

8th May, 2023

KT Initiates Outside Director Appointment Process
Based on Improvement Plan by the 'New Governance Establishment TF'

KT announced to have initiated the process of appointing outside directors based on the improvement plan developed by the 'New Governance Establishment TF'(hereinafter "the TF").

On April 17th, KT formed the TF with corporate governance experts through recommendations from major domestic and international shareholders. The TF aims to address issues such as preventing managerial entrenchment and external influence in the nomination process in a company with dispersed ownership through the following measures: improving the outside director appointment process as the first step towards establishing a trusted governance structure, enhancing the representative director appointment process and the role of the Board of Directors (hereinafter "BoD").

Furthermore, the TF is actively seeking the besway to improve KT's governance structure. Key objectives are enhancing fairness and transparency of the appointment processes of outside directors and the representative director. This will be articulated through examining telecommunications companies and other companies with dispersed ownership, as well as benchmarking global leading companies.

After five in-depth discussions, the TF has developed improvement measures for the first phase and the most urgent task - the outside director appointment process.

First, considering that KT is a company with dispersed ownership, KT introduced a method of 'receiving recommendations for potential outside director candidates from shareholders' to protect shareholder rights. All shareholders of KT for over six months (as of May 8th 2023) will be eligible of recommending potential candidates of outside director. Shareholder recommendations will be accepted from May 8th to May 16th until 1:00 PM (KST). Further details can be found on KT's official website. The outside director candidate pool will include recommendations from shareholders and external institutions (search firms), and the TF will make efforts to form a BoD with at least one shareholder-recommended outside director.

Second, in order to resolve managerial entrenchment issues raised by external parties and to strengthen the independence of candidate evaluation, inside directors will be excluded from the outside director appointment process. Thus, the Outside Director Candidate Recommendation Committee(hereinafter "ODCRC"), which was previously composed of one inside director and all outside directors, will now consist of outside directors only.

Third, to ensure fairness and objectivity in the evaluation process of outside director appointment, an advisory group will be participating in the evaluation. The advisory group will be formed through the following process: receiving recommendations from external institutions, the TF's evaluation of the recommendations, and finally the ODCRC's selection of five final members of the advisory group. The advisory group will conduct in-depth evaluations of the outside director candidates based on their expertise, independence, fairness, and commitment. Then, based on the screening results from the advisory group, the ODCRC will conduct a second evaluation to finalize outside director candidates.

As the improvement measures for the outside director appointment process reaches its final stages, the TF plans to proceed with detailed discussions on the appointment process for the representative director and the role of the BoD.

In order to strengthen the supervisory function of the BoD, to enhance shareholder value, and to prevent managerial entrenchment, the TF is considering various improvement measures such as limiting the number of inside directors to one (reducing the number of inside directors from 3 to 1, the representative director). The TF is also considering adjusting the roles of committees within the BoD and applying the supermajority rule (stipulating at least two-thirds majority of shares) to the appointment of representative director in the General Meeting of Shareholders. Details will be finalized through further discussions.

Based on the improvement plan established by the TF, KT will form a pool of outside director candidates including shareholder recommendations and appoint new outside directors with expertise and independence by June. The appointment process for a new representative director will be expedited as the new BoD is formed, aiming to finalize the representative director candidate by July.

※ Improvement Measures for KT’s Outside Director Appointment Process

		AS-IS	TO-BE (by TF)
Formation of Committee	Formation of Outside Director Candidate Recommendation Committee	1 inside director + all outside directors	all outside directors
Formation of Candidate Pool	How to Secure Candidates	Existing Pool + Search Firm	Existing Pool + Search Firm + Shareholder Recommendations
Evaluation of Candidate Pool	Who Evaluates	Outside Director Candidate Recommendation Committee	Advisory Group + Outside Director Candidate Recommendation Committee
	Evaluation Criteria	Qualitative Assessment	1 st Quantitative Assessment + 2 nd Qualitative Assessment
Finalization of Candidate	Disclosure of Recommendation Route	Confidential	Open

Disclaimer
 Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks. In no way does KT assume any responsibility for any investment or other decisions made based upon the information provided on this transcript.