Korea Zinc 2026 EGM

Nominees to Represent All Shareholders

August 2026

https://koreazincvalueup.com

MBK PARTNERS

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Executive Summary

- MBK Partners-Young Poong Consortium (the "Consortium") is the largest shareholder of Korea Zinc, holding 42.1% of voting shares as of the Record Date.
- The March 2026 AGM marked a meaningful step in Korea Zinc's governance reform, with shareholder support enabling two additional Consortium nominees to join the Board. However, Director Choi Yun Birm was reappointed despite serious allegations of unlawful conduct and misappropriation of corporate assets, while the Company's audit and oversight functions remain ineffective. Nonetheless, notable dissent was raised against Director Choi by minority holders.
- Since the last AGM, the Securities and Futures Commission of the Financial Services Commission, Investigation Bureau 4 of the National Tax Service, the Korea Fair Trade Commission and the Seoul Central District Court have conducted investigations, initiated sanction proceedings and issued document production orders in connection with alleged misconduct and governance failures involving Director Choi. These developments provide external validation to the Consortium's longstanding concerns regarding the absence of effective checks and balances at Korea Zinc.
- The central issue is not a series of isolated investment failures, but a broader pattern of **unchecked management conduct in the absence of effective Board oversight**. The matters raised by the Consortium over the past year share common characteristics: large-scale deployment of corporate funds; inadequate prior Board review and subsequent monitoring; resulting losses or material risks; omitted, understated or insufficient disclosure; and a lack of meaningful action by the Audit Committee.
- Most importantly, despite the substantial time that has passed since these concerns were first raised—and despite regulators and courts now examining many of the same matters—the Board and Audit Committee, which should have acted first, have undertaken no substantive investigation or corrective action. This continued inaction demonstrates that the current Audit Committee lacks both the independence and effectiveness necessary to scrutinize management and hold it accountable.
- Against this backdrop, Korea Zinc's independent directors and Audit Committee members must exercise independent judgment in the interests of the Company and all shareholders, rather than any particular shareholder or management group. **Establishing a genuinely independent Audit Committee and restoring the substantive independence of the audit function are therefore urgent governance priorities necessary to prevent further improper conduct, strengthen accountability and protect shareholder assets.**

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Our Voting Recommendations: Overview

- Shareholders of Korea Zinc will be asked to vote on two distinct proposals at this EGM — (i) the appointments of four board directors and (ii) a separately appointed audit committee member, to be elected by the 3% rule, in accordance with the recent amendment to the Korean Commercial Act. **In particular, the appointment of an Audit Committee Member is crucially important in strengthening oversight and protecting minority shareholder interests. The Consortium humbly requests shareholders review our materials and support Items 2.3, 2.4 and 3.2.**

	Appoint Audit Committee Member (Items 3.1 - 3.2)	Appoint Board Directors (Items 2.1 - 2.4)
Why this EGM?	Effective September 2026, the Commercial Act requires listed companies to have at least two Audit Committee members elected separately, subject to the 3% rule. To meet the **statutory requirement**, Korea Zinc was obliged to convene an EGM to fill the seat.	In May 2026, four Korea Zinc directors resigned as it became clear that the court was about rule that their **appointments were unlawful** due to the voting restrictions placed by Korea Zinc against Young Poong shares.
Why support an external nominee?	As Korea Zinc is facing accounting and shareholder-rights issues, the role of the separately elected Audit Committee member is particularly important. The **lack of responsiveness** of the incumbent Audit Committee to Consortium calls for scrutiny into projects (including **One Asia Partners** and **Igneo Holdings**) has evidenced that those appointed by the Company have not acted in the interests of all shareholders.	Korea Zinc has a track record of **egregious capital allocation practices —** including dilutive capital issuances and highly questionable investments — and **infringements of shareholder rights**. The Board's **lack of responsiveness** to repeated and varied shareholder concerns evidences a clear **need for change**.
Who to support?	**Park Yu-kyung (Item 3.2)**, a former investment professional at APG Asset Management, brings over 30 years in global capital markets and governance expertise. Her nomination follows a **robust selection process** contributed by minority shareholders and overseen by experts independent of major shareholders.	The two nominees from the Consortium are: **Lee Joon-bong:** A legal and accounting scholar with doctorates in tax law and accounting. **Shim Hye-seop:** A corporate lawyer with over 15 years in corporate law and governance.
Why not the Korea Zinc nominees?	Korea Zinc's nominee may have a **conflict of interest** that could impact his independence. His candidacy also follows a **weaker process led by the Company —** the Consortium's allowed broader minority-shareholder participation, with structural separation ensuring independence from all major shareholders.	Korea Zinc has experienced significant governance failures under the existing regime. Candidates put forward by the Nomination Committee risk continuing **weak oversight** and **misallocation of capital.**

Analysis and Recommendations on Agenda Items

Item	Agenda	Proposer	Rec.
Item 1. Amendments to the Articles of Incorporation			
1.0	**Amendment to the Articles of Incorporation to Increase the Number of Separately Elected Audit Committee Members**	Board	**For**
Item 2. Election of Four Directors by Cumulative Voting			
2.1	**Election of Independent Director Lee Hyung-kyu**	Board	**Against**
2.2	**Election of Independent Director Suh Eun-sook**	Board	**Against**
2.3	**Election of Independent Director Lee Joon-bong**	Consortium	**For**
2.4	**Election of Independent Director Shim Hye-seop**	Consortium	**For**
Item 3. Election of Independent Directors to Serve as Audit Committee Members			
3.1	**Election of Audit Committee Member Baek In-kyu**	Board	**Against**
3.2	**Election of Audit Committee Member Park Yu-kyung**	Consortium	**For**

What Supporting Our Nominees Will Mean

Supporting our nominees to the Board, and to the Audit Committee Will…

- ✓ Strengthen the Audit Committee's effectiveness in overseeing capital allocation and minority shareholder rights, through a candidate able to represent the minority shareholder perspective faithfully and with unquestionable independence
- ✓ Strengthen the Board's effectiveness by increasing the proportion of directors able to counterbalance those who oversaw governance failures and were unwilling to hold management accountable, while also bringing skills relevant to Korea Zinc's strategic direction
- ✓ Maintain proportional Consortium representation while preserving a below-majority position, broadly consistent with current levels.
- ✓ Retain the existing Board members (only appointing additional directors) and the executive team below it

The risk of our nominees *not being appointed* is that the Board continues to be represented by directors who have proven unwilling to enact accountability, with a growing proportion of seats filled by appointees of an ineffective Board.

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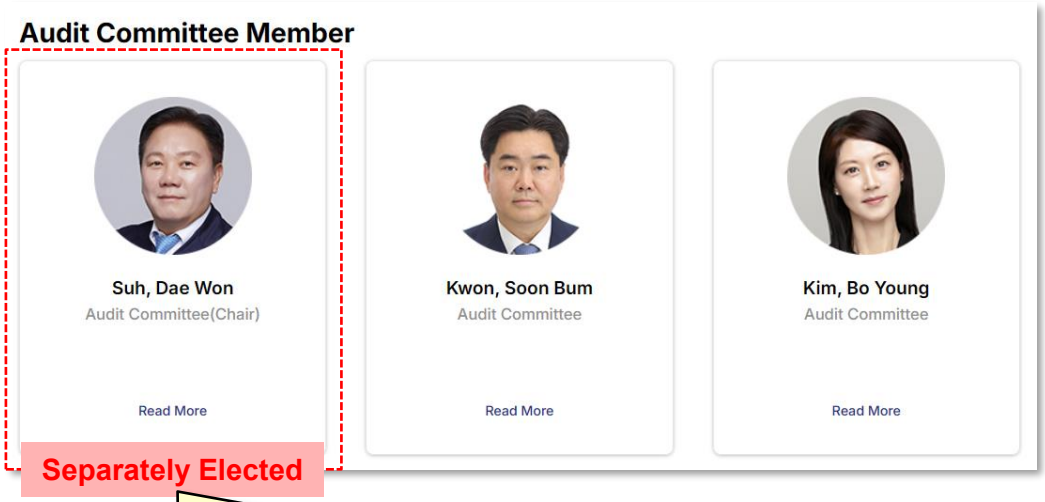
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Why a Separate Audit Committee Member Must Be Elected at the 2026 EGM

- Under the amended Commercial Act, effective September 2026, listed companies are required to have at least two Audit Committee members elected separately, subject to the 3% voting cap.
- At the 2026 AGM, the Consortium opposed the proposal to add an additional separately elected Audit Committee member *solely because* the proposal would have facilitated the appointment of Lee Min Ho, the Company's nominee for the seat. As an Audit Committee member, Mr. Lee failed to provide effective oversight of the current management, a record that also led other shareholders to vote against his election (see Appendix B).
- As a result, the proposal to separately elect an Audit Committee member did not pass at the 2026 AGM. With the statutory requirement taking effect in September 2026, the Company was required to convene an EGM to fill the seat.

Current Audit Committee Structure



At the 2025 AGM, Director Suh Dae Won was separately elected subject to the 3% rule(1), and remains the only such director; following the Commercial Act amendment, **another director must be appointed** under the same requirement by September 2026.

2026 AGM Outcome

The Consortium voted **AGAINST** both items because a separately elected Audit Committee seat requires a **genuinely independent nominee**. Having failed to act on repeated governance failures during his tenure, **Mr. Lee could not credibly be reappointed to that role.**

	Agenda	Result
2.8	Amend Articles to Increase Separately Elected Audit Committee Members from 1 to 2	**FAIL**
5.0	Elect Lee Min Ho as a Separately Elected Audit Committee Member (Subject to Agenda 2-8 Passing)	**WITHDRAWN**

As Proposal 2.8 failed to pass, Proposal 5.0 was withdrawn**, leaving an additional separately elected Audit Committee seat vacant**

(1) Procedures and regulatory background explained in the Appendix.
Source (Photo): Korea Zinc Website

Interpretation of the Commercial Act Amendment

- The key aim of the amendment to the Commercial Act is to ensure the Audit Committee includes a genuinely independent member — **independent in both the nominee and the appointment process, and free from the influence of major shareholders**.
- The member should be capable of holding management accountable and thereby protecting the interests of minority and general shareholders.

Commercial Act Amendment Intent(1)

The key principles behind the amendment are to:

- **Enhance Independence:** ensuring Audit Committee members are elected free from the control of the major shareholder.
- **Strengthen Oversight:** securing a Committee genuinely able to monitor management and scrutinize material strategic and capital-allocation decisions.
- **Protect Minority & General Shareholders:** giving minority shareholders a real voice on the Board and safeguarding the interests of all shareholders.
- Ultimately, appointing an Audit Committee member that can **faithfully represent the interest of minority shareholders**.

Enacting the Intent of the Amendment

The Consortium sought to ensure the principles and intent of the amendment were faithfully upheld by aligning its own nomination process, through:

Process	Unquestionably independent nomination process, able to consider nominees who can represent minority shareholders.
Profile	A candidate who understands the needs and expectations of institutional and minority investors.
Skills & Expertise	Audit and risk oversight, financial and capital allocation literacy, and governance experience.

All of these elements are required so that the member can be effective in performing their role…

Role	Independently monitor management's actions and **safeguard minority shareholders' interests.**

(1) Procedures and regulatory background explained in the Appendix.

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Regulatory Scrutiny Escalates as the Board and Audit Committee Fail to Act

Appendix B
Key Governance Failures

- Since the last AGM, sanctions by the Securities and Futures Commission ("SFC") have been imposed, while a court-ordered production of documents, a special tax audit by the National Tax Service ("NTS"), and enforcement proceedings by the Korea Fair Trade Commission ("KFTC") have proceeded concurrently, intensifying scrutiny of the Company's investment decisions, internal controls, and transactions to defend control.
- The Company's restriction of the Young Poong's voting rights has been judicially confirmed to be unlawful, as a result of the recognition of CEO Park's liability for damages to Young Poong.
- The pattern is clear: issues left unexamined internally are increasingly being uncovered by regulators and courts.

1

SFC Sanctions for Accounting and Disclosure Violations

Sanctions Imposed

- Understated losses relating to One Asia Partners and Igneo Holdings, together with undisclosed related-party transactions, resulted in **significant accounting and disclosure sanctions.**
- **The Company was sanctioned with** fines(1), a three-year mandatory external auditor designation and corrective measures.

Special Tax Audit by NTS Investigation Bureau 4

Under Investigation

- NTS Investigation Bureau 4 launched a special tax audit at Korea Zinc's HQ, **securing accounting and tax records.** The audit is reportedly examining potential **misappropriation and self-dealing**, including One Asia Partners and Igneo-related transactions.

2

Court and KFTC Scrutiny of Cross-Shareholding and Voting-Right Restrictions

Under Investigation

- KFTC issued an examination report on Korea Zinc's **cross-shareholding through its Australian subsidiary**, with final sanctions pending.
- The court found **CEO Park's restriction of Young Poong's voting rights unlawful and held him liable for damages.**

- **Regulators and courts are now scrutinizing the very issues the Consortium has raised for over a year.**
- **Yet the Audit Committee has remained passive throughout — leaving regulators and courts to do the oversight it failed to provide.**

(1) Approximately KRW8.4 bn imposed on Korea Zinc and KRW760 mm on the CEO and other executives.

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Existing Audit Committee Members Cannot Credibly Provide Independent Oversight

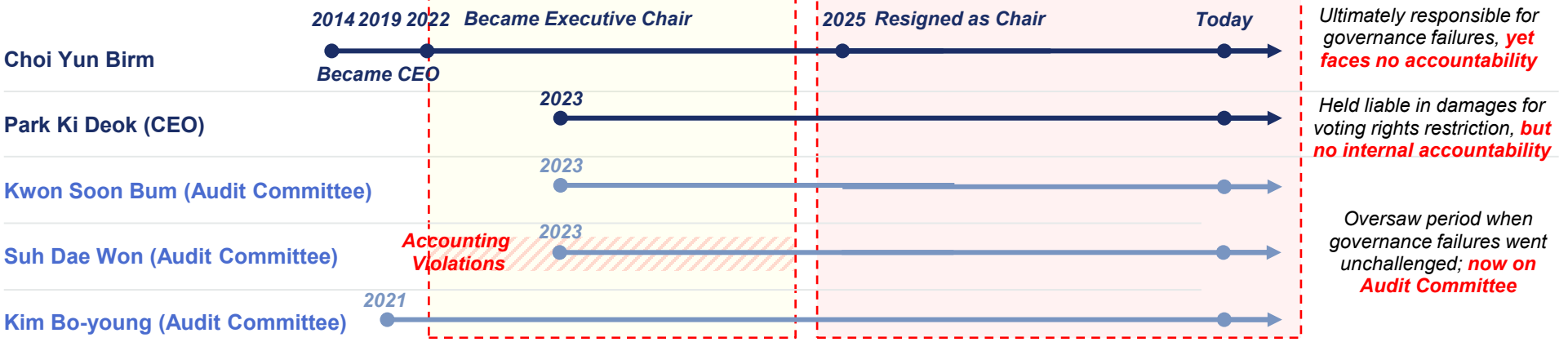
- Korea Zinc has experienced significant governance failures under Choi Yun Birm and Park Ki Deok over the past five years. The current Audit Committee members (Suh Dae Won, Kwon Soon-bum and Kim Bo-young) have served alongside the same management team throughout the period in which Korea Zinc's governance failures occurred. Despite repeated red flags, they failed to meaningfully investigate, challenge or hold management accountable. Notably, Mr. Suh, an Audit Committee member since 2023, bears responsibility for the oversight failure during the accounting violations of 2022–2024; yet he chairs the Committee today.
- **In other words, they are not independent outsiders to the governance failures — they were part of the oversight structure while those failures occurred. Their continued alignment with incumbent management makes credible, independent scrutiny of that same management highly questionable**.

Audit Committee Members Failed to Act as Governance Failures Continued

See Appendix B for concerns on governance failures raised by institutional investors and proxy advisors

Key Governance Failures since 2022:
- *15.5%(1) of share capital rewarded to allies (via treasury share disposal & issuance)*
- *Capital misallocated to areas of no strategic value, many now under legal scrutiny*

Key Governance Failures Since the Consortium's Escalation:
- *Defensive self-tender, hurting earnings & leverage*
- *Discounted equity issue for management entrenchment drew prosecutor's investigation and halted*
- *Major shareholder's voting rights unlawfully restricted*
- *Since 2026 AGM, regulators found accounting violations, **yet the Board has taken no action — not even an internal audit**.*



(1) Ownership stakes held by allies secured through new share issuances and treasury share disposals/exchanges (Hanwha H2 Energy USA, Hanwha Corp., LG Chem, HMG Global, Korea Investment & Securities, Trafigura, and Morgan Stanley), as a percentage of total issued shares as of year-end 2023.

Current Audit Committee Refuses to Exercise Its Independent Investigative Authority

- The Consortium, as the largest shareholder and through its Board nominees, has repeatedly requested that the Audit Committee investigate matters including One Asia Partners and Igneo Holdings, **yet no action has been taken**.
- This is unsurprising given that the current members were themselves part of the oversight structure during the period under scrutiny, making independent challenge of management or prior decisions inherently difficult.
- **This is precisely why a genuinely independent voice is needed on the Audit Committee to provide objective scrutiny and accountability.**

Lack of Audit Committee Independence and Accountability

- The Consortium repeatedly **urged the Audit Committee to investigate projects such as One Asia Partners, Igneo Holdings, and Chungho Comnet** (detailed on slide 39-40). Several have since been confirmed to breach accounting standards and are under external investigation for the misuse of corporate assets.
- The Consortium sent **four formal letters to the Audit Committee** to urge an independent investigation into the One Asia Partners, Chungho Comnet, Igneo, NTS tax audit and the SFC sanctions (May 18, 2026, June 4, 2026 and June 11, 2026).
- However, the Audit Committee consistently took a defensive approach**, refusing to initiate its own investigation on the grounds that no final legal determination had been made** and merely repeating that it would await the outcome of external proceedings.
- This demonstrates that the Audit Committee is failing in its fiduciary duty to exercise oversight and investigative authority independently of regulatory action or litigation.(2) It relies instead on external authorities and legal proceedings to perform the role it should undertake itself, namely protecting shareholder capital and holding management accountable.

Request for Investigation into the One Asia Partners Fund Investment and Chungho Comnet-Related Fund Flows

- **[Korea Zinc's Response]** *"Given the ongoing court proceedings and objective investigations by the relevant authorities,(...) the Company and its Audit Committee do not believe it is appropriate to conduct a separate internal investigation"* (June 10, 2026)(1)

Regarding the National Tax Service's Special Tax Audit

- **[Korea Zinc's Response]** ***"****It is not appropriate to take any action before the relevant authorities complete their objective investigations and the facts and legal conclusions are established."* (June 4, 2026)(1)
- **[Korea Zinc's Response]** *"Our position remains unchanged that the relevant authorities' investigations and related legal proceedings should first establish the facts and legal conclusions."* (June 23, 2026)(1)

(1) Excerpts from Korea Zinc's letters to Young Poong dated June 4, June 10 and June 23, 2026.
(2) Article 415-2(7), 412, etc. of the Korean Commercial Act.

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The Consortium's Independent Candidate for the Separate Election of Audit Committee Member (1/2)

- To support the objective of the amended Commercial Act, the Consortium combined open nominations, independent review and candidate expertise — providing a model for implementing the intent of the amendments.
- This robust process ensured, from the outset, that the appointment was separated from the Consortium and led by an independent, expert party.

Nomination Process & Assessment Criteria

Nomination Eligibility

Shareholders with 1+ share, external organizations and expert groups — **effectively open to any minority shareholders**.

Independent Review Committee

Committee composed of **external governance experts independent** of both Korea Zinc and the Consortium, established to conduct the nominee assessment.

1. **Initial Eligibility Review:** External review of statutory eligibility, independence and conflicts of interest.
2. **Second-Round Quantitative and Third-Round Qualitative Assessment:** Evaluated candidates based on expertise, independence, execution capability, governance knowledge and reputation.

Core Independent Director Competencies

Expertise	Knowledge and experience to understand key board matters and contribute to oversight and decisions
Fairness	No relationships with the largest shareholders and management; ability to represent all shareholders and the Company
Ethics & Accountability	No legal disqualification or record of oversight failures or shareholder-value destruction
Diligence	Sufficient time and commitment, without excessive concurrent director roles or poor attendance records
Independent Judgment	Ability to independently challenge and oversee the board and the management
Audit Committee Competencies	Audit, financial statements, risk, internal-control, legal and industry expertise required for the Audit Committee
Board Composition Perspective Functional Expertise	Expertise in at least one of Korea Zinc's Board Skills Matrix (BSM) area(1)

(1) Company criteria: leadership, industry/technology, finance/M&A, operations, audit/risk/internal control, legal/regulatory, global, ESG, strategy, government, academia

The Consortium's Independent Candidate for the Separate Election of Audit Committee Member (2/2)

- From more than 10 nominated candidates, the external review committee recommended Ms. Park Yu-kyung as best suited to serve on Korea Zinc's Audit Committee, having met all requirements from independence to relevant skills and experience — she is the candidate now proposed by the Consortium.

Nominee Profile & Background

Item 3.2



Park Yu-kyung

Audit Committee Candidate

apg — *Managing Director, Emerging Markets Equities*

ACGA — *Chair of ACGA Korea Working Group*

NPS — *ESG / Stewardship Committee*

Key Skills & Experience: Governance, Capital Allocation, Capital Markets, Sustainability

Background: Over 30 years in global capital markets, including as a senior investment professional at APG Asset Management, where she analyzed company financial performance and capital allocation across a broad international portfolio and engaged directly with companies on governance, performance and risk oversight. Independent Director and Audit Committee Chair experience at the Tara Climate Foundation, complemented by public service on the NPS ESG and Stewardship Code Committee. As former Head of the Asia Corporate Governance Association ("ACGA") Korea Working Group, possesses strong expertise in the governance standards institutional investors expect from Korean companies.

Assessment Results for Ms. Park

Assessment Summary

✓ Process + ✓ Profile + ✓ Skills & Expertise = ✓ Role

Aligned with the regulatory direction behind the expanded separate election of Audit Committee members — in both the process and the profile that ensure minority shareholders' perspectives are represented in the role.

Unquestionably independent of all major shareholders including the Consortium and the management — impartial oversight over management on behalf of minority shareholders.

Brings relevant skills across finance (including financial analysis and financial statement audit), governance and risk management — most importantly, institutional investor perspective not currently represented on the Audit Committee.

Sufficient time commitment and **robust track record**; meets all eligibility criteria set out for the position.

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Comparison of the Nomination Process for Separate Election of Audit Committee Member (1/3)

- Compared with Korea Zinc's process, the Consortium's process allowed broader minority-shareholder participation, with structural separation ensuring independence from all major shareholders — and selected a profile better aligned with the intent of the Commercial Act and with the skills relevant to the Audit Committee and Board.

Comparing the Two Nomination Processes & Nominee Profile

	Korea Zinc		Consortium
Process	▪ **Nomination Eligibility:** Only shareholders holding (i) 0.1%(1) or more for 6+ months, or (ii) 1% or more, may nominate; nominees finalized by Nomination Committee.	<	▪ **Nomination Eligibility:** Broadly open nominations to enable perspective from all shareholders, ensuring a clear minority representation. ▪ **Evaluation Process**: Evaluated and nominated by an external party, ensuring a process independent of the major shareholder, whether directly or indirectly.
Profile **Skills & Expertise**	**Item 3.1: Baek In-kyu** ▪ **Background:** Career background as a senior executive at Deloitte, with a professional focus in ESG and advisory services. Has a CPA certification. ▪ **Independence:** Deloitte, where the candidate served as a senior executive, has maintained a longstanding relationship with Korea Zinc, potentially introducing a conflict (see next slides). **Independence is a non-negotiable for a Committee as critical as Audit Committee, and one with critical issues to oversee**.	<	**Item 3.2: Park Yu-kyung** ▪ **Background:** Career representing institutional investors, with a deep understanding of the governance expectations of these stakeholders. This **expertise is not currently represented on the Audit Committee**, and **aligns directly with the intent of the Commercial Act amendment**. ▪ **Independence:** Unquestionably independent of not only Korea Zinc but also the Consortium. The Consortium is only proposing her.

- **Ms. Park's appointment process, profile, expertise and unquestionable independence make her better placed to perform the role of the separately elected Audit Committee member.**

(1) 0.1% of the 20,872,969 total issued shares is 20,872 shares, ~KRW22.8 bn at the July 7, 2026 closing price of KRW1,094,000.

Comparison of the Nomination Process for Separate Election of Audit Committee Member (2/3)

- Korea Zinc's nominee may have a potential conflict of interest that could call into question his independence, which is one of the core, non-negotiable expectations investors hold for an important Board Committee such as the Audit Committee. Especially if elected under the 3% rule, where the expectation is for wholly independent directors to be elected.

Korea Zinc Nominee's Potential Conflict

Deloitte, where Mr. Baek served as a senior executive until 2026, has maintained a longstanding relationship with Korea Zinc and secured major engagements as recently as 2025. This may introduce a structural conflict affecting his role, even if the director was not directly responsible for these engagements and is influenced by the relationships around him.

- **Korea H2 Business Summit Secretariat:** Deloitte has run the secretariat of the H2 Summit since 2021, a period overlapping the candidate's tenure. As Korea Zinc is a key member, Deloitte has an incentive to preserve the relationship.
- **Project Crucible Due Diligence:** Deloitte reportedly conducted financial due diligence for Project Crucible in 2025. Even absent the candidate's personal involvement, work performed by his former firm creates a self-review risk in any related future decisions.

Potentially impacting the director's independence, which is a key priority of the Commercial Act amendment as well as expectation of institutional investors

Investor Expectations on Audit Committee

COMGEST

*"Given the importance and complex nature of the audit process and the degree of expert interpretation required in applying different accounting standards and concepts, oversight of the financial reporting process needs to be carried out by a committee with sufficient technical expertise, critical thinking and **no conflicts of interest**."*

M&G

*"Board committees, in particular audit and remuneration committees, should be established with clear terms of reference, the ability to obtain information and advice as necessary and membership that allows them to **properly fulfil their duties independently of management**."*

UBS

*"The Audit/Risk Committee has a key role, with direct responsibility for the integrity of financial statements, audit quality and robustness of internal controls. Thus, **objectivity, independence and accounting/audit/ financial expertise is crucial**."*

Comparison of the Nomination Profile for Separate Election of Audit Committee Member (3/3)

- Ms. Park adds financial expertise and an institutional-investor perspective — central to the role but currently absent from the Audit Committee — enabling robust oversight of capital allocation and investor engagement. These skills would strengthen not only the Audit Committee but the broader Board (see Section III).
- Ms. Park's profile has been valued by the global investor community, including in her role at ACGA, in advocating for better governance in the market and holding companies to account where there were questionable capital-allocation concerns.
- Above all, Ms. Park offers an unquestionably independent appointment, a quality Korea Zinc's nominee may lack, better positioning her to represent minority shareholders' interests.

Profile Comparison

Quality	Ms. Park	Mr. Baek
Financial statement literacy	✓	✓
Accounting certification		✓
Ability to interrogate financial statements and capital allocations from a minority shareholder perspective	✓	
Track-record of independently challenging Boards and management	✓	
Understanding of institutional and minority-shareholder expectations	✓	
Unquestionably independent	✓	?

Audit Committee Board Skills Matrix (BSM)[1]

	Existing Audit Committee				
	Ms. Kim	Mr. Suh	Mr. Kwon	Mr. Baek	Ms. Park
Finance & Accounting		●		●	●
Value Creation	Skills not represented on the Audit Committee →				●
Legal			●		
ESG	●			●	●
Risk Mgmt.	Skills not represented on the Audit Committee →				●
Global	Skills not represented on the Audit Committee →				●
Diversity	●				●

Although Ms. Park does not hold a formal accounting qualification, this is not unusual among the audit committees of major Korean companies, including Samsung Electronics or Hyundai Motors, where few members hold a formal auditing background or qualification.

(1) Not official BSM used by Korea Zinc.

Election of Ms. Park as an Audit Committee Member Is Especially Important for a Company Like Korea Zinc

- The role of the separately elected Audit Committee member is particularly important for a company facing accounting and shareholder-rights issues of the kind seen at Korea Zinc — above all, the **ability to ensure that minority shareholders' interests are not harmed**.
- Institutional investors also raised the concerns that the current Audit Committee members, including the Committee Chair, failed to provide effective oversight during periods of governance failures. The Committee Chair also sits on the Nomination Committee member.

History of Accounting, Capital Misallocation, and Shareholder Rights Issues and Concerns Raised

Sanctions Imposed Following Investigations and Reviews of Annual Reports and Other Regulatory Filings

*"The Company performed impairment reviews of investment assets only as a formality, **resulting in material weaknesses in its internal control over financial reporting**. […] impeded the normal conduct of the external audit by **failing to provide key information requested by the external auditor**."*

Financial Services Commission

- June 2026

Korea Zinc, controlling family under tax probe over alleged illegal fund transfers

*"South Korea's tax authorities have launched a special investigation into Korea Zinc Inc. and members of its controlling family over allegations involving up to 400 billion won ($264 million) in **illicit fund outflows and the misuse of corporate resources**."*

KED Global

- June 2026

[Why&Next] KFTC Launches Sanction Process on Korea Zinc's Circular Cross-Shareholding...

*"The Korea Fair Trade Commission (KFTC) has tentatively concluded that Korea Zinc's core management rights defense tactic, the "cross-shareholding card," constitutes an illegal act and has **initiated formal sanction procedures**."*

The Asia Business Daily

- June 2026

Court faults Korea Zinc for illegal vote curb, orders Park Gi-deok to pay damages

*"The court determined that CEO Park led the voting-rights restrictions to defend the existing management's control and pushed ahead despite recognizing, or being able to recognize, the **potential infringement of shareholder rights**."*

Chosun Media THE CHOSUNILBO

- June 2026

Prosecution Raids Korea Zinc, Securities Firms Over Capital Increase

*"The prosecution has **launched additional searches and seizures targeting Korea Zinc, which faces claims of unfair transactions** related to a quasi-capital increase, and securities firms that served as underwriters for its paid-in capital increase."*

Chosun Media THE CHOSUNILBO

- November 2025

*"**Mr. Suh (Suh Dae Won; Current Audit Committee Chair & Nomination Committee) was serving as the chair of the audit committee during which the board repeatedly carried out controversial (financial) decisions**. The audit committee holds the prime responsibility of ensuring proper internal control and overseeing the management's financial decisions."*

ISS

- 2025 AGM Analysis

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Voting Rights Restricted Not Once, but Twice – The Second Time Pressed Ahead Even After the Court Held the First Restriction Unlawful

The 2026 EGM, at which four Board seats are to be filled, stems from a fundamental violation of shareholder rights that the court has ruled unlawful, one the Company appears untroubled by, having restricted its largest shareholder's voting rights at two successive meetings and disclosed each to shareholders without apparent concern.

KOREA ZINC

Shareholder Letter, Jan 2025

RE: 6th Letter to Shareholders from CEO of Korea Zinc Company

As a consequence of SMC's acquisition of Young Poong shares, the restriction on cross-shareholding voting rights under the Korean Commercial Act[2] was applied, limiting Young Poong's ability to exercise voting rights on its 25.4% stake in our Company at this EGM.

Mar 13, 2025 3:58 AM Eastern Daylight Time

Press Release, Mar 2025

Korea Zinc's Australian subsidiary Sun Metal Holdings acquires 10.3% stake in Young Poong, once again limiting Young Poong's voting rights

Court suspends Korea Zinc's new directors — THE CHOSUNILBO, Mar 2025

Four Directors at Korea Zinc Resign — BusinessKorea, Jun 2026

Court Rules Korea Zinc Unlawfully Restricts Young Poong Vote — BusinessKorea, Jul 2026

2026 EGM — Sep 2026

Council of Institutional Investors — The voice of corporate governance

*"A shareowners' **right to vote is inviolate and should not be abridged**."*

Norges Bank Investment Management

*"All shareholders should have **the right to vote on fundamental corporate decisions**, and voting rights should be proportionate to cash flow rights."*

ICGN

*"**Shareholders are the economic owners of a company. Their voting rights reflect the economic risk they bear**... This alignment is the foundation of fairness, accountability and trust in public markets."*

Vanguard

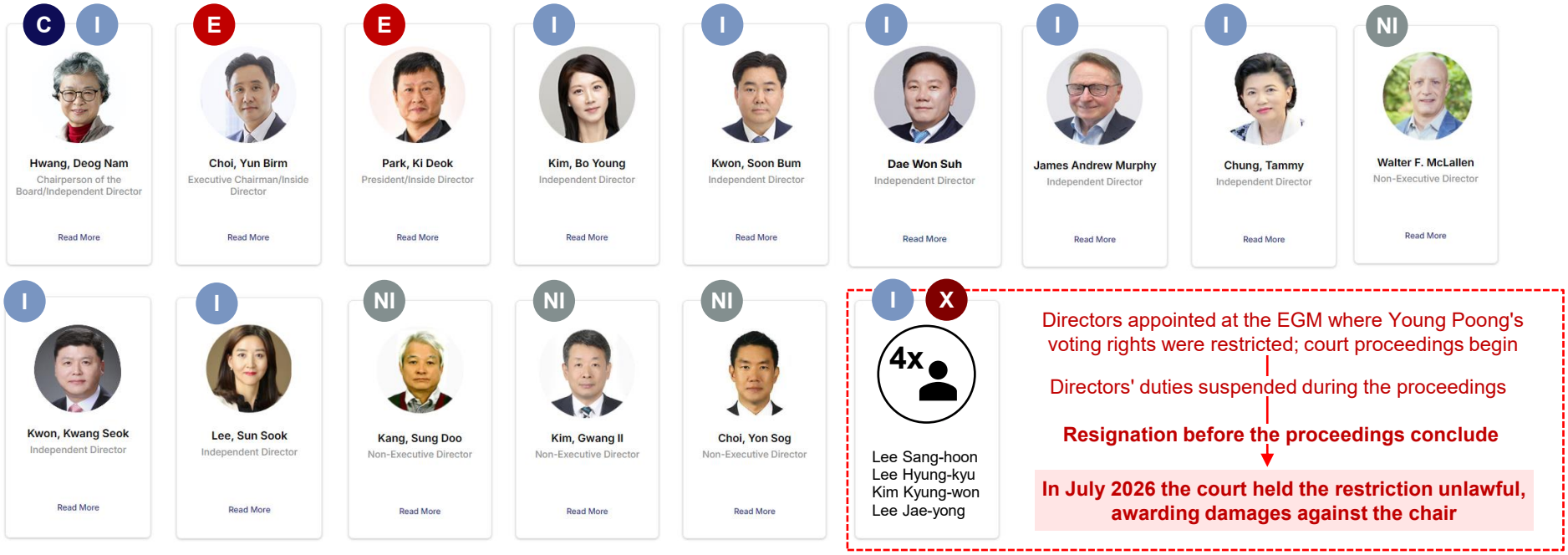
*"**Alignment of voting and economic interests is a foundation of good governance**."*

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Recent Resignations Stemming from Korea Zinc's Unlawful Actions Open Four Board Seats at the 2026 EGM

- In May 2026, four Korea Zinc directors resigned simultaneously at Director Choi's initiative, creating four vacancies (excluding the separately elected Audit Committee seat) on the Board (which currently has 14 members).
- All four had been appointed at the January 2025 EGM, the same meeting at which, as the Seoul Central District Court found, **Korea Zinc's management had unlawfully restricted the voting rights of its largest shareholder, Young Poong**.
- The directors had been suspended from duty during the proceedings and resigned as it became clear that the court was about to rule that their appointments were unlawful. Their resignations, and consequently this EGM, are the direct result.

Board Resignations Stemming from Unlawful Actions



As Identified by Korea Zinc, ISS, Glass Lewis: C Board Chair E Executive Director I Independent Director NI Non-Independent Director

X Suspended by Court From Performing Duty

Source (Photo): Korea Zinc Website

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Board's Continued Lack of Responsiveness to Shareholders

- Despite several years of shareholder concerns, the **Board's lack of responsiveness remains evident in how it engages with those concerns publicly.** At the 2026 AGM, where multiple shareholders raised issues directly with the Board, Korea Zinc continued to present the position that there were no pressing shareholder concerns with the Board's effectiveness.
- Further, Mr. Choi, having stepped down as Board Chair and in a year when the incumbent Chair also sought re-election, continues to speak on the Board's behalf (see 2026 Post-AGM Letter below), likely indicates who retains power within the boardroom with no counterbalance.

Shareholder Letter & Voting Outcome



KOREA ZINC

April 11th, 2026

10th Letter to Shareholders from CEO of Korea Zinc

Dear Shareholders,

It is with profound gratitude that I reach out to you today. Your unwavering support has been the anchor that has allowed us to navigate recent challenges with calm assuredness. The outcome of our 52nd Annual General Meeting (the "AGM") of Korea Zinc Co., Ltd. ("Korea Zinc" or the "Company") held on March 24th reflects a clear vote of confidence in our strategic direction. I sincerely thank all of you who participated—your trust is our "bedrock" as we move forward together.

[2026 Post-AGM Letter, by Mr. Choi] *"In the election of individual directors, the Company's nominees received strong support across shareholder groups, including foreign investors and individual shareholders. These results* ***demonstrate broad confidence in the Company's leadership, strategic direction, and execution capabilities****."*

"CalPERS opposed the reappointment of directors, citing concerns over *"**damage to corporate value and infringement of shareholder rights**."* — Source

"NPS voted AGAINST directors citing a *"**history of damaging corporate value or infringing on shareholder rights**."* — Source

"ISS recommended AGAINST directors, citing *"governance concerns surrounding the shareholder meetings in January and March 2025, **a continued effort to improve governance, enhance transparency of board functioning and strengthen oversight are paramount to restore investor trust**."*

Reputable Global Institutional Investors Opposed Director Choi

Investor	Choi's Re-Election
JP Morgan AM	AGAINST
UBS AM	AGAINST
Legal & General IM	AGAINST
Dimensional	AGAINST
Amundi AM	AGAINST
HSBC Global AM	AGAINST

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The Consortium's Independent Candidate for the Board

- Against the backdrop of the Board's lack of responsiveness to critical governance failures, the Consortium proposes Mr. Lee and Mr. Shim as independent Board members, alongside Ms. Park who would join the Board through the Audit Committee.

Nominee Profile & Background

Item 3.2



Ms. Park

Ms. Park would be appointed to the Board through her separate election to the Audit Committee, thus her skills would **help address issues that extend beyond the Audit Committee to the Board as a whole**.

Item 2.3



Lee Joon-bong

Independent Director Nominee

Key Skills & Experience: Accounting, Regulation

Background: A legal and accounting scholar with doctorates in tax law (Seoul National University) and accounting (Korea University), and nearly 20 years as a Professor at Sungkyunkwan University Law School. He has served as a Non-Standing Judge of the Tax Tribunal, President of the Korean Tax Law Association, and Chairman of International Fiscal Association Korea, and brings listed-company experience as an independent director and Audit Committee member.

Item 2.4



Shim Hye-seop

Independent Director Nominee

Key Skills & Experience: Legal, Governance

Background: A corporate lawyer with over 15 years in corporate law and governance. As Standing Statutory Auditor of Namyang Dairy Products, he exercised audit authority independently of management, pursuing damages and unjust-enrichment claims against the former controlling shareholder. He currently serves as an independent director.

Our proposed nominees are highly qualified, independent candidates whose experience is directly relevant, including board-level service and work with prominent minority-shareholder associations in Korea. Above all, they would be **elected with a shareholder mandate distinct from that of the incumbents who proved unable to enforce accountability.**

Comparison of the Nomination Profile for the Board

- Our nominees have a stronger track record of serving minority shareholders' interests and holding management accountable, rather than entrenching it, which is precisely what the Board now needs.

Korea Zinc Nominee's Track-Record of Governance Failures

Item 2.1: Korea Zinc's Nominee

Lee Hyung-kyu

- Recommending the **reappointment of a director whose duties had been suspended by court injunction, only two months after his resignation in May 2026**, sits at odds with the court's decision and with efforts to restore Board legitimacy. Despite his background in governance research, he did not object to the arrangement, raising questions about the principles he has studied.
- While an independent director of Incheon City Gas, he **had a personal association with Chairman Lee Jong-hoon and did not challenge concerns raised by National Assembly audits and the media**, including owner-family compensation and reduced investment. This record raises questions about his independence.

Item 2.2: Korea Zinc's Nominee

Suh Eun-sook

- Shortly after resigning mid-term from NH Nonghyup Financial Group, she accepted appointment as an independent director of NH Investment & Securities, in effect a move from parent to subsidiary within the same group. Accepting such a role **suggests a limited regard for the governance principles that independence is meant to uphold**.
- There is **limited public record of her challenging management**, even within her own fields of financial consumer protection and policy. Effective oversight at Korea Zinc, outside her principal expertise, may therefore be less assured.

The Consortium's Nominees

- ✓ Track record of serving minority shareholders' interests.
- ✓ Demonstrated independence from management and major shareholders.
- ✓ History of actively challenging management and holding it accountable.
- ✓ Relevant audit, legal or governance expertise applied in practice.
- ✓ Free from conflicts or affiliations that compromise objectivity from all major shareholders.

Improved Board Proposed by the Consortium (Board Skills Matrix)

- The Consortium's nominees, Mr. Lee and Mr. Shim, together with Ms. Park through her separate election, would add skills relevant to the Company's strategic direction while strengthening areas such as risk management, governance, finance and accounting, and legal oversight.
- Their real value, however, lies beyond these skills, in their track record of applying them to hold management accountable and to serve minority shareholders' interests.

Board Skills Matrix (BSM)(1)

	Existing Board														Consortium-Nominated		
	Inside		Non-Executive				Independent								Independent		Audit
	Choi Yun Birm	Park Ki Deok	Kang Sung-doo	Kim Gwang-il	Choi Yon-sog	Walter F. McLallen	Kim Bo-young	Suh Dae Won	Kwon Soon-bum	James A. Murphy	Tammy Chung	Kwon Kwang-seok	Lee Sun-sook	Hwang Deog-nam	Lee Joon-bong	Shim Hye-seop	Park Yu-kyung
Industry Expertise	●	●	●														
Value Creation				●	●	●						●	●		●	●	●
M&A Investment			●	●	●	●				●		●					
Finance & Accounting		●	●	●	●	●		●		●		●			●		●
Legal	●			●					●				●	●	●	●	
Risk Mgmt.											●				●	●	●
ESG							●					●		●		●	●
Global	●			●	●	●				●		●	●				●
Diversity							●				●		●	●			●

(1) Not official BSM used by Korea Zinc.

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Analysis and Recommendations on Agenda Items (1/3)

Item	Agenda	Proposer	The Consortium's Comments	Rec.
Item 1. Amendments to the Articles of Incorporation				
	Amendment to the Articles of Incorporation to Increase the Number of Separately Elected Audit Committee Members	Board	■ The amended Commercial Act requires at least two separately elected Audit Committee members by September 10, 2026. The Consortium supports the amendment to ensure compliance.	**For**
Item 2. Election of Four Directors by Cumulative Voting				
2-1	**Election of Independent Director** **Lee Hyung-kyu**	Board	■ Recommending the return of an individual whose duties were suspended by court injunction, only two months after his resignation in May 2026, **undermines the court's decision and efforts to restore Board legitimacy and shareholder trust.** Despite decades of governance research, the candidate acquiesced in this abuse, **compromising the governance principles he has studied**. ■ While serving as an independent director of Incheon City Gas, he had a personal relationship with Chairman Lee Jong-hoon. He failed to challenge issues criticized by the National Assembly audits and the media, including excessive owner-family compensation and reduced investment. This record evidences **a lack of independence.** ■ When he was the Dean of Hanyang University School of Law, the school received a Ministry of Education institutional warning for unfair admissions. This issue raises concerns regarding his ability to be fair.	**Against**
2-2	**Election of Independent Director** **Suh Eun-sook**	Board	■ Immediately after resigning mid-term as an independent director of NH Nonghyup Financial Group for personal reasons, she became an independent director of NH Investment & Securities, effectively a lateral move from parent to subsidiary. Consecutive service within the same group **substantively undermines respect to one's mandate, while also raising concerns with independence**. ■ No public record shows her checking management even within the candidate's own fields of financial consumer protection and financial policy; **effective oversight on Korea Zinc's Board, which lies outside her principal expertise, is therefore even less likely.**	**Against**

Analysis and Recommendations on Agenda Items (2/3)

Item	Agenda	Proposer	The Consortium's Comments	Rec.
Item 2. Election of Four Directors by Cumulative Voting (Cont'd)				
2-3	**Election of Independent Director** **Lee Joon-bong**	Consortium	■ The candidate is an interdisciplinary legal and accounting expert with doctorates in tax law and accounting plus practical legal experience. His service experience as an independent director and Audit Committee member of a listed company would **strengthen the Board's monitoring and oversight.** ■ As former President of the Korean Tax Law Association and International Fiscal Association Korea and chair of government tax-policy review bodies, he could **enhance the reliability of Board decision-making through his tax and financial risk expertise and objective judgment.**	**For**
2-4	**Election of Independent Director** **Shim Hye-seop**	Consortium	■ His **legal expertise in corporate law, governance and internal control at listed companies would significantly strengthen the Board's independent oversight.** ■ Through serving as the standing statutory auditor of Namyang Dairy Products and shareholder engagement, the candidate has **practical experience in board operations and management oversight** and can strengthen checks and balances and governance transparency at Korea Zinc's Board. ■ The candidate can review agenda items based on the long-term interests of all shareholders, not those of any particular shareholder or of management and can demand independent investigations and corrective actions when necessary.	**For**

Analysis and Recommendations on Agenda Items (3/3)

Item	Agenda	Proposer	The Consortium's Comments	Rec.
Item 3. Election of Independent Directors to Serve as Audit Committee Members				
3-1	**Election of Audit Committee Member Baek In-kyu**	Board	■ The candidate served as Board Chair and ESG Center Leader of Deloitte Korea, overseeing corporate advisory work. Deloitte has maintained relationships with the Korea H2 Business Summit, of which Korea Zinc is a member, and has reportedly provided services related to Project Crucible. Given these connections, it is **difficult to expect** that the candidate could **monitor, oversee and check the management with full independence.** The appointment would weaken the Audit Committee's oversight and runs counter to the amended Commercial Act, which expanded separately elected membership to strengthen the Committee's independence.	**Against**
3-2	**Election of Audit Committee Member Park Yu-kyung**	Consortium	■ The candidate is a global governance and capital markets expert with 30+ years of experience, including 17+ years leading corporate governance and responsible investment at APG. Her investment, finance and ESG capabilities could provide the accounting, risk management and internal control expertise required of an Audit Committee member. ■ Her **extensive audit and governance record** includes Independent Director and Audit Committee Chair at Tara Climate Foundation, Chair of ACGA's Korea Working Group, member of the NPS ESG Committee and member of the Korea Stewardship Code Committee. This expertise could strengthen the Board oversight, checks-and-balances and value creation. ■ Selected through open invitations and objective review by the Independent Review Committee, the candidate is independent and able to **put the interests of the Company and all shareholders first, rather than any particular shareholder**. Amid the SFC's sanctions, the NTS audit and KFTC proceedings, Korea Zinc's Audit Committee needs an independent member who can drive governance improvement, and the candidate is the best-qualified candidate.	**For**

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- b) Key Governance Failure Updates since 2026 AGM
- c) Nominee Background

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Regulatory Background

Background and Legislative Intent of the Amendments to the Korean Commercial Act

- Under the previous Korean Commercial Act, only one Audit Committee member was separately elected. As the Committee has at least three members and decides by majority vote, electing only one member separately was insufficient to fulfill the system's intended purpose.
- Under the bundled election system, controlling shareholders could elect the full Board without voting restrictions and then designate Audit Committee members, giving them significant influence over the Committee.
- Under separate elections, the "3% Rule" caps the combined voting rights of the controlling shareholder and its affiliates at 3%, limiting controlling shareholder influence.
- The amended Korean Commercial Act expanded the scope of the 3% rule(effective July 23, 2026), and expands the minimum number of separately elected Audit Committee members at listed companies to two (effective September, 10, 2026).
- The amendments strengthen **Audit Committee independence** and increase the likelihood that candidates nominated by minority shareholders will join the Board to oversee and monitor management.

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Concerns Raised by Investors and Proxy Advisors on Governance Failures That Remain Unaddressed or Unconsidered

At the 2024 AGM, shareholders raised concerns over the Board's discretion on share issuance and treasury shares, yet the Company subsequently proceeded to use both to entrench management. **Feedback unconsidered.**

T.RowePrice - 2024 AGM Vote Rationale

*"Requested authority **gives the board excessive discretion over new share issuance**, which may not be in the interests of minority shareholders."*

SBA FLORIDA - 2024 AGM Vote Rationale

*"**Dilution risk and excessive discretion** to the board in regards to new share issuance."*

abrdn - 2024 AGM Vote Rationale

*"Would **reduce board's obligation to inform shareholders concerning disposition of the treasury shares**."*

ISS - 2025 EGM Analysis

*"[Recent governance improvements] appear to be **reactionary measures to appease disgruntled shareholders after the missteps around the discounted share issuance**."*

At the 2025 AGM, several shareholders challenged the Audit Committee Chair over governance failures and the Committee's inaction, yet it has continued to decline to investigate failures. **Concerns unaddressed.**

GLASS LEWIS - 2025 AGM Analysis

*"Given the corporate governance concerns at the Company that we discussed in our analysis […] including the **failure of this committee to challenge a controversial transaction that directly impacted shareholder voting rights at the January 2025 EGM**, we believe shareholders should oppose the re-election of the Company's proposed audit committee members at this time. Accordingly, we recommend that shareholders vote AGAINST the re-election of audit committee nominees KWON Soon Bum, LEE Min Ho and SUH Dae Won."*

MIRAE ASSET - 2025 AGM Vote Rationale

[Translated] *"The candidate opposes the agenda as they were a **member of the audit committee and an independent director who made decisions that harmed the company's value and infringed on shareholder rights**, such as repurchasing company stock and issuing new shares."*

L&G - 2025 AGM Vote Rationale

*"A vote AGAINST incumbent director candidate Dae-won Seo (Dae-won Suh) (Item 6) is warranted, as the **directors appears not to have acted in the best interests of all shareholders**."*

At the 2025 and 2026 AGMs, several shareholders held Lee Min Ho, an Audit Committee nominee, accountable for governance failures.

CalPERS

BlackRock

Voted **AGAINST** his election at the 2026 AGM

MIRAE ASSET - 2026 AGM Vote Rationale

[Translated] *"History of supporting share repurchases as an external director and approving a large-scale public offering of approximately 2.5 trillion won. In particular, this public offering involved issuing new shares at a discount of approximately 30% compared to the market price, **which could lead to a significant dilution of ownership combined with defensive purposes**."*

abrdn

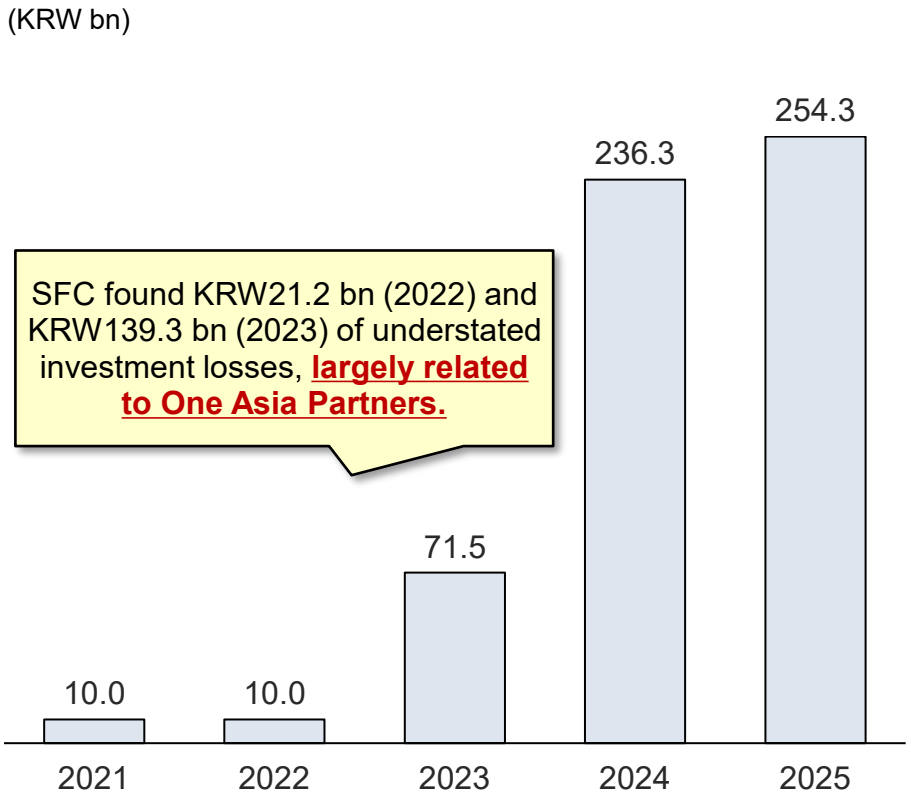
*"Directors appears **not to have acted in the best interests of all shareholders**."*

- 2025 AGM Vote Rationale

1 One Asia Partners: Expanding Allegations Beyond Investment Failure to Self-Dealing

- The SFC found that Korea Zinc understated investment valuation and impairment losses by KRW21.2 bn (2022) and KRW139.3 bn (2023), much of which is believed to relate to the One Asia Partners investment.
- Korea Zinc appears to have understated losses related to One Asia Partners to conceal both a foreseeable investment failure rooted in personal ties and potential misuse of corporate assets for Director Choi's benefit. One Asia Partners also appears to have facilitated his exit from Chungho Comnet.

Cumulative One Asia Partners Investment Losses[(1)]



Chungho Comnet-Related Fund Flows

Timeline	Detail
Feb-Oct 2019	■ Korea Zinc acquired KRW9 bn of Chungho Comnet / Chungho Precision private bonds, both controlled by Mr. Ji Chang-bae. ■ Korea Zinc invested KRW14 bn in One Asia Partners, which Ji Chang-bae used to repay the bonds held by Korea Zinc[(2)].
Sep-Oct 2019	■ Choi Yun Birm acquired a **6.2% stake (3rd largest shareholder) in Chungho Comnet through the Jericho No.1 Investment Partnership.**
2020	■ Sewon sold to SWNC for KRW20 bn. ■ **Korea Zinc funded SWNC (KRW20 bn bonds); proceeds flowed to Chungho Comnet.** ■ Chungho Comnet shares rose 4× in five months; **Choi (Jericho No.1) and Mr. Ji exited during the rally.**
Jan 2021	■ **Korea Zinc invested KRW25.3 bn in One Asia Partners' Arbitrage No.1 Fund,** which invested KRW25.5 bn in SWNC. SWNC used the proceeds to repay bonds held by Korea Zinc.

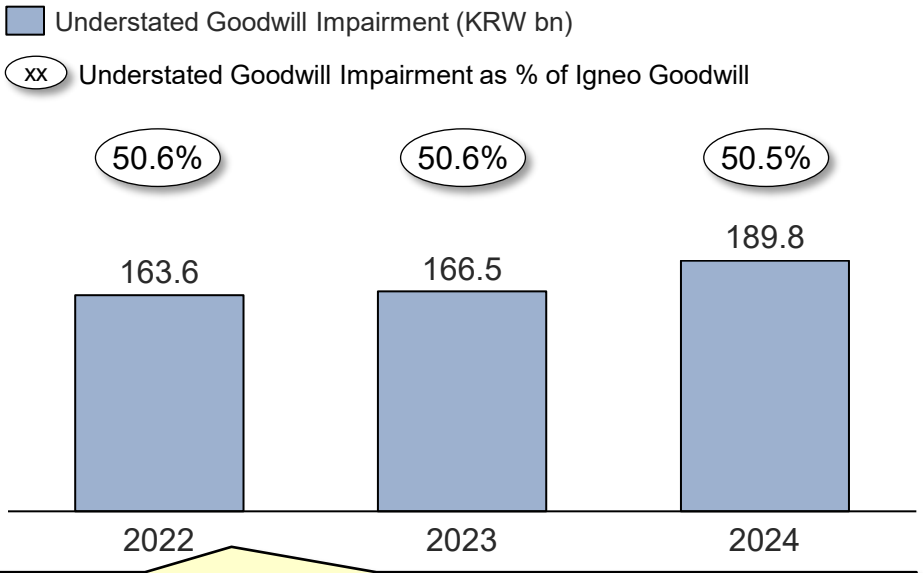
No action despite a formal request for an independent investigation into suspected misuse of corporate assets.

(1) Annual impairment and valuation losses related to One Asia Partners funds and portfolio companies (Korea Growth No.1, Arbitrage No.1, Justice No.1, Havana No.1, Violet No.1, Grey No.1, Mangosteen No.1, Tide Square, and SM); (2) Ji Chang-bae received a suspended prison sentence in the first trial for embezzlement and breach of fiduciary duty.

1 Igneo Holdings: Growing Allegations of Overpriced Acquisition, Loss Concealment and Illegal Offshore Fund Transfers

- The SFC found gross negligence in Korea Zinc's understatement of goodwill impairment at Igneo Holdings and other overseas subsidiaries. The identified understatement exceeded half of Igneo's goodwill, suggesting that the acquisition price was excessive.
- The NTS is also investigating alleged illegal foreign-currency outflows of KRW350–400 bn related to the acquisition(1).
- Despite the Consortium's repeated requests for an investigation into the rationale behind the high-priced acquisition of Igneo Holdings and remedial measures to address its five years of post-acquisition underperformance, the Board took no action.

SFC Finding: Understated Goodwill Impairment



Goodwill accounted for **most of the purchase price.** The SFC's finding that over half of the goodwill should have been impaired in the acquisition year indicates that **the acquisition price was excessive**

Concealed Losses & Suspected Illegal FX Outflows

No Goodwill Impairment for Five Years After Acquisition

- Since the 2022 acquisition, Igneo Holdings underperformed for nearly five years, and the planned Georgia plant was cancelled. Nevertheless, **Korea Zinc never recognized any goodwill impairment**, suggesting the failure to recognize impairment may have been intended to conceal losses rather than being a mere oversight.

Suspected Illegal Foreign Currency Outflows

- The NTS is reportedly investigating **alleged illegal foreign-currency outflows of KRW350–400 bn**, suspecting that the **Igneo Holdings acquisition price was inflated** and the excess proceeds were diverted for private use(1).

No Investigation or Action Despite the Consortium's Requests

- Since late 2024, the Consortium has repeatedly requested a Board investigation into the Igneo acquisition, but **management, the Board and the Audit Committee took no action**, insisting the acquisition was proper.

(1) Joseilbo, "Korea Zinc Under Special Tax Audit… Will Authorities Probe Fund Flows Involving One Asia, SWNC, and Sewon?", June 19, 2026.

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2 KFTC Sanction Proceedings on the Cross-Shareholding Structure

- At the 2025 EGM and AGM, Director Choi engineered an unlawful cross-shareholding structure through Korea Zinc's Australian subsidiaries, Sun Metals Corporation ("SMC") and Sun Metals Holdings ("SMH"), restricting Young Poong's voting rights (29.0%[(1)]).
- Following its investigation, the KFTC issued Korea Zinc an examination report in April (equivalent to a prosecutor's indictment) and commenced sanction proceedings. The report is understood to recommend filing a criminal complaint against Director Choi.
- As the first alleged circumvention of the Fair Trade Act's strict prohibition on new circular shareholdings, this issue is drawing attention from domestic and international investors as well as academics.

KFTC Finding on the Unlawful Cross-Shareholding

Cross-shareholding Structures Created on Three Occasions

1. Immediately before the 2025 EGM, SMC acquired a 10.33% stake of Young Poong, creating a cross-shareholding structure and restricting Young Poong's voting rights.
2. SMC transferred the shares to SMH through an in-kind dividend, recreating the structure.
3. After Young Poong paid stock dividends, which reduced SMH's stake below 10%, SMH acquired additional shares on the morning of the 2025 AGM and restricted Young Poong's voting rights again.

KFTC Investigation and Sanction Proceedings

- After a year-long investigation, the KFTC reportedly concluded that **the use of overseas affiliates circumvented the Fair Trade Act's restrictions on new circular shareholdings.**
- An examination report was issued in April, with a final decision expected in August.

Expert Views on Korea Zinc's Conduct

> If the conduct is found unlawful, Korea Zinc would be directly exposed to governance risk… Management's actions would be confirmed to be illegal, which would be a significant concern for overseas institutional investors and major shareholders such as NPS. **Korea Zinc's legal and governance risks appear to be mounting.**
>
> *— Asia Economy Media Report*

> Korea Zinc's series of actions was not an incidental outcome, but **a structure deliberately designed to induce restrictions on voting rights.** … If failure to regulate this matter allows regulatory evasion through overseas entities to be tolerated, every large business group could nullify domestic law — opening a **'legal black hole'**
>
> *— Lim Young-jae, President of the Korea Fair Trade Association*

> If circumvention through overseas subsidiaries is allowed, it would pose a **serious threat to the rule of law** and encourage similar conduct.
>
> *— Professor Lee Hwang, Korea University School of Law*

(1) Based on voting shares, excluding treasury shares and other non-voting shares from total issued shares.

2 Unlawful Voting Restrictions That Undermined Shareholder Rights and Delayed Board Restoration

- The courts recently reaffirmed that the cross-shareholding structure created through SMC and the resulting restriction of Young Poong's voting rights constituted an unlawful act. As a result, CEO Park was held liable for damages.
- Korea Zinc's unlawful conduct not only caused direct harm by unlawfully restricting the voting rights of Young Poong, the largest shareholder, by obstructing the formation of a board of directors that properly reflected the legitimate will of the shareholders, it resulted in the serious consequence of a failure in corporate governance.

Unlawful Cross-Shareholding Structure

Unlawful Voting Restrictions

- The courts reaffirmed that Korea Zinc's creation of a **cross-shareholding structure** through its overseas affiliate SMC and its restriction of Young Poong's voting rights at the January 2025 EGM were **unlawful**.

CEO Park Ki Deok's Intentional Unlawful Act

- Accordingly, the courts held CEO Park, who chaired the meeting, liable for his unlawful conduct and for damages to Young Poong.
- The court found that (i) SMC's acquisition of Young Poong shares was **intended to restrict Young Poong's voting rights**, (ii) the acquisition was intended to protect the incumbent management, not to defend against a "hostile takeover" as Korea Zinc claimed, (iii) **CEO Park was directly involved** in creating the cross-shareholding structure and imposing the voting-rights restriction and (iv) **CEO Park's** voting-rights restriction at the EGM was **intentional**.

Board Distorted by an Unlawful EGM

Suspension of Four Independent Directors

- Following its finding that the cross-shareholding structure was unlawful, the court partially suspended the January 2025 EGM resolutions.
- Accordingly, **the four independent directors elected at the EGM** were **barred from performing their duties** immediately upon their appointment.

Board Composition Distortion & Governance Failure

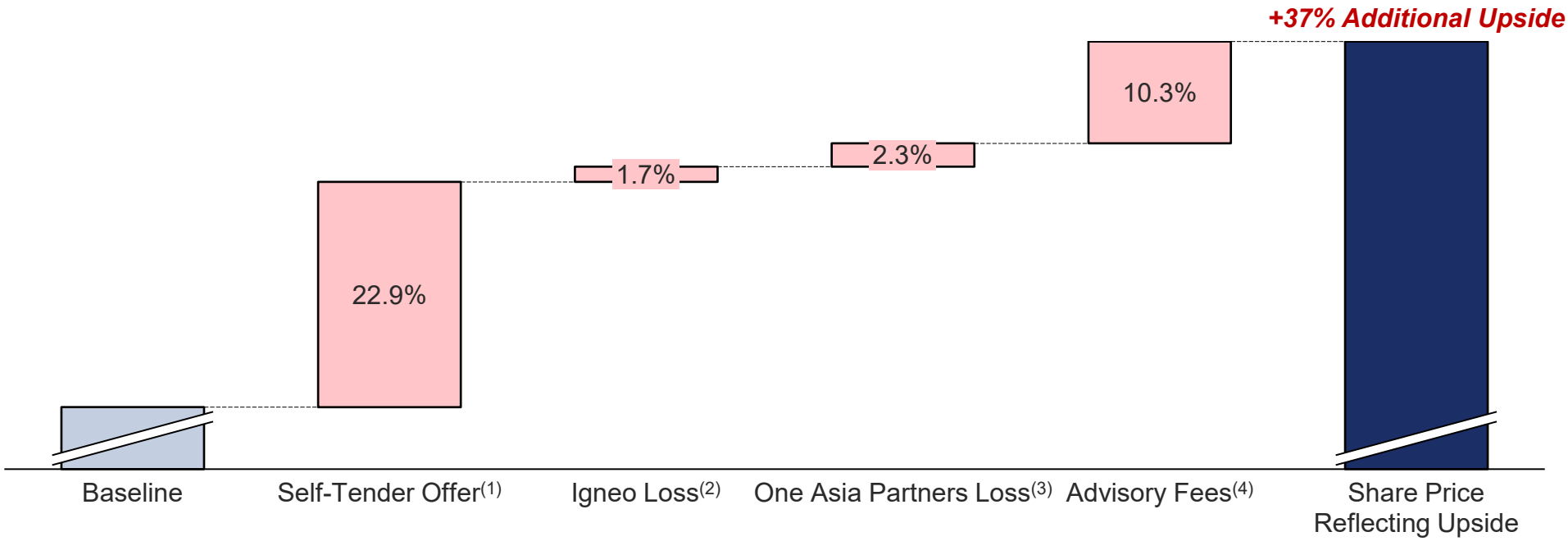
- At the January 2025 EGM, CEO Park's unlawful restriction **distorted the Board**(1). The Consortium sought suspension of the four directors, which the court granted.
- About a year and three months later (May 2026), the **four directors resigned en masse** at Director Choi's direction — another example of **governance failure** demonstrating that the board composition is dictated by Director Choi's wishes.
- Consequently, **the distorted board composition** has remained in place **since January 2025.**
- In conclusion: (i) voting rights were **nullified**, (ii) governance-normalization efforts failed, and (iii) **Board normalization was delayed for more than a year and three months.**

(1) As a result of voting-right restrictions, some Consortium-nominated directors were not appointed; additional directors aligned with Director Choi were appointed instead.

The Consequence of Value Destruction: Lost Share Price Upside

- The accumulated investment failures and misappropriation of corporate resources under the incumbent Board directly undermined Korea Zinc's corporate value and, in turn, shareholder value.
- Had the Board's governance system functioned properly and prevented this series of value-destructive actions, Korea Zinc's share price could have seen meaningful additional upside.

Share Price Upside



Note: The EV/EBITDA multiple is based on 2025 EBITDA, year-end 2025 net debt, and total shares outstanding, and is held constant throughout the analysis. The implied upside to the baseline share price is calculated by adjusting EBITDA and net debt for each value-destructive item and deriving the corresponding share price.
(1) Deduct borrowings related to the Self-Tender Offer from net debt and add cumulative yearly interest payments back to cash; (2) Add back to cash the Igneo goodwill impairment identified by the Securities and Futures Commission (SFC) in its accounting review, based on the latest available amount (FY2024), treating it as a realized investment loss; (3) Add cumulative valuation losses on One Asia Partners-related funds and portfolio companies back to cash; (4) Add to EBITDA the excess fees paid in 2025 relative to the average fee-to-revenue ratio in 2021–2022, prior to the control dispute.

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Appendix C: Candidate Park Yu-kyung



Key Strengths

- With 30+ years of experience in global capital markets, including 17 years at APG and 10 years at ACGA as a chair, the candidate has advanced corporate value and board independence through corporate governance and responsible investment.
- Selected through an open invitation and objective review by the Independent Review Committee, the candidate would strengthen Board oversight and checks and balances through independent decisions prioritizing the Company and all shareholders.

Board Skill Matrix

Industry Expertise	
Value Creation	●
M&A Investment	
Finance/Accounting	●
Legal	
Risk Management	●
ESG	●
Global	●
Diversity	●

Key Education and Experience

Education

- Yonsei University | B.A. in Library and Information Science

Experience

- **2022 – Present** Independent Director / Audit Committee Chair | Tara Climate Foundation
- **2023 – 2025** ESG Committee | National Pension Service
- **2016** Korea Stewardship Code Committee
- **2015 – 2025** Chair of Korea Working Group |Asia Corporate Governance Association
- **2015 – 2025** Advisory Member | Public Shareholders Group Committee, Hong Kong SFC
- **2009 – 2025** Managing Director | APG Asset Management
- **2006 – 2008** Project Director | Association for Sustainable & Responsible Investment in Asia

Value to be Added

- Applying 30+ years of capital markets and financial expertise, the candidate will provide oversight of key board decisions, including valuation and investment.
- Drawing on experience integrating ESG into investment and management decisions, the candidate will assess the Company's strategy and risk management from a sustainable value creation perspective.
- The candidate will oversee capital allocation and shareholder return policies for alignment with global capital markets standards and minority shareholders' interests.
- Leveraging experience with the Korea Stewardship Code Committee, NPS ESG Committee and advisory bodies of Hong Kong's SFC, she will advance Board practices and governance in line with global best practices.

Item 2.3 | Independent Director

Appendix C: Candidate Lee Joon-bong



Key Strengths

- The candidate is an interdisciplinary legal and accounting expert with doctorates in tax law and accounting. He also has extensive legal, academic and listed-company board experience, including service as an independent director and Audit Committee member.
- His experience adjudicating tax disputes, leading tax associations and serving on government review bodies would help him to independently assess major investment and financial decisions at the board.

Board Skill Matrix

Industry Expertise	
Value Creation	●
M&A Investment	
Finance/Accounting	●
Legal	●
Risk Management	●
ESG	
Global	
Diversity	

Key Education and Experience

Education

- Seoul National University | Ph.D. in Law (Tax Law)
- Korea University | Ph.D. in Business Administration (Accounting)

Experience

- **2007 – Present** Professor | Sungkyunkwan Univ. Law School
- **2022 – Present** Non-Standing Judge | Tax Tribunal
- **2015 – Present** Subcommittee Chair | Tax Development Deliberation Committee, MOEF
- **2020 – 2021** Chairman | IFA Korea
- **2018 – 2019** President | Korean Tax Law Association
- **2015 – 2026** Member | National Tax Ruling Review Committee, MOEF

Value to be Added

- Drawing on tax law and accounting expertise, the candidate will assess the legal, tax and accounting soundness of investments, M&A, financing and capital allocation, as well as their impact on shareholder value.
- Based on experience with the National Tax Service, Ministry of Economy and Finance and Tax Tribunal, the candidate will monitor international tax and regulatory changes and independently assess related risks.
- The candidate will review the economic substance and fairness of related-party transactions, affiliate transactions and other conflicted matters.
- The candidate will scrutinize matters that may harm shareholders and demand corrective action and safeguards against recurrence.

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Item 2.4 | Independent Director

Appendix C: Candidate Shim Hye-seop



Key Strengths

- The candidate is one of Korea's leading shareholder-activism lawyer, with 15+ years of practical experience in corporate law, shareholder activism and corporate governance.
- As the standing statutory auditor of Namyang Dairy Products, the candidate actively exercised audit authority in damages and unjust enrichment claims against the former controlling shareholder. This demonstrates his independence and execution capabilities, as well as his ability to strengthen board oversight and shareholder protection.

Board Skill Matrix

Industry Expertise	
Value Creation	●
M&A Investment	
Finance/Accounting	
Legal	●
Risk Management	●
ESG	●
Global	
Diversity	

Key Education and Experience

Education

- Seoul National University | LL.B.

Experience

- **2017 – Present** Attorney | Shim Hye-seop Law Office
- **2026 – Present** Auditor | Korea Corporate Governance Forum
- **2026 – Present** Independent Director | Baekgeum T&A
- **2023 – 2026** Standing Statutory Auditor | Namyang Dairy Products
- **2015 – 2017** Attorney | Damwoo Law Firm
- **2010 – 2014** Attorney | Shin & Kim LLC

Value to be Added

- The candidate will review board and committee rules and reporting and decision procedures to build an oversight system independent of management.
- The candidate will closely review the legal soundness of, and conflicts in major investments, capital allocation, financing and related-party transactions.
- Drawing on experience as a standing statutory auditor, the candidate will assess internal control and internal accounting controls and independently oversee management's execution of duties.
- Leveraging experience with shareholder proposals and shareholder meetings, the candidate will embed shareholder value in board decisions and strengthen transparent shareholder communication.