



Reform Young Poong Corporation

A Case for Change

www.ReformYoungPoong.com

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I. Executive Summary

Young Poong's financial performance and shareholder returns continue to UNDERPERFORM its peer group median and MSCI Korea Index by between 40 and 114 ppts leading up to the date of initial tender offer for Korea Zinc shares by MBK on September 13, 2024.

Not only that, YP's outdated governance structure and policies significantly curtail oversight and accountability in the organization. While peers have introduced varying degrees of best practices to enhance Board effectiveness and oversight, YP has done very little. The company remains a clear laggard versus its peers on the majority of corporate governance metrics both structural and policy-based.

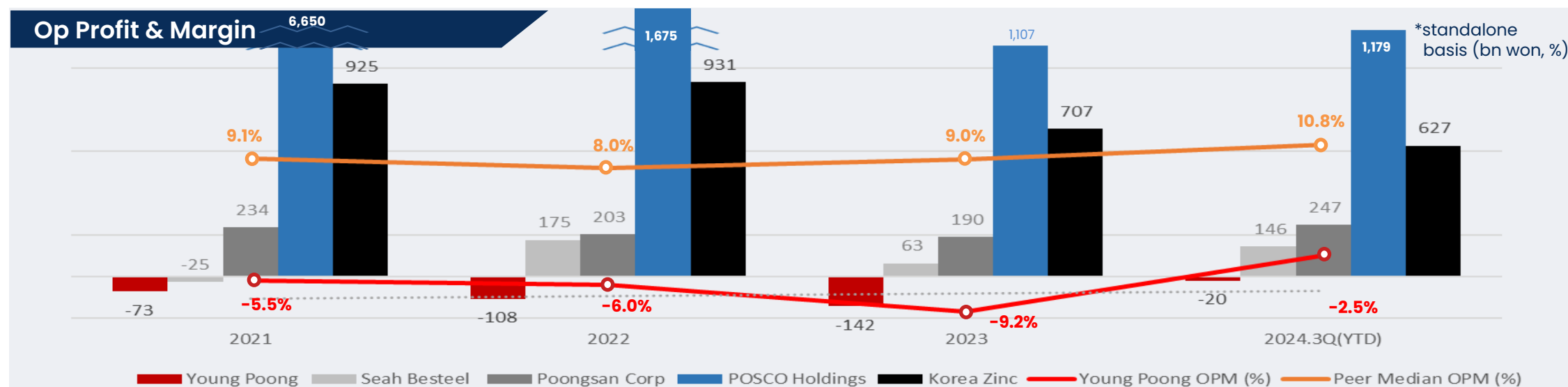
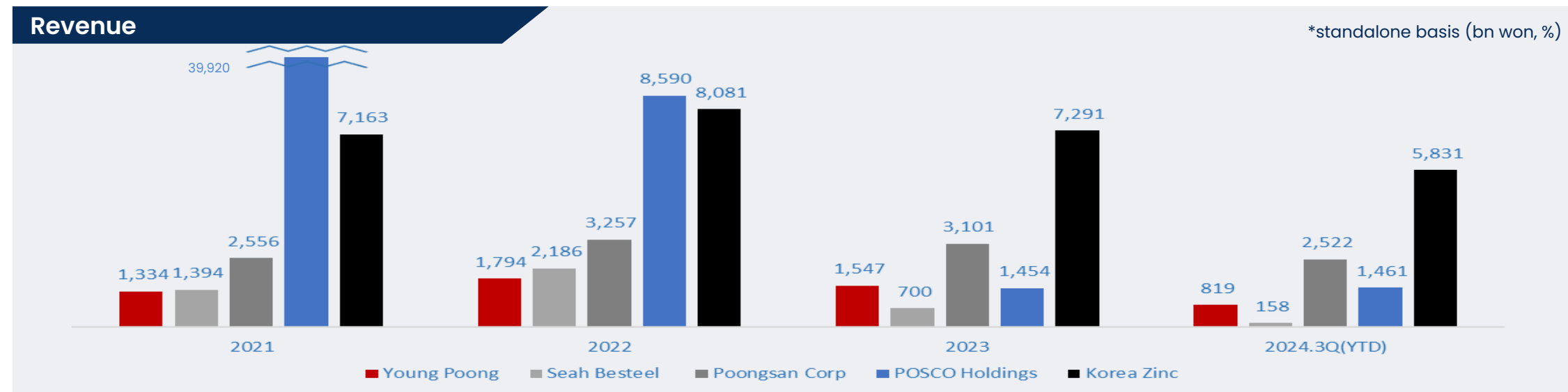
Furthermore, YP's board suffers from significant gaps and lack of expertise in critical areas such as ESG and risk management relative to peers. The continuous occurrence of safety accidents, environmental violations and worsening financial performance of YP clearly demonstrates the issues arising from this lack of expertise and accountability. A look into YP's remuneration cap shows that its director compensation is below market norm (lowest among peers), which further adds to the challenge of forming an independent and capable Board given difficulties onboarding and retaining qualified talent.

Given this assessment of Young Poong today, YPPC believes a case for change is warranted. Governance failures are enabling and sustaining poor performance. As such YPPC presents a 3-point plan to unlock shareholder value by introducing proposals aimed at enhancing Board accountability and effectiveness.

II. Dismal Financial Performance & Shareholder Returns Vs. Peers

II-1. Dismal Financial Performance Vs. Peers

Young Poong has underperformed peers in terms of growth and profitability for many years.



II-1. Dismal Financial Performance Vs. Peers

Financial Performance (cont'd)

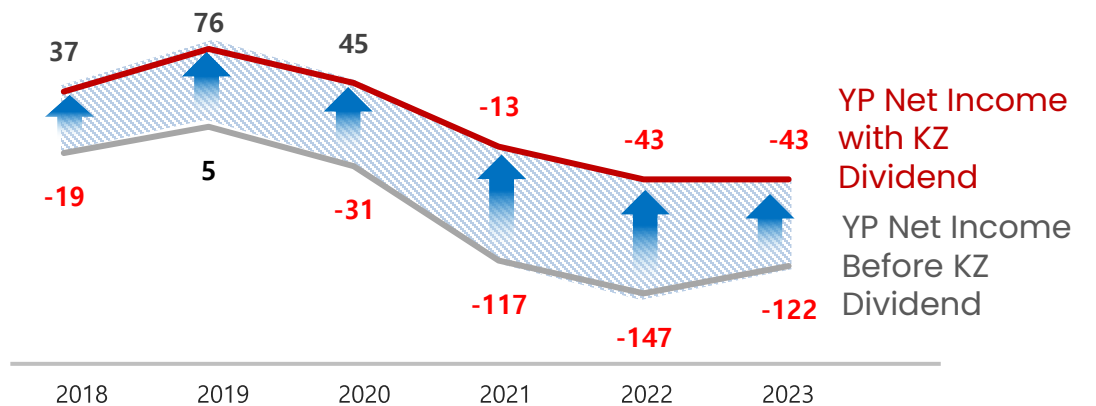
Factors contributing to weak performance:

- Weak performance from new PCB unit which was a new business venture aimed at diversifying YP's revenue base
- Low utilization at Seokpo facility: 3Q23 utilization was a meager 50%, indicating weak performance even on their core smelting business.
- Poor capital allocation decisions such as management's reluctance to invest in facilities has led to a loss in competitiveness in its core smelting business, not to mention continuous safety accidents and environmental breaches, which have led to suspensions affecting the top line.
- Young Poong's inability to handle and dispose of hazardous substances generated from its operations, creates operational inefficiencies, places Young Poong in the vulnerable position of relying on other entities (such as Korea Zinc) for waste offtake, as well as contracting margins resulting from outsourcing costs and related fines from environmental breaches.

YP's weak financial performance has been boosted by Korea Zinc dividend payments:

- YP has reported three consecutive years of net losses.
- It is worth noting that Korea Zinc dividends have played a key role in offsetting worse performance.
- Excluding dividend contribution from Korea Zinc, YP would be showing four consecutive terms of net losses.

YP Net Income (bn won)



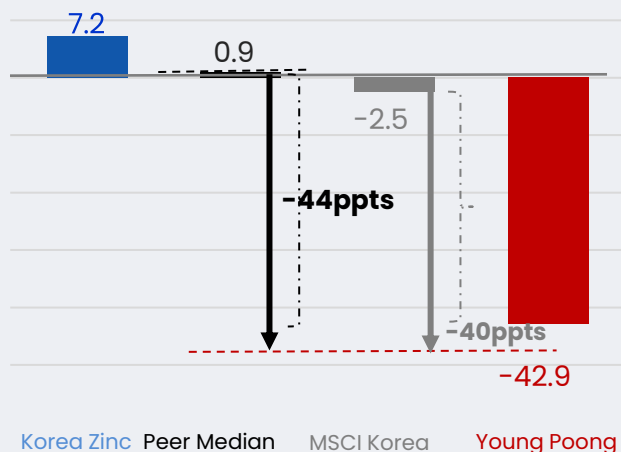
II-2. Dismal Shareholder Returns Vs. Peers

Total Shareholder Return (TSR)

Young Poong has underperformed its peer group over the short (1yr), medium (3yr) AND long-term (5yr) time horizon. This holds true for Total Shareholder Return as at Feb. 18, 2025, which includes the KZ tender offer impact as well as the latest Jan.23 Korea Zinc EGM.

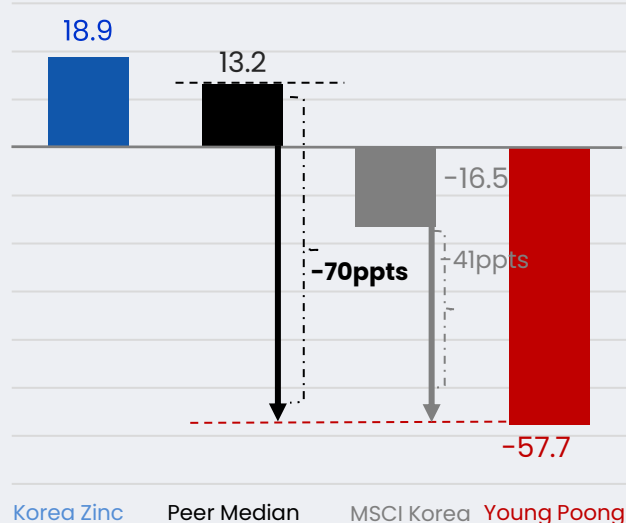
Taking the period ending Sept. 12, 2024 provides a more normalized environment but shows the same trend. The date of the initial tender offer for Korea Zinc by MBK. Even so, YP's TSR as of Sept. 12, 2024 for 1, 3 and 5-year periods **underperformed the median TSR of its peer group by 44 to 114 percentage points and the MSCI Korea Index by 40 to 70 percentage points**, respectively. Regardless of time horizon, YP has underperformed both peers and benchmark indices by a significant margin.

1 Year TSR* comparison (%)



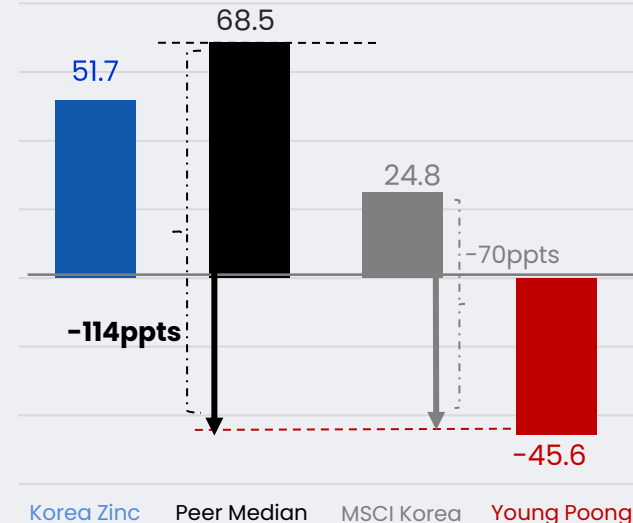
*Starting period: -1yr
*End period: Day before MBK's tender offer launch

3 Year TSR* comparison (%)



*Starting period: -3yr
*End period: Day before MBK's tender offer launch

5 Year TSR* comparison (%)



*Starting period: -5yr
*End period: Day before MBK's tender offer launch

III. Outdated Governance System has Curtailed Oversight & Accountability

Comparative Overview of CG Provisions



Metrics	Young Poong Corp	Poongsan Corp	Seah Besteel	Posco Holdings	Korea Zinc
Post AGM Board Composition Provided					
Board Skill Matrix Disclosed					
Early Disclosure (>21 days before meeting)					
AGM/EGM Circular Available in English					
Board Structure					
Diversity					
Average director age (years)					
Average board tenure (years)					
Number of women on board					
Percentage women on board					
Women holding board leadership					
Number of ethnically diverse directors					
Percentage ethnically diverse directors					
Board Effectiveness					
Number of overboarded directors ¹					
Staggered Board					
Annual Director Elections					
Lead Independent Director					
Separate Chair and CEO			Yes	Yes	Yes
Succession Plan & Policy in Place		Yes		Yes	Yes
Independence					
Independent Chair			Yes	Yes	Yes
Board of Directors (Independence)					
Audit Committee (Independence)					
Outside Director Nominating Committee					
Remuneration Committee (Independence)					
Risk Oversight					
Board has ESG oversight responsibilities					
Board Oversight of Safety & Health					
Shareholder Rights					
Multi-class share structure					
Cumulative Voting					

Young Poong Corp is the **clear LAGGARD** versus PEERS on a MAJORITY of corporate governance metrics.

Not only is YP heavily lagging in *Disclosure practices* and *Access to information* compared to peers, the current ***Board Composition (Independence, Diversity) & Structure (Effectiveness, Oversight)*** is NOT supportive of a Board-centric management system that ensures the protection of all shareholders.

In contrast, as can be seen on the heat map, peers such as **POSCO Holdings and Korea Zinc** are **leaders** within the peer group in terms of good corporate governance practices.

Source: Company Website (IR Decks, Sustainability Report, Shareholder Meeting Supplementary Report), DART (Quarterly & Annual reports, Audit Reports, Corporate Governance Reports, Disclosures)

Disclosure Practices & Board Composition

Metrics	Young Poong Corp	Poongsan Corp	Seah Besteel	Posco Holdings	Korea Zinc
Disclosure Practices & Info Access					
Post AGM Board Composition Provided	No	No	No	No	Yes
Board Skill Matrix Disclosed	No	No	Yes	Yes	Yes
Early Disclosure (>21 days before meeting)	No	Yes	Yes	Yes	Yes
AGM/EGM Circular Available in English	No	No	No	Yes	Yes
Board Structure - Diversity					
Current No of board members	5	7	7	10	19
Average director age (years)	65.2	64.9	54.0	64.1	59.5
Average board tenure (years)	3.7	6.1	3.1	1.4	4.8
Number of women on board	1	1	1	1	3
Percentage women on board	20.0%	14.3%	14.3%	10.0%	15.8%
Female Director in Leadership Position	0	0	1 (Board Chair, Comm Chair(1))	1 (Board Chair, Comm Chair(1))	1 (Board Chair)
Number of ethnically diverse directors	0	0	0	0	1
Percentage ethnically diverse directors	0.0%	0.0%	0.0%	0.0%	5.3%

Post AGM/EGM Board Composition: A clear representation of the Board size and members AFTER any shareholder meeting is of very HIGH value to both Proxy Advisors and Investors alike. While this may seem obvious, the format of the current disclosure system leaves room for error. Global proxy advisors request Korean corporates to show a clear POST-AGM table in their material. **YP does NOT provide one and neither do MOST peers.** Korea Zinc is the single OUTLIAR on this metric.

Board Skills Matrix: Young Poong Corp and one peer are the ONLY companies in this peer set NOT to provide a Board Skills Matrix allowing stakeholders to better assess whether the necessary skill sets are represented on the Board.

Early Disclosure of Shareholder Meeting Convocation/Circular/Reference Material: Only YP is disclosing 15 days prior to the AGM date. All other peers are disclosing 29 days before the AGM.

English Meeting Circular: YP does not provide an English Meeting Circular. Only Posco Holdings & Korea Zinc currently do so.

Size, Gender Diversity: YP has ONE female on its board IN LINE with most peers. However, YP's female director does NOT HOLD a SINGLE LEADERSHIP position. Note, the female percentage of Board is relatively high vs. peers due to the small size of YP's board (smallest and most mature among peers).

Tenure, Ethnic Diversity: While the tenure of its Board members are in-line with peers, the average age of directors serving on the Board is the HIGHEST among its peer group and the Board also lacks any ethnic diversity. All metrics point to an outdated and homogenous Board lacking in diversity of thought.

Governance Structures & Practices

Metrics	Young Poong Corp	Poongsan Corp	Seah Besteel	Posco Holdings	Korea Zinc
Board Structure - Effectiveness					
Number of overboarded directors ¹ (>2 public boards)	0	0	0	0	0
Staggered Board	Yes	Yes	Yes	Yes	Yes
Annual Director Elections	No	No	No	No	No
Lead Independent Director	No	No	No	No	No
Separate Chair and CEO	No	No	Yes	Yes	Yes
Succession Plan & Policy in Place	No	Yes	No	Yes	Yes
Board Structure - Independence					
Chair position held by Independent Director	No	No	Yes	Yes	Yes
Board of Directors (Independence)	60%	57%	57%	60%	72%
Audit Committee (Independence)	100%	100%	100%	100%	100%
Outside Director Nominating Committee (Independence)	67%	67%	100%	100%	100%
Remuneration Committee (Independence) / Existence of Remuneration Policy	No Committee /No Policy	No Committee /Yes Policy	50%	100%	100%

¹ Commercial Act and accompanying presidential decree - Outside director who sits on more than two public company boards is in violation

Source: Company Website (IR Decks, Sustainability Report, Shareholder Meeting Supplementary Report), DART (Quarterly & Annual reports, Audit Reports, Corporate Governance Reports, Disclosures)

Board Independence: While YP does have a majority independent Board, the degree of independence lags that of Korea Zinc.

Remuneration Committee: Furthermore, while 3 out of 4 peers have established remuneration committees, YP still has no policy AND no committee.

While there does not seem to be any overboarding issues, Young Poong still suffers from significant challenges to Board effectiveness due to its outdated structure and lack of Independence.

Non-Staggered Boards, Annual Director Elections & Lead Independent Directors: In Korea, the introduction of Lead Independent Directors has gained the most traction among these three practices. Staggered boards are the norm and it may be a while before we see annual director elections becoming general practice. While YP is in-line with its peers on these three metrics, these practices continue to hinder YP's Board effectiveness.

YP has **YET TO separate the Chair and CEO** role, clearly **lagging best practice** of promoting board independence and effective oversight by introducing practices such as seating an outside director as Chair or establishing fully independent Board nomination committees (67%). Last but not least, YP also does **NOT have a succession plan or policy** in place.

Governance Structures & Practices



Metrics	Young Poong Corp	Poongsan Corp	Seah Besteel	Posco Holdings	Korea Zinc
Risk Oversight					
Board has ESG oversight responsibilities	No	No	Yes	Yes	Yes
Board Oversight of Safety & Health	Yes	Yes	Yes	Yes	Yes
Shareholder Rights					
Multi-class share structure with inequitable voting rights	No	No	No	No	No
Cumulative Voting	No	No	No	Yes	Yes

Source: Company Website (IR Decks, Sustainability Report, Shareholder Meeting Supplementary Report), DART (Quarterly & Annual reports, Audit Reports, Corporate Governance Reports, Disclosures)

Structures and Policies hindering Young Poong Board's ability to provide independent oversight are as follows:

No ESG committee – While YP' like its peers has policies and controls regarding Safety & Health Issues, there is no ESG Committee governing ESG related KPIs. This lack of oversight curtails accountability and is a key reason for the lack of any meaningful progress in eliminating the persistence of safety accidents and environmental violations.

The lack of oversight practices and bylaws providing checks and balances on the YP board is at the VERY HEART of how MBK was able to reach a shareholder agreement with YP to acquire half of its stake in Korea Zinc. This agreement was reached without shareholder approval, clearly undermining shareholder value and interests given KZ shares held by YP account for a significant portion of its net asset value. The agreement was struck by 3 outside directors and audit committee members while the two executive directors were being detained under the Serious Accidents Punishment Act (SAPA).

Cumulative Voting not yet introduced – While YP and its peers do not have multi-class share structures with inequitable voting rights, the Company has yet to introduce cumulative Voting. The introduction of cumulative voting would strengthen minority shareholder votes and enhance the representation of their interests.

As can be seen above, peers such as POSCO Holdings and Korea Zinc **have already introduced these structures and policies in following with best practices and** recent regulatory trends.

Board Skills & Expertise



An assessment of **YP's** Board skills shows it has **meaningful GAPS** in critical areas such as risk management, technology & innovation as well as limited expertise in legal/public policy and ESG, particularly with regards to human capital management. The lack of ESG and remuneration oversight directly curtails accountability and helps to maintain status quo instead of addressing the pressing need to supplement the Board with appropriate skills.

Name	Management & Leadership	ESG Sustainability Management	Risk Management	Industry Expertise	Tech/ Innovation	Finance	Legal/ Public Policy
Young Min PARK							
Sang Yoon BAE							
Byeong Wook PARK							
Jeong Ok PARK							
Chang Won CHOI							

Source: Company Website (IR Decks, Sustainability Report, Shareholder Meeting Supplementary Report), DART (Quarterly & Annual reports, Audit Reports, Corporate Governance Reports, Disclosures)

**IV. Corporate Failures
Have Damaged YP's Reputation
and
Hindered Growth**

A Legacy of Corporate Failures – Health & Safety



Safety accidents, including multiple fatalities, have been repeatedly occurring over the years at Young Poong Seokpo Smelter, resulting in the indictment of two internal directors for violations of the Serious Accidents Punishment Act (SAPA). They are now standing trial without detention.

Safety Incidents

- 15 fatalities have occurred from 1997 to 2024, along with numerous injuries from toxic exposure, explosions, tanker rollovers, and even heatstroke.
- Two fatal incidents in 2024 alone, leading to the arrest and criminal indictment of both Young Poong inside directors (CEO and COO).



YP history of health & safety violations resulting in 15 fatalities					
1997 Mr. Lee (Mixing Team welder) and Mr. Yoo (Mixing Team foreman, 15+ years) died from liver disease after retiring Sulfuric acid tanker rollover: driver Mr. Kim died. Location: National Route 31, Goseon-ri, Socheon-myeon, Bonghwa	2001 Cadmium poisoning: worker Choi Jae-hwan died at Kyungpook National University Hospital 2002 Sedimentation reservoir barge explosion: 4 deaths, including Mr. Yoo Jong-yong (66), and 1 critical injury, Mr. Kim In-ha (43) Mr. Oh Seung-ryeol fell to his death while cleaning a cooling tower (no safety harness or net provided)	2010 Fall accident at Foundry 1	2017 Sulfuric acid tanker rollover: driver Mr. Lee (55) died. Location: Kim Satgat Rest Area, Yeongwol 2018 Worker died during sediment work	2023 Acute arsenic poisoning during motor replacement at Plant 1: worker Kim Jin-kyo died, and 3 were hospitalized (1 subcontractor, 2 primary contractor workers)	2024.3 Subcontractor Oh Se-hyun (52) died during gypsum removal at a cooling tower at Plant 1 2024.8 One subcontractor died from heatstroke Young Poong CEO and COO arrested for safety accidents resulting in fatalities

A Legacy of Corporate Failures – Environmental

Young Poong’s operation of the Seokpo smelter has caused continuous environmental damage. Regulatory violations have led to multiple sanctions and suspensions by the government.

Environmental Violations

- Young Poong has committed **19 environmental violations over the past 5 years** (violation of Soil Environment Conservation Act, Water Environment Conservation Act, Groundwater Act, Air Environment Conservation Act, etc.)
- In 2021, Young Poong was **subject to a 10-day suspension of business by the Korean government** due to an environmental pollution incident at its Seokpo smelter
- In 2024, Young Poong was **subject to another suspension (58-day) by the Korean government** due to an additional environmental pollution incident at its Seokpo smelter
- Currently faced with another environmental pollution incident, resulting in administrative sanction of **10-day suspension**
- Further sanctions likely if Young Poong does not resolve capacity issues on zinc waste disposal (jarosite cake).



YP history of environmental violations resulting in business suspensions

1970.10 Construction of Seokpo Smelter	2013.8 Illegal construction identified by local authorities	2018.2 Waste water discharge (20-day suspension ordered as administrative sanction)	2021.10 Supreme court dismiss Young Poong’s request to nullify administrative sanction	2022.12 Seokpo smelter resumes operation under conditional comprehensive environmental provision by Ministry of Environment	2024.6 High Court dismiss Young Poong’s appeal, upholding the 58-day suspension	2025.2 58-day suspension begins 2/26-4/24
1988 Chang Hyung Chin, CEO of Young Poong assumes position of president	2014 National Assembly raises issues on environmental pollution from Seokpo Smelter	2019.11 Young Poong executive sentenced to prison for manipulating air pollution measurements	2021.11 10-day business suspension Charged with KRW 28.1bn fine for illegal discharge of cadmium-contaminated wastewater		2024.11.1 Supreme court orders 58-day suspension	2025.3 Environmental violation (additional 10-day suspension) begins 4/25
1993 Chang Hyung Chin, CEO of Young Poong assumes position of chairman	2015.3 Chairman Chang Hyung Chin, resigns	2019.4 Waste water discharge (60 day suspension ordered as administrative sanction)			2024.11.4 Environmental violation: Failure to Ensure Proper Operation and Maintenance of Sulfur Dioxide Detectors (administrative sanction of 10-day suspension)	

Reputational Damage and Hindered Growth



Damage to Reputation

- Cited almost every year during the National Assembly audit due to its persistent environmental and safety violations coupled with a consistent failure to provide viable solutions or demonstrate improvement.
- Added to the exclusion list of Norges Government Pension Fund Global (GPFG) due to its environmental risk.

Drag on Earnings

- Scheduled operational suspensions are estimated to be a drag on revenue up to 40% versus normal utilization levels.

Erosion of Investor Confidence and Trust

- The unending safety accidents, environmental violations and sanctions in conjunction with being a company of interest in annual National Assembly audits are factors negatively affecting investor sentiment and confidence. The addition of YP to Norges' exclusion list is testament to that and a clear acknowledgement of the wider ESG related risks posed by current management.

V. YPPC’s Three-Point Plan to Unlock Shareholder Value

Poor governance practices have materialized in a legacy of corporate failings eroding investor confidence and the trust of shareholders.

YPPC presents a Three-Point Plan to unlocking shareholder value:

Shareholder Proposals	Expected Impact
<div>① Nominate a Qualified Audit Committee Member</div> <div>② Amend Articles to Enable Cumulative Voting</div> <div>③ Amend Articles to Introduce Stock Dividend as a means of shareholder return</div>	<div>-Strengthen financial oversight and accountability at the board level</div> <div>-Limit undue influence by major shareholders in Board decisions</div> <div>-Enhance transparency</div> <div>-Enhance expertise of audit comm on Environmental, Labor and ESG Issues</div> <div>Ensure fairer representation of shareholders in audit committee elections. Cumulative voting allow shareholders to concentrate their votes on specific director candidates.</div> <div>Provide alternative sources of dividend payment to alleviate financial management difficulties during poor performance periods. Allows Company to deliver direct value to shareholders and enhance returns.</div>

Improve Board Independence and Effectiveness: By seating an outside director on the Board and Audit Committee, YP shareholders will gain a board member who can advocate for all shareholders instead of the interests of a few. This new addition to the Board will help promote the normalization of corporate practices inline with laws and regulations.

THANK YOU