

# 2025 Korean AGM Season Review

**Georgeson**

Part of the Computershare Group

CERTAINTY • INGENUITY • ADVANTAGE



# Contents

<b>Introduction</b>	<b>3</b>	<b>3. Corporate Governance Developments</b>	<b>18</b>
<b>1. Voting in Korea</b>	<b>4</b>	3.1 Strengthening directors' duty of loyalty	18
1.1 AGM Scheduling	4	3.2 Strengthening separate elections	19
1.2 Rejected Resolutions	5	3.3 Strengthening the 3% Rule	20
1.3 Shareholder Proposals	6	3.4 Mandatory adoption of cumulative voting	20
<b>2. Proxy Advisors</b>	<b>15</b>	3.5 Mandatory adoption of virtual shareholder meetings	21
2.1 KCGS	15	3.6 Renaming outside directors and increasing minimum requirement	21
2.2 KRESG	16	3.7 Mandatory retirement of treasury stock	22
2.3 Sustainvest	17	<b>Footnotes</b>	<b>23</b>
		<b>Appendix</b>	<b>26</b>
		<b>About us</b>	<b>28</b>



# Introduction



Introduction, by Cas Sydorowitz  
Global CEO

We are proud to present the third edition of Georgeson's Korea AGM Season Review, in which we analyse the trends we have observed at AGMs held by Korean companies during the 2025 AGM season.

Founded in 1935, Georgeson is the world's oldest proxy solicitor and is a global market leader in strategic shareholder communications, corporate governance and ESG advisory. Our unrivalled market expertise, coupled with our strong relationships with investors around the world, allows us to deliver the highest quality support to all our clients. It also gives us a holistic view of how shareholder priorities are changing and how this affects AGM voting. This report highlights the AGM trends across Korea, a market in which we have operated for over twenty years.

The concentration of Korean AGMs continued in 2025, with 99.8% of KRX-listed companies holding their AGM in March, 88.4% in the final two weeks of March.

Among our sample of 200 KOSPI-listed companies, three companies had board-proposed agenda items rejected by shareholders. Youlchon Chemical's board proposed three agenda items to elect audit committee members, all of which were rejected by shareholders.

Shareholder proposals were submitted on 225 agenda items, the highest figure in a decade, of which 18 (8.0%) passed. Among the main shareholder proposals:

- › The MBK Partners-Young Poong Consortium submitted a shareholder proposal to Korea Zinc on eighteen agenda items. Three of their board nominees were elected as directors.
- › Young Poong Precision submitted a shareholder proposal to Young Poong on three agenda items, all of which failed to pass.
- › Solidarity for Economic Reform submitted a shareholder proposal to Emart on two agenda items, both of which failed to pass.

Major Korean proxy advisors KCGS, KRESG, and Sustainvest made voting recommendations on 2,127, 4,678 and 1,675 agenda items, respectively. They made Against recommendations on 14.9%, 12.2% and 12.0% of these, respectively.

A number of corporate governance-focused amendments to the Commercial Act were made during 2025, many of which increased general shareholder protections:

- › Directors' duty of loyalty, separate elections for audit committee members, and the 3% Rule were strengthened.
- › The adoptions of cumulative voting, virtual shareholder meetings, and retirement of treasury stock became mandatory.
- › Outside directors were renamed as independent directors and their minimum proportion requirement increased to a third of the board.

We trust you find our 2025 Review of interest, and welcome your feedback.

Cas Sydorowitz  
Global CEO  
Georgeson



# 1. Voting in Korea

## 1.1 AGM Scheduling

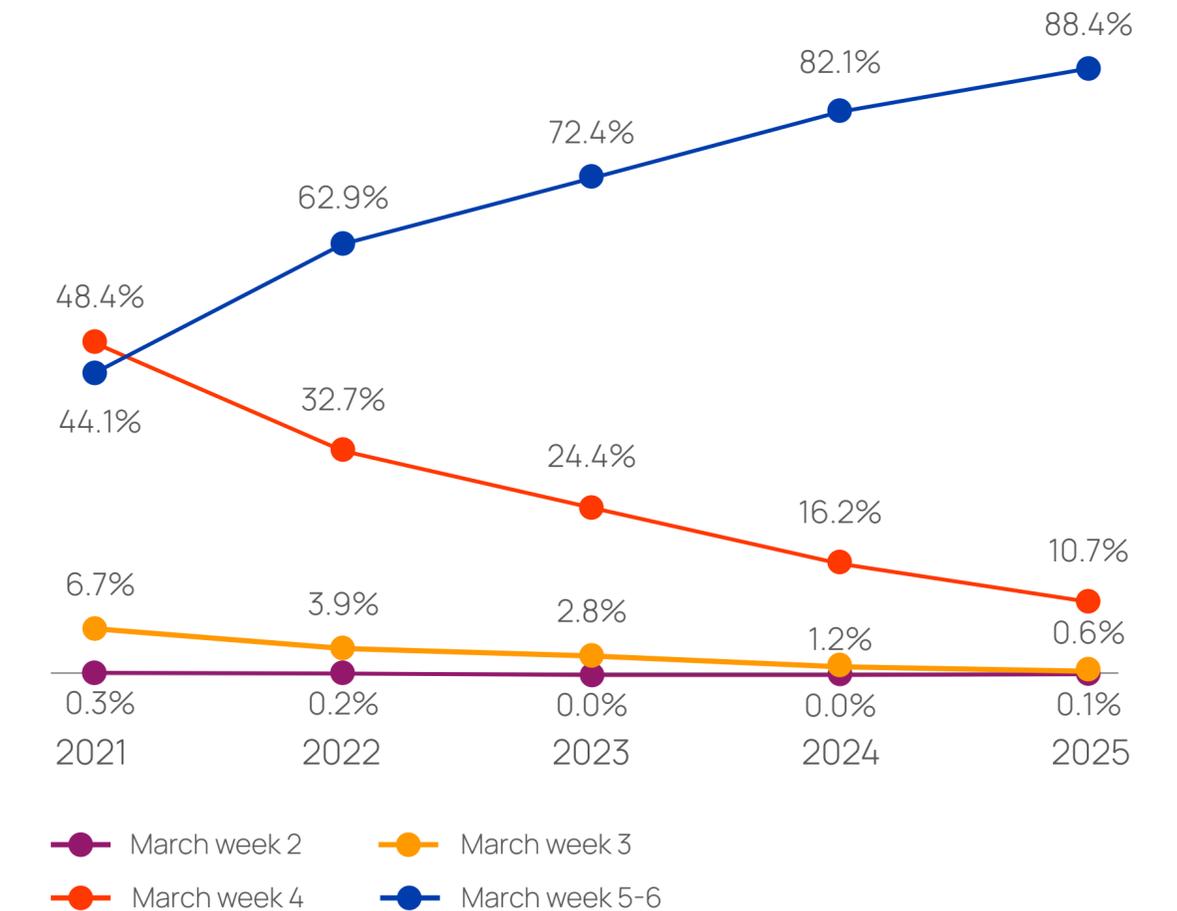
Korean annual general meetings in 2025 were concentrated into March, as in previous years, and the focus on the last 2 weeks of March became more pronounced. 99.8% of KRX-listed companies held their 2025 AGM in March, and 88.4% of AGMs were held in the final two weeks of March, a 6.3% percentage point increase over 2024. KRX-listed companies continue to prefer March AGMs despite amendments to relevant laws and a government statement confirming that there are no longer legal barriers to holding AGMs at other times.<sup>1</sup>

Table 1: Numbers of AGMs of KRX-listed companies by week and day

Month	Week	Mon	Tue	Wed	Thu	Fri	Sat	Total
Feb	Final					4		4
Mar	2nd				2	1		3
	3rd	1	1	1	1	10		14
	4th	3	8	34	119	97		261
	5th	106	226	544	198	571	1	1,646
	6th	512						512
<b>Total</b>								<b>2,440</b>

(Source: Korea Listed Companies Association, KOSDAQ Listed Companies Association)

Figure 1: Percentages of AGMs of KRX-listed companies by week



(Source: Georgeson)



## 1.2 Rejected Resolutions

Among our sample of 200 KOSPI-listed companies, three companies had board-proposed agenda items rejected by shareholders during the 2025 AGM season. We take a closer look at one of the three, Youlchon Chemical (KOSPI: 008730), a packaging material manufacturing company headquartered in Korea.

### Case Study: Youlchon Chemical

At Youlchon Chemical's 2025 AGM, the board proposed three agenda items to elect audit committee members. All were rejected by shareholders.

A campaign by a group of minority shareholders (Solidarity) led to rejection of the board's proposals. Solidarity filed a shareholder proposal to appoint an internal auditor and amend the articles of incorporation. However, as the agenda item to establish the audit committee had passed before this, agenda items to elect internal auditors lapsed automatically.<sup>2</sup> Nevertheless, Solidarity were able to block the board-proposed audit committee member nominees from being elected under the 3% Rule, though they were unable to promote their own nominees.<sup>3</sup>

Agenda Number	Agenda Type	Voting Result	NPS	ISS	Glass Lewis
5	Election of Audit Committee Members (Separate Election)	Rejected	✗ Against	✓ For	N/A
6-1	Election of Audit Committee Members	Rejected	✗ Against	✓ For	N/A
6-2	Election of Audit Committee Members	Rejected	✗ Against	✓ For	N/A

Because of the legal requirement for separate elections for audit committee members, there is a real chance of Solidarity's nominee being elected to Youlchon Chemical's board in future. Under separate election, at least one audit committee member must be elected as both a director and audit committee member in a single vote under the 3% Rule.<sup>4</sup>

Solidarity is expected to file a shareholder proposal again at the next general meeting to appoint an audit committee member, taking advantage of this requirement. It is quite feasible that Solidarity will attain its goal, given that it gained the upper hand in the proxy fight to elect audit committee members at this AGM despite the controlling shareholder representing the majority of issued shares<sup>5</sup>.



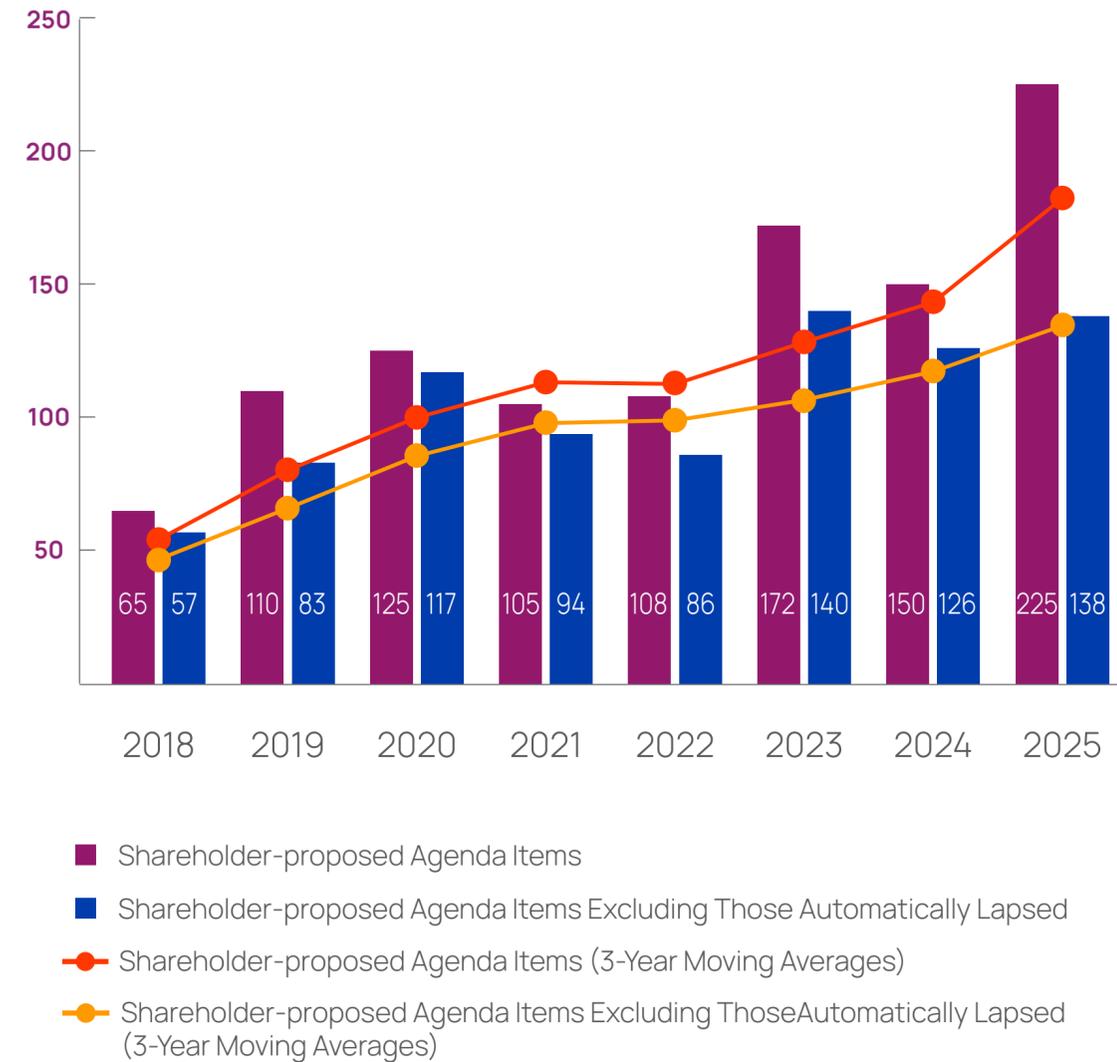
### 1.3 Shareholder Proposals

#### 1.3.1 Overall Trends

During the 2025 AGM season, shareholder proposals were submitted on 225 agenda items, the highest figure in a decade. Even after excluding agenda items that lapsed automatically, the figure is 138, almost the same as 2023's historic high of 140.

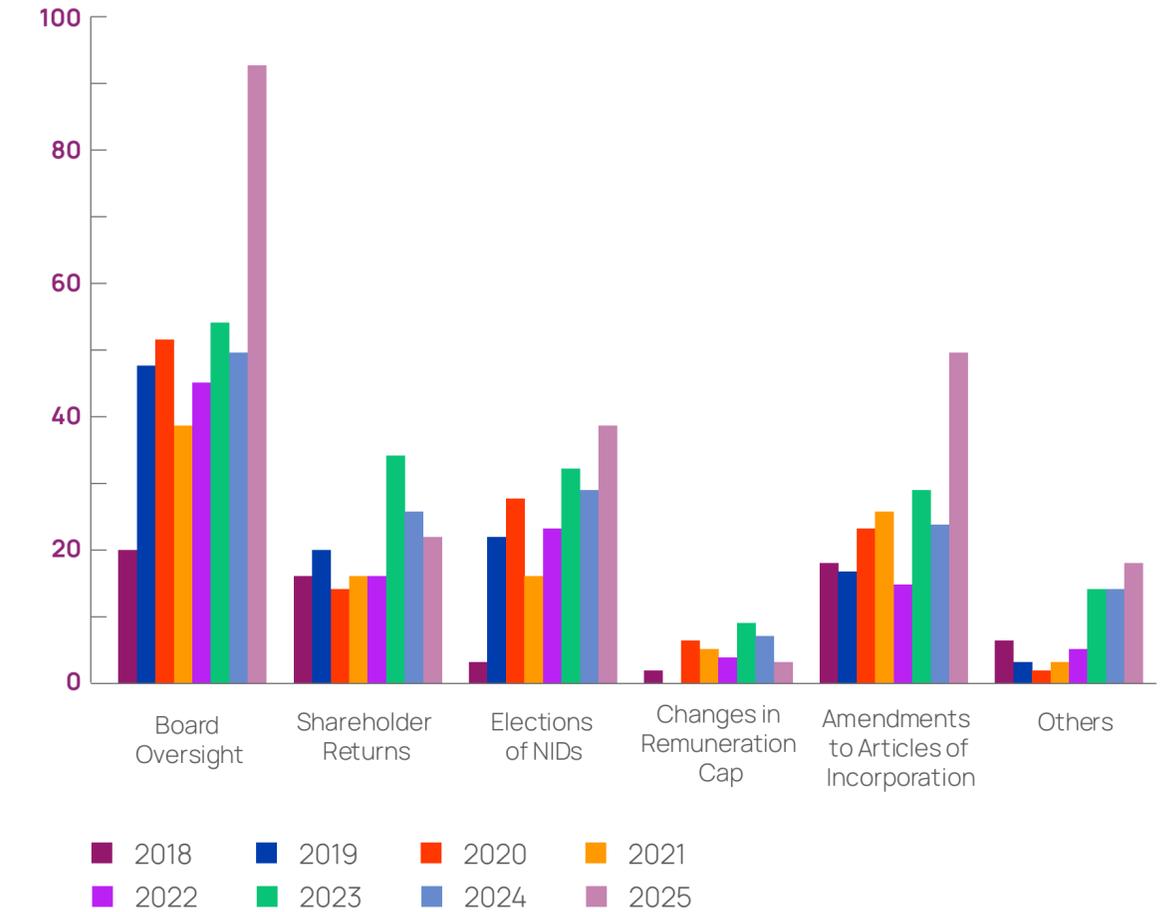
The majority of proposals were on board oversight (elections of outside directors, audit committee members, and internal auditors), clearly showing the extent to which board independence is seen as a major corporate governance issue in Korea. The increasing number of proposals on non-independent directors (elections of inside directors and non-independent non-executive directors) show shareholders' increasing attempts to influence management strategies beyond board oversight.

Figure 2: Number of shareholder-proposed agenda items<sup>6</sup>



(Source: Georgeson)

Figure 3: Number of shareholder-proposed agenda items by category<sup>7</sup>



(Source: Georgeson)



Among the 225 agenda items proposed by shareholders, 18 passed (8.0%), less than half of 2024's pass rate of 22%. The lower pass rate was likely because, while the number of proposals to elect outside directors or amend articles of incorporation sharply increased, many automatically lapsed for different reasons.<sup>8</sup> In addition, a number of proposals to amend articles of incorporation had a very low chance of passing, for example adoption of a Say-on-Pay vote or advisory shareholder proposal policy.<sup>9</sup> It may be that general shareholders of some companies saw the proposals as a way to deliver a message to the company.

**Table 2: Number of shareholder-proposed agenda items passing and pass rate by category<sup>10</sup>**

	2018	2019	2020	2021	2022	2023	2024	2025
Board Oversight	3 15.0%	1 2.1%	8 15.4%	6 15.4%	7 15.6%	9 16.7%	16 32.0%	10 10.8%
Shareholder Returns	0 0.0%	1 5.0%	0 0.0%	1 6.3%	0 0.0%	0 0.0%	2 7.7%	0 0.0%
Elections of Non-Independent Directors	3 100%	0 0.0%	1 3.6%	1 6.3%	2 8.7%	6 18.8%	12 41.4%	3 7.7%
Changes in Remuneration Cap	0 0.0%	0 N/A	0 0.0%	0 0.0%	0 0.0%	1 11.1%	3 42.9%	0 0.0%
Amendments to Articles of Incorporation	1 5.6%	5 29.4%	0 0.0%	5 19.2%	1 6.7%	7 24.1%	0 0.0%	3 6.0%
Others	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	3 21.4%	0 0.0%	2 11.1%
<b>Total</b>	<b>7</b> <b>10.8%</b>	<b>7</b> <b>6.4%</b>	<b>9</b> <b>7.2%</b>	<b>13</b> <b>12.4%</b>	<b>10</b> <b>9.3%</b>	<b>26</b> <b>15.1%</b>	<b>33</b> <b>22.0%</b>	<b>18</b> <b>8.0%</b>

(Source: Georgeson)

## 1.3.2 Case Studies

## 1) Korea Zinc

The MBK Partners-Young Poong Consortium (the Consortium) submitted a shareholder proposal to zinc-refiner Korea Zinc (KOSPI: 010130) on eighteen agenda items at its 2025 AGM, details of which are shown here.

Agenda Number	Agenda Type	Voting Result	NPS	ISS	Glass Lewis
1-2-2	Allocation of Income	Failed	✗ Against	✓ For	✓ For
3-6	Election of Non-Independent Non-Executive Directors	Passed	✗ Against	✗ Against	✗ Against
3-7	Election of Non-Independent Non-Executive Directors	Passed	✗ Against	✓ For	✗ Against
3-8	Election of Non-Independent Non-Executive Directors	Failed	✗ Against	✗ Against	✗ Against
3-9	Election of Non-Independent Non-Executive Directors	Failed	✗ Against	✗ Against	✗ Against
3-10	Election of Outside Directors	Passed	✓ For	✓ For	✗ Against
3-11	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-12	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-13	Election of Outside Directors	Failed	✓ For	✗ Against	✓ For
3-14	Election of Outside Directors	Failed	✗ Against	✗ Against	✓ For
3-15	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-16	Election of Outside Directors	Failed	✗ Against	✓ For	✓ For
3-17	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-18	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-19	Election of Outside Directors	Failed	✗ Against	✓ For	✓ For
3-20	Election of Outside Directors	Failed	✗ Against	✗ Against	✓ For
3-21	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against
3-22	Election of Outside Directors	Failed	✗ Against	✗ Against	✗ Against

The management and control disputes of Korea Zinc originated from a series of contentious transactions that have been characterised by some media and market participants as managerial entrenchment:<sup>11</sup>

- › In 2022 Korea Zinc disposed of its long-standing holdings of treasury shares to friendly investors, rather than cancelling them, and some were used to form mutual shareholdings with other KRX-listed companies facing potential management disputes.
- › The company issued new shares to foreign subsidiaries of domestic companies in 2022 and 2023, despite its articles of incorporation limiting non-shareholders who could purchase new shares from the company to 'foreign joint ventures' only.<sup>12</sup>
- › At its 2024 AGM Korea Zinc attempted to amend the articles of incorporation to facilitate issuing new shares to a broader base than existing articles allowed, leading to accusations that this was intended to permit stock to be issued to friendly investors. Although the proposal was eventually thwarted by the objection of parent company Young Poong and other major shareholders, the dispute became more prominent in the wake of this event.

In September and October 2024, the Consortium launched two tender offers for Korea Zinc's shares. The stated purpose was to strengthen ownership and enhance corporate governance to maximize shareholder value. The Consortium aimed to secure 14.6% of issued shares at the maximum at KRW750,000 and KRW830,000 per share in the first and second tender offers respectively. By the time that the Consortium's first tender offer ended, Korea Zinc had commenced a self-tender in collaboration with Bain Capital aiming to repurchase 20.0% of issued shares at the maximum at KRW890,000 per share.<sup>13</sup> The Consortium eventually secured 5.3% through the tender offers and an additional 1.4% through direct purchases afterwards, raising its ownership percentage to 39.8%.<sup>14</sup> Meanwhile, the self-tender was debatable because it was a leveraged buyback using debt borrowed at higher than normal interest rates.<sup>15</sup> There were also criticisms that Korea Zinc overpaid for the shares it repurchased to the detriment of company value.<sup>16</sup>

A week after the close of the self-tender, Korea Zinc announced its intention to raise new equity capital, with over 90% of the raised capital to be used to repay the debt incurred for the self-tender. This provoked significant controversy due to the following three perceived dilutive impacts on existing shareholders.

- › The capital increase was to be sought through a general public offering, rather than a rights offering;<sup>17</sup>
- › The subscription price of KRW670,000 per share was significantly lower, by almost 25%, than the tender offer price of KRW890,000 per share.<sup>18</sup>
- › Subscribers and their affiliates were allowed to subscribe for only up to 3% of the total number of new shares.<sup>19</sup>

Korea Zinc was accused of having knowingly made a false statement in the tender offer statement when it said that it had no plans to change its financial structure after the self-tender.<sup>20</sup> In November 2024, the Financial Services Commission demanded that the original registration statement be corrected and raised questions about the above issues, and shortly afterwards Korea Zinc abandoned its plan for the share sale.

In January 2025, the Consortium asked Korea Zinc for the convocation of an EGM and filed a shareholder proposal to appoint 14 directors and amend the articles of incorporation. The Consortium emphasized the necessity for all-new directors nominated by shareholders and the executive director system, citing managerial entrenchment, inefficient capital allocation and board oversight failures as primary reasons for the stock's undervaluation. The Consortium also presented plans to address perceived poor governance practices, improve total shareholder returns, and strengthen general shareholders' rights, along with plans to maintain competitiveness in the core business and boost the effectiveness of new business. In response, Chairman Choi attempted to adopt, at the EGM, cumulative voting, which had been originally designed by law to protect general shareholders' rights and interests.<sup>21</sup> This was seen as a measure to prevent the board from being dominated by the Consortium's nominees. The board also created a circular ownership structure just before the EGM using a Korea Zinc foreign subsidiary, SMC (Young Poong → Korea Zinc → SMH → SMC → Young Poong), to disqualify Young Poong from voting at the EGM, exploiting loopholes in relevant laws.<sup>22</sup> All the Consortium-proposed agenda items failed to pass due to the nullification of Young Poong's voting rights.

Shortly after the EGM, the court nullified all of the EGM results, other than the adoption of cumulative voting, stating that the restriction on voting rights laid down in the Commercial Act applied only when all those forming circular ownership were stock companies, which SMC was not.<sup>23</sup> The Consortium then attempted to appoint a larger number of directors and convert a greater amount of discretionary reserve to retained earnings at the forthcoming AGM.<sup>24</sup> This time Chairman Choi and the board attempted to augment the number of audit committee members elected under separate election from one to two,<sup>25</sup> and created a new circular ownership structure (Young Poong → Korea Zinc → SMH → Young Poong), rather than dissolve the previous one, to avoid the court blocking its scheme to invalidate Young Poong's voting rights again.<sup>26</sup> The Consortium claimed that the board's decisions to create new circular ownership contradicted its own claim that the decisions on cumulative voting and separate elections were intended to protect general shareholders' rights and interests.<sup>27</sup> Despite the restriction of Young Poong's voting rights, three of the Consortium's nominees were elected as directors, driven by support from ISS, GL, and two major local proxy advisors.<sup>28</sup>

### Lessons learnt

The Korea Zinc dispute highlights a number of potential failings of current regulations, including that:

1. Stock repurchases can destroy shareholder value when the main objective is to defend controlling shareholders' management control;
2. Legal measures intended to protect general shareholders' rights and interests, such as cumulative voting and separate elections, can still be used to benefit controlling shareholders; and
3. The current Fair Trade Act still has loopholes despite the efforts made to eradicate and prevent circular ownership.

Given the new Korean administration's drive to overcome the so-called Korea discount by protecting general shareholders' rights and interests, it is likely to become more difficult over time for these types of actions to receive support from the court, supervisory authorities, and market participants. It is likely that the Consortium will continue its shareholder actions with the objective of gaining a majority of seats on the board.

## 2) Young Poong

Young Poong Precision (YPP), since renamed KZ Precision, submitted a shareholder proposal to Young Poong group holding company Young Poong (KOSPI: 000670) on three agenda items at its 2025 AGM, details of which are shown here.

YPP is one of four affiliated companies holding Young Poong shares and is controlled by the Choi family, which also dominates the board of Korea Zinc. (The other three companies are Young Poong Development, CK and HC, all of which are controlled by the Chang family.) The battle between YPP and Young Poong can therefore be seen as an extension of the Korea Zinc dispute.<sup>29</sup>

Young Poong shareholder Must Asset Management also filed a shareholder proposal seeking the retirement of treasury stock and a stock split, and it nominated three outside directors. Prior to the AGM, Young Poong accepted Must's proposal and announced a plan to enhance shareholder value, including a 10-for-1 stock split by the end of 1H25 and cancellation of all treasury shares by the end of 1Q26. Must withdrew its proposal and its outside director (audit committee member) nomination was added to the agenda as a board resolution.

Agenda Number	Agenda Type	Voting Result	NPS	ISS	Glass Lewis
2-3	Amendments to Articles of Incorporation (Adoption of Dividends in Kind)	Failed	✗ Against	✗ Against	✗ Against
2-4	Amendments to Articles of Incorporation (Adoption of Cumulative Voting)	Failed	✓ For	✗ Against	✓ For
4-2	Election of Audit Committee Members	Failed	✗ Against	✗ Against	✗ Against



YPP stated that its shareholder proposal was intended to enhance shareholder value and management transparency by improving monitoring and oversight of the board, which was dominated by the controlling shareholder's directors. Young Poong's counter-argument was that the real purpose of YPP's proposal on cumulative voting was to gain an advantage in the ongoing Korea Zinc dispute, thereby benefitting the Choi family.<sup>30</sup> It stated that director candidates nominated by general shareholders could not be elected as only the largest and second-largest shareholders could appoint directors given the shareholder composition.<sup>31</sup> Young Poong stressed that its board was already acting in the best interest of all shareholders, as shown by its acceptance of shareholder Must's proposal, and it was therefore unnecessary to adopt cumulative voting.

With regard to the election of audit committee members, Young Poong stated that YPP's nominee would place Choi family interests above those of all shareholders, since YPP had joined in the Choi family's unlawful attempts to restrict Young Poong's voting rights at Korea Zinc's EGM in January 2025.<sup>32</sup> It argued that the Choi family, which dominated Korea Zinc's board, had initiated Korea Zinc retaliatory actions which had led to the destruction of Young Poong's value in recent years.<sup>33</sup> Young Poong concluded that, in view of all of this, the YPP's nominee would not be able to discharge his fiduciary duty to all shareholders independently from the Choi family.

In spite of differing proxy advisor recommendations on the shareholder proposal, especially on Item 2-4, all three of YPP-proposed agenda items failed to pass, suggesting that investors did not support legal devices such as cumulative voting, even though supportive of shareholders' rights and interests, if they suspected that it might be intended to help specific shareholders seek private benefit.<sup>34</sup> The tenure of Young Poong's outside directors is fixed at one year by the articles of incorporation, so the Choi family and affiliates may keep attempting to get their nominees onto Young Poong's board at future AGMs.

### 3) Emart

Solidarity for Economic Reform (SER), a Korean independent activist group specializing in corporate governance, submitted a shareholder proposal to Korea's largest retailer Emart (KOSPI: 139480) on two agenda items at its AGM, details of which are shown here.<sup>35</sup>

Emart was seen as severely undervalued over the years 2019~2024, with its share price halving and its price to book ratio below 0.2 by the end of 2024. The poor performance of the hypermarkets sector and construction affiliate, as well as a slow-down in online trading, dragged down revenue and led to a loss in 2023. In February 2025 Emart announced a program to increase its value, called the Corporate Value-up Plan.

SER's shareholder proposal, launched shortly after this, was for the company to improve the plan by the end of 1H25 and then disclose progress every quarter, because steps to improve perceived poor corporate governance and shareholders' rights protection – specifically the absence of reasonable executive compensation policies and ineffective shareholder communications – were not included in the plan despite being perceived as contributing to the undervaluation.

Agenda Number	Agenda Type	Voting Result	NPS	ISS	Glass Lewis
6-1	Non-binding Advisory Resolution (Rediscovery of Corporate Value-up Plan)	Failed	✓ For	✗ Against	✗ Against
6-2	Non-binding Advisory Resolution (Quarterly Disclosure on the Progress of Corporate Value-up Plan)	Failed	✓ For	✗ Against	✓ For



Unusually, SER's proposal took the form of a non-binding advisory agenda item.<sup>36</sup> Previously in Korea, only proposals on matters provided for by the Commercial Act or the articles of incorporation might be put on a meeting agenda – other matters could not be addressed.<sup>37</sup> However, Emart unexpectedly accepted SER's proposal onto the agenda, despite it not being about matters set out in the Commercial Act or articles of incorporation. This was the first time ever that an advisory agenda item was voted on by a KRX-listed company and confirmed that filing advisory shareholder proposals was both legally and practically possible.

Along with the matters on the Corporate Value-up Plan, SER also proposed:

- › Cancelling all treasury shares and adopting cumulative voting, criticizing Emart's past creation of mutual shareholdings through the exchange of treasury shares;<sup>38</sup>
- › Adopting a Say-on-Pay vote and advisory shareholder proposal policy, which no KRX-listed companies had adopted before.<sup>39</sup>

Emart rejected these proposals as agenda items, claiming that some SER shares did not satisfy statutory criteria for shareholder proposals.<sup>40</sup> SER disagreed with Emart's contention but did not take it further, since the company had partially accepted its proposal and time was short before the AGM.

SER's agenda items failed to pass despite Emart's acceptance of the proposal. Nevertheless, the campaign is an important test case, being the first shareholder proposal voted as an advisory agenda item in Korea's capital markets history. There have been suggestions that relevant laws should be enhanced so that general shareholders can engage in collective actions such as joint shareholder proposals more easily, pointing to Emart's rejection of SER's other proposed agenda items. It is unclear if SER will continue its campaign in the future.

# 2. Proxy Advisors

There are three major local proxy advisors based in Korea – KCGS, KRESG and Sustainvest. Local institutional investors generally use local proxy advisors, in contrast to foreign institutional investors which use ISS and Glass Lewis.

## 2.1 KCGS

Korea Institute of Corporate Governance and Sustainability (KCGS) is a non-profit incorporated association founded in 2002. It produces and updates codes of best practice, ESG ratings, proxy analysis, and policy research, and has been offering proxy advisory services since 2012.

KCGS made voting recommendations on **2,127** agenda items at **315** KRX-listed companies during the 2025 AGM season, making **317** Against recommendations (**14.9%**, a 1.2% percentage point increase from 2024). The key findings in KCGS's 2025 AGM season review report include:

- Resolutions to elect directors based on cumulative voting and resolutions to amend articles of incorporation to adopt cumulative voting significantly increased from 2024.

- The number of topics shareholder proposals covered expanded to include corporate governance issues including liquidation of non-core assets, disclosure of Corporate Value-up Plan, executive compensation, etc. The number of shareholder proposals on dividends decreased.
- Recommendations against deficient dividends rose from 2024 and companies receiving such recommendations also mostly had poor disclosures on their Corporate Value-up Plan.
- Some companies made disclosures regarding restricted stock units (RSUs) for board members in their notice of the AGM and proxy statement.

The top three resolution types KCGS recommended against were as follows:

- Election of Outside Directors: **26.5%** of all Against recommendations;
- Approval of Remuneration Cap for Directors: **16.7%** of all Against recommendations; and
- Election of Audit Committee Members: **13.9%** of all Against recommendations.

**Table 3: Number and ratio of Against recommendations by KCGS by category**

	Total Recs	2024 Against Recs	Ratio (A)	Total Recs	2025 Against Recs	Ratio (B)	%pp Increase (=B-A)
Approval of Financial Statements and Allocation of Income	380	25	6.6%	321	34	10.6%	4.0%pp
Amendments to Articles of Incorporation	247	44	17.8%	220	31	14.1%	-3.7%pp
Election of Inside Directors	458	40	8.7%	332	26	7.8%	-0.9%pp
Election of Non-Independent Non-Executive Directors	68	3	4.4%	64	4	6.3%	1.8%pp
Election of Outside Directors	470	83	17.7%	433	84	19.4%	1.7%pp
Election of Audit Committee Members	196	36	18.4%	200	44	22.0%	3.6%pp
Election of Internal Auditors	62	27	43.5%	34	19	55.9%	12.3%pp
Approval of Remuneration Cap for Directors	372	55	14.8%	315	53	16.8%	2.0%pp
Approval of Remuneration Cap for Internal Auditors	147	1	0.7%	124	1	0.8%	0.1%pp
Others	101	29	28.7%	84	21	25.0%	-3.7%pp
<b>Total</b>	<b>2,501</b>	<b>343</b>	<b>13.7%</b>	<b>2,127</b>	<b>317</b>	<b>14.9%</b>	<b>1.2%pp</b>

(Source: KCGS)



## 2.2 KRESG

Korea ESG Research Institute (KRESG), formerly part of Daishin Economic Research Institute, a subsidiary of Daishin Securities, was incorporated in 2021. It provides ESG-related services including ESG ratings, proxy analysis, and RI strategy consulting, and has been offering proxy advisory services since 2014.

KRESG made voting recommendations on **4,678** agenda items at **685** KRX-listed companies during the 2025 AGM season, making **573** Against recommendations (**12.2%**, a 0.9% percentage point increase from 2024). The key findings in KRESG's 2025 AGM season review report include:

- › The main reasons for the increased number of shareholder-proposed resolutions in 2025 over 2024 are the spread of shareholder activism and continuing amendments to relevant laws and regulations.
- › There were many meaningful corporate governance-focused shareholder proposals during 2025, including proposals to check if corporate governance improvement plans had been implemented or calling for responsible management by the largest shareholder.

- › Some shareholder proposals were poorly thought out in terms of their likelihood of passing, clarity of purpose, or legal validity, demonstrating the need for proposals to be carefully considered.
- › Moves to protect shareholder value and bolster shareholder rights are expected to continue, with KRX-listed companies required to make more effort to strengthen shareholder communication and enhance shareholder value.

The top three resolution types KRESG recommended against were as follows:

- › Approval of Remuneration Cap for Directors: **27.7%** of all Against recommendations;
- › Election of Outside Directors: **15.2%** of all Against recommendations; and
- › Amendments to Articles of Incorporation: **14.3%** of all Against recommendations.

**Table 4: Number and ratio of Against recommendations by KRESG by category**

	Total Recs	2024 Against Recs	Ratio (A)	Total Recs	2025 Against Recs	Ratio (B)	%pp Increase (=B-A)
Approval of Financial Statements and Allocation of Income	707	41	5.8%	705	42	6.0%	0.2%pp
Amendments to Articles of Incorporation	431	84	19.5%	479	82	17.1%	-2.4%pp
Election of Inside Directors	823	96	11.7%	778	69	8.9%	-2.8%pp
Election of Non-Independent Non-Executive Directors	108	8	7.4%	150	18	12.0%	4.6%pp
Election of Outside Directors	597	38	6.4%	693	87	12.6%	6.2%pp
Election of Audit Committee Members	533	21	3.9%	560	48	8.6%	4.6%pp
Election of Internal Auditors	115	39	33.9%	103	37	35.9%	2.0%pp
Approval of Remuneration Cap for Directors	690	152	22.0%	686	159	23.2%	1.1%pp
Approval of Remuneration Cap for Internal Auditors	316	6	1.9%	298	5	1.7%	-0.2%pp
Others	208	27	13.0%	226	26	11.5%	-1.5%pp
<b>Total</b>	<b>4,528</b>	<b>512</b>	<b>11.3%</b>	<b>4,678</b>	<b>573</b>	<b>12.2%</b>	<b>0.9%pp</b>

(Source: KRESG)



### 2.3 Sustainvest

Sustainvest is an independent ESG data provider and licensed investment advisory firm founded in 2006. It provides ESG analytics and advisory, ranging from ESG ratings to RI strategy consulting, and has been offering proxy advisory services since 2013.

Sustainvest made voting recommendations on **1,675** agenda items at **234** KRX-listed companies during the 2025 AGM season, making **201** Against recommendations (**12.0%**, a 1.8% percentage point increase from 2024). The key findings in Sustainvest's 2025 AGM season review report include:

- › Several KRX-listed companies proposed resolutions to apply cumulative voting separately to inside directors and to outside directors, possibly as a defence against shareholder proposals to adopt cumulative voting, despite this appearing to be against the intention of cumulative voting.
- › Shareholder proposals for adopting a Say-on-Pay vote emerged as well as traditional proposals on remuneration caps, suggesting the executive pay debate is intensifying.

- › Resolutions on cumulative voting and shareholder proposals on executive compensation are likely to expand and diversify more and more.
- › Shareholder proposals as a whole are expected to keep growing in terms of both number and topic covered as shareholder activism in Korea becomes more prevalent.

The top three resolution types Sustainvest recommended against were as follows:<sup>41</sup>

- › Election of Directors and Internal Auditors: **72.1%** of all Against recommendations;
- › Amendments to Articles of Incorporation: **10.9%** of all Against recommendations; and
- › Approval of Remuneration Cap for Directors: **8.0%** of all Against recommendations.

**Table 5: Number and ratio of Against recommendations by Sustainvest by category**

	2024			2025			%pp Increase (=B-A)
	Total Recs	Against Recs	Ratio (A)	Total Recs	Against Recs	Ratio (B)	
Approval of Financial Statements and Allocation of Income	228	3	1.3%	239	7	2.9%	1.6%pp
Amendments to Articles of Incorporation	193	33	17.1%	198	22	11.1%	-6.0%pp
Election of Directors and Internal Auditors	854	105	12.3%	878	145	16.5%	4.2%pp
Approval of Remuneration Cap for Directors	225	12	5.3%	233	16	6.9%	1.5%pp
Approval of Remuneration Cap for Internal Auditors	56	3	5.4%	65	6	9.2%	3.9%pp
Others	57	9	15.8%	62	5	8.1%	-7.7%pp
<b>Total</b>	<b>1,613</b>	<b>165</b>	<b>10.2%</b>	<b>1,675</b>	<b>201</b>	<b>12.0%</b>	<b>1.8%pp</b>

(Source: Sustainvest)



# 3. Corporate Governance Developments

A series of amendments to the Commercial Act were made by the National Assembly of Korea during 2025.



## 3.1 Strengthening directors' duty of loyalty

**Background:** The Supreme Court of Korea has ruled in the past that the duty of care and loyalty that directors owe a company, as laid down in the Commercial Act, did not apply to shareholders' interests.<sup>42</sup> Under this ruling, directors did not have a duty to protect and enhance the company's share value in the company's interest, and not using their best efforts to do so does not constitute a breach of their duties. This meant that effective checks on controlling shareholders' private benefit-seeking behaviors were likely to fail, so conflicts of interest and wealth transfers between controlling and general shareholders have become a major issue.<sup>43</sup> There has been prolonged debate as to whether directors' duties should be extended to cover the interests of all shareholders.

**Changes:** The Commercial Act was amended in July 2025, such that:

- › Directors must perform their duties in good faith in the interests of both the company **and its shareholders** in accordance with relevant laws and the articles of incorporation;
- › Directors must protect the interests of all shareholders and treat every shareholder fairly in performing their duties.

The revised legislation has been in effect since July 2025.

## 3.2 Strengthening separate elections

**Background:** In KRX-listed companies, people who are not elected directors cannot generally be elected as audit committee members.<sup>44</sup> Directors must be elected under the majority rule, and then, if nominated as audit committee members, be subsequently elected under the 3% Rule.<sup>45, 46</sup> Under such an election, where a controlling shareholder owns a majority of voting rights, general shareholders' nominees may not be even given the opportunity to take advantage of the 3% Rule, since they cannot be elected as directors first.<sup>47</sup> General shareholders' only resort is to block the board's nominees for audit committee members from being elected, using the 3% Rule.

To remedy this problem, in 2020 the Commercial Act introduced separate elections for audit committee members. A listed company with total assets valued at KRW 2tn or more must now elect at least one audit committee member under the 3% Rule separately from the rest of the members.<sup>48</sup> A nominee would be elected as both a director and audit committee member in a single vote to which the 3% Rule applied. This enabled general shareholders to get a nominee onto the board and audit committee, even in cases where a controlling shareholder owned the majority of voting rights. The pass rates of shareholder-proposed elections of audit committee members have risen significantly since the introduction of separate elections.<sup>49</sup>

**Changes:** In August 2025 the Commercial Act was amended to increase the number of audit committee members elected with a 3% voting cap from one to two. The minimum number of audit committee members who must be elected separately at companies meeting such criteria is now two, strengthening the audit committee's independence and helping to reduce potential controlling shareholders' influence.<sup>50</sup> The revised bill comes into effect in September 2026.

### 3.3 Strengthening the 3% Rule

**Background:** The 3% Rule applies a 3% voting cap to all shareholders on resolutions the rule applies to, which reduces the number of shares large or dominant shareholders can deploy to only 3%, even if they own 50% or more. In past elections of audit committee members, it was possible for the largest shareholder to sell their shares to his/her affiliates and circumvent the intended effect of the 3% Rule.

- › Where the 3% voting cap applies to the voting rights of every shareholder, the so-called General 3% Rule, such a dispersal of shares by large shareholders might work.
- › Where the 3% voting cap applies to voting rights in aggregate, the so-called Aggregate 3% Rule, large shareholders cannot evade the restriction on voting rights by dispersing their shares.

The aggregate rule thus more effectively protects shareholders' rights and interests than the general rule.

Under the current Commercial Act, elections and removals of non-independent directors/audit committee members (i.e. inside directors or non-independent non-executive directors) are subject to the aggregate rule, but those of outside directors/audit committee members are subject to the general rule. The less strict general rule thus applies to elections and removals of the outside directors who must oversee management and controlling shareholders. This has aroused some controversy since the introduction of separate elections in 2020.

**Changes:** Under the July 2025 amendments to the Commercial Act, the Aggregate 3% Rule will apply to all elections and removals of audit committee members, whether independent or non-independent directors. The revised bill goes into effect in July 2026.

### 3.4 Mandatory adoption of cumulative voting

**Background:** In Korea, conflicts of interest between controlling and general shareholders, rather than between management and shareholders, have been a significant corporate governance issue because ownership is less dispersed than in the US and UK. Some controlling shareholders have benefitted at the expense of general shareholders, and relevant laws and regulations have been developed and updated to cope with such practices.<sup>51</sup> In 2009 the Commercial Act introduced cumulative voting, so shareholders holding a certain minimum stake can request the company to elect directors based on cumulative voting. However, almost no KRX-listed companies have yet adopted it because the Commercial Act allows them to exclude it in their articles of incorporation.<sup>52</sup>

**Changes:** Amendments to the Commercial Act in August 2025 partially address this. Listed companies with total assets of KRW 2tn or more at the end of the latest business year cannot exclude cumulative voting in their articles of incorporation and must now adopt cumulative voting. The revised bill becomes effective in September 2026.

There are still claims that these changes do not go far enough and that:

- › Further measures to restrict a staggered board or shorten directors' legal terms to one year would maximize the impact of cumulative voting;<sup>53</sup>
- › Mandatory cumulative voting should apply to more KRX-listed companies than only the largest companies targeted by the amendment, given that small and mid-sized companies have often been more exposed to shareholder actions.

### 3.5 Mandatory adoption of virtual shareholder meetings

**Background:** As referred to in Section 1, almost all KRX-listed companies hold their AGM in March and the concentration of AGMs increases every year. Despite 16 years passing since electronic voting was introduced in 2009, it is still generally believed that in-person shareholder meetings are the only option.<sup>54</sup> Only 61% of KRX-listed companies utilised electronic voting during the 2025 AGM season.<sup>55</sup> Recently there have been calls for mandatory hybrid meetings (i.e. permitting both virtual and in-person attendance) and electronic voting during the meeting for KRX-listed companies.

**Changes:** Under the amendments passed in July 2025:

- › A listed company can enable hybrid meetings by board resolution unless they are specifically excluded in the articles of incorporation;
- › Hybrid meetings will be mandatory for listed companies as determined by Presidential Decree;
- › Where a listed company holds a hybrid meeting, a shareholder must be able to attend either in person or electronically and be deemed present at the meeting when using either option;
- › Where a listed company holds a hybrid meeting, the notice of convocation must contain the purport that the hybrid meeting will be held, attendance options, and other matters determined by Presidential Decree.

The revised bill takes effect in January 2027.

### 3.6 Renaming outside directors and increasing minimum requirement

**Background:** The adoption of outside directors in Korea has been problematic, especially regarding board composition. The proportion of outside directors at KRX-listed companies at the end of 2023 was 46%, far lower than the US (85%) and UK (94%), and well below global recommended best practice of 75% independence or more.<sup>56</sup> This is at least partly due to the lack of ambition in the current Commercial Act which requires a minimum of just 25% of outside directors.<sup>57</sup>

**Changes:** According to the amendments passed in July 2025:

- › Outside directors at a listed company will be referred to as independent directors;<sup>58</sup>
- › The minimum proportion of independent directors increases from 25% to no less than 33.3% (a third) except in cases prescribed by Presidential Decree.

The revised bill is to be enforced in July 2026.<sup>59</sup>

### 3.7 Mandatory retirement of treasury stock

**Background:** It is generally accepted that treasury shares should be used to benefit all shareholders and that the best way to achieve this is to retire them at the earliest opportunity. However, over the past twenty years management and controlling shareholders in Korea have often used treasury shares for their own private benefit rather than to enhance shareholder value. A common practice has been to dispose of treasury shares to friendly investors when management's control is at risk. Another has been to deploy the shares to the advantage of controlling shareholders when undertaking a spin off in which one of the two companies is converted to a holding company.

In 2024 new regulatory measures took effect, which banned companies from transferring treasury shares or allocating new shares in the case of listed company spin-offs or mergers. They also required enhanced disclosure when companies owned treasury shares representing 5% or more of issued shares, or disposed of them.<sup>60</sup> These measures were criticized by general shareholders as inadequate since treasury shares could still be disposed of by means of a simple board resolution. In effect, the amount of exchangeable bonds issued in 1H25, which were exchangeable into treasury shares, more than doubled compared to 1H24.<sup>61, 62</sup>

**Proposed Changes:** Several proposed Commercial Act amendments have been put forward since July 2025 that would require all listed companies to cancel their treasury shares within a certain period (still to be determined) following their acquisition. Korea's major economic organizations representing employers and management have strongly pushed back, insisting that mandatory retirement would deprive companies of a vital defence mechanism against a hostile takeover and even adversely affect shareholder value; this could reduce its effectiveness.<sup>63</sup> The proposed amendment is currently under discussion at the National Assembly and is expected to be finalised by the end of 2025.



# Footnotes

- 1 According to the Commercial Act Article 354, the period between the voting rights record date and the general meeting date must be less than 3 months. In the past KRX-listed companies were virtually forced to set their voting rights record date and dividend record date at the end of the business year, meaning they had to hold their AGM by the end of March. However, amendments to the Commercial Act in 2020 allowed for the dividend record date to be set on some other date and an authoritative interpretation from the Ministry of Justice in 2023 confirmed the separation between the voting rights record date and the dividend record date.
- 2 Once an audit committee has been established, there shall not be an internal auditor (Commercial Act Article 415-2). Youlchon Chemical intentionally allocated the agenda item to establish the audit committee (Item 2-1) before the agenda items to elect internal auditors (Item 4).
- 3 A shareholder holding more than 3% of the issued shares, excluding non-voting shares, is allowed to exercise his/her voting rights only up to 3% in the election of internal auditors and audit committee members, the so-called 3% Rule (Commercial Act Article 409, Article 542-12).
- 4 In the case of the rest of the audit committee members, only nominees who were already elected as directors under the majority rule are eligible to get elected as audit committee members under the 3% Rule.
- 5 Nongshim Holdings and its affiliates owned 56.5% of Youlchon Chemical's issued shares at the end of 2024.
- 6 The number of shareholder-proposed agenda items excludes proposals accepted by the board and those withdrawn by the proposing shareholders.
- 7 For the number of shareholder-proposed agenda items by category in each year, please refer to Table A-1 in the appendix.
- 8 The pass rates of shareholder-proposed agenda items to elect outside directors and to amend articles of incorporation are 5.6% and 6.0%, respectively. An example is Korea Zinc's AGM where 38 shareholder-proposed agenda items to elect outside directors were automatically lapsed or failed to pass.
- 9 Representative topics on which the amendments were made were the adoption of cumulative voting (9), adoption of advisory shareholder proposal policy (5), retirement of treasury stock (5), and holding of periodic IR meetings (4).
- 10 For the number of shareholder-proposed agenda items passing by category in each year, please refer to Table A-2 in the appendix.
- 11 The Korea Zinc dispute should in essence be seen as a dispute between the two founding families – the Chang family controlling the holding company Young Poong and the Choi family dominating Korea Zinc's board. The whole group had been well co-managed by the two families over 70 years before Yun-beom Choi (Chairman Choi) took the de facto control over Korea Zinc in 2020.
- 12 In June 2025, the court invalidated Korea Zinc's issuance of new shares to HMG Global (Hyundai Motor Company U.S. subsidiary) in 2023 stating that HMG Global could not be viewed as a foreign joint venture in which the company had invested.
- 13 These were the final terms of the self-tender after a change; the original terms were to repurchase 18.0% of issued shares at the maximum at KRW830,000 per share.
- 14 Korea Zinc and Bain Capital secured 9.9% and 1.4% through the self-tender, respectively. However, the ownership percentage of Chairman Choi's side still fell behind that of the Consortium by about 5%pp.
- 15 Market participants pointed out that EPS might fall as the decrease in earnings due to increased interest expenses would outweigh the decrease in outstanding shares due to the buyback.
- 16 Stock repurchases executed when the share price is overvalued may give rise to value transfers from long-term shareholders to departing shareholders. Wittingly repurchasing shares at an obviously higher price than normal could be in breach of fiduciary duty to all shareholders in this sense.
- 17 General public offerings may result in stock dilution as it is a method whereby KRX-listed companies offer unspecified persons an opportunity to make subscriptions for new shares and allocate new shares to those who have made subscriptions taking advantage of such opportunity (Capital Markets Act Article 165-6).
- 18 Where a capital increase in the form of general public offering is intended to repay the debt, the subscription price should be set as high as possible to minimize stock dilution.
- 19 This kind of restriction weakens existing shareholders' ability to make subscriptions, thereby worsening stock dilution.



- 20 The final version of the tender offer statement was uploaded on October 11 and the capital increase was announced on October 30. Market participants strongly doubted that Korea Zinc had already been preparing for the capital increase when the final tender offer statement had been issued.
- 21 Formally, Yumi Development, a private company controlled by Chairman Choi and his affiliates, filed a shareholder proposal to adopt cumulative voting at the EGM (Item 1-1).
- 22 Korea Zinc foreign subsidiary SMC acquired 10.3% of Young Poong's shares from Chairman Choi's affiliates to intentionally form a circular ownership structure. This was a result of Korea Zinc's board decision to use its foreign subsidiary to circumvent the Monopoly Regulation And Fair Trade Act (Fair Trade Act) which proscribed domestic member companies of a business group subject to limitations on cross shareholding from creating new circular ownership (Fair Trade Act Article 22). According to the Commercial Act, Young Poong has no voting rights for shares it holds of Korea Zinc under such circular ownership structure (Commercial Act Article 369).
- 23 The court judged that SMC was more of a limited company, as opposed to a stock company.
- 24 The Consortium proposed the appointment of 14 and 17 directors at the EGM and the AGM, respectively. The board proposed the conversion of discretionary reserves of KRW1,668.9bn, whereas the Consortium proposed that of KRW 2,077.7bn. The Consortium argued that all treasury shares including those repurchased before the self-tender should be cancelled, but the board-proposed amount (KRW1,668.9bn) would be insufficient to do so.
- 25 At least one audit committee member should be elected under the 3% Rule separately from the rest of the members, the so-called separate elections for audit committee members. In the case of Korea Zinc's 2025 AGM, the greater the number of audit committee members elected under separate election, the more strengthened the effective voting rights of Chairman Choi and his affiliates.
- 26 The new circular ownership structure comprised only stock companies, and at last, the court acknowledged that Young Poong's voting rights should be restricted at the AGM.
- 27 It is widely accepted that circular ownership creates a virtual portion of capital (fictitious capital) and generates control-ownership disparity (agency cost), thereby increasing controlling shareholders' incentives to seek private benefits and expropriate general shareholders.
- 28 Ironically, it was cumulative voting, which had been adopted by the board proposal at the last EGM for the purpose of defending Chairman Choi's management control, that enabled the Consortium's nominees to sit on the board at this AGM.
- 29 Market participants saw YPP's shareholder proposal as one of the Choi family's retaliatory measures on Young Poong's shareholder actions against Korea Zinc.
- 30 If cumulative voting had been adopted, it would have been easier for YPP's (the Choi family's) nominees to sit on the board and, in consequence, to get access to Young Poong's internal information and communication regarding the Korea Zinc dispute.
- 31 The minimum ownership percentages necessary to appoint one director under cumulative voting were, when electing three, 20.3%, and, when electing four, 16.3%, assuming the average attendance rate of 81.5%.
- 32 Specifically, YPP disposed of a part of its stake in Young Poong to Korea Zinc foreign subsidiary SMC on the day before the EGM to help it form a circular ownership structure (Young Poong → Korea Zinc → SMH → SMC → Young Poong).
- 33 The actions include the refusal to renew the Sulfuric Acid Facility Use Contract with Young Poong, termination of the Joint Raw Material Purchasing Contract with Young Poong, and takeover of Sorin Corporation's management control, etc.
- 34 Another example is the board-proposed agenda item to adopt separate elections at Korea Zinc's 2025 AGM (Item 2-5) which was ultimately rejected.
- 35 SER carries out corporate engagements on behalf of the interests of companies and shareholders. For more details, please visit its website: [www.ser.or.kr](http://www.ser.or.kr) (SER).
- 36 An advisory agenda item is a formal mechanism through which shareholders can give feedback on board decisions, the outcome of which does not obligate the company.
- 37 There are conflicting opinions in Korea on the extent of matters on which shareholder proposals can be filed since the Commercial Act does not explicitly restrict the extent. Where a shareholder proposal has been made, the board shall accept the proposal as an agenda item of a general meeting, except where such proposal is in violation of statutes or the articles of incorporation (Commercial Act Article 363-2).
- 38 Emart disposed of treasury shares totaling 3.0% of its issued shares to Naver to form a mutual shareholding in 2021. Emart was still owning treasury shares making up 3.9% of its issued shares at the end of 2024.
- 39 SER, in conjunction with APG, has already filed a similar shareholder proposal to HDC Hyundai Development in 2022, requesting to adopt advisory shareholder proposal policy.



40 SER was entrusted by numerous general retail shareholders with this shareholder proposal. However, some of them revoked their entrustment or failed to prove their ownership before the AGM, which provided the cause of the Emart's refusal.

41 Note that Sustinvest reported using different proposal categories from KCGS and KRESG.

42 Directors shall execute their duties with such care as is required of good managers (Civil Act Article 61). Directors shall perform their duties in good faith for the interest of the company in accordance with statutes, and the articles of incorporation (Commercial Act Article 382-3).

43 Specifically, despite controlling shareholders having bolstered their controlling power and defended their management control through M&As, spin-offs, and treasury stock disposals, these capital transactions have not been subject to the directors' duties pursuant to the Supreme Court precedent.

44 Agenda items on electing the unsuccessful nominees as audit committee members are automatically lapsed.

45 A shareholder holding more than 3% of the issued shares, excluding non-voting shares, is allowed to exercise his/her voting rights only up to 3% in the election of internal auditors and audit committee members, the so-called 3% Rule (Commercial Act Article 409, Article 542-12).

46 As an exception, a listed company with total assets valued at less than KRW 100bn as at the end of the latest business year is permitted to elect audit committee members by board resolution.

47 In reality, many controlling shareholders have incapacitated the 3% Rule to date by way of thwarting general shareholders' nominees for audit committee members at the director election stage.

48 More than one audit committee member subject to separate elections may be determined in the articles of incorporation.

49 The 5-year average pass rates of shareholder-proposed elections of audit committee members at AGMs before and after the introduction of separate elections are 0% (2016~2020) and 18.9% (2021~2025), respectively.

50 More than two audit committee members subject to separate elections may be determined in the articles of incorporation.

51 Examples are separate elections and the 3% Rule described in Section 3.1 and 3.2.

52 At the end of 2024, among 334 companies belonging to the Large Business Group designated by the Fair Trade Commission, only 13 companies (3.9%) have adopted cumulative voting.

53 Under cumulative voting, the greater the number of directors to be elected at the same time, the smaller the minimum stake required to elect one director. This may make it easier for general shareholders to get their nominees elected.

54 A shareholder meeting shall be convened at the place of the principal office or at some place adjacent thereto unless otherwise provided for in the articles of incorporation (Commercial Act Article 364).

55 Source: Korea Listed Companies Association, KOSDAQ Listed Companies Association

56 Source: Samil PricewaterhouseCoopers

57 For a listed company with total assets valued at KRW 2tn or more as at the end of the latest business year, the number of outside directors shall account for more than half of the total number of directors (Commercial Act Article 542-8).

58 Outside directors are directors who are not engaged in the regular business of the relevant company (Commercial Act Article 382). Independent directors are directors who play their roles independently from inside directors, executive directors, and persons who instruct other persons to conduct business (amended Commercial Act Article 542-8).

59 A listed company that fails to meet these criteria must elect additional independent directors within one year from the time of the enforcement of the revised bill.

60 Listed companies are required to prepare reports on current status, purpose and plans in respect of treasury shares and receive approval from the board where they own treasury shares representing 5% or more of issued shares. When they dispose of treasury shares, they are required to disclose additional information including counterparties, rationales for selecting the counterparties, rationales for pricing and any expected stock dilution.

61 Source: Korea Securities Depository

62 In recent years, some KRX-listed companies facing potential or actual management disputes began to create mutual shareholdings with or issue exchangeable bonds to friendly companies often under the pretense of building a strategic partnership or raising funds for their business.

63 According to Leaders Index, a research firm, 73.6% of Korea's listed companies held treasury shares as at the end of 2024.

# Appendix

Table A-1: Number of shareholder-proposed agenda items by category in each year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Election of Outside Directors	3	3	10	28	36	17	27	31	21	71
Election of Audit Committee Members	0	0	3	7	5	16	9	9	15	4
Election of Internal Auditors	4	11	7	13	11	6	9	14	14	18
Allocation of Income	6	21	13	16	14	13	13	26	11	17
Approval of Stock Repurchases	1	1	1	2	0	0	2	5	6	2
Approval of Retirement of Treasury Stock	0	1	2	2	0	3	1	3	9	3
Election of Inside Directors	2	6	2	21	22	15	20	32	23	22
Election of Non-Independent Non-Executive Directors	0	0	1	1	6	1	3	0	6	17
Changes in Remuneration Cap for Directors	0	1	2	0	4	3	3	4	5	3
Changes in Remuneration Cap for Internal Auditors	1	0	0	0	2	2	1	5	2	0
Amendments to Articles of Incorporation	13	8	18	17	23	26	15	29	24	50
Others	2	14	6	3	2	3	5	14	14	18
<b>Total</b>	<b>32</b>	<b>66</b>	<b>65</b>	<b>110</b>	<b>125</b>	<b>105</b>	<b>108</b>	<b>172</b>	<b>150</b>	<b>225</b>

(Source: Georgeson)



**Table A-2: Number of shareholder-proposed agenda items passing by category in each year**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Election of Outside Directors	1	0	1	0	4	2	3	4	7	4
Election of Audit Committee Members	0	0	0	0	0	2	3	0	4	1
Election of Internal Auditors	1	0	2	1	4	2	1	5	5	5
Allocation of Income	0	0	0	1	0	1	0	0	1	0
Approval of Stock Repurchases	1	0	0	0	0	0	0	0	1	0
Approval of Retirement of Treasury Stock	0	0	0	0	0	0	0	0	0	0
Election of Inside Directors	1	3	2	0	1	1	2	6	8	0
Election of Non-Independent Non-Executive Directors	0	0	1	0	0	0	0	0	4	3
Changes in Remuneration Cap for Directors	0	0	0	0	0	0	0	0	1	0
Changes in Remuneration Cap for Internal Auditors	0	0	0	0	0	0	0	1	2	0
Amendments to Articles of Incorporation	1	4	1	5	0	5	1	7	0	3
Others	0	1	0	0	0	0	0	3	0	2
<b>Total</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>10</b>	<b>26</b>	<b>33</b>	<b>18</b>

(Source: Georgeson)

# About us

## About Georgeson

Established in 1935, Georgeson is the world's original and foremost provider of strategic services to corporations and investors working to influence corporate strategy. We offer unsurpassed advice and representation for annual meetings, mergers and acquisitions, proxy contests and other extraordinary transactions. Our core proxy expertise is enhanced with and complemented by our strategic consulting services, including solicitation strategy, investor identification, corporate governance analysis, vote projections and insight into investor ownership and voting profiles. Our local presence and global footprint allow us to analyse and mitigate operational risk associated with various corporate actions worldwide. For more information, visit [www.georgeson.com](http://www.georgeson.com)

### **Cas Sydorowitz**

Global CEO

[cas.sydorowitz@georgeson.com](mailto:cas.sydorowitz@georgeson.com)

### **Domenic Brancati**

Global COO

[domenic.brancati@georgeson.com](mailto:domenic.brancati@georgeson.com)

### **Paul Murphy**

Head of ESG, APAC

[paul.murphy@georgeson.com](mailto:paul.murphy@georgeson.com)

### **Chris Brookes**

ESG Advisor, APAC

[christopher.brookes@georgeson.com](mailto:christopher.brookes@georgeson.com)

### **Savoy Lee**

Director, Head of Corporate Advisory, Asia

[savoy.lee@georgeson.com](mailto:savoy.lee@georgeson.com)

### **Hyunoh (Remi) Lee**

Chief Korea Consultant

[remi.h.lee@gmail.com](mailto:remi.h.lee@gmail.com)



**Georgeson**