

The Truth and Facts Behind MBK's Allegations and Claims

Korea Zinc Co., Ltd.

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Allegations and Claims by MBK & YP

- 1.** The misleading claim that stock prices and TSR have underperformed after Chairman Yun B. Choi took office in 2022 was made by setting an arbitrary comparison period (until Aug 31, 2024)

 - The MSCI ACWI Metal & Mining Index constituents are not directly comparable due to the different markets they participate in (copper, gold), different business types, and the high proportion of large-cap companies with mines. KRX Steels Index is a domestic metal industry index, and YP is the only directly comparable company in Korea.
 - For an objective comparison Korea Zinc's stock price and TSR should be set to begin at 2019, the year when Choi took office as CEO, and until August, 31, 2024 is before MBK-YP's tender offer, to exclude the following irrational stock price increases.
- 2.** The claim that YP has resolved their pollution issues and that maintaining business cooperation with them is positive for both companies

 - YP claims to have improved their pollution problem, but was repeatedly caught polluting the environment in late 2019 and 2024 and ordered to suspend operations for 60 days and 10 days, respectively.
 - Despite being the world's fourth-largest smelter, YP has been delegating the burdensome costs and legal/ESG risks of handling sulfuric acid, a hazardous byproduct of smelting, to Korea Zinc for the past 20 years.
 - While the partnership benefits YP by ensuring a high proportion of domestic sales, it poses a risk to Korea Zinc in planning its annual raw material procurement due to YP's unstable operations.
- 3.** The claim that the introduction of cumulative voting is a ploy to maintain management
The claim Introducing a cap on the number of directors is an obstruction to the legitimate exercise of shareholder rights for the purpose of defending management control of Korea Zinc

 - The cumulative voting system is the leading minority shareholder protection system recommended for adoption by minority shareholder coalitions, civil society organizations, governments and political parties, and is expected to have a number of benefits, including increased board diversity and greater transparency.
 - Uncapped board compositions lead to inefficient and uncertain operations, and major voting organizations generally oppose any increase in board structure or size.
- 4.** The claim that Korea Zinc has inferior corporate governance, evident in its asymmetrical executive compensation

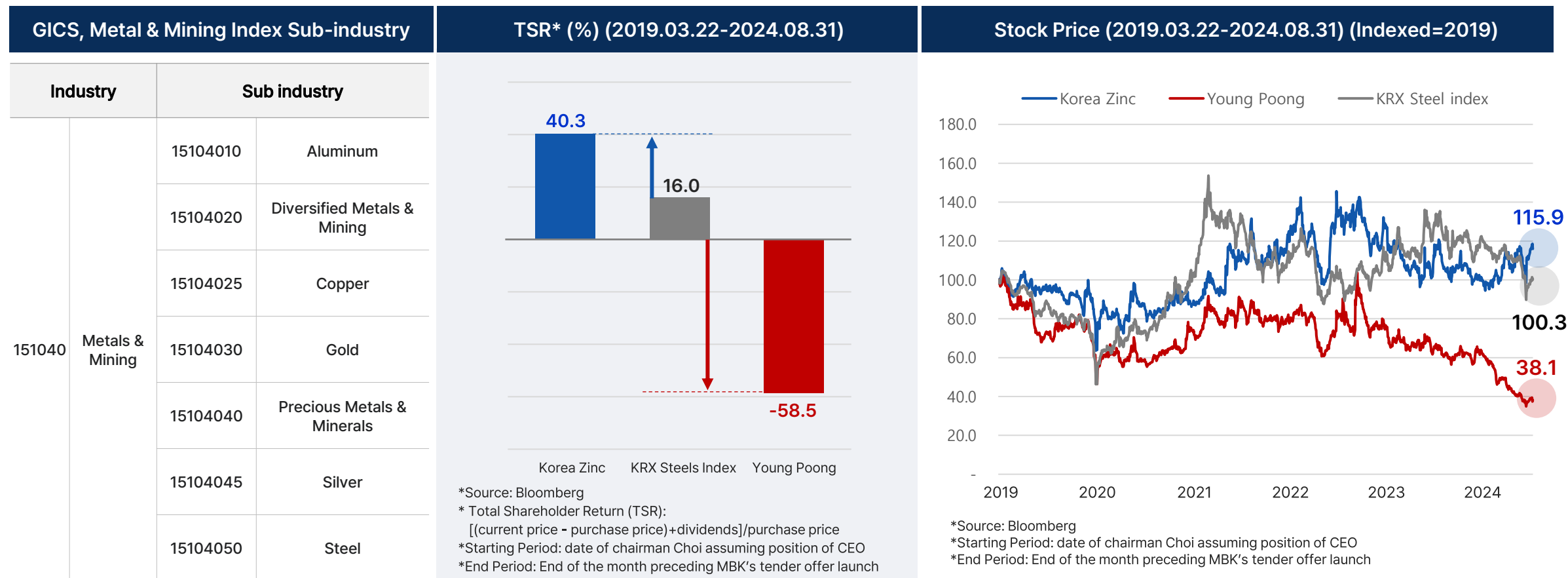
 - The remuneration figures for other registered executives are distorted, as they fail to account for the increase in non-executive directors who receive no compensation. (The actual remuneration paid to other registered executives in 2023 is double the figure presented by MBK.)
 - The increase in remuneration in 2023 reflects the impact of performance-based pay adjustments following exceptional management achievements, such as achieving over 1 trillion KRW in operating profit for the first time in 2021 and exceeding 11 trillion KRW in sales for the first time in 2022.
 - Considering the status of comparable companies in the same industry and with similar market capitalization, it is difficult to conclude that the compensation of Korea Zinc's other registered executives and top-tier executives constitutes abuse of corporate governance.
- 5.** Analysis and comparisons between MBK-YP's and Korea Zinc's independent director Candidates
BSM comparison by squad of MBK-YP's director Candidates

 - The director candidates proposed by MBK & YP appear to have significant issues regarding compromised independence or substantial risks of such compromise. Furthermore, there are numerous instances of failures in risk management and internal controls, which they claim as their strengths.
 - The candidates from MBK & YP are unlikely to contribute to the substantive enhancement of Korea Zinc's board capabilities and pose concerns about potential shareholder value deterioration.
 - The current board of directors possesses higher expertise in the BSM domain compared to MBK's proposed candidates, demonstrating that the current board is the optimal team to successfully lead Korea Zinc's business in the future.

MBK & YP's Allegations & Claims #1

Stock price and TSR lagging behind industry peers since 2022

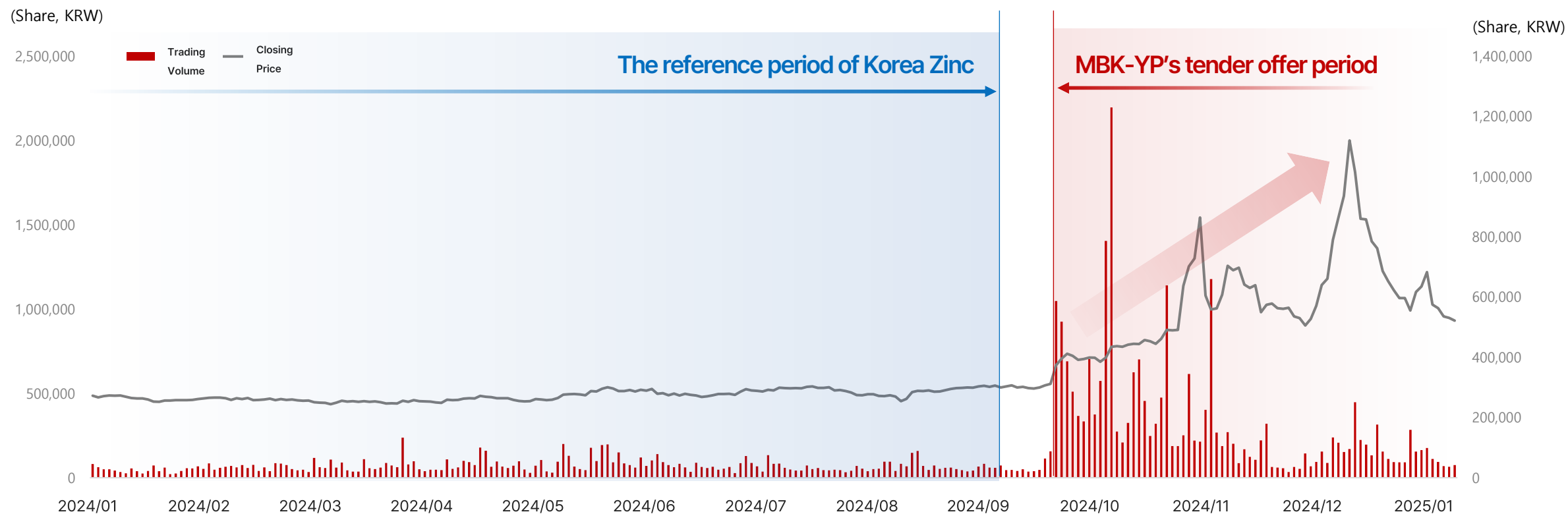
- The MSCI ACWI Metals & Mining Index includes companies with mining-smelting integration, differing in structure, scale, and key markets from Korea Zinc.
- The KRX Steels Index, Korea's key metals industry index, includes YP as the sole comparable domestic company and Korea Zinc has recorded superior performance compared to YP.



MBK & YP's Allegations & Claims #1

Distorted claims based on arbitrary comparisons period (as of August 31, 2024)

- Korea Zinc set its stock price and Total Shareholder Return (TSR) benchmark starting from Chairman Choi's appointment as CEO in 2019
- MBK asserts that Korea Zinc's stock price temporarily rose due to management dispute expectations during the period ending August 31, 2024. However, this period predates MBK & YP's public tender offer declaration, and both stock price and trading volume showed no abnormal increases, making MBK's claim misleading.



MBK & YP's Allegations & Claims #2

Resolution of environmental issues and business benefits for YP-Korea Zinc partnership

- Despite claims of improvement YP faced repeated environmental violations in 2019 and late 2024, resulting in administrative suspensions of 60 days and 10 days, respectively.
- YP, as the world's 4th largest smelter, has shifted the costs and ESG/legal risks of sulfuric acid waste management to Korea Zinc for 20 yrs.
- While the partnership ensures high domestic sales for YP, it exposed Korea Zinc to risks in annual raw material procurement due to YP's unstable operations.

Issue	MBK & YP's Claims	Fact Check
Persistent Environmental Pollution and Safety Incidents	<ul style="list-style-type: none"> • YB has invested billions in large-scale environmental improvement projects over the past five years, achieving visible results in preventing environmental pollution and major disasters. 	<ul style="list-style-type: none"> • Despite claims of improvement, YP received a 60-day suspension order in 2019 and a 10-day suspension in 2024 due to repeated environmental violations. • As of August 2024, YP has processed only 24% of the 600,000 tons of waste required to resume operations by June 2025. During a national audit, the Environmental and Labor Committee criticized YP for showing no signs of genuine improvement.
Transferring Risk Management Burden to Korea Zinc	<ul style="list-style-type: none"> • Sulfuric acid is not waste but a product. • Legal disputes over sulfuric acid handling arose from Korea Zinc's sudden termination of a 20-year-long transaction. 	<ul style="list-style-type: none"> • In 2003, YP claimed a lack of sulfuric acid management facilities and promised to establish its own facilities within three years. Despite this, it has relied on Korea Zinc's facilities for 19 years since the original agreement expired in 2006 to date. • Sulfuric acid, a hazardous byproduct of smelting, is not properly managed by YP, the world's 4th largest single-site smelter. Instead, the company has offloaded the entire burden of storage and disposal onto Korea Zinc. • Aging facilities and the transportation of sulfuric acid through residential areas pose ESG and legal risks. Despite being informed that the contract could not be extended due to these risks, YP has continued to push the costs and risks onto Korea Zinc under the guise of "synergy creation."
YP Maximizing Shareholder Value at Korea Zinc's Expense	<ul style="list-style-type: none"> • The partnership benefits both companies • Korea Zinc's corporate value degradation harms YP's shareholder value, and intervention aligns with both companies' interests 	<ul style="list-style-type: none"> • The partnership primarily benefits YP while burdens Korea Zinc - Raw Materials Joint Procurement: Korea Zinc bears increased costs due to production fluctuations caused by YP's ongoing environmental violations, resulting in operational suspensions and challenges in forecasting and adjusting ore supply. - Product Joint Sales: Korea Zinc and YP's production ratio is 67:33 (2023), yet YP has demanded that 40% of the higher-priced domestic sales be allocated to its products, far exceeding its production share—a practice maintained for 17 years (since 2008). • YP has not preserved or improved shareholder value. Recently (Dec. 3, 2024), Metrica Partners, a Singapore-based hedge fund manager and YP shareholder, publicly criticized YP in a shareholder letter, stating that despite receiving increased dividends through Korea Zinc, YP has failed to improve its shareholder return ratio and lacks any intention to enhance shareholder value.

MBK & YP's Allegations & Claims #3

Cumulative voting is a means to maintain Korea Zinc's management control

01

Cumulative voting, a minority shareholder protection system endorsed by coalitions, civic organizations, the government, and political circles, is anticipated to boost board diversity and transparency.

02

Under the majority-vote system, board candidates are elected with a simple majority, allowing a majority shareholder with near or over half of the voting rights to shape the board entirely according to their preferences.

03

This structure hinders the independence and diversity that MBK & YP advocate in their governance improvements claims.

04

Cumulative voting system addresses these challenges by enabling minority shareholders to concentrate their voting rights on specific candidates, thereby exerting greater influence than under the general majority-vote system.

MBK & YP's Allegations & Claims #3

Cumulative voting is a means to maintain Korea Zinc's management control

- 05

If controlling shareholders support candidates recommended by minority shareholders, those candidates could easily join the board
- 06

Significantly enhancing checks and balances through mutual competition and equilibrium while amplifying minority shareholders' casting vote role.
- 07

With cumulative voting, increased minority shareholder influence would compel both Korea Zinc's current management and controlling shareholders like MBK & YP to engage in active communication and build collaborative relationships with minority shareholders
- 08

MBK & YP appear to be impatient, concerned that the cumulative voting could hinder their preferred board composition, prioritizing their own agenda over the company's growth and minority shareholder protection.

MBK & YP's Allegations & Claims #3

Yoomi Development's request for cumulative voting is lawful and compliant

01

If the amendment to Korea Zinc's Articles of Incorporation to introduce the cumulative voting is approved at the extraordinary general meeting, it will take effect immediately, as outlined in the proposed amendment and consistent with Supreme Court precedents.

02

MBK & YP argue that Yoomi Development's request was invalid since cumulative voting was excluded in the Articles of Incorporation at the time. However, the request was contingent upon the approval and immediate implementation of the amendment, making it lawful and compliant.

03

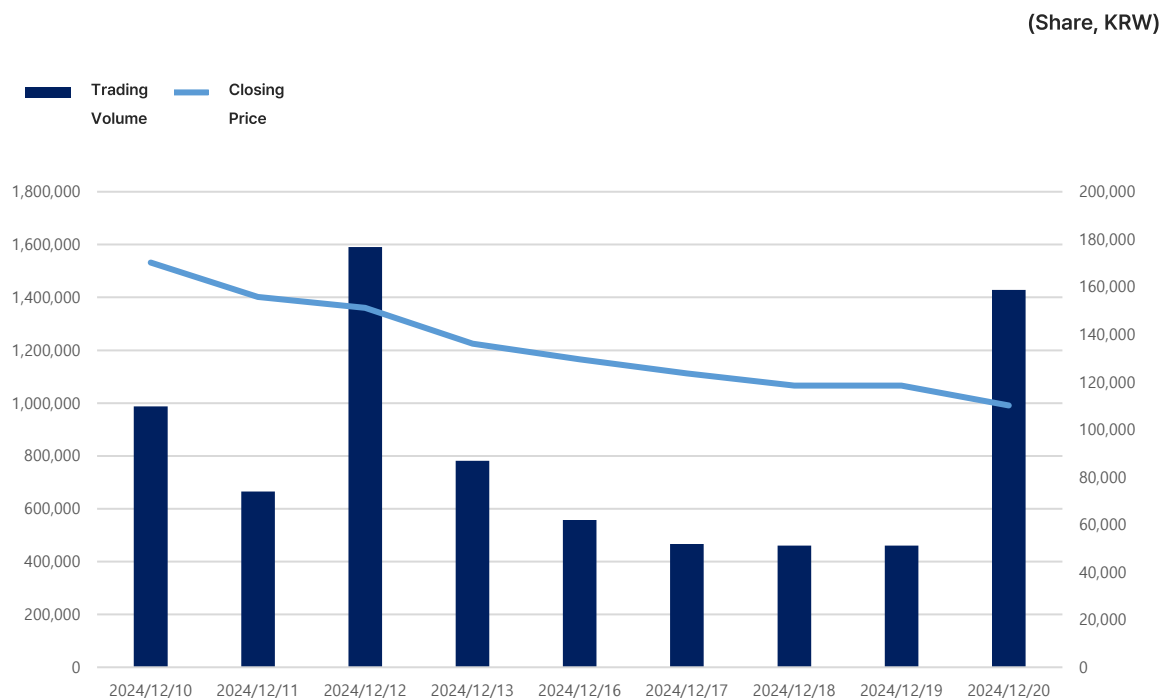
Yoomi Development submitted its request on December 10, 2024, six weeks prior to the extraordinary general meeting contingent on the approval of the amendment to the Articles of Incorporation. The six-weeks requirement is intended to provide the company sufficient time to prepare for the implementation of cumulative voting. Korea Zinc prepared for both approval and rejection scenarios, ensuring readiness through meeting notices, proxy materials, and related documents.

MBK & YP's Allegations & Claims #3

Potential implications of cumulative voting on Korea Zinc share transactions

- From the date of cumulative voting request (12/10) to the business day immediately before the resolution to revise the extraordinary shareholders' meeting convening notice (12/20), the stock price fell by 35%.
- During this period, MBK & YP, on the contrary, purchased a total of 99,631 Korea Zinc shares at an average price of KRW 1,324,423.

Korea Zinc Stock Price and Volume



Korea Zinc Large Shareholder Ownership Report (2024.12.19)

Name	DOB or Business Registration No.	Date of Change	Acquisition/ Disposal Method	Type of Shares	Details of Change			Acquisition/ Disposal Price	
					Before Change	Increase	Post-Change		
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-10	On-Market Purchase (+)	Voting Shares	1,518,696	19,400	1,538,096	1,572,472	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-11	On-Market Purchase (+)	Voting Shares	1,538,096	14,555	1,552,651	1,440,798	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-12	On-Market Purchase (+)	Voting Shares	1552651	15,401	1,568,052	1,324,193	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-13	On-Market Purchase (+)	Voting Shares	1568052	16,825	1,584,877	1,285,514	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-16	On-Market Purchase (+)	Voting Shares	1584877	11,650	1,596,527	1,201,606	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-17	On-Market Purchase (+)	Voting Shares	1596527	10,800	1,607,327	1,145,375	-
Korea Corporate Investment Holdings Co., Ltd.	825-86-03185	2024-12-18	On-Market Purchase (+)	Voting Shares	1607327	11,000	1,618,327	1,098,672	-

MBK & YP's Allegations & Claims #3

Setting a cap on total number of directors is intended to defend the current management right by infringing shareholder rights

- If all 14 candidates nominated by the Consortium are appointed without a cap on the number of directors, the board will expand from 12 to 26 directors. *1 person resigned, 13 → 12
- A 26-membered board leads to inefficiency and operational uncertainty.
- Major companies in Korea cap the number of directors: 14 at Samsung Electronics, 13 at HMC and 13 at POSCO Holdings.
- Proxy advisory firms generally oppose board enlargement in both structure or size.

Category	Glass Lewis	ISS	NPS Korea ESG Research Institute KCGS	SUSTINVEST
Board Size Guideline	Opposition to a board of directors comprised of 20 members or more due to difficulties in making a decision in a timely manner	Opposition to a resolution to change either structure or size of the board for governance purpose	Opposition to any reduction or enlargement in board size that could restrict activities of committees or reduce the influence of the board	Opposition to excessive enlargement or reduction in board size that could disrupt the effectiveness of the decision-making process

MBK & YP's Allegations & Claims #4

Korea Zinc's backward governance is also evidenced by its asymmetrical executive compensation

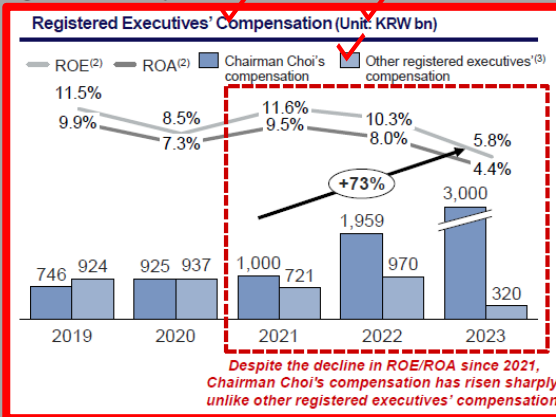
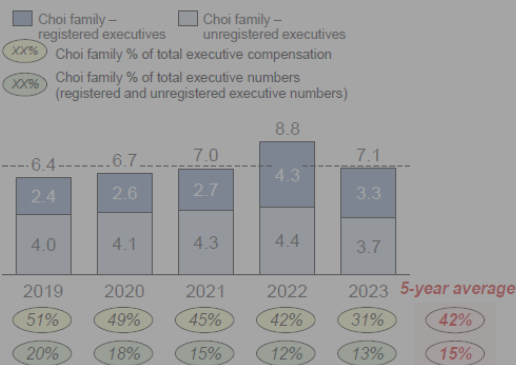
- Registered executive compensation is capped by shareholders at the annual general meeting every year and is paid within the cap under the Company's policy.
- Also, a similar level of pay disparity in executive compensation is observed in industry peers and similar-cap companies, making it difficult to cite pay disparity as evidence of the Company's backward governance
 - Yun B. Choi's promotion to CEO in 2023 and outstanding achievements for two years in a row by reaching the KRW 1tr mark in operating income in 2021 and the KRW 11tr mark in revenue in 2022 were reflected in his compensation.
 - A drastic decrease in other registered executives' compensation in 2023 results from the departure of two registered executives and the arrival of unpaid non-executive director (Mr. Choi Nae-hyeon).

Item 4, Item 5: Elect Directors **Vote Against the Election of the board's 7 Director Nominees**
Vote For the Election of the Consortium's 14 Director Nominees

Korea Zinc's Backward Governance is Also Evidenced by Its Asymmetrical Executive Compensation

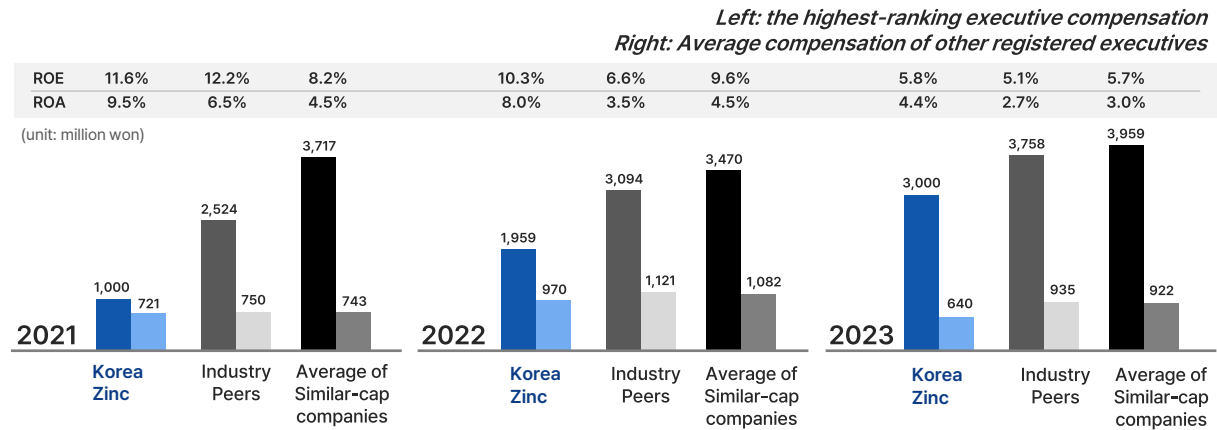
- Over the past five years, the Choi family members (including Chairman Choi Yun-beom and honorary chairmen who previously served as chairmen) have comprised only 15% of all executives at Korea Zinc but have received nearly 42% of total executive compensation. When we narrow it down to registered executives, the Choi family executives have made up just 20% of registered executives on average but received 66% of total registered executive compensation over the same period.
- Especially, despite Korea Zinc's declining profitability (ROE/ROA) since 2021, Chairman Choi's compensation has grown 73% on average annually during the same period. This increase is disproportionately high, compared to trends and growth rates of other registered executives' compensation, even when taking into account his role as CEO.
- Under corporate governance best practice, executive compensation should be aligned with the long-term profitability of the company and long-term interests of shareholders. However, the divergence between Chairman Choi's increased compensation and Korea Zinc's declined profitability indicates that he has exploited Korea Zinc's poor governance for his private benefits.

Choi Family Executives' Compensation⁽¹⁾ (Unit: KRW bn)



Registered Executive Compensation in Industry Peers and Similar-cap Companies

- A significant disparity in registered executive compensation is observed in industry peers and similar-cap companies despite the downward trend in ROE/ROA.



Error in MBK's Rebuttal

- In the figures for registered executive compensation, **the Consortium misused the unit, which should be KRW million, not KRW billion**, and failed to specify in a footnote that the compensation figure for other registered executives represents an average amount, not the total amount.
- Also, the figures indicate that the Consortium intentionally includes unpaid non-executive directors, Chang Hyun chin and Choi Nae-hyeon, **to lower the average amount of compensation paid to other registered executives**. (Excluding unpaid non-executive directors, the discrepancy between the claimed and real average compensation of other registered executives could be as high as 100%)

(1) For registered and unregistered executives whose total compensation is below KRW 500 million and whose compensation details have been disclosed, the average compensation for registered executives was approx. calculated by excluding individuals whose compensation details have been disclosed. (2) ROE was calculated by dividing the net income attributable to controlling shareholders by the equity attributable to controlling shareholders from the previous year. ROA was calculated by dividing the net income for the current period by the total assets from the previous year. (3) Refers to registered executives other than Chairman Choi (inside directors and non-executive directors); 2023: Park Gi-deok, Park Gi-won, Chang Hyeon-jin, and Choi Nae-hyeon; 2021-2022: Noh Jin-su, Baek Sun-heum, Chang Hyeon-jin, and Choi Chang-geun; and 2019-2020: Choi Chang-geun, Lee Je-jung, and Chang Hyeon-jin.

MBK & YP's Allegations & Claims #5

Board-proposed nominees represent commitment to improvement in board competence and governance (1/2)

- The Consortium twists facts and makes misleading claims about board-proposed nominees to arouse a doubt about their eligibility.
- The nominees represent the Company's effort to achieve better governance by improving the board's performance in BSM with better competence in finance and risk management.

Item	Candidate	Proposed	MBK & YP's Claims	Fact Check & Analysis	Rec.
4/5-1	Outside Director Lee Sanghoon	Korea Zinc	<ul style="list-style-type: none"> • As a former representative of the Chinese private equity fund Affinity, concerns exist about the potential leakage of Korea Zinc's national core technologies to China if the nominee is elected. • During his tenure at Affinity, the fund, after acquiring Lock & Lock, sold the company's Asan plant, citing management difficulties. 	<p>The candidate is currently not in his field after leaving Affinity Partners in June 2023 and plans to independently perform his job as outside director.</p> <p>Affinity focuses on Asia-Pacific, with five offices in Asia and an investment portfolio spanning 11 countries globally.</p> <p>These allegations made by MBK, who is alleged to have violated the Chinese Wall policy and currently manages the Chinese government's funds, can be taken as its own admission that Korea Zinc's technology, critical to Korea's competitive edge, could be leaked to China once the Consortium acquires the Company.</p>	For
4/5-2	Outside Director Lee Hyeong Kyu	Korea Zinc	<ul style="list-style-type: none"> • During his tenure as an outside director at Incheon City Gas, the nominee demonstrated a lack of independence by, among others, approving all agenda items. • Furthermore, while serving as the Dean of Hanyang University Law School, the institution received an official warning from the Ministry of Education for admitting applicants in violation of admission guidelines. 	<p>The candidate's assents to items in board meetings cannot be evidence of lack of independence without the details of his stance on each item in that Young Poon's public disclosures show that its outside directors have also assented to all the items in board meetings.</p> <p>A warning on law school admission requirements was issued to not only the nominee's law school at Hanyang University but also 12 law schools at major universities in Korea, including SNU, Yonsei, Korea, and Kyung Hee. It aroused controversy that the Ministry of Education made an issue of the past admission process to demand the application of the updated guidelines. After receiving the warning, the candidate's law school took every measure to follow the updated guidelines in the admission process.</p>	For
4/5-3	Outside Director Kim Kyeongwon	Korea Zinc	<ul style="list-style-type: none"> • Currently serving as an outside director at Hanjin, the nominee has demonstrated a lack of independence by, among others, approving all agenda items. • During his tenure as an outside director at It'S Hanbul, the nominee supported high dividends for Chairman Lim Byeong Cheol and related parties, despite the company experiencing continuous revenue declines, which drew criticism for governance issues. • Furthermore, the nominee's attendance rate as an outside director at It'S Hanbul was poor, and he approved all agenda items. 	<p>The nominee contributed to improvements in Hanjin's competitive edge, risk management, and transparency in management with his expertise in economics and finance as well as his experience in corporate risk management. The candidate's high attendance record in board meeting demonstrate his strong commitment as an independent outside director based on his expertise.</p> <p>The Consortium emphasizes that revenues fell during the nominee's service at It'S Hanbul. But, it twisted facts: the fall was temporary in 2019 alone affected by external factors—a decline in Chinese visitors due to China's ban on Korean trip, COVID-19 pandemic, the growth of HNB stores. Also, the candidate's attendance record cannot be defined as low since he maintained 100% attendance in board meeting after the temporary low record in 2021.</p>	For

MBK & YP's Allegations & Claims #5

Board-proposed nominees represent commitment to improvement in board competence and governance (2/2)

- The Consortium twists facts and makes misleading claims about board-proposed nominees to arouse a doubt about their eligibility.
- The nominees represent the Company's effort to achieve better governance by improving the board's performance in BSM with better competence in finance and risk management.

Item	Candidate	Proposed	MBK & YP's Claims	Fact Check & Analysis	Rec.
4/5-4	Outside Director James Andrew Murphy	Korea Zinc	<ul style="list-style-type: none"> • The Australian state of Queensland, where the nominee previously held public office, is a region where Korea Zinc has undertaken projects involving large-scale investments. Given concerns about reduced renewable energy investments, Queensland supports Chairman Choi, aligning their interests with his. This raises substantive concerns about potential conflicts of interest. • Additionally, it is presumed that the nominee may have had interactions with Korea Zinc during his tenure as a finance officer of Queensland, further raising concerns about the nominee's independence as a board member. 	<p>In Australia, government officials are demanded to keep a high level of integrity under the relevant laws and regulations.</p> <p>The Consortium's claim is groundless because his nomination as outside director was based on the thorough investigation into any interest of him in Korea Zinc during his service at the Queensland government, which proved the absence of such interest.</p>	For
4/5-5	Outside Director Chung Tammy	Korea Zinc	<ul style="list-style-type: none"> • During her tenure as an outside director at Hansae, the nominee approved all agenda items, raising concerns that she might effectively act as a rubber stamp on Korea Zinc's board. 	<p>The Consortium's claim is groundless as the candidate has a wealth of expertise in management, accounting, and ESG, based on which he made independent decisions as outside director.</p>	For
4/5-6	Outside Director Lee Jaiyong	Korea Zinc	<ul style="list-style-type: none"> • With a background in Electrical/Electronic/Computer Engineering and a career centered on education technology, the nominee's expertise is misaligned with Korea Zinc's core business areas, rendering him less competitive compared to the nominees proposed by the Consortium. 	<p>The Consortium's claim is based on the lack of understanding about the current and new business Korea Zinc operates and explores now. The candidate's expertise in IoT will contribute to the Company's attempt to implement IoT-based smart factory technology, which will improve the Company's productivity down the road.</p>	For
4/5-7	Outside Director Choi Jaesik	Korea Zinc	<ul style="list-style-type: none"> • With experience primarily focused on startups leveraging AI for process optimization and predictive diagnostics, the nominee's ability to contribute effectively to Korea Zinc's large-scale enterprise projects, such as the Troika Drive, is uncertain. 	<p>The candidate's experience of working in POSCO's smart smelter project and managing the large-scale enterprise project will contribute to the Company's attempt to build smart factories with AI technology for the optimized manufacturing processes.</p>	For

MBK & YP's Allegations & Claims #5

Analysis and recommendations on nominees proposed by MBK & YP (1/5)

Candidate	MBK & YP's Claims	Fact Check	Rec.
<p>(1) Non-Executive Director Kang Sung Doo</p>	<ul style="list-style-type: none"> The election of the candidate does not mean YP will be managing Korea Zinc, so raising questions about YP's governance structure is an attempt to divert attention with baseless allegations. Furthermore, YP is actively enhancing shareholder returns and strengthening risk management. In addition, with extensive experience in the finance and industrial sectors, the candidate possesses deep knowledge of the collaboration and business synergies between YP and Korea Zinc, as well as Korea Zinc's management and investment history. This expertise is anticipated to play a key role in normalizing Korea Zinc's underperforming investments. 	<ul style="list-style-type: none"> The nominee has neglected his obligation as executive director of YP, causing the failure of risk management, which leads to damages to corporate and shareholder values. <ul style="list-style-type: none"> YP was ordered to suspend operations for violations of safety and environmental laws with two chief executives arrested for prosecution (now bailed and prosecuted without detention). The nominee arouses concerns over the conflict of interest and the representation of YP's interest only if he joins the board of Korea Zinc. <ul style="list-style-type: none"> Despite his status as unregistered director, he performs as the effective head of YP by organizing YP's lawsuits and press conferences. Taking executive positions at Korea Zinc and its competitor YP indicates a high chance of him facing the conflict of interest and representing YP's interest only. Therefore, the nominee is not suitable to improve corporate and shareholder value of Korea Zinc 	<p>Against</p>
<p>(2) Non-Executive Director Kim Gwang Il</p>	<ul style="list-style-type: none"> Concurrent positions are inevitable given the nature of private equity funds which requires that its partners (limited in number) sit on the boards of their numerous portfolio companies. Furthermore, the companies of the boards in which candidate Kim Kwang-Il currently serves as a director, are comprised of unlisted companies only. The KRW 10.5 billion represents the total transaction volume with the related contractor, and a portion of this amount was misappropriated by the relevant employee. The issue was identified through an internal investigation, and under the supervision of the board of directors, Lotte Card directly filed criminal complaints against the employee and the service provider. 	<ul style="list-style-type: none"> The nominee arouses concerns over the fulfillment of his duty as non-executive director. <ul style="list-style-type: none"> Even when the characteristics of a private equity firm are taken into account, the nominee's service as executive directors at two dozens of companies, both local and international, irrespective of their listing status, arouses the following concerns: <ul style="list-style-type: none"> whether he is physically available to serve on the board, whether he fulfills his duty in a sufficient manner His involvement is at an excessive level compared to a typical private equity firm engaging in the boards of portfolio companies. The nominee's direct responsibility for failure of internal control in the breach of duty case of Lotte Card <ul style="list-style-type: none"> Out of KRW 10.5 billion, KRW 6.6 billion was misappropriated by the employees and KRW 3.9 billion by the contractor. Lotte Card detected and reported the misappropriation to the FSS, and it was the FSS which filed criminal complaints against these criminals after on-site investigation It is not true that Lotte Card directly filed criminal complaints, rather the FSS demanded Lotte Card to take disciplinary actions against employees for failed internal control and check the internal control system, which clearly shows the nominee's direct responsibility for failure of internal control. Given the impossibility of sufficient duty fulfillment and the failure of internal control, the nominee is not suitable to join the board. 	<p>Against</p>

MBK & YP's Allegations & Claims #5

Analysis and recommendations on nominees proposed by MBK & YP (2/5)

Candidate	MBK & YP's Claims	Fact Check	Rec.
<p>(3) Outside Director Kwon Kwang Seok</p>	<ul style="list-style-type: none"> There were no disciplinary actions taken against the candidate related to the DLF and Lime Fund incidents. Following these incidents, during the candidate's tenure as bank president, efforts were focused on stabilizing the organization and restoring customer trust, which led to a 70% increase in net income and overall performance improvement. 	<ul style="list-style-type: none"> <u>The nominee's responsibility for misseling arouses concerns over his capabilities to improve corporate value, integrity and communication in the board.</u> * As the head of the IB business group, he cannot avoid his responsibility for the mis-sold DLFs and Lime funds, although he was not submitted to a disciplinary action. * After his first term as bank president, the nominee failed to be reappointed in 2022 due to his ineligibility, which continues to arouse suspicion on his level of integrity and communication. <u>In the 2017 unfair employment scandal of former bank president Lee Gwang-goo, the nominee was convicted of soliciting for unfair employment, which clearly indicates his lack of integrity and thus ineligibility for outside director.</u> <u>The nominee is not suitable to join the board as outside director given the existing allegations that strongly raise questions of the nominee's morality.</u> 	<p>Against</p>
<p>(4) Outside Director Kim Myung Jun</p>	<ul style="list-style-type: none"> The candidate is currently an outside director of CJ Logistics, the largest logistics company in Korea. With significant expertise in taxation, the candidate can contribute significantly to enhancing Korea Zinc's financial stability. 	<ul style="list-style-type: none"> The nominee's expertise in taxation is hardly regarded as a contribution to the financial stability of Korea Zinc given the limited association between tax knowledge and the financial stability of a listed company that focuses on the management of financial indicators associated with business. <u>The nominee is not suitable to join the board given the low level of his contribution to the financial stability of Korea Zinc..</u> 	<p>Against</p>
<p>(5) Outside Director Kim Soo Jin</p>	<ul style="list-style-type: none"> As a member of the board of directors at Lotte Card, the candidate performed her duties independently of MBK Partners with integrity. Notably, she made key contributions to ESG performance through active participation in the Audit Committee and ESG Committee. 	<ul style="list-style-type: none"> <u>His assent to all decisions made by the board during his service as outside director between 2019 and 2024 after MBKP acquired Lotte Card arouses concerns that he would become a rubber stamp for decisions made by the Consortium in the board.</u> <u>His departure from the board of Lotte Card with no specific reason despite his term until 2025 is seemingly intended to avoid his disqualification under the commercial law, arousing a reasonable suspicion on a strong tie between the nominee and MBKP.</u> <u>The nominee is not suitable to join the board as his independence as outside director sesems to be damaged.</u> 	<p>Against</p>
<p>(6) Outside Director Kim Yong Jin</p>	<ul style="list-style-type: none"> Since serving as an outside director at Hyundai Department Store from 2016, the candidate has contributed to enhancing shareholder value through improved performance (with an average annual sales growth of 14% from 2017 to the present) and strengthened shareholder return policies such as annual dividend increases. 	<ul style="list-style-type: none"> The nominee's contribution to improved performance and enhanced shareholder value was measured <u>not during his service between 2016 and 2020 but between 2017 and the present, which includes the period after his resignation.</u> It constitutes <u>statistical manipulation, a behavior intended to use misleading information.</u> <u>His departure from the board of Dongwon F&B two years earlier than his term without specific reasons</u> raises questions of his sincerity as outside director. <u>The nominee is not suitable to join the board given his insincerity as outside director.</u> 	<p>Against</p>

MBK & YP's Allegations & Claims #5

Analysis and recommendations on nominees proposed by MBK & YP (3/5)

Candidate	MBK & YP's Claims	Fact Check	Rec.
<p>(7) Outside Director Kim Jae Sup</p>	<ul style="list-style-type: none"> With over 30 years of experience at Doosan Group, rising to the position of president, the candidate is an industrial expert. Even after the acquisition by MBK Partners, he managed the company independently of MBK Partners, taking full responsibility as president. 	<ul style="list-style-type: none"> Given the difference between non-ferrous metal production and machine tool manufacturing, the nominee is hardly called an expert in this field as he lacks experience and understanding of non-ferrous metal smelting. The Consortium's claim that the nominee managed the MBK-invested company independently is ill-founded in that portfolio companies run business based on the decisions made by private equity firms. 	<p style="text-align: center;">Against</p>
<p>(8) Outside Director Byun Hyun Chul</p>	<ul style="list-style-type: none"> On the contrary, Yulchon is reportedly providing advisory services to Chairman Choi. While working at Yulchon, the candidate was not directly involved in providing any legal advisory services related to MBK Partners. 	<ul style="list-style-type: none"> According to the media, the nominee is one of the defense lawyers representing YP in the Severe Disaster Punishment Act violation case. The nominee's interest in YP raises questions of his independence and arouses concerns that he would become a rubber stamp. 	<p style="text-align: center;">Against</p>
<p>(9) Outside Director Son Ho Sang</p>	<ul style="list-style-type: none"> The advisory contract with which Chairman Choi took issue was entered into by and between Korea Zinc and Kyungpook National University. The transaction did not involve the candidate and does not constitute grounds for disqualification under the KCC. 	<ul style="list-style-type: none"> The nominee's receipt of KRW 54m from Korea Zinc for lecture proves damage to his independence as outside director. The advisory contract among Korea Zinc, Kyungpook National University and the nominee was simply a procedural step to conform to the internal compliance rules of the university in the payment process for the nominee as the effective provider of advisory services, who received KRW 54m in 2023 alone for the long-term relationship, which constitutes serious damages to his independence as outside director. The nominee received KRW 100m in total for a year from Korea Zinc, which constitutes disqualification under the commercial law and arouses concerns over the lack of independence as outside director. 	<p style="text-align: center;">Against</p>

MBK & YP's Allegations & Claims #5

Analysis and recommendations on nominees proposed by MBK & YP (4/5)

Candidate	MBK & YP's Claims	Fact Check	Rec.
<p>(10) Outside Director Yoon Seok Heon</p>	<ul style="list-style-type: none"> Orange Life (formerly ING Life) was listed in May 2017, and the candidate served as an outside director until May 2018. At the time, no concurrent positions were held that constituted grounds for disqualification as an outside director under the relevant laws. 	<ul style="list-style-type: none"> The nominee's long-term tie with MBKP raises questions of his independence as outside director. After the acquisition of Hanmi Bank, led by Chairman Kim Byung-ju, the nominee was appointed as outside director along with Chairman Kim to serve on the board for 8 years between 2001 and 2008 and served on the board of the MBK Scholarship Foundation as outside director The nominee served on the boards of MBKP-invested companies for 10 years, such as HK Savings Bank (2006-2011) and ING Life Insurance (2013-2018). The sale of Orange Life Insurance, formerly ING Life Insurance, by MBKP in 2018 stirred up controversy over the over-priced deal, leading to allegations of involvement of Yoon Suk-heun as the head of the FSS in a tie with MBKP. The nominee served as outside or non-executive director on the boards of 8 companies between 1998 and 2018, among which his service at the boards of five companies, including HK Savings Bank and ING Life Insurance, was not reported as concurrent jobs that violate the Private School Act. The nominee is not suitable to join the board given his tie with MBKP that damages his independence and morality. 	<p>Against</p>
<p>(11) Outside Director Lee Deuk Hong</p>	<ul style="list-style-type: none"> Around 2020, sales and operating profit of Doosan Infracore (now HD Hyundai Infracore) declined due to business discontinuation and lower sales. However, during the candidate's tenure as a director, the company in fact recovered with rapid growth and in 2022, while the candidate was serving as director, the company resumed cash dividends, improving the total shareholder return rate. 	<ul style="list-style-type: none"> The Consortium's claim that the nominee contributed to improved performance and shareholder returns during his service as outside director at the company mentioned by the consortium between March 2020 and March 2023 is unilateral without statistical evidence, and therefore it is not true. During the candidate's tenure as Outside Director, 2022 sales dropped from KRW 8 trillion in 2019 to the KRW 4 trillion range, while shareholder returns fell from 42.7% in 2020 to 16.3%. 	<p>Against</p>

MBK & YP's Allegations & Claims #5

Analysis and recommendations on nominees proposed by MBK & YP (5/5)

Candidate	MBK & YP's Claims	Fact Check	Rec.
<p>(12) Outside Director Chung Chang Hwa</p>	<ul style="list-style-type: none"> This investigation pertains to a criminal complaint filed regarding POSCO Holdings' payment of expenses to outside directors for the performance of their duties in accordance with its articles of incorporation and internal regulations. No illegal activity was confirmed. 	<ul style="list-style-type: none"> Given the ongoing police investigation into alleged embezzlement and violation of the Improper Solicitation and Graft Act, the nominee raises questions of qualification as outside director. Given the difference between steel manufacturing and non-ferrous metal production, the nominee's experience does not seem to add additional values to the business of Korea Zinc. 	<p>Against</p>
<p>(13) Outside Director Chun Jun Beom</p>	<ul style="list-style-type: none"> As an outside director and a statutory auditor, the candidate contributed to improving the performance and governance of these leading companies, which are comparable in scale to listed companies 	<ul style="list-style-type: none"> When the nominee served on the boards of the companies mentioned by the Consortium, one company reported the first-ever profit in 2024, while the other company faced allegations of high-handed behavior towards job seekers and suppliers. These results cannot be evidence to prove the nominee's contribution to performance and governance. The nominee consistently contributed favorable articles about the Consortium's public tender to the op-ed section of the media. Against this background, his nomination arouses doubts on his independence as outside director. 	<p>Against</p>
<p>(14) Outside Director Hong Ik Tae</p>	<ul style="list-style-type: none"> An expert in the field of risk management, which is currently lacking on Korea Zinc's board. The candidate can contribute to establishing and managing safety incident response systems for potential on-site accidents at Korea Zinc. 	<ul style="list-style-type: none"> It is inappropriate to define the nominee as an expert in the field of risk management given his long period of service as police officer. His lack of understanding about the features and industrial processes of smelting arouses concerns that his service as outside director might not contribute to the detection of possible risks in the field and the development of preventive/responsive system against on-site accidents. 	<p>Against</p>

MBK & YP's Allegations & Claims #5

Meaningful governance improvements cannot be attained by board-proposed nominees

The current board and management already have sufficient capabilities to supervise and manage the business. The nomination is intended as part of governance improvement to complement the current board composition with expertise in Finance/M&A, Risk Management, strictly qualified by local and international assessment agencies, to build the board globally competitive in BSM.

The Consortium's claim that Korea Zinc acknowledged the lack of supervisory function in the board, an issue raised by the consortium, is one-sided, and the direct comparison with other companies in disregard of the difference in BSM caused by industrial characteristics only to support the Consortium's claim clearly demonstrates its behaviors lack professionalism.

MBK & YP's Claims

Item 4, Item 5: Elect Directors **Vote Against the Election of the board's 7 Director Nominees**
Vote For the Election of the Consortium's 14 Director Nominees

Meaningful Governance Improvements Cannot be Attained by Board-proposed Nominees

- The new board members proposed by Chairman Choi, who has been at the core of the current board's failures, is no more than a continuation of the same unsuccessful board. Korea Zinc's new board must urgently normalize the company's dysfunctional corporate governance structure, as evidenced by numerous past failures. However, it is highly doubtful that the seven new directors proposed by Korea Zinc will rectify the failures of the board that recommended them.
- In particular, as acknowledged by Korea Zinc itself, there is an urgent need to enhance the finance and M&A expertise of the current board. However, Chairman Choi has proposed only a single finance/M&A expert as a new board nominee. Given the current board's deficiency in finance and M&A expertise, as well as its apparent lack of awareness regarding the severity of this issue, investment failures such as OneAsia Partners and Igneo Holdings can only be viewed as foreseeable outcomes.

Korea Zinc's Plan to Strengthen Its Board in its Explanatory Materials

- As a result of the Consortium's persistent efforts to highlight issues, the current board has come to recognize its deficiencies in finance and M&A expertise, as well as its lack of effective oversight capabilities.
- However, among the seven director candidates nominated by the board, only one nominee (Lee Sang Hoon) is a finance/M&A expert. This response is woefully inadequate given the severity of the issue.
- Furthermore, nominee Lee Sang Hoon does not appear to have a sufficient track record of managing and overseeing complex financial and M&A decisions, such as large-scale investments and business restructuring.

Comparison with Other Domestic Companies' Board Compositions

Example: POSCO Holdings' 2024 AGM Materials

Category	Serving Outside Directors					Re-Appointment		New Appointment
	Park, Minsoo	Kim, Seungmin	Lim, Sangho	Kim, Seungjae	Park, Seungjae	Kim, Seungjae	Park, Seungjae	
① ESG Sustainability Management								
② Leadership								
③ Risk Management								
④ Industry Experience								
⑤ Technology, Digital and Innovation								
⑥ Global and International								
⑦ Local and Global MNC								
⑧ International Project Management								
⑨ Business Development / Global								
General Overview	Date of birth: Jan 27, 1961; Jul 26, 1957; Dec 16, 1959; May 18, 1965; May 20, 1965; Nov 26, 1955; Jan 6, 1958 Gender: Male; Male; Male; Male; Female; Male; Male							

In the case of POSCO Holdings, a domestic steel and metals company focused on strategically advancing new businesses, 70% of the board of directors (5 out of 7 members) are outside directors with expertise in finance and M&A.



Fact Check & Final Opinion by Korea Zinc

1. Part of governance improvement intended to build the board globally competitive in BSM

- ① Part of the governance improvement plan announced already,
- ② Intended to complement the current board composition with expertise in Finance/M&A, Risk Management, strictly qualified by local and international assessment agencies
- ③ Capabilities that the board and management already have, but not aligned with the standards in BSM

2. Meaningless direct comparison with other companies in BSM

As companies need different sets of standards in BSM that reflect the unique characteristics of their individual needs, the direct comparison with other companies is meaningless.

MBK & YP's Allegations & Claims #5

The Consortium's nominees are more effective in improving Korea Zinc's governance

BSM features globally acceptable standards, and therefore the nominees' experience and expertise in BSM should be assessed based on what they directly experienced in their career and in the field of business Korea Zinc operates now.

Yet, the Consortium used an arbitrary set of standards in BSM, which are not in conformity with the global usage, to overrate the skills of its nominees, an act of twisting facts and misleading investors by depicting its nominees as candidates with outstanding capabilities.

MBK & YP's Claims

Item 4, Item 5: Elect Directors

Vote Against the Election of the board's 7 Director Nominees

Vote For the Election of the Consortium's 14 Director Nominees

Improved Board Proposed by the Consortium

- To address issues with the current board and establish an independent board that serves the best interests of all shareholders, the Consortium proposes 14 director nominees, each possessing extensive experience and expertise in one or more of the following areas : capital markets, law, manufacturing business and corporate governance.
- The 14 director nominees will be grouped into four squads: (i) business strategy, (ii) M&A/finance/accounting, (iii) legal/risk management and (iv) ESG/governance. Each squad will create its own internal synergies, and the four squads will comprehensively enhance the value of Korea Zinc as One-team.

BSM (Board Skills Matrix) Proposed by the Consortium Key Strengths

		Industry Expertise	Enhance Enterprise Value	M&A/Investment	Finance/Accounting	Legal	Risk Management	ESG	Global	Diversity
Business Strategy Squad										
Outside Director	Kim, Jae-seop (leader)	●	●	●					●	●
Outside Director	Sohn, Ho-sang	●						●		
Outside Director	Chung, Chang-hwa	●	●	●				●	●	
Non-Executive Director (incumbent)	Chang, Hyung-jin	●			●		●			
M&A/Finance/Accounting Squad										
Non-Executive Director	Kim, Kwang-il (leader)		●	●	●	●			●	
Outside Director	Kwon, Gwang-seok		●	●	●			●	●	
Non-Executive Director	Kang, Sung-doo	●		●						
Legal/Risk Management Squad										
Outside Director	Byeon, Hyeon-cheol (leader)				●	●	●	●		
Outside Director	Kim, Myeong-jun				●	●	●			
Outside Director	Lee, Deuk-hong				●	●	●			
Outside Director	Kim, Su-jin				●	●	●			●
ESG/Governance Squad										
Outside Director	Yoon, Suk-heun (leader)			●		●	●	●	●	
Outside Director	Cheon, Jun-beom				●	●	●	●		
Outside Director	Kim, Yong-jin		●			●	●	●	●	
Outside Director	Hong, Ik-tae					●	●	●		



Fact Check & Final Opinion by Korea Zinc

1. Arbitrary set of criteria in BSM artfully curated in favor of the Consortium

- ① **Not in conformity with the global usage of BSM,**
- ② **The arbitrary set of criteria artfully curated in favor of the Consortium,**
- ③ **Containing qualitative criterions, such as corporate value improvement and diversity**

2. The set of skills 'indiscriminately added' and manipulated

- ① **Skills the Consortium claims its nominees have were irrelevant to the field they experienced or proven to fail by the media, but the Consortium continues to twist facts.**
- ② **The Consortium also overrated the career of its nominees presenting the set of skills indiscriminately added without relevance only to beautify their eligibility.**

MBK & YP's Allegations & Claims #5

The consortium-proposed nominees are superior in experience, competence and independence

The Consortium claims that its nominees are more capable than those proposed by Korea Zinc. But, the claim is based on the arbitrary set of standards in BSM, which are **not in conformity with the global usage, and the use of these standards to overrate its nominees**—twisting facts to manipulate information.

Board enhancement in BSM should give priority to ① how well aligned a new member's skills are with the board's composition, ② how complementary the new member's skills to the board's competence. To correct the Consortium's manipulative claim, Korea Zinc used BSM in conformity with the global usage to assess the Consortium-proposed nominees.

MBK & YP's Claims

Item 4, Item 5: Elect Directors **Vote Against the Election of the board's 7 Director Nominees**
Vote For the Election of the Consortium's 14 Director Nominees

Our New Director Nominees' Better Experience, Competence and Independence

- The director candidates nominated by the Consortium demonstrate strong capabilities across all nine areas.
- In contrast, the new nominees proposed by Korea Zinc do not appear to sufficiently address gaps in the board's lack of capabilities, despite Korea Zinc's focus on improving finance/M&A/risk management.

	Board-proposed Nominees		Consortium's Nominees
Total	18		15
BSM average(%)	20%		35%
Industry Expertise	33% (6/18) =		33% (5/15) ⁽²⁾
Enhance Enterprise Value	11% (2/18) <		33% (5/15)
M&A/Investment	17% (3/18) <		33% (5/15)
Finance/Accounting	28% (5/18) <		40% (6/15)
Legal	22% (4/18) <		33% (5/15)
Risk Management	11% (2/18) <		33% (5/15)
ESG	17% (3/18) <		53% (8/15)
Global	22% (4/18) <		47% (7/15)
Diversity	17% (3/18) >		7% (1/15)

The Consortium's proposed Board offers complete independence.

The nominees proposed by the Consortium include experts who can reinforce overall expertise with outstanding capabilities in Management/Industry/Law/ESG, compared to the current directors and the 7 new nominees.

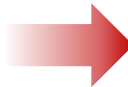
The nominees proposed by the Consortium hold commanding advantage in M&A, Investment, Enhancement of Enterprise Value, which are essential capabilities to drive Korean Zinc's long-term growth.

The nominees proposed by the Consortium include Finance/Accounting/Risk Management experts critical to Korea Zinc's risk management and technology protection, along with legal experts focused on Corporate law and Patent law, while nominees proposed by Korea Zinc still lack relevant competency.

The nominees proposed by the Consortium aims to enhance its Social Responsibility(S) and Governance(G) expertise to contribute to improved governance of Korea Zinc.

Secured directors equipped with global experience who can contribute to developing a global value-chain and new businesses which forms the core of the Troika Drive.

(1) Based on the final director nominees' composition proposed by Chairman Choi and the Consortium, including existing directors and new nominees.
 (2) Although Mr. Chang, Hyung-jin of Young Poong is not included in the list of nominees as he is a member of the current board, he will contribute with his industry expertise together with the new board.



Fact Check & Final Opinion by Korea Zinc

1. Korea Zinc's nominees complete the board in the entire criteria of BSM

- ① Their skills cover the entire criteria of BSM used by the Consortium
- ② Their expertise in diverse areas allow their independence in the board
- ③ The nominees proposed by Korea Zinc have capabilities to facilitate the existing business and the TROIKA Drive

2. The Consortium-proposed nominees have limits in presenting alternatives in areas except for legal affairs

- ① The Consortium's pool includes nominees whose raise questions of their independence in the board
- ② They are less competitive than Korea Zinc's nominees in the level of competence except for legal affairs
- ③ They fail to present alternatives in areas the Consortium claims to be competitive, such as M&A/Investment, Corporate Value Enhancement, and Risk Management

MBK & YP's Allegations & Claims #5

Re-examining MBK & YP's BSM Using Global Standard

When the BSM of MBK & YP's candidates is re-examined under the global standard, a significant portion of their skillsets cannot be acknowledged. (Global Standards: Evaluations based on each candidate's actual career experience or high-level expertise in relevant areas)

[Note] Existing directors Key strengths Expertise Skillset claimed by MBK & YP or non-existing

Title	Name	Leadership	Operations	Industry /Tech	Academia	Strategic Planning	International	Financial /M&A	Risk	Audit	Legal	Government	ESG
Business Strategy Squad													
Outside Director	Kim, Jae-seop (leader)	●		X			X	X					
Outside Director	Sohn, Ho-sang			X	●		X						●
Outside Director	Chung, Chang-hwa	●		●		●	●	X					X
Non-executive Director (incumbent)	Chang, Hyung-chin	●		●				X	X				
M&A/Finance/Accounting Squad													
Non-executive Director	Kim, Kwang-il (leader)							●					
Outside Director	Kwon, Gwang-seok						X	●					X
Non-executive Director	Kang, Sung-doo	●		●				X					
Legal/Risk Management Squad													
Outside Director	Byeon, Hyeon-cheol (leader)										●		X
Outside Director	Kim, Myeong-jun							X	X	●			
Outside Director	Lee, Deuk-hong										●		
Outside Director	Kim, Su-jin										●		X
ESG Squad													
Outside Director	Yoon, Suk-heun (leader)				●		X	●	X			●	
Outside Director	Cheon, Jun-beom										●		●
Outside Director	Kim, Yong-jin				●		X	●	X				
Outside Director	Hong, Ik-tae								X			●	X

MBK & YP's Allegations & Claims #5

BSM Comparison by Squad: Business Strategy Squad

The current board and candidates proposed by Korea Zinc possess the required skillsets to formulate and execute business strategies, making them optimal candidates to fulfill their roles on the board

In contrast, MBK & YP have inflated the skillsets of their candidates in a contrived manner, with the candidates having biased or missing skillsets making them less qualified compared to their counterparts proposed by Korea Zinc

Business Strategy Squad BSM Comparison

[Note] Existing directors (Grey box) Key strengths (White box) Expertise (Black dot) Skillset claimed by MBK & YP or non-existing (Red X)

		Leadership	Operations	Industry /Tech	Academia	Strategic Planning	International	Financial /M&A	Risk	Audit	Legal	Government	ESG
Korea Zinc Squad	Choi, Yun-birm	●											
	Jung, Tae-wung		●	●									
	Choi, Nae-hyeon			●									
	Kim, Kyeong-won				●	●				●			
	Lee, Hyung-gyu						●				●		●
	Lee, Jae-yong			●	●							●	
	Total	1	1	3	2	1	1			1	1	1	1
MBK & YP Squad	Kim, Jae-seop	●		X			X	X					
	Sohn Ho-sang			X	●		X						●
	Chung, Chang-hwa	●		●		●	●	X					X
	Chang, Hyung-jin	●		●				X	X				
		Total	3	-	2	1	1	1	-	-	-	-	-

- The current Board of Directors has a strong understanding and expertise in the smelting industry and Troika Drive and is considered to be the optimal choice considering the sustainability and continuity of the current Korea Zinc business strategy and execution.
- Based on their expertise, the director candidates can further strengthen their knowledge/skillsets/global capabilities required for the business.
- In particular, these candidates have skills in the areas of legal, government, and ESG, and will be able to contribute to the establishment of business strategies from an ESG perspective.
- MBK & YP's candidates were found to lack experience/skills that could contribute to the business, with the exception of Non-executive director Chang Hyung-jin (Kim Jae-sup: specializes in machinery/Sohn Ho-sang and Jeong Chang-hwa: specializes in the steel industry).
- Upon review, it was found that the claimed skillsets of these candidates were not recognizable, and many of the required skillsets for business strategy functions were lacking
- In terms of enhancing the corporate value and business strategy of Korea Zinc, they do not present a clear alternative to Korea Zinc's proposals

MBK & YP's Allegations & Claims #5

BSM Comparison by Squad: M&A/Finance/Accounting Squad

Current board has experience in creating synergies between existing and new businesses in driving the Troika Drive initiative and can strengthen expertise in M&A through the appointment of new candidates.

In contrast, MBK & YP candidates not only lack the necessary skills but are also individuals criticized for damaging corporate value or delivering subpar performance at their previous companies.

M&A/Finance/Accounting Squad BSM Comparison

[Note] Existing directors (Grey box) Key strengths (Blue box) Expertise (Black dot) Skillset claimed by MBK & YP or non-existing (Red X)

		Leadership	Operations	Industry /Tech	Academia	Strategic Planning	International	Financial /M&A	Risk	Audit	Legal	Government	ESG
Korea Zinc Squad	Park, ki-deok	●											
	Kim, Do-hyeon				●								
	Lee, Sang-hoon					●	●	●		●			
	James Andrew Murphy					●	●						
	Choi, Jae-sik			●	●								
	Total	1	-	1	2	2	2	1	-	1	-	-	-
MBK & YP Squad	Kim, Kwang-il							●					
	Kwon, Gwang-seok						X	●					X
	Kang, Sung-doo	●		●				X					
	Total	1	-	1	-	-	-	2	-	-	-	-	-

• Current board possesses significant skills in the relevant field and has experience in creating synergies between the existing smelting industry and ongoing new businesses, making them well-suited to realize the Troika Drive.

• Candidate Lee Sang-hoon brings expertise in enhancing corporate value, strategic planning, M&A, investment attraction and finance
 • Candidate James Murphy is also expected to play a crucial role in global business expansion with his strengths in strategic planning and global capabilities

• Concerns remain about candidate Kim Kwang-il's ability to ① manage over 20 executive roles across domestic and international companies, and ② perform his duties effectively. (*This far exceeds typical levels for PEF portfolio companies.)

• MBK & YP's candidates lack necessary skillset compared to those proposed by Korea Zinc. In particular, candidates Kang Sung-doo and Kwon Gwang-seok have faced criticism for damaging corporate value or delivering subpar performance

MBK & YP's Allegations & Claims #5

BSM Comparison by Squad: Legal/Risk Management Squad

Current board has extensive legal advisory experience in the smelting industry and Troika Drive, while new candidates are capable of securing global-level BSM capabilities
In contrast, MBK & YP candidates lack expertise beyond legal specialization and have offered no solutions in critical risk management areas they claim to prioritize.

Legal/Risk Management Squad BSM Comparison

[Note] Existing directors (grey box) Key strengths (blue box) Expertise (black dot) Skillset claimed by MBK & YP or non-existing (X)

		Leadership	Operations	Industry /Tech	Academia	Strategic Planning	International	Financial /M&A	Risk	Audit	Legal	Government	ESG
Korea Zinc Squad	Seo, Dae-won									●			
	Kwon, Soon-bum										●		
	Sung, Yong-rak										●		
	Chung, Tammy				●				●	●		●	
	Total	-	-	-	1	-	-	-	1	2	2	1	-
MBK & YP Squad	Byeon, Hyeon-cheol										●		X
	Kim, Myeong-jun							X	X	●			
	Lee, Deuk-hong										●		
	Kim, Su-jin										●		X
	Total	-	-	-	-	-	-	-	-	1	3	-	-

- Leveraging legal expertise, the current board has accumulated a great deal of legal advice and risk management experience in pursuing ongoing business ventures
- Candidate Chung Tammy, an expert in management, accounting, and policy in related fields, is expected to enhance the board's capabilities, particularly in risk management.
- Korea Zinc's board and candidates are deemed capable of supporting the smelting business and the Troika Drive by providing legal assistance, preventing and managing legal risks, strengthening compliance systems, and enhancing ESG management.

- MBK & YP candidates lack experience or skills in risk management and government beyond legal expertise.
- Notably, presenting a tax expert as a financial, accounting, and risk management specialist is likely to be seen as exaggerated and misleading.
- MBK & YP's failure to propose any alternatives for the risk management issues they previously raised shows their unwillingness to provide solutions. In the case of candidates Byeon Hyeon-cheol and Kim Su-jin, the independence of their activities has been damaged due to their conflicts of interest.

MBK & YP's Allegations & Claims #5

BSM Comparison by Squad: ESG Squad

Current ESG Committee* is well-positioned to strengthen Korea Zinc's ESG management, leveraging the ESG and risk expertise of existing Sustainability Management Committee members.

MBK & YP's candidates lack relevant ESG experience and include several MBK & YP-affiliated stakeholders, raising doubt about their commitment to governance improvement.

*ESG Committee established by the Board of Directors on Dec. 23, 2024.

ESG Squad BSM Comparison

[Note] Existing directors (Grey box) Key strengths (Blue box) Expertise (Black dot) Skillset claimed by MBK & YP or non-existing (Red X)

		Leadership	Operations	Industry /Tech	Academia	Strategic Planning	International	Financial /M&A	Risk	Audit	Legal	Government	ESG
Korea Zinc Squad	Hwang, Deok-nam										●		
	Kim, Bo-young											●	●
	Lee, Min-ho				●								●
	Total	-	-	-	1	-	-	-	-	-	1	1	2
MBK & YP Squad	Yoon, Suk-heun				●		X	●	X			●	
	Cheon, Jun-beom										●		●
	Kim, Yong-jin				●		X	●	X				
	Hong, Ik-tae								X			●	X
	Total	-	-	-	2	-	-	2	-	-	1	2	1

• Building on the Sustainability Management Committee's activities, the board has deep expertise in the smelting industry and is well-suited to enhance Korea Zinc's ESG management and corporate value through the future ESG Committee.

• Outside director Lee Min-ho, with extensive experience at the Ministry of Environment, continues to actively contribute to ESG initiatives, while outside director Kim Bo-young has been proactive in proposing Korea Zinc's ESG activities.

• One candidates possess ESG skills; Nominating only one candidate with lacking relevant skills raise serious concerns about efficient operation and expertise of the ESG squad.

• Yoon Suk-heun shows strong ties to MBK, while Cheon Jun-beom has written multiple favorable articles on the tender offer. Both candidates' substantial ties to MBK raise serious concerns about independence and objectivity.



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