

Young Poong and MBK Partners Submit Comprehensive Shareholder Proposals to Restore Governance and Maximize Value at Korea Zinc

Young Poong and MBK Partners, the largest shareholders of Korea Zinc (the “Company”), announced today that they have formally submitted a suite of shareholder proposals for the Company’s 52nd Annual General Meeting (AGM). The proposals aim to overhaul Korea Zinc’s governance framework and restore shareholder value by institutionalizing fiduciary duties into the Articles of Incorporation and implementing structural financial reforms.

Young Poong and MBK Partners emphasized that these measures are not a short-term play for control, but a fundamental effort to normalize the Company’s governance structure that has been distorted under current management.

Key Pillars of the Proposal:

1. Institutionalizing Fiduciary Duty to Shareholders In a landmark move for the Korean capital market, Young Poong and MBK Partners proposed explicitly codifying the directors’ fiduciary duty to shareholders in the Company’s Articles of Incorporation. This aligns with the spirit of the recently amended Article 382-3 of the Korean Commercial Act.

- **Equitable Treatment:** The proposal includes a mandate that the Board must protect the interests of all shareholders and ensure equitable treatment during any new share issuances, preventing further dilution of value.

2. Adopting the Executive Officer System To ensure rigorous oversight, the proposal calls for the full adoption of a Statutory Executive Officer System. This would structurally separate management execution from Board supervision, allowing the Board to function as an independent watchdog rather than a rubber stamp for management.

- **Board Independence:** Further amendments suggest that the Board Chair, rather than the CEO, preside over General Meetings, and that the notice period for Board meetings be extended from one day to three days to allow for meaningful deliberation.

3. Enhancing Liquidity and Shareholder Returns To broaden investor access and ensure sustainable payouts, the proposal includes:

- **10-for-1 Stock Split:** Reducing the par value from KRW 5,000 to KRW 500 to increase trading liquidity for retail investors.
- **Securing Dividend Funding:** Reclassifying KRW 392.4 billion from voluntary reserves into distributable retained earnings. This ensures the Company has the financial capacity to support consistent quarterly dividends. Young Poong and MBK Partners took into consideration the fact that no interim dividend was paid in 2024 as a result of the cancellation of shares acquired through the Company’s 2024 self-tender offer launched by Korea Zinc’s management.

4. Board Composition and Professional Oversight The proponents have nominated six candidates—matching the number of expiring director terms—to be elected via cumulative voting. The nominees include:

- **Non-Executive Directors:** Byung-wook Park and Yon Sog Choi(Partner, MBK Partners).

- **Independent Directors:** Oh Young, Choi Byung-il, and Lee Sun-sook.

These candidates bring a wealth of expertise in finance, industry, and corporate governance to provide the necessary checks and balances currently missing from the Board.

5. Strengthening Financial Discipline The proposal seeks to rationalize executive compensation by revising retirement payout rules. Currently, the rules allow for excessive payouts to honorary chairpersons equivalent to sitting chairpersons—a loophole that proponents argue could lead to the drainage of corporate assets to the incumbent Chairman's family members.

"This proposal is about returning to the fundamental principles of managing a publicly traded company," stated a representative for Young Poong and MBK Partners. "By institutionalizing governance standards and securing shareholder rights, Korea Zinc can regain market confidence and achieve sustainable long-term growth."

Young Poong and MBK Partners have requested a formal response from Korea Zinc by February 20 and expect the proposals to be fully disclosed in the upcoming AGM notice to ensure shareholders can make an informed decision.