing Paragraph ② and submit them to the Company by the date immediately preceding the general meeting of shareholders.

### **Article 31 (Minutes of General Meetings of Shareholders)**

The proceedings of a general meeting of shareholders and the results thereof shall be recorded in the minutes, which shall be kept available at the Company after the chairperson and attending directors affix their seals or signatures thereto.

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

### **Article 32 (Number of Directors)**

- ① The Company shall have at least three (3) but not more than fifteen (15) directors. The number of external directors shall constitute a majority of the total number of directors.

② In the event the number of external directors does not satisfy the requirements for composition of the Board of Directors determined in Paragraph ① above for reasons of the resignation, death, etc. of external director(s), external director(s) shall be appointed to satisfy the requirements at the general meeting of shareholders first convened after the relevant reason occurs. (Articles of Association NO. 3)

### **Article 33 (Election of Directors)**

- ① Directors shall be appointed in a general meeting of shareholders.
- ② Directors shall be elected by a majority of voting rights held by the shareholders present and such majority shall represent at least one-fourth (1/4) of the total issued and outstanding shares.
- ③ In case of appointment of directors, the cumulative voting system provided in Article 382-2 of Commercial Act shall not be applicable.

### **Article 34 (Recommendation of External Director Candidates)**

- ① The External Director Recommendation Committee shall recommend external director candidates from among those who meet such qualifications as provided in applicable laws including the Commercial Act and the Financial Investment Services and Capital Markets Act.
- ② The External Director Recommendation Committee shall determine the particulars on recommendation of external director candidates and review of their qualifications.

### **Article 35 (Term of Office of Directors)**

Directors shall be elected for a term of three (3) years and be eligible for re-election; provided that such term shall be extended up to the close of the ordinary general meeting of shareholders convened in respect of the last closing period in case their term expires on a date prior to such ordinary general meeting of shareholders.

### **Article 36 (Election of Directors in case of Vacancy)**

- ① Any vacancy in the office of the directors shall be filled by a resolution in a general meeting of shareholders; provided that if the number of directors does not fall below the number provided in Article 32 hereof and there is no difficulty in performance of business affairs, the foregoing shall not apply.



② If the number of external directors falls below the required number set forth in Article 32 hereof for such reasons as their resignation or death, the requirement shall be satisfied in a general meeting of shareholders held immediately following occurrence of such event.

### **Article 37 (Election of Representative Director, etc.)**

The Company may appoint, by a resolution of the Board of Directors, a representative director, chairman, vice chairman, president, vice president, senior managing directors, and managing directors.

### **Article 38 (Duties of Directors)**

① The representative director shall represent the Company and oversee affairs of the Company.

② The president, vice president, senior managing directors, and managing directors shall assist the representative director and perform their respective duties for the Company as determined by the Board of Directors. In the event the representative director is incapable of performing his or her duties, an officer of the Company shall vicariously perform his or her duties as determined by the Board of Directors.

### **Article 39 (Directors' Duty to Report)**

① A director shall report the status of business execution to the Board of Directors at least once in three (3) months.

② If a director finds any facts which may cause substantial losses to the Company, such director shall promptly make a report thereof to the Audit Committee.

### **Article 40 (Composition and Summoning of the Board of Directors)**

① The Board of Directors shall consist of directors and make decisions on important matters concerning business of the Company.

② The representative director or a director specifically determined by the Board of Directors, if any, shall summon the Board of Directors by giving a seven (7) days' notice to each director; provided that such notice may be omitted with the consent of all directors.

③ The person who has the authority to summon the Board of Directors as provided in the foregoing Paragraph ② shall serve as the chairperson of the Board of Directors.

#### **Article 41 (Resolution Method of the Board of Directors)**

- ① A resolution by the Board of Directors shall require the attendance of a majority of all directors and be adopted by consent by a majority of the attending directors; provided that a resolution by the Board of Directors on matters subject to Article 397-2 (Prohibition of Appropriation of Corporate Opportunities and Assets) and Article 398 (Prohibition of Self-Dealing Transactions) of the Commercial Act shall require consent by at least two-thirds (2/3) of all directors.
- ② The Board of Directors may permit all or some of its directors to participate in a decision-making process without direct presence in a meeting thereof by means of communication whereby all the directors may transmit and receive voice simultaneously. In such case, the directors using such means of communication shall be deemed present at the meeting of the Board of Directors.
- ③ Any director with a special interest in a resolution by the Board of Directors shall not exercise his or her voting right.

#### **Article 42 (Meeting Minutes of the Board of Directors)**

- ① The proceedings of the Board of Directors shall be recorded in its minutes.
- ② The minutes shall include agenda, proceedings, results, opponents, and cause of opposition. All directors present shall affix their seals or signatures thereto.

#### **Article 43 (Committees)**

- ① The Company shall establish the following committees within the Board of Directors:
  1. Audit Committee
  2. External Director Recommendation Committee;
  3. Sustainable Management Committee; (Articles of Association NO. 3)
  4. Internal Transaction Committee.
- ② Particulars of each committee including composition, power, and operation thereof shall be determined by a resolution of the Board of Directors.
- ③ Articles 40, 41, and 42 hereof shall apply *mutatis mutandis* in respect of the committees.

#### **Article 44 (Remuneration and Severance Allowance of Directors)**

- ① Remuneration of directors shall be determined by a resolution in a general meeting of shareholders.
- ② Severance allowances for directors shall be subject to the Officers' Severance Allowance Rules as determined by a resolution in a general meeting of shareholders.

#### **Article 45 (Counsel and Advisors)**

The Board of Directors may have several counsel and advisors by its resolution.

### **Chapter 6 Audit Committee**

#### **Article 46 (Composition of the Audit Committee)**

- ① The Company shall establish the Audit Committee as provided in Article 43 hereof in replacement of an auditor.
- ② The Audit Committee shall comprise three (3) or more directors. At least two-thirds (2/3) of its members shall be external directors. Its members who are not external directors shall meet the requirements set forth in Article 542-10(2) of the Commercial Act.
- ③ With respect to appointment of members of the Audit Committee who are external directors, shareholders whose holdings exceed three-hundredths (3/100) of the total issued and outstanding voting shares shall not exercise their voting rights concerning such excess.
- ④ With respect to appointment of members of the Audit Committee who are not external directors, if the combined voting shares held by the largest shareholder and his or her related parties who are to exercise voting rights, persons who hold shares on account of the largest shareholder, or his or her related parties, and persons who have delegated their voting rights to the largest shareholder, or his or her related parties exceed three-hundredths (3/100) of the total issued and outstanding voting share, the corresponding shareholders shall not exercise their voting rights concerning such excess.
- ⑤ The Audit Committee shall appoint, by its resolution, a person who represents the Audit Committee. In such case, the chairperson thereof shall be an external director.
- ⑥ In the event the number of external directors does not satisfy the requirements for composition of the Audit Committee determined in this Article 46 for reasons of the resignation, death, etc. of independent auditor(s), independent auditor(s) shall be appointed to satisfy the

requirements at the general meeting of shareholders first convened after the relevant reason occurs. (Articles of Association NO. 3)

#### **Article 47 (Duties of the Audit Committee)**

① The Audit Committee shall audit the accounting and the conduct of the business of the Company.

② When deemed necessary at its reasonable discretion, the Audit Committee may request in writing that the Board of Directors be summoned by submitting the purpose of such meeting and the reason for its convocation to the representative director (referring to the person with the authority to summon the Board of Directors if there otherwise exists such person; the same shall apply hereinafter).

③ If the representative director fails to promptly summon the Board of Directors despite a request as provided in the foregoing Paragraph ②, the Audit Committee that has requested such meeting may convene the Board of Directors.

④ The Audit Committee may request convocation of an extraordinary general meeting of the Board of Directors by submitting the purpose of such meeting and the reason for its convocation, in writing, to the Board of Directors.

⑤ The Audit Committee may request the subsidiary companies to report its business when it is necessary to perform its duties. In such case, if the subsidiary companies fails to promptly make such report or if it is necessary to confirm the content of such report, the Audit Committee may investigate the business and asset status of the subsidiary companies.

⑥ The Audit Committee shall appoint the independent auditor of the Company. (Articles of Association NO. 3)

⑦ The Audit Committee shall also handle matters delegated by the Board of Directors other than those set forth in the foregoing Paragraphs ① through ⑥.

#### **Article 48 (Audit Report)**

The Audit Committee shall prepare an audit report with respect to its audit. The audit report shall record the proceedings and results of its audit, with seals or signatures of members of the Audit Committee who conducted the audit affixed thereto.

## Chapter 7 Calculation

### Article 49 (Fiscal Year)

A fiscal year of the Company shall be from January 1 to December 31 each year.

### Article 50 (Preparation, Maintenance, etc. of Financial Statements)

① The representative director of the Company shall prepare the following documents as well as supplementary statements and business reports and have them audited by the Audit Committee six (6) weeks prior to the date of an ordinary general meeting of shareholders. He shall also submit each of the following documents and business reports to an ordinary general meeting of shareholders:

1. Balance sheet;
2. Income statement; and
3. Other documents that indicate the Company's financial position and management performance as provided in the Enforcement Ordinance of the Commercial Act.

② If the Company has to prepare consolidated financial statements as provided in the Enforcement Decree of the Commercial Act, such consolidated financial statements shall be included in each document set forth in the foregoing Paragraph ①.

③ Notwithstanding the foregoing Paragraph ①, in the event each of the following requirements has been met, the Company may give its approval by a resolution of the Board of Directors:

1. If an independent auditor opines that each document as set forth in the foregoing Paragraph ① reasonably indicates the Company's financial position and management performance in accordance herewith and with applicable laws; and
2. If all members of the Audit Committee give their consent thereto.

④ Upon approval by the Board of Directors according to the foregoing Paragraph ④, the representative director shall report the details of each document set forth in the foregoing Paragraph ① to a general meeting of shareholders.

⑤ The representative director shall keep available the documents and supplementary statements provided in the foregoing Paragraph ①, along with business reports and audit reports, at the head office of the Company for five (5) years from one (1) week prior to the date of an ordinary general meeting of shareholders and the copies thereof at branches for three (3) years therefrom.

⑥ Immediately upon approval of each document set forth in the foregoing Paragraph ① in a general meeting of shareholders or upon approval by the Board of Directors according to the foregoing Paragraph ④, the representative director shall promptly make a public announcement of the balance sheet and the audit opinion of an independent auditor.

#### **Article 51 (Appointment of Independent Auditor)**

The Audit Committee shall appoint the independent auditor, and shall make a report thereof to the ordinary general meeting of shareholders convened after the appointment or shall be notified or announced to shareholders as determined by the Enforcement Decree of the Act on External Audit of Stock Companies, Etc. (Articles of Association NO. 3)

#### **Article 52 (Disposition of Profits)**

Profits of the Company for each fiscal year (including unappropriated retained earnings) shall be disposed of as follows:

1. Legal reserves (legal reserves under the Commercial Act);
2. Other statutory reserves;
3. Dividends;
4. Voluntary reserves;
5. Other retained earnings to be appropriated; or
6. Unappropriated retained earnings to be carried forward to the subsequent year.

#### **Article 52-2 (Capital transfer of reserve fund)**

If the Company issues new stock for the capital transfer of the reserve fund, different types of stocks other than common stock may be assigned to the common stock with the resolution of the board of directors, and if the Company issues several types of stocks, the new stocks to be assigned to the common stock may be different types of stocks other than common stock, and the new stocks to be assigned to the preferred stock may be preferred stock, or other types of stocks other than common stock or preferred stock. (Articles of Association NO. 2)

#### **Article 53 (Dividends)**

① Dividends may be paid in the form of cash, shares, or other property.

② In the event dividends are paid in the form of shares and the Company has issued several types of shares, the Company, by a resolution in a general meeting of shareholders, may pay such dividends with shares of which type is different from that of the shares held by the payees

of dividends. (Articles of Association NO. 2)

③ Dividends as provided in the foregoing Paragraph ① shall be paid to the shareholders entered on and the pledgees registered with the register of shareholders of the Company as of the end of each closing period.

#### **Article 54 (Extinct Prescription of the Claims for Payment of Dividends)**

① Claims for payment of dividends shall be extinguished if they are not exercised for five (5) years.

② Upon the expiry of the prescription in the foregoing Paragraph ①, dividends shall belong to the Company.

### **ADDENDA**

1. (Date of Enforcement) These Articles of Association shall enter into force on the date of incorporation of the Company.

2. (Formulation of Detailed Rules) When deemed necessary at its reasonable discretion, the Company may formulate and implement detailed rules necessary for its business and management by a resolution of the Board of Directors.

3. (Scope of Application) Matters not specifically provided for herein shall be subject to the minutes adopted in a general meeting of shareholders. Matters not set forth in such minutes shall be subject to the Commercial Act and other applicable laws.

4. (Incorporation by Spin-Off) The Company shall be incorporated by means of spin-off from Hankook Tire Co., Ltd. The assets transferred to the Company as a result of such spin-off and the value thereof, etc. are specified in the spin-off plan approved in a general meeting of shareholders of Hankook Tire Co., Ltd. as of July 27, 2012.

5. (Special Case Concerning Fiscal Year) Notwithstanding Article 49 hereof, the initial fiscal year of the Company shall be from the date of incorporation of the Company to December 31, 2012.

6. (Promoter) The Company comprises the manufacture and sale business of automobile tires, etc. spun off from Hankook Tire Co., Ltd. and was incorporated with such divided assets. Accordingly, there is no promoter for the Company.

7. (Name and Address of the Company Prior to Spin-off) For the purpose of incorporation of the Company, these Articles of Association have been prepared. The representative director of Hankook Tire Co., Ltd. prior to the spin-off shall affix his signature or seal hereto.

8. This Articles of Association shall take effect from March 28, 2019. Provided, however, that Article 1 shall take effect from May 8, 2019, and Articles 9, 13, 14, 16-2, and 18-2 shall take

effect from September 16, 2019 on which the Enforcement Decree of the Act on Electronic Registration of Stocks, Bonds, Etc. takes effect. (Articles of Association NO. 3)

**※ In the event of any conflict between the Korean language and English language of this Articles of Association, the Korean language shall prevail.**