

[Statement]

NPS Withholds Support for Reappointment of Korea Zinc Chairman Yun-birm Choi

Cites governance and shareholder value concerns; backs none of management's nominees

The National Pension Service's (NPS) Stewardship Committee decision on Korea Zinc's shareholder meeting agenda, while formally including "abstentions," in substance makes clear that it did not support the reappointment of Chairman Yun-birm Choi. This reflects a withholding of confidence in the current management and can be interpreted as a reservation—or effectively a negative assessment—regarding his suitability to continue in office.

Notably, the NPS did not cast affirmative votes for a single management-nominated candidate, including Chairman Yun-birm Choi, while allocating its votes in support of three candidates nominated by the Young Poong-MBK Partners consortium. This voting pattern goes beyond neutrality and instead indicates a deliberate decision not to endorse the existing management structure, while selectively supporting alternative candidates deemed to contribute to improved governance.

Furthermore, the NPS explicitly voted against two audit committee candidates recommended by the company, citing "damage to corporate value and infringement of shareholder rights." This is particularly significant, as it extends beyond individual appointments and constitutes a clear indication that Korea Zinc's board and audit committee have not sufficiently fulfilled their core oversight and monitoring responsibilities, pointing to broader concerns regarding the integrity of the company's governance framework.

These conclusions are closely aligned with the recommendations of leading proxy advisory firms, both globally and domestically. ISS characterized the central issue at Korea Zinc as one of governance rather than performance, highlighting concerns including the proposed capital increase following share buybacks, restrictions on Young Poong's voting rights through questionable cross-shareholding structures, and shortcomings in board oversight of major strategic investments. Similarly, the Korea ESG Standards Institute (KCGS) recommended voting against not only the reappointment of Chairman Yun-birm Choi but also audit committee members, citing "damage to corporate value and infringement of shareholder rights," and pointing to a fundamental breakdown in oversight functions.

Taken together, the fact that the NPS—alongside major proxy advisory firms in Korea and internationally—has declined to support Chairman Yun-birm Choi's reappointment and has withheld backing from all management-nominated candidates underscores that this situation extends well beyond a conventional control dispute. It represents a critical inflection point, reflecting growing concern over structural deficiencies in corporate governance and failures in internal checks and balances.

Ultimately, the NPS's decision signals that a comprehensive reassessment is required as to whether the decision-making structure under Chairman Yun-birm Choi, as well as the

functioning of the board and audit mechanisms, are aligned with the long-term interests of the company and the protection of shareholder value.

MBK Partners and Young Poong believe that this upcoming Korea Zinc annual general meeting should serve as a critical turning point for restoring the company's competitiveness and rebuilding market trust. We remain committed to engaging constructively, with a focus on strengthening governance, enhancing corporate value, and protecting the collective interests of all shareholders.