

Regulations for the Board of Directors



Chapter 1 General Provisions

Article 1 (Purpose)

The purpose of these regulations is to stipulate matters necessary for the efficient formation and operation of the Board of Directors of Yuhan Chemical Inc. (hereinafter referred to as the “Company”).

Article 2 (Scope)

Except when otherwise provided in the laws, regulations, or Articles of Incorporation, matters pertaining to the Board of Directors shall be governed by these regulations.

Article 3 (Authority)

- ① The Board of Directors shall decide on matters stipulated in the laws, regulations, or Articles of Incorporation, matters delegated by the general meeting of shareholders, and important matters regarding the basic policies for the operation and business execution of the Company.
- ② The Board of Directors shall supervise the performance of the duties of directors.

Article 4 (Responsibility)

- ① If a director commits an act that violates the laws, regulations, or Articles of Incorporation, or neglects his/her duties intentionally or by gross negligence, the director shall be jointly and severally held liable for damages against the Company or a third party.
- ② If an act that violates the laws, regulations, or Articles of Incorporation is pursuant to a resolution by the Board of Directors, the directors who approved the resolution shall take the responsibility specified in the preceding paragraph.
- ③ If a director discovers a matter that is likely to cause significant damage to the Company, he/she shall notify the auditor(s) of the matter immediately.

Chapter 2 Composition

Article 5 (Composition)

The Board of Directors shall be composed of all directors appointed at the general meeting of shareholders.

Article 6 (Chairman)

- ① The Board of Directors shall be chaired by the CEO.
- ② If the CEO is unable to perform the duties of the chairman due to absence with leave, the relevant director in order of rank and seniority among the directors shall perform the duties on his/her behalf.

Article 7 (Attendance of Auditors, etc.)

- ① Auditors may attend the Board of Directors' meetings and state their opinions.
- ② If the auditor determines that a director has committed or is likely to commit an act in violation of the laws, regulations, or Articles of Incorporation, he or she shall report this matter to the Board of Directors.

Chapter 3 Meeting

Article 8 (Types)

- ① The meetings of the Board of Directors are divided into regular meetings and temporary meetings.
- ② In principle, regular meetings of the Board of Directors shall be held once a quarter.
- ③ Temporary meetings of the Board of Directors are held from time to time as needed.

Article 9 (Convocation Authority)

- ① The Board of Directors is convened by the CEO. However, if the CEO is unable to convene a meeting due to absence with leave, the director chosen by the order prescribed in Article 6, Paragraph ② shall perform the CEO's duties.

- ② Each director may request convocation of the Board of Directors by disclosing the agendas and reasons to the CEO. If the CEO fails to convene a meeting of the Board of Directors without a justifiable reason, the director who requested the convening of the Board of Directors may convene a meeting of the Board of Directors.

Article 10 (Convocation Procedure)

- ① When convening the Board of Directors, a meeting date shall be set and a convening notice shall be sent to each director and auditor one week in advance.
- ② A meeting of the Board of Directors may be convened without the procedure described in Paragraph 1 if all directors and auditors agree to it.

Article 11 (Method of Resolution)

- ① Resolutions of the Board of Directors shall be made with the attendance of a majority of the directors and voting by a majority of the directors present.
- ② Directors who have a special interest in resolutions of the Board of Directors cannot exercise their voting rights.
- ③ The number of voting rights that cannot be exercised pursuant to the provisions of Paragraph ② shall not be included in the total number of voting rights corresponding to the directors present.

Article 12 (Agenda)

Matters to be submitted to the Board of Directors are as follows.

1. Matters concerning the general meeting of shareholders
 - ① Convocation of the general meeting of shareholders
 - ② Approval of business reports
 - ③ Approval of financial statements
 - ④ Agenda to be submitted to the general meeting of shareholders
2. Matters pertaining to the division of duties and assignment of directors, etc.
 - ① Appointment of the CEO
 - ② Division of work for executives
 - ③ Serving concurrently as an executive officer of another company (except for serving concurrently as an executive officer of an investment company)

3. Financial matters

- ① Investment of more than 10/100 of capital in another corporation or disposition thereof
- ② Acquisition and disposition of assets exceeding 10/100 of total assets
- ③ Investment of more than 10/100 of capital in facilities
- ④ Issuance of new shares and transfer of reserves to capital
- ⑤ Issuance of private bonds
- ⑥ Setting limits on guarantee activities and provision of collateral for others

4. Matters related to management

- ① Determination and change of the basic policy regarding Company management
- ② Conclusion of important contracts (acquisition and transfer of patent rights, etc.)
- ③ Confirmation of the annual business plan
- ④ Matters related to various legal measures
- ⑤ Matters delegated by the general meeting of shareholders
- ⑥ Matters stipulated in the laws, regulations, or Articles of Incorporation
- ⑦ Other matters deemed necessary by the CEO

Article 13 (Right to Supervise Directors' Performance of Duties)

- ① When the Board of Directors recognizes that one of the directors is likely to violate the laws, regulations, or Articles of Incorporation or handle the matter in a significantly unfair manner in performing his or her duties, the Board of Directors may request the relevant director to submit, investigate, and provide explanations on related materials.
- ② In the case of Paragraph ①, the Board of Directors may request that the execution of the relevant work be suspended or changed.

Article 14 (Minutes)

- ① Minutes shall be prepared regarding the proceedings of the Board of Directors' meetings.
- ② The minutes shall record the progress of the proceedings and the results, and be affixed with the names and seals or signatures of the directors and auditors present.
- ③ Minutes shall be kept at the head office.

- ④ A copy of the minutes shall be sent to each director and auditor within 10 days of the meeting.

Article 15 (Secretary)

- ① A secretary shall be appointed for the Board of Directors.
- ② The secretary shall be appointed by the chairman, and shall be in charge of the affairs of the Board of Directors under the chairman's instructions.

Supplementary Provisions

(Enforcement Date) These regulations came into effect on September 25, 1980.

(Amendment) These regulations were revised and took effect from March 19, 2004.