January 21, 2025

5th Letter to Shareholders from CEO of Korea Zinc Company

Dear Esteemed Shareholders,

I would like to express our sincere gratitude to all our shareholders for your unwavering support and encouragement. As you already know, the Extraordinary General Meeting of Shareholders (the "EGM") to be held in two days on January 23rd will be a very important event that will determine the future of Korea Zinc Company, Ltd. ("Korea Zinc" or the "Company").

In this letter, we would like to explain how major domestic and overseas proxy advisory firms have recently assessed Korea Zinc's business performance and the current management ahead of the Extraordinary General Meeting, and which management team they support as the appropriate leadership to guide Korea Zinc going forward

<u>Global proxy advisors recognize the outstanding performance of the current leadership</u>

Global proxy advisory firm Glass Lewis highly regarded Korea Zinc's current management, noting that over the past five years the company has consistently delivered higher total shareholder return (TSR), profit and cash flow generation than Young Poong and overseas peers, and has made meaningful efforts to improve its corporate governance. Glass Lewis also concluded that an acquisition of control by MBK Partners(("MBK") and Young Poong ("Young Poong") would likely have a negative impact on the Korea Zinc's long-term value creation and competitiveness, and that MBK and Young Poong's interests cannot be aligned with those of Korea Zinc's minority shareholders given Young Poong's low shareholder returns, environmental pollution issues, fatal industrial accidents, and problems related to sulfuric acid treatment facilities.

Accordingly, Glass Lewis recommended that shareholders vote in favor of all amendments to the Articles of Incorporation proposed by the current management and Board of Directors of Korea Zinc, including the introduction of cumulative voting and the setting of an upper limit on the number of directors, and support all the company's outside director nominees, while voting against all director nominees put forward by MBK and Young Poong.

Another global proxy advisor, ISS, also assessed Korea Zinc as a technological leader in the non-ferrous smelting industry, that has achieved higher profitability than its peers, and it highly valued the current management's capabilities, noting that the company has consistently delivered superior TSR and return on invested capital relative to major competitors over the past several years ISS also stated that a cap on the number of directors is necessary to prevent inefficiencies in management activities that could result from an oversized board, and therefore recommended appointing only four new directors to improve board operations. Moreover, ISS pointed out that MBK and Young Poong failed to disclose the peer group used for their TSR comparison and criticized them for distorting objective facts through arbitrary interpretations of performance and downplaying the strong track record of the current management.

The Korea ESG Research Institute, a domestic proxy advisory firm, positively evaluated the current management's operating performance and efforts to enhance shareholder value, and concluded that Korea Zinc's medium- to long-term dividend policy and value-up roadmap would help increase shareholder value. By recommending that shareholders vote in favor of all amendments to the Articles of Incorporation and all four director nominees proposed by the current management and Board of Directors, it expressed its support for Korea Zinc's current management.

Furthermore, Sustinvest highly valued the fact that Korea Zinc's current management has led the company over a long period and elevated it to a leading player in the global non-ferrous smelting industry, and expressed the view that the current management is also the right team to steer the company stably going forward, noting that pursuing the new growth strategy "Troika Drive" under the leadership of the current management would be more conducive to enhancing long-term shareholder value. The Korea ESG Standards Institute also determined that the allegations raised by MBK and Young Poong alone do not constitute sufficient grounds to demand a change of the current management and Board of Directors, underscoring that all five major domestic and global proxy advisory firms have demonstrated strong confidence in and support for Korea Zinc's current management and Board.

The leadership best positioned to drive Korea Zinc's future under the Troika Drive strategy

The most important question at this Extraordinary General Meeting is, "Who should be entrusted with managing Korea Zinc?" In this regard, the major domestic and global proxy advisory firms mentioned above unanimously recognize the management capabilities of the current leadership, which has built Korea Zinc into a world-class non-ferrous smelting company, and clearly opposed the proposed replacement of the current management by MBK Partners and Young Poong.

Looking at past performance, Korea Zinc under the current management has consistently delivered far superior results compared to MBK's portfolio companies, including Homeplus (acquired in 2015), NEPA (2013) and D'Live (2008). In addition, Young Poong's persistently weak performance, environmental and safety issues, and shortcomings in governance all point to a clear conclusion: the management best suited to lead Korea Zinc toward a sustainable and prosperous future is not MBK or Young Poong, but Korea Zinc's current management.

Neither I nor the Korea Zinc's current management can even contemplate a scenario in which we pursue our own interests at the expense of our shareholders. For the past half century, the current management team has earned shareholders' support by delivering results each year with the clear objective of maximizing shareholder value. In addition, Korea Zinc's Board of Directors has continuously strengthened its independence, oversight authority and transparency to protect the interests of shareholders and other stakeholders and will remain fully committed to doing so going forward.

By contrast, the interests of MBK, which is structurally driven to prioritize the recovery of its investment within a limited time frame, and Young Poong, which has repeatedly come under scrutiny for environmental pollution and serious industrial accidents, cannot be aligned with those of Korea Zinc's minority shareholders. It is also all too clear whether Young Poong, which must suspend operations at its Seokpo Smelter for 58 days from February 26 due to the unlawful discharge of wastewater, would focus on enhancing the value of Korea Zinc's minority shareholders, or instead seek to use Korea Zinc's Onsan Smelter and technical expertise to mitigate its own losses arising from the suspension.

I would like to ask the following questions to our shareholders: When conflicts have arisen between the interests of MBK's portfolio companies' minority shareholders and its own investors (LPs), what decisions has MBK made? What efforts has MBK undertaken to protect the interests of minority shareholders in its portfolio companies? Has Young Poong treated its own minority shareholders in a transparent and fair manner? Have there truly been no instances where the interests of minority shareholders were subordinated to those of Young Poong's management or controlling shareholders? In light of past cases, I believe there is a significant risk that, if MBK and Young Poong were to assume control of Korea Zinc, the company's long-term corporate value and the interests of its shareholders would be impaired.

The domestic and international proxy advisory firms discussed above have consistently spoken highly of the current management's track record, and their recommendations indicate a shared view that Korea Zinc's management and future growth should continue to be led by the existing leadership team.

Glass Lewis stated that the Troika Drive plan announced by the current management enjoys strong confidence in the market and, given the need for long-term value creation and competitiveness, made clear its support for a governance structure centered on the existing leadership. It also expressed concern that, if MBK and Young Poong were to gain control, they would likely scale back investments in Troika Drive in order to prioritize short-term capital recovery, thereby undermining the competitiveness of the Troika Drive strategy.

This makes it clear that, for Korea Zinc's growth, enhancement of global competitiveness and long-term shareholder value creation, Glass Lewis considers the current management to be the appropriate leadership team to drive the Troika Drive strategy.

Our commitment to governance enhancement

In my previous letters to shareholders, I have already committed that Korea Zinc's governance will continue to be improved on an ongoing basis, without interruption. The agenda items prepared by the Board of Directors for the upcoming Extraordinary General Meeting – including the introduction of a cumulative voting system, a stock split, the codification of minority shareholder protection provisions in the Articles of Incorporation, the appointment of a foreign outside director, and the appointment of an outside director as chair of the Board – are shareholder-friendly proposals designed with a clear focus on protecting shareholder rights and interests. We are confident that these proposals will further strengthen the Board's diversity, independence, transparency and oversight function, enhance communication with shareholders, and ultimately contribute to the continued improvement of Korea Zinc's governance.

Korea Zinc's greatest strength compared to other non-ferrous competitors is its clear vision for future growth, embodied in the Troika Drive strategy. To maintain growth and profitability amid rising energy and labor costs, inflation, increasingly stringent regulations, and the transition to a decarbonized world, Korea Zinc is pursuing Troika Drive as its long-term strategic roadmap. At the same time, we humbly acknowledge concerns that communication with shareholders and the market regarding capital allocation for investments and financial management has not always been sufficient. To enhance transparency around our decision-making processes on investments and capital allocation, the Board to be formed at this Extraordinary General Meeting will establish clearer investment criteria and strengthen the related internal control systems. Furthermore, as the Troika Drive vision translates into tangible and visible results, we will hold regular investor briefings to provide shareholders with more detailed updates on our business strategy, financial performance and outlook

Closing Remarks

Esteemed shareholders, in 2025 the zinc industry is facing one of its most challenging environments ever, amid intense global competition among zinc smelters. Even under these conditions, as recognized by leading global proxy advisory firms, the current management has delivered superior results compared to industry peers and has demonstrated its ability to drive sustainable growth and create shareholder value. Building on these capabilities, we are firmly committed to meeting your expectations by successfully executing the Troika Drive strategy and continuing to deliver strong outcomes for our shareholders.

Important decisions will be made at this Extraordinary General Meeting of Shareholders, and we will ensure that your views and interests are duly reflected so that Korea Zinc can move in the right direction. We will continue to place your interests at the forefront of our decision-making and remain committed to pursuing sustainable growth. Looking ahead, Korea Zinc will unwaveringly dedicate itself to delivering long-term growth and enhancing shareholder value.

We deeply appreciate your continued trust and support as our valued shareholders.

Sincerely,

Yun B. Choi

Chief Executive Officer
KOREA ZINC COMPANY, LTD.