

 Korea Zinc Co	Basic Management Regulations	Classification Number	KZA-0108
	Audit Committee Operating Regulations	Effective Date	2026.05.06.
		Amendment No.	<u>4</u>

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1. Purpose and Scope

The purpose of the Audit Committee Operating Regulations (“Regulations”) is to stipulate matters necessary for the efficient operation of the Audit Committee, and unless otherwise provided by laws, the Articles of Incorporation, or resolutions of the Board of Directors, matters related to the Audit Committee shall be governed by these Regulations.

2. Definitions of Terms

2.1 Director

A person appointed by the general meeting of shareholders (including independent directors and non-executive directors).

2.2 Independent Director

A director appointed by the general meeting of shareholders who satisfies the qualification requirements under the Commercial Act does not engage in the company’ s daily operations.

2.3 Internal Control System

A series of processes continuously implemented by the company’ s Board of Directors, management, and other organizational members to provide reasonable assurances regarding the effectiveness and efficiency of business operations, reliability of financial information, and compliance with related laws and policies.

2.4 Internal Accounting Management System

A part of the internal control system, that is a continuous process implemented by the company’ s Board of Directors, management, and other organizational members aimed at ensuring the reliability of financial statements.

2.5 Internal Accounting Manager

A person designated under Article 8, Paragraph 3 of the Act on External Audit of Stock Companies (hereinafter the “External Audit Act”).

2.6 (Deleted)

3. Duties and Authorities

3.1 Audit Committee

- Audit of the company’ s accounting and business operations.
- Request for reports from directors regarding business operations.
- Approval of amendments to the internal accounting management regulations and evaluation of operational status.

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- Selection of the external auditor.
- Handling of matters as stipulated by law, the Articles of Incorporation, or as delegated by the Board of Directors.

3.2 Chairperson

- Decision to convene the Audit Committee.
- Presiding over meetings.

3.3 Secretary

- Notification of convening the Audit Committee meeting.
- Composition and maintenance of the minutes.

4. Committee Composition

4.1 Committee members are appointed by the general meeting of shareholders.

4.2 The committee shall consist of three or more directors, with two-thirds or more being independent directors.

4.3 At least one committee member must be an accounting or financial expert as defined by relevant laws, and non-independent directors must meet the qualifications prescribed by related laws.

4.4 If the ratio of independent directors or the composition requirements stipulated in 4.2 or 4.3 are not met due to resignation, death, or other reasons of a committee member, the requirements must be fulfilled at the first general meeting of shareholders held after such event.

5. Chairperson

5.1 The committee shall select a chairperson from among the independent directors by resolution pursuant to Section 9 (Resolution Method). In such case, it may be determined that multiple committee members may jointly represent the committee.

5.2 The Chairperson shall oversee the committee's affairs and may allocate duties among the committee members for efficient operation of the committee.

5.3 In the absence or incapacity of the Chairperson, a committee member designated by the committee shall act on the chairperson's behalf.

6. Committee Meetings

The committee shall convene as follows:

- Regular Meeting: Twice a year
- Ad hoc Meeting: Convened as necessary

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7. Convener

7.1 The committee shall be convened by the Chairperson.

7.2 Any committee member may request the convocation of the committee by stating the agenda item and its reasons. If the chairperson fails to convene the meeting without just cause, the requesting committee member may convene the committee.

8. Convening Procedures

8.1 When convening the committee, the date of the meeting shall be set and notice shall be given to each member in writing, electronically, or orally at least three days in advance.

8.2 If all committee members consent, the committee may be convened at any time without following the procedure in 8.1.

9. Resolution Method

9.1 Resolutions of the committee on the internal transactions shall require the attendance of a majority of the total committee members and approval by a majority of the members present. The committee may permit all or some committee members to participate in resolutions via communication means that simultaneously transmit and receive audio, without physically attending the meeting, and in such cases, the members shall be deemed present in person. However, if face-to-face meetings are mandated by the External Audit Act, participation in resolutions shall only be permitted through remote video conferencing where members are in different locations equipped with devices that simultaneously transmit and receive video and audio.

9.2 A committee member with a special interest in the resolution shall not exercise voting rights.

9.3 The number of votes not exercisable under Article 9.2 shall not be counted toward the total voting rights of the attending committee members.

10. Authority

The committee shall perform duties concerning the following:

1. Business Audit Authority

Audit whether the Board of Directors or CEO' s business operations violate laws, Articles of Incorporation, or accounting standards.

2. Right to Request Business Reports and Investigate Business and Assets

Request information from directors and employees and investigate the company' s

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business and assets, at any time.

3. Receipt of Directors' Reports

Directors must report immediately to the committee if they discover facts that may cause significant damage to the company.

4. Investigation Rights Over Subsidiaries

The parent company's committee may request business reports from subsidiaries when necessary to perform the committee's duties. The parent company's committee may also investigate the subsidiaries' business and assets if the subsidiary does not provide the business reports without delay, or if necessary to verify the contents of the business reports.

5. Right to Request to Director to Stop Unlawful Acts

If a director's commits an act in contravention of any statute of the Articles of Incorporation, and such act is likely to cause irreparable damage to the company, the committee may demand the relevant director to stop such act.

6. Litigation Rights

The committee may file lawsuits for annulment of general meeting resolutions, invalidation of new shares issuance, capital reduction, mergers, etc.

7. Right to Request the Convening of General Meeting of Shareholders

The committee may convene and extraordinary meeting by submitting a written request stating the agenda and reasons to the Board of Directors.

8. If the committee receives notification from the external auditor regarding accounting standards violations, the committee shall appoint an external expert at the company's expense to investigate the violations, and demand correction of the violations based on the results of the investigation from the company's representative.

9. Appoint, change, and dismiss external auditors.

10. Other authorities assigned by laws, Articles of Incorporation, or Board of Directors resolutions.

11. Duties

1. Committee members must perform their duties with the care of a good manager.

2. Duty to Investigate Proposals for the General Meeting of Shareholders

The committee shall investigate proposals and documents submitted to the general meeting of shareholders to identify any violations of laws or the Articles of Incorporation, or circumstances of gross unfairness, and provide opinions at the general meeting of shareholders.

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3. Duty to Report to the Board

The committee shall report to the Board of Directors if a director violates or is likely to violate laws or the Articles of Incorporation.

4. Duty to Prepare Audit Records

The committee shall compose audit records describing the procedures and results of an audit, bearing the seal or signature of the director that performed the audit.

5. Duty to Submit Audit Reports

The committee shall receive financial statements and business reports from directors six weeks prior to the general meeting of shareholders and submit audit reports at least one week prior to the general meeting of shareholders.

6. If the committee receives notification from the external auditor regarding accounting standards violations, the committee shall promptly submit the results of the investigation with regard to such violations and the corrective measures taken to the Financial Services Commission and the external auditor.

7. Other duties assigned by laws, Articles of Incorporation, or Board of Directors resolutions.

12. Obligation to Evaluate Internal Accounting and Internal Control System Operation

The committee shall hold face-to-face meetings to evaluate the internal accounting management system's operation and submit an evaluation report to the Board of Directors at least one week prior to the regular general meeting of shareholders. The evaluation report shall be maintained at the company's head office for five years. If there are opinions for corrective measures to the internal accounting management system's management or operation, the evaluation report shall contain such opinions. The evaluation report shall contain:

1. (Deleted)
2. The Board of Directors as the report recipient
3. (Deleted)
4. Statement of the fact that it is the responsibility of management, including the CEO and internal accounting managers, to design and operate internal control and accounting management systems, as well as to manage and supervise the systems.
5. Confirmation that the evaluation is based on the internal control operation report, and whether additional review procedures were performed.
6. Evaluation results on whether the internal accounting management system actually contributed to the reliability of accounting information pertaining to the period

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of evaluation as of the date of evaluation, as well and any opinions for corrective measures.

7. Review of false or omitted items in the internal control evaluation report and corresponding measures taken.
8. Review of whether plans for corrective measures may actually contribute to improvements to the internal accounting management system, and alternatives measures.
9. Confirmation on evaluation and reporting standards were utilized as the criteria for assessing the design and effectiveness of the internal accounting management system.
10. Evaluation conclusions regarding the internal accounting management system based on evaluation and reporting standards, from a materiality perspective.
11. Description of significant weaknesses to the design and operation of the internal accounting management system, if such weaknesses exist.
12. Planned or already implemented corrective processes to address significant weaknesses, if such weaknesses exist.
13. Date of evaluation report.
14. Auditing committee member's signature/seal.
15. Details of face-to-face consultations with management regarding the evaluation of the internal accounting management system, and communications with auditors pertaining to fund-related fraud risks.

13. Selection of External Auditor, etc.

1. The committee must select the external auditor. If the company changes or dismisses an external auditor, the Committee must confirm whether the previous external auditor or the dismissed external auditor has an opinion, and provide him/her an opportunity to express his/her opinion through oral or written communications.
2. The committee shall document matters related to audit fees, hours, and required personnel.
3. The committee shall prepare standards and procedures for the selection of external auditor, including the following:
 - (1) Appropriateness of audit hours, personnel, fees, and plans
 - (2) Independence and expertise of the external auditor
 - (3) Contents of previous external auditor opinions and:
 - (A) Evaluation of whether the previous external auditor fulfilled the agreed upon audit hours, personnel, fees, and plans

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(B) Discussions, results, and implementations from advisory services provided by an external institution with regard to the review of the previous audit and related accounting methods and asset valuation methods employed, if the previous external auditor requested the company to obtain such advisory services

(C) Details of face-to-face meetings between the committee and the previous external auditor, including the number of meetings, details of attendees, and meeting details, during the applicable fiscal year

(D) Other standards required by the Financial Services Commission regarding the objectivity and credibility of the selection of external auditor

4. The committee shall hold face-to-face meetings and document the following:

(A) Review results of above items 3.(1)-(3)

(B) Meeting details, number of attendees, and details of attendees.

5. The committee shall annually evaluate external auditor report after the external auditor submits the report, and document and maintain the findings of the evaluation.

14. Coordination with External Auditor

1. The committee shall maintain close relations with the external auditor and utilize the external auditor's audit plans, procedures, and results to achieve audit objectives.

2. The committee shall maintain close cooperation with the external auditor and may exchange opinions with the external auditor regarding the appropriateness of internal control policies and financial statements.

15. Minutes

15.1 Minutes shall be composed to record the committee's proceedings.

15.2 The minutes shall state the agenda, deliberation process, result, dissenting committee members and reasons for dissent, and shall be signed or sealed by the attending committee members.

16. Secretary

16.1 The committee shall appoint a secretary.

16.2 The Secretary shall be an executive or team leader of the department in charge of the Board of Directors affairs and shall handle the administrative tasks of the committee under the Chairperson's direction.

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17. Records

Records related to these Regulations shall be managed according to the “Document and Records Management Regulation” and retained as follows:

Record Name	Retention Period	Person Responsible
Audit Committee Minutes	Permanent	Executive or team leader responsible for Board of Directors affairs
Audit Committee Meeting Requests	3 years	Executive or team leader responsible for Board of Directors affairs
Audit Committee Meeting Notices	3 years	Executive or team leader responsible for Board of Directors affairs

Supplementary Provisions

1. These Regulations shall be effective from February 29, 2008.
2. These Regulations shall be amended and effective from November 1, 2018.
3. These Regulations shall be amended and effective from August 7, 2024, except Article 12, Paragraph 9, which shall take effect on January 1, 2025.
4. These Regulations shall be effective from November 8, 2024, except Article 12, which shall take effect on January 1, 2025.
5. These Regulations shall be amended and effective from May 6, 2026, except for the amendments related to the change in designation to ‘Independent Director,’ which shall take effect on July 23, 2026.