ANDA Asset Management
Proxy Voting and Engagements

Value Strategy

Monitoring and taking action on environmental, social and governance factors

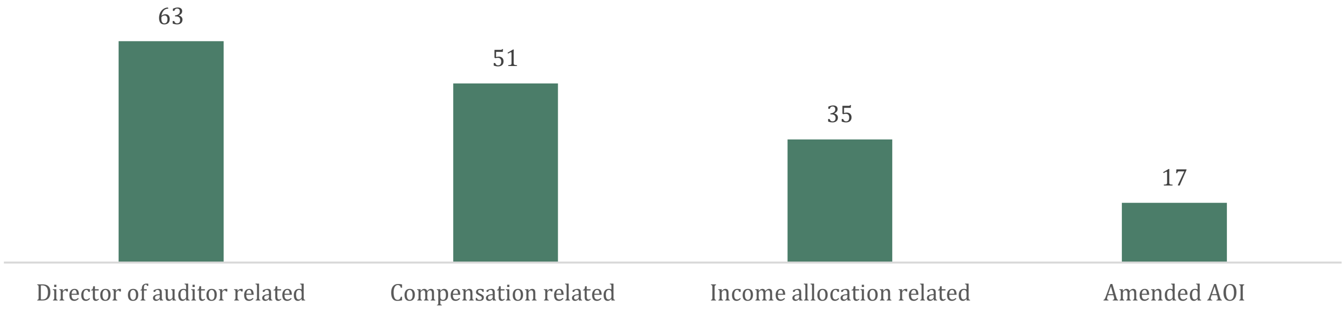
May 2025

Proxy Voting Summary in 2024-25[1]

Total meetings available = 42
Number of agendas = 166
Agendas instructed = 166
Did not vote = 0

Vote Instructions

Shareholder Proposed Resolutions by Agenda Item



Votes Against Management Proposal by Subject

[1] Excludes votes cast at extraordinary shareholder meetings.
** Source: ISS, ANDA Asset Management - Internal Estimates*
* Data as of December 31, 2024

Executive Summary

Korea has emerged as one of the busiest activist markets driven by the government prioritizing corporate governance reform, cheap valuations and the rise of local activists to capitalize on these government-backed reforms. Although experiencing a slight decrease from 2023, shareholder activism remained strong in Korea for the 2024-25 proxy seasons. In 2024, shareholder activism gained significant attention, marked by a series of campaigns launched by dissident investors targeting Samsung C&T. These efforts, focused on capital allocation, unfolded ahead of proxy season and were widely viewed as a litmus test for assessing the progress of corporate governance reforms in the Korean market.

For the 2024 proxy season, the overall number of proposals and the number of companies that received shareholder proposals decreased by approximately 40 percent compared to the previous season. The first quarter of 2025 saw a further decline in shareholder proposals, which can largely be attributed to the political situation and the growing sophistication of activist investors. Local activists are increasingly using a combination of public and private channels to exert pressure on companies. Local activists have demonstrated their willingness to commit to multi-year engagements, often displaying patience with management and working privately with companies to achieve success. Local activists are more frequently establishing alliances with retail investors in hopes of bolstering their success rate; routinely incorporating online activist platforms such as ACT and Heyholder into public campaigns. These platforms provide an online venue for activists to publicly voice their demands and enable retail shareholders to delegate their voting rights.

In 2024, the Korean government for the first time expressed a commitment to addressing the long-standing "governance discount." In July 2024, the Ministry of Economy and Finance unveiled its Dynamic Economy and Regulatory Roadmaps, featuring expanded tax incentives for companies implementing "Corporate Value-Up" initiatives. The move appears to reflect a coordinated effort to help bridge the longstanding divide between investor interests and those of the business community. Value-up has become a bipartisan goal, but the approach and methodologies to achieve that goal remain divergent. The ruling party is pursuing value-up through voluntary disclosures and tax incentives, such as reducing the highest inheritance tax rate from 50 percent to 40 percent and lowering the dividend income tax rate for individual shareholders. In contrast, the opposition party plan is more stick than carrot. The opposition party initiative emphasizes enforceable legal protections for minority shareholders by expanding the scope of directors' fiduciary duty through revision of the Commercial Code 382-3, strengthening requirements for the appointment of independent directors, and introducing mandatory cumulative voting system.

The 2024 and 2025 proxy seasons have built on the government-backed reform momentum with activists focusing on key demands such as greater board independence, the cancellation of treasury shares, and stricter capital allocation discipline. Proposals are increasingly sophisticated, often backed by detailed financial analysis and governance benchmarking, and are gaining more support from leading global proxy advisors.

Breakdown of Shareholder proposals for listed companies from 2018 to 1Q2025

Demand	2018	2019	2020	2021	2022	2023	2024	1Q 2025
Appoint Personnel	4	3	4	18	22	34	29	11
Capital Structure	1	1	1	4	6	16	12	4
Divestiture	3	2	2	4	4	6	5	1
Environmental	0	0	0	0	12	2	1	0
Governance	9	3	7	14	26	48	45	16
Operational	4	0	0	1	3	5	1	3
Oppose M&A	0	0	2	2	0	1	1	0
Push For M&A	1	1	0	0	0	3	0	0
Remove Personnel	2	2	3	13	12	22	25	11
Remuneration	0	2	0	6	7	10	18	10
Return Cash to Shareholders	10	6	2	9	14	37	16	4
Social	0	0	0	2	3	1	8	0
Total	**34**	**20**	**21**	**73**	**109**	**185**	**161**	**60**

Source: Diligent Market Intelligence / Activism

2024-25 Corporate Governance & Board Dynamics

Shareholder Proposals and Activism

Korea continues to experience elevated shareholder engagement as domestic activist funds intensify their public and private campaigns to unlock value and close the long-standing "Korean discount." While Korean companies have shown consistent earnings growth and capital discipline, equity valuations remain deeply discounted relative to regional and global peers. As of May 2025, the MSCI Korea Index trades at a price-to-book ratio of 0.94x, near its 20-year lows.

Investor concerns about entrenched governance practices remain central to this valuation gap. Korea continues to rank near the bottom of the Asian Corporate Governance Association's CG Watch 2024, due largely to the persistent influence of founder families and weak protections for minority shareholders. Roughly nine in ten listed Korean firms remain under family control, where governance decisions are often aligned with succession priorities rather than shareholder value maximization.

Public dissatisfaction with concentrated corporate power, along with regulatory reforms aimed at enhancing minority rights, has spurred the emergence of a new generation of domestic activist funds. Notably, Korean activists have found success in uniting institutional and retail shareholders around common governance and return-focused objectives.

The 2024-25 proxy seasons have continued this momentum. The core demands of activists have centered on board independence, treasury share cancellations, and capital allocation discipline. Proposals are becoming more sophisticated, often accompanied by financial analysis and governance benchmarking, and receive growing support from global proxy advisors such as ISS and Glass Lewis.

Retail investors have emerged as a decisive force. The number of retail participants in Korea's equity markets surpassed 16 million in early 2025, up from just 5 million in 2017. Roughly one-third of Korea's voting-age population now holds equities, similar to the number of homeowners in Korea. Historically, incumbent administrations would use the housing market as a tool to garner votes as real estate accounts for the majority of Korean household assets. However, due to the recent property market bubble Korea's household debt to GDP level is amongst the highest in world making it difficult for the government to further boost property prices without creating a systematic risk.

In support of this structural shift, the government has accelerated its "Governance Value-Up" program, unveiled in February 2024. While non-binding, it strongly encourages listed firms to publish shareholder value enhancement roadmaps. As of April 2025, over 150 KOSPI-listed companies have submitted voluntary governance improvement disclosures. Though lacking enforcement power, this initiative has signaled clear government alignment with minority shareholder interests.

Corporate behavior is responding. Shareholder returns have improved meaningfully: Korean listed companies distributed KRW 45.5 trillion in dividends in 2024, a greater-than-50 percent increase from the 2017–2018 period. While the average payout ratio remains low at 21 percent, the trajectory is firmly upward. Treasury share cancellations, previously rare, are increasingly adopted as a capital return mechanism, with major firms like KT&G and LG Corp executing multi-year buyback and cancellation programs in 2024. In 2024, KT&G announced a plan to cancel 20 percent of its outstanding shares by 2027 as part of a 3.7 trillion won shareholder return initiative. Similarly, LG Corp announced its intent to cancel shares worth 500 billion won by 2026. These actions reflect a broader shift towards enhancing capital efficiency and shareholder value in the South Korean corporate sector.

Still, challenges persist. Despite an influx of shareholder proposals and policy reforms, activists' success rate remains low in Korea. Companies are often insulated from activist pressure by cross-shareholdings and friendly national pension funds. Although activist proposals in Korea have a significantly higher defeat rate than in other markets, shareholders are now gaining concessions from management in their defeats. The progress in corporate governance and a change in the mindset of the chaebols will be slow, but it is possible with the joint effort of the government and active shareholders. The government must continue implementing new regulations for shareholder rights and enforcing fair business practices, while local activist funds must continue to take a stance against unfair practices by management. As more retail investors cast their proxy votes in line with activists, whose campaigns are getting larger as they attract more capital, the structural direction of Korean minority shareholders rights is clear – it will improve, which should help reduce the Korean discount.

Gender Diversity

Board gender diversity continued to improve primarily among large companies, and the number of companies with at least one female director has nearly tripled since 2021. Some smaller companies voluntarily nominated female board members in this proxy season. These efforts have led to over 90 percent of applicable companies having at least one female director on their board versus only 20 percent as recently as 2019. While the increase in the number of female directors is encouraging, Corporate Korea remains one of the least gender diverse boards in the world with roughly ten percent of directors at listed companies being female. The incremental gains underscore a positive trend, but further structural and cultural changes are needed to bring Korean boardrooms in line with global standards for gender diversity.

Climate Risk & ESG Disclosures

Compared to more developed markets, environmental and social (E&S) topics remain relatively rare on AGM ballots in Korea, though investor engagement on ESG-related matters has continued to increase. Since Korea's first E&S-related shareholder proposal—submitted to Hyundai E&C in 2022—the pace of formal E&S proposals has been limited. There were no E&S shareholder proposals submitted since 2022, reflecting ongoing barriers to formalizing sustainability concerns through shareholder resolutions.

Four Korean companies, POSCO Holdings, Korea Electronic Power, SK Innovation and Samsung Electronics (added on June 2023) are on the Climate Action 100+ list. These firms are under heightened investor scrutiny to demonstrate credible decarbonization plans and disclose progress on net-zero targets. In addition to these four companies, many leading Korean companies have communicated carbon neutrality commitments and energy transition targets to the investor community. As regulatory momentum builds - driven by both international investor pressure and domestic initiatives - we expect ESG considerations to play a larger role going forward in shareholder engagement, proxy voting, and corporate strategy.

Regulatory Developments

Fiduciary Duty

In March 2022, a bill was proposed to amend the Commercial Act, Article 382-3, Duty of Loyalty by Directors. Subsequently, another partial amendment was proposed in January 2023. Currently, Article 382-3 of the Commercial Act stipulates "directors shall perform their duties in good faith for the interest of the company." The proposal suggests amending the duty of the directors to be performed in good faith "for the interest of the shareholders proportional to that of the company." The purpose of the amendment is to protect the rights of the minority shareholders and extend the legal definition of the fiduciary duty of directors. The current regulations provide legal grounds for the court to rule in favor of the company in cases whereby the interests of the shareholders and that of the company are conflicted, which routinely occurs in Korea.

The bill gained momentum and was passed by the National Assembly on March 13, 2025. Despite its passage in the legislature, the amendment faced opposition from the business community, which expressed concerns about potential increases in litigation and constraints on managerial decision-making. Acting President Choi Sang-mok vetoed the bill on April 1, 2025, returning it to the National Assembly for reconsideration.

As of now, the amendment has not been enacted into law. The situation remains dynamic, with ongoing discussions among lawmakers, regulators, and industry stakeholders. It is widely expected that the amendment will be enacted into law if the Opposition Party wins the upcoming presidential election in June 2025.

Mandatory English Disclosure

As of 2024, all KOSPI companies with assets greater than KRW 10 trillion are now required to provide English disclosures. KOSPI listed companies with assets greater than KRW 2 trillion will be required to make English disclosures by 2026. The change is to address criticism by foreign investors that sufficient information is not provided in English in a timely manner and that Korean disclosure requirements fail to meet international standards.

The Financial Services Commission (FSC) and the Korea Exchange (KRX) have stated that the objective is to enhance Korea's global investment appeal, facilitate cross-border investment, and align local disclosure practices with global standards, particularly ahead of Korea's efforts to be reclassified as a developed market by global index providers such as MSCI and FTSE.

Overall, the rollout of mandatory English disclosure represents a meaningful shift toward greater market transparency and is seen as a key enabler of improved foreign investor engagement and Korea's broader capital market reform agenda.

2024-25 Key AGM Meetings

Oscotec Inc.

- Shareholders Block Founder Reappointment: ***Approved***
- Removal of Supermajority Requirement: ***Failed***
- Cumulative Voting System Proposal: ***Failed***
- Appointment of Audit Committee: ***Failed***
- Appointment of Inside & Outside Directors: ***Failed***

Oscotec held its AGM in March 2025, where shareholders presented proposals aimed at enhancing shareholder value and improving corporate governance. Oscotec's founder Kim Jung-geun was dismissed following a significant push from minority shareholders. These shareholders opposed Kim's reappointment, largely due to controversy surrounding the planned separate listing of Oscotec's subsidiary, Genosco, and the potential impact it would have on shareholder value.

During the meeting, shareholders protested the idea of a "split and duplicate listing," claiming it would dilute Oscotec's stock value by dividing the royalty income from Lazertinib. Genosco, the developer of the FDA-approved anticancer drug Lazertinib, had seen significant commercial success, but the prospect of a separate listing for the subsidiary was seen as beneficial primarily to Kim, whose son owns over 10 percent of Genosco. Shareholders viewed this as a potential conflict of interest, with accusations of the listing being an "illicit gift." The Korea Exchange (KRX) denied Genosco's listing application over concerns of the duplicate listing and revenue overlap with its parent company.

Following the AGM, shareholders are advocating for the appointment of new management and the withdrawal of the Genosco listing application, signaling a shift in leadership and direction for Oscotec moving forward.

Coway, Co., Ltd.

- Cancellation of 650,000 treasury shares: ***Approved***
- Limitations on Directors' Remuneration: ***Approved***
- Cumulative Voting System Proposal: ***Failed***

Coway held its AGM in March 2025, where shareholders presented proposals aimed at enhancing shareholder value and improving corporate governance. In the lead-up to the AGM, Align Partners Capital Management Inc., a significant shareholder, submitted proposals aimed at enhancing shareholder value and corporate governance.

The company announced its intention to double its total shareholder return rate from 20 to 40 percent through 2027, including increased dividends and share cancellations. It also approved limitations on directors' remuneration and capital reduction through the cancellation of 650,000 treasury shares to enhance shareholder value. Align Partners also proposed the adoption of a cumulative voting system to strengthen minority shareholder representation. This proposal was presented at the AGM but was ultimately rejected by the majority of shareholders, reaffirming the existing board structure.

While the cumulative voting system proposal from Align Partners did not pass, Coway's management has demonstrated a commitment to enhancing shareholder value through its revised return policy and strategic initiatives. The company continues to engage with shareholders to align its governance practices with best practices and shareholder interests.

Korea Zinc

- Adoption of cumulative voting – ***Approved***
- Limitation of board size to 19 directors – ***Approved***
- Appointment of independent board chair – ***Approved***
- Quarterly dividend implementation and 10:1 stock split – ***Approved***

Korea Zinc held an Extraordinary General Meeting (EGM) on January 23, 2025, during which several governance reforms were approved in response to mounting shareholder pressure and internal conflict. These reforms came after MBK Partners acquired a significant stake in the company in 2024, initiating a campaign for greater board transparency, improved shareholder returns, and a more democratic governance structure.

Key proposals passed at the EGM included the adoption of cumulative voting, which allows minority shareholders to consolidate their votes for specific board candidates to enhance representation. The company also approved a measure to limit the board size to 19 members, aiming to prevent overexpansion and maintain decision-making efficiency, following proposals by certain shareholders to dramatically expand the board. Furthermore, Korea Zinc committed to strengthening board independence by mandating that the chairperson be an independent director.

As part of a broader initiative to boost shareholder returns, the company introduced quarterly dividend payments and executed a 10-for-1 stock split, reducing the par value of shares from KRW 5,000 to KRW 500 to improve liquidity. These actions followed increasing scrutiny from institutional shareholders and proxy advisors, including Glass Lewis and ISS.

Following the EGM, Korea Zinc extended an olive branch by calling for a “grand compromise” with MBK Partners to resolve ongoing disputes and focus on long-term value creation. While tensions remain, the company’s willingness to engage and implement shareholder-friendly policies signals a meaningful shift in its governance approach. We continue to monitor developments closely and engage with the company to ensure accountability and alignment with shareholder interests.

Kolmar Korea Co., Ltd.

- Shareholder Proposal for Dividend Payment: ***Approved***
- Shareholder Proposal for Appoint of Outside Director: ***Approved***

Kolmar Korea Co., Ltd. held its 12th Annual General Meeting (AGM) on March 28, 2024, where shareholders voted on several key proposals. The proposal for a cash dividend of KRW 600 per common share was approved with a 99.17 percent approval rate. Additionally, the reappointment of internal directors Sanghyun Yoon and Hyunhaeng Huh, as well as the reappointment of outside director Thomas

Shin. The appointment of standing auditor Sanghwan Kim was also approved with a 99.61 percent approval rate. Other resolutions included the approval of directors' and auditors' remuneration limits, as well as the transfer of retained earnings from capital reserves, all of which received overwhelming support from shareholders.

Dalton Investments, a U.S.-based activist fund, has been actively engaging with Kolmar Korea Holdings Co., Ltd. to influence its corporate governance and shareholder return policies. In November 2024, Dalton disclosed a 5.02 percent stake in Kolmar Holdings, initially classifying the investment as passive. However, by early 2025, Dalton increased its stake to 5.69 percent and changed its purpose of ownership to management participation. This shift was marked by the appointment of James Lim, a Partner and Portfolio Manager at Dalton, to Kolmar Holdings' board of directors.

Dalton's involvement suggests a push for enhanced shareholder value, potentially through measures such as increased dividends and share buybacks. Historically, Dalton has engaged in similar activist strategies with other Korean companies, advocating for improved capital allocation and governance practices.

Engagements

Overview

ANDA defines engagement as direct conversations with companies which include seeking positive change in corporate behavior, challenging corporate practices, requesting improved ESG disclosure, and monitoring and providing feedback on corporate ESG strategy. Company participants range from board level management to subject matter experts from the company.

As an active manager with direct access to company management and boards of directors, we believe engagement is often our most productive means to effectuate change at our portfolio companies and serve our clients’ long-term interests. The purpose of engagement is wide ranging and includes the following methods:

- Developing constructive relationships with company counterparts
- Addressing issues outside the scope of analysts’ ongoing due diligence meetings
- Collecting specific information on an ESG topic
- Understanding the pace of change within a company in addressing concerns
- Discussing an upcoming vote
- Adding to the overall view of a company

Engagement themes

Environment	Social	Governance
Climate change Environmental strategy Pollution and waste management Water	Customer-supplier relationship Labor relations & Human resources Product responsibility Local communities	ESG strategy Board structure Executive remuneration Shareholder protection and rights Succession planning Capital allocation

In certain circumstances, our investment team may take a more targeted and focused approach, especially in relation to our engagement priorities. Typically, an engagement will be escalated through additional meetings with the management and/or a dialogue with the board of directors. Where these engagements do not progress to our satisfaction or if our ownership level is insufficient for an effective escalation on a standalone basis, other options are considered, including, but not limited to:

- Voting against management resolutions;
- Collaborating with other institutional investors to engage management or submit shareholder proposals; and/or
- Public campaigns;
- Selling part or all of our investment.

2024 Direct Engagements

Our research team continues to engage with companies to address critical issues. In 2024 these included dialogues on ESG disclosure, setting greenhouse emission targets and decarbonization, capital mismanagement, and improving board/employee diversity, among many other important issues (collectively our "2024 Priorities"). As an input in our research process, we incorporate the responsiveness of a company's management to our feedback on ESG, which provides our investment team with insight on how companies have performed over time and enables us to hold boards and management teams accountable for their actions. On a quarterly basis, we review ESG scores of all companies within the portfolio, engaging those companies with the lowest scores. A snapshot of the 2024 ESG Risk Rating Scorecard for the portfolio is provided below.

Throughout the year, our engagements focused on all our 2024 Priorities, however, our analysts put a heavier emphasis on governance issues and capital management. For examples of our engagements, please refer to our ***ESG Brochure***.

2025 Initiatives

The global shift in the regulatory environment towards climate-risk transparency has encouraged more companies to the Net Zero commitment. Since 2001, we have increasingly chosen to participate in large share coalitions to engage companies on decarbonization and climate-related disclosure as well as other issues negatively impacting share prices. The results are encouraging as companies have been supportive of a coalitional model and the groups have been able to gain access to upper management and effectuate change within the companies. By bringing more capital to the table, collaborative work can elevate an issue or strategy far beyond what ANDA generally could achieve working alone.

In 2025, our team will continue to engage with companies to address critical issues including but not limited to, dialogues on ESG disclosure, governance concerns, capital mismanagement, executive renumeration, among many other important issues. Our 2025 Priorities are a continuation of 2024 but will focus more on encouraging companies to tackle lingering governance issues, improve capital management and enhance shareholder return policies.

2024 ESG Risk Ratings

Top-5

Name	Sector	Code	Total	E	S	G
SHINHAN FINANCIAL	FINANCIALS	055550	A+	A+	A	A+
KIA CORP	CONSUMER DISCRETIONARY	000270	A	A+	A+	B+
CJ CORP	INDUSTRIALS	001040	A	A	A+	A
SAMYANG FOODS	CONSUMER STAPLES	003230	A	A	A+	A
LG	INDUSTRIALS	003550	A	A	A+	B+

Worst-5

Name	Sector	Code	Total	E	S	G
ALTEOGEN	HEALTH CARE	196170	C	D	C	B
SK HYNIX	INFORMATION TECHNOLOGY	000660	B+	A	A+	B
SAMSUNG ELECTRONICS	INFORMATION TECHNOLOGY	005930	B+	B+	A	B
SM	COMMUNICATION SERVICES	041510	B+	A	B+	B+
HANWHA OCEAN	INDUSTRIALS	042660	B+	A	B	B

Engaging on Public Policy

ANDA engages with policymakers and regulators for the same reason we engage with companies: to protect and advance the long-term interest of our clients. Unlike company-specific engagement, however, public policy engagement has the potential to extend best practice to the entire market and establish uniform standards.

We met with the Korea Exchange and policymakers in March 2024 to discuss initiatives to make Korean companies more focused on shareholder returns and less beholden to the founding families. We highlighted corporate governance reforms undertaken in Japan. Since 2013, the Japanese government put forth bold initiatives to break the cycle of economic stagflation by encouraging Corporate Japan to improve their shareholder returns and ultimately to increase the productivity of capital. The reforms were more palatable to Corporate Japan because they were based on initiatives instituted by their own government rather than suggestion from outsiders. The Tokyo Stock Exchange (the "TSE") and GPIF (government pension) played critical roles, accelerating the transformation with the TSE enforcing policy changes and the GPIF encouraging domestic institutional investors to adopt the Stewardship Code. The reforms introduced in Japan have resulted in Japan equity indexes trading at multi-decade highs with an influx of investment from international equity investors. We subsequently followed up with a presentation to policymakers and met several times with policymakers and regulators over the past year to discuss corporate governance reform. We expect the government will introduce additional minority shareholder friendly policies following the presidential election in June 2025.