Press Release

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Park Chul Whan, Senior Executive and Largest Shareholder of Kumho Petrochemical, Proposes an Advanced Governance Model that Breaks Away from Current Management System under Ownership Influence

- **Park vows to 'build a bright future together with all shareholders' at his press conference today in Seoul**
- **Park emphasizes the sincerity of his shareholder proposal and the need to implement a best-in-class governance model that enables the company's board of directors to maintain internal checks and balances against the management**
- **Park recommends two outside director candidates - former Head of Boston Consulting Group Korea Rhee Byung Nam and Ewha Womans University Professor Choi Jung Hyun – who will bring the expertise required for the development of a long-term corporate strategy, independent audit, and plans for ESG**
- **Park on the Seoul Central District Court's ruling to grant provisional injunction to approve the agenda item on dividend payout for the upcoming shareholder meeting: "The Court's decision has prevented the shareholder value from being undermined by the current board's attempt to dismiss my shareholder proposal"**

(From left, Rhee Byung Nam, Park Chul Whan and Choi Jung Hyun at the Press Conference)

(March 11, 2021 – Seoul, Korea) Kumho Petrochemical's senior executive and largest shareholder Park Chul Whan held a press conference in Seoul, Korea, and revealed detailed plans to enhance shareholder value and build a future for mutual growth.

Park stressed that “listed companies imply that they are public,” and that Kumho Petrochemical should fulfill its duty to all public shareholders to modify its board of directors, which is currently entrenched, and transform it into a supervisory body that is equipped to monitor and hold the management accountable. Park advocated for making such changes will promote active and regular communication with shareholders, and improve the company’s lack of responsiveness to its stakeholders. To achieve this, he said that “a complete overhaul of governance is be essential” and vowed to follow through with his shareholder proposal, break away from the current management system that is heavily influenced by select stakeholders, and ultimately introduce an advanced governance model that aligns with the global standards of professional and ethical business management.

Park reiterated the sincerity of his proposal to shareholders, and explained his challenging of the current management and the board despite the public’s view of the matter as a family dispute. He cited the company’s recent acquisition of Kumho Resort as an example where the current board of directors failed to fulfill the role to prevent the management from making poor investment decisions and to monitor the abuse of management power.

Park also presented three prerequisites to increasing Kumho Petrochemical’s shareholder value: 1) termination of the Kumho Resort acquisition deal; 2) improving the undervaluation of the company through the retirement of treasury shares, increased dividend payout, IPO of affiliates, disposal of non-operating assets, and various concrete business strategies; and 3) enhancement of governance supported and supervised by a capable board of directors with expertise and diversity. Through these measures, Park envisions reaching his goal of a KRW 20 trillion market capitalization for Kumho Petrochemical within the next five years.

Park said, "I will make the best use of my position as an employee and largest individual shareholder to enable a transformation Kumho Petrochemical needs, and achieve a greater shareholder value in return."

Among the four outside director candidates recommended by Park, former Boston Consulting Group Korea Office head Rhee Byung Nam and Ewha Womans University environmental engineering professor Choi Jung Hyun attended the press roundtable. Rhee highlighted his expertise in development of mid-to-long term strategies and corporate auditing, and vowed to secure the capabilities needed to form an independent and autonomous board of directors. Professor Choi will support the establishment of eco-friendly and practical operation models, drawing on her expertise as a scholar and with an in-depth understanding of environmental policies cultivated through advising multiple government institutions. In addition, she also offered to provide advice in areas of gender equality and open corporate culture to improve ESG fundamentals that are closely linked to business management and operation.

Prior to the press conference, Park welcomed the Seoul Central District Court’s ruling to grant a provisional injunction approving the agenda item for the upcoming shareholder meeting on a dividend payout, and said, “the current board’s attempt to dismiss the agenda item in my shareholder proposal and to undermine shareholder value has been prevented.” He also expressed disappointment in the company’s management that unilaterally attempted to dismiss his agenda item on dividend payout policy by reasoning a negligible mistake without taking into account the purpose and objective of the

proposal that had been prepared in accordance with due process after deliberation to normalize shareholder value.

In his shareholder proposal in January 2021, Park stressed the need for a 'change in dividend payout policy' for shareholder return. He also pointed out that Kumho Petrochemical's current payout ratio is less than one-fifth of its competitors and one-third of KOSPI traded company average, and the management's claim on the proposed dividend hike being excessive is not a valid argument.

In response to the provisional injunction, the court highlighted in its ruling that shareholder proposals exist to promote shareholders' active participation in management, enhance supervision over the company, and protect minority shareholders' rights. The court further stated that complementing shareholder proposals should be allowed to help minority shareholders, who have limited access to management information and basic documents, to fully exercise their rights of shareholder proposal.

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