



KCC ESG Management Philosophy & Performance

2023.09.08



1. **Company & Business Introduction**
 - 1) KCC History
 - 2) Company Profile
 - 3) Major Product Groups by Market
2. **ESG Management Philosophy**
 - 1) ESG Management Philosophy
3. **ESG Management Performance**
 - 1) ECOmpound Development
 - 2) PVC Window Recycle
 - 3) Marine Anti-Fouling Paint (Metacruise NS)
 - 4) Preeminent Eco-Friendly Technology
 - 5) Renewable Energy Solar Power
 - 6) CSR Activities
 - 7) Sustainability Report

1. Company & Business Introduction

1 KCC History

Watching Video

Sustainability is the power.
(30s)



Founder
Late Former Chairman Jung Sang-young

Founded Keumkang Slate Ind. Co., Ltd. in 1958

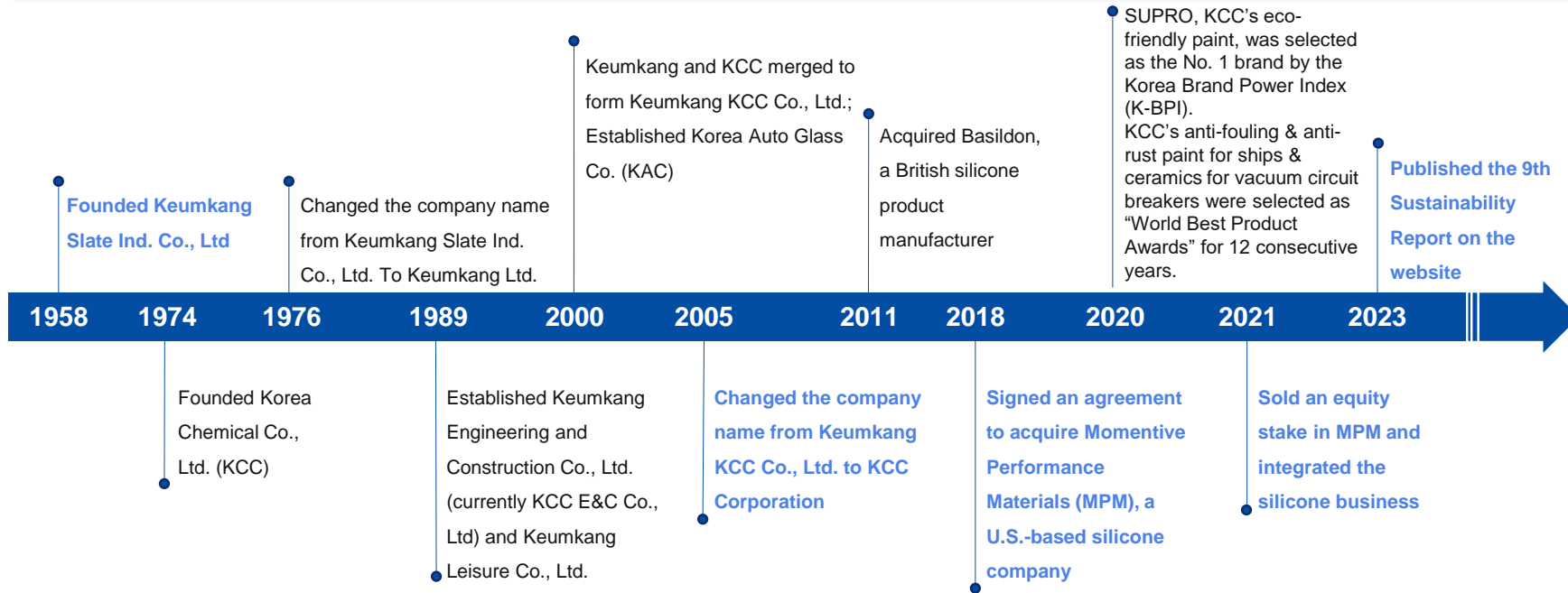
“Industrial Patriotism”, “Ethical Management”
and “CSR”

Pioneer of sustainable management

KCC Corporation

Major History

Sustainability is the core of ESG.
The 65-Year History of KCC



1. Company & Business Introduction

2) Company Profile

Company Status



Established in	August 12, 1958
Co-CEO	Chung Mong-jin and Jung Jae-hun
Head Office	344 Sapyeong-daero, Seocho-gu, Seoul
Business Lines/ Areas	Paint (architectural, automotive, marine, industrial, etc.) Building materials (windows, insulation, gypsum board, ceiling materials, etc.) Silicone Materials (ceramic substrate, AM, glass fiber, EMC, etc.)
Affiliates & Subsidiaries	[Domestic] KCC E&C and 14 companies [Overseas] MOM Holding Company and 62 companies

Company Overview

Financial performance & operational status

2022	Sales amount (KRW 100 mil)	67,748	Operating profits (KRW 100 mil)	4,677	EBITDA (KRW 100 mil)	8,737
* Based on consolidated accounting						
Operational Status	No. of employees	3,432	No. of domestic affiliates & subsidiaries	14	No. of overseas affiliates & subsidiaries	62
Credit Rating	Domestic NICE/ KR/ KIS (as of March 2023)	AA- (Stable)		Overseas S&P (as of March 2023)	BB+ (Stable)	

Main business groups

Sales amount (KRW 100 mil)

Sales portion (%)

Main Product lines

	Building Materials	Coating	Material	Silicone
Sales amount (KRW 100 mil)	11,135	15,143	4,379	37,091
Sales portion (%)	16.4	22.3	6.5	54.8
Main Product lines	Interior & exterior materials, insulators, and PVC for buildings	For construction, automobiles, & ships	Ceramic substrate, AM, glass fiber, & EMC	Silicone & sealant
				

1. Company & Business Introduction

3) Major Product Groups by Market

Electronics/ Home Appliances

Raising the quality of home appliances & electronic materials

The presence of KCC's technology permeates every corner of our homes and daily lives. You can witness KCC's products that bring advanced technology to electrical, electronic, and home appliance products used by everyone, which shows the direction for future innovation.

- Industrial paints for home appliances
- Interior paints for home appliances
- PCM paints
- Mixing materials for PSA and UV
- UV Room Temperature Vulcanization
- EMC Epoxy Mixing Compound
- MAP (Die Attach Paste)
- MT (Alumina Molding)

Automobile

Completing automobiles' elegant appearance & luxurious car interior

KCC relentlessly strives to provide a wide range of reliable products that maintain and enhance the functionality of automotive parts and ensure high-quality, reliable vehicles.

- Paints for automobile headlights
- Paints for automotive interior & exterior plastics
- Dynamic substrates for semiconductors
- Long fibers
- Silicone rubber for automobiles
- Powder coatings for automotive parts
- Coatings for automobiles
- Electrodeposition coatings
- CEM paints
- DCU adhesives (DCU adhesives)

Shipbuilding/ Offshore Plants

Becoming the backbone of the marine industry

With growing interest in protecting marine ecosystems and biodiversity worldwide, demand in products for greener ships, containers, and offshore plants has also increased. KCC's differentiated technologies are present throughout the ship/offshore plant sectors, ranging from anti-fouling coatings with lower biocidal resistance to corrosion to fuel cost reduction without polluting the marine environment to fire-retardant insulation materials on ships navigating the open sea.

- Paint for containers
- Long fibers
- Paint for internal tanks of ships
- Eco-friendly epoxy paint
- Thermal insulation materials
- Fire-resistant paint for ships & offshore plants
- DCU vessel repair tools (DCU Mark II, membrane type) parts & adhesives
- Anti-rust paint for ships / Anti-fouling paint

Architecture

KCC's technology! Creating an eco-friendly & stylish interior space

Given that modern people spend most of their daily lives inside buildings, interest and demand for high-quality, functional building materials that are efficient, eco-friendly, and aimed at increasing KCC's commitment to making eco-friendly products that are harmless to human health and boost energy efficiency with advanced technology.

- Industrial paint
- Waterproof materials
- PCM (Pre-coated metal) paint
- Architectural paint
- Thermal insulation materials
- PVC resin/ paint
- Grout
- Coating materials
- Gypsum board

Plant

Protecting plant equipment from extremely corrosive environments

Plant facilities exposed to highly corrosive environments, such as wind, high temperatures, seawater, salt, acid rain, and industrial smoke products with strong physical properties. KCC products applied to the plant market prevent plant equipment corrosion and deterioration and help maintain the best condition for prolonged operation. You can see innovative KCC products that can be found in the plant market.

- Paint for steel buildings
- Thermal insulation materials
- Paint for nuclear power plants
- Fireproof paint for plants

Other Industries

KCC's technology to enhance the durability of mechanical equipment & KCC's silicone in daily lives

KCC silicone exists everywhere in everyday life. KCC products in various industrial sites such as agriculture, medical care, and household goods, come in different types, from coatings applied to machinery and equipment to materials with multiple functionalities. KCC silicone products, which are harmless to human health and boost excellent physical properties, are used as essential materials in various industries where durability is required, while enriching our lives further.

- Silicone oil (Silicone fluid)
- Emulsion
- DCU (Silicone rubber, solvent-free DCU/Silicone)
- RTV (Room temperature vulcanizing silicone rubber)
- HTV (High temperature vulcanizing silicone rubber)
- MC (Paper release coating, Paper release agent)
- Polyurea flooring materials
- Epoxy/urethane flooring materials
- Heat-resistant paint
- Thermal insulation materials
- UV (UV temperature vulcanizing silicone rubber)
- Powder coating
- Incubator paint



2. ESG Management Philosophy

1) ESG Management Philosophy

KCC Management Philosophy

KCC Vision

ESG Goal

Strategy

Strategic Direction

Creating value for a better life

A first-class company with global top-level eco-friendly management & technological know-how

Sustainable development by strengthening ESG management

E

Environment
KCC with the environment



- E1. Advancement of the environmental management system
- E2. Establishment of the climate change response system
- E3. Minimization of environmental impact

S

Social
KCC creating social value



- S1. Vitalization of organizational culture
- S2. Strengthen safety management
- S3. Establishment of respect for human rights & management
- S4. Participation in shared growth & community development

G

Governance
Transparent & reputable KCC

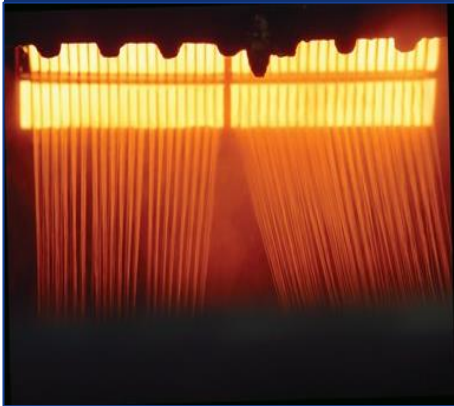


- G1. Expansion of enterprise-wide ESG management system
- G2. Advancement of the BOD operational system
- G3. Establishment of an ethical and compliance management system

KCC's Efforts to Reduce Plastics

ECOMPound Development

**KCC
Glass fiber**



EcoSNOW(GF powder)



+



=

ECOMPound



PIR (Post Industrial Recycle): Recycling of side products

Instant Rice
Packaging container
recycling company



100% recycled
materials
Circular resource

**Wet tissue
Plastic cap**



Past

New material 100%



Current

New material 50%
+ Recycled material 50%

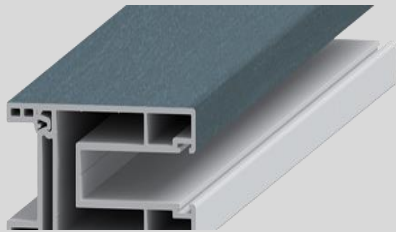


Future

Recycled mater al 100%

KCC's Efforts for PVC Recycling

PVC Profile Features



= Durability + Chemical Resistance + Insulation

- ✓ Materials optimized for cooling & heating energy savings by replacing old wooden/ aluminum windows
- ✓ Useful plastics that make our lives more convenient and enriched

PVC Recycling Issues

1. Long average lifespan
 - ▶ Difficult to retrieve
2. Difficulty in recycling separation
 - ▶ Mixing other plastic materials and colors



Agreement for Active Recycling in the Private Sector



한국바이닐환경협회



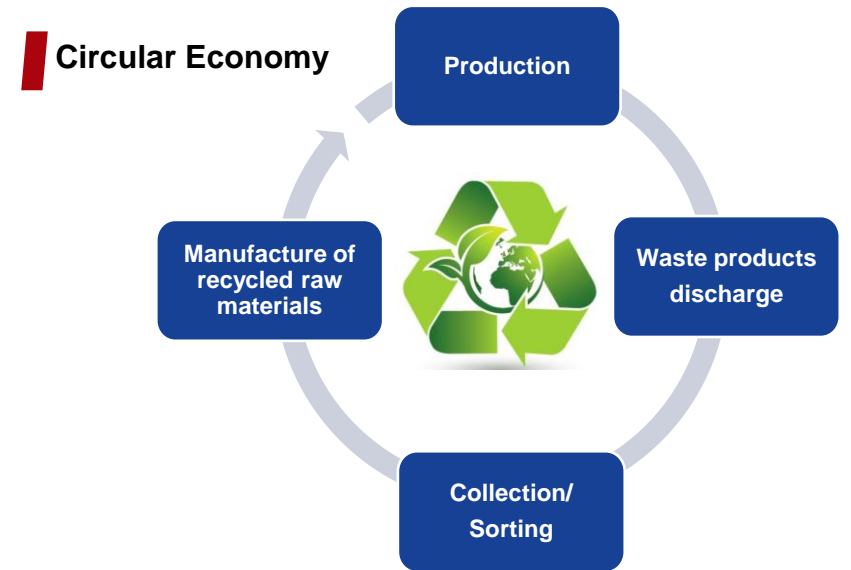
Ministry of Environment Implementation of the EPR system



한국건축재활용사업공제조합
KOREA CONSTRUCTION MATERIALS RECYCLING COOPERATIVE



생산자책임재활용제도



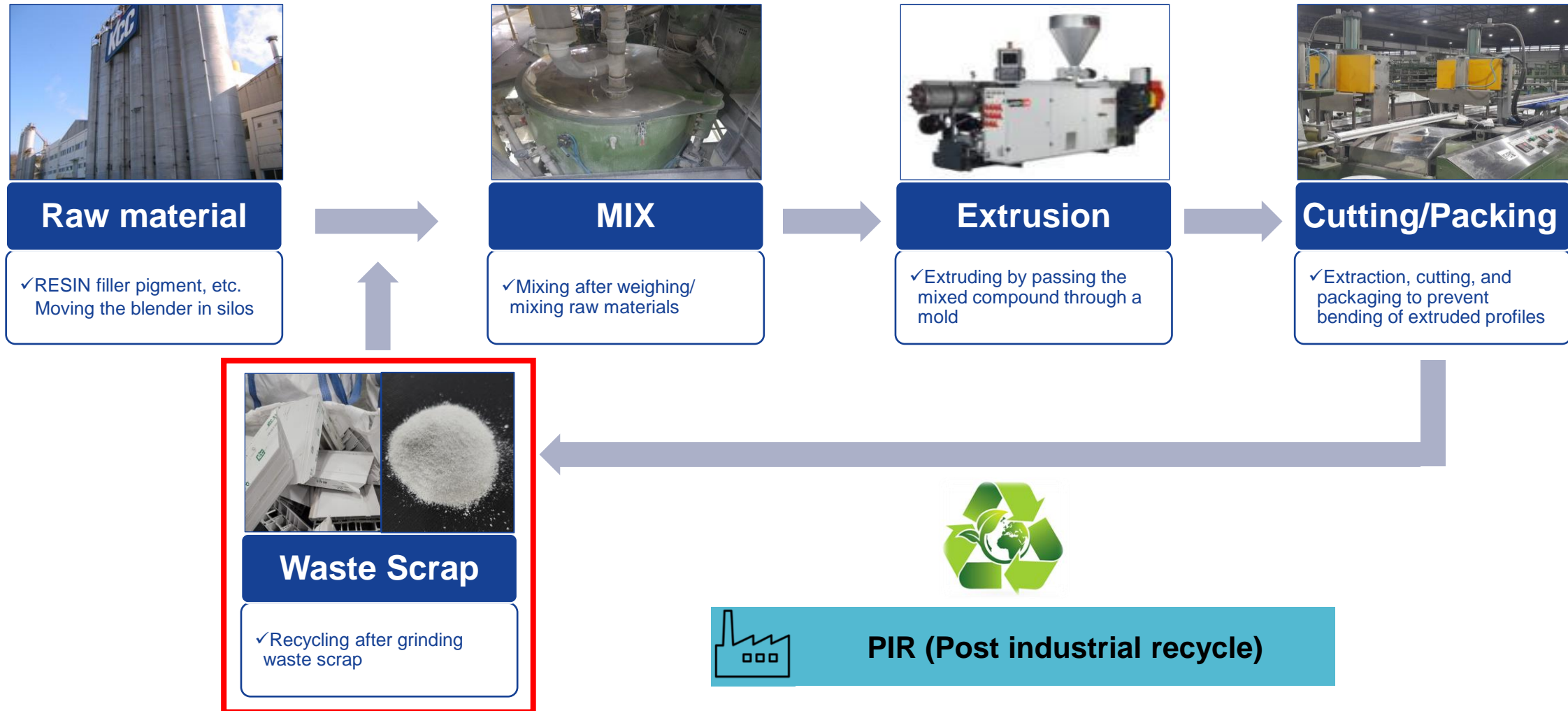
· Granting recycling obligations to producers

· Exemption of waste charges through the fulfillment of recycling targets



KCC's Efforts for PVC Recycling

PVC Window Manufacturing Process



Anti-Fouling Technology leading to Energy Saving

Launched Metacruise NS, Korea's first bipolar silicone anti-fouling paint



- ✓ The key to carbon neutrality in the shipping industry
 - ☞ Using eco-friendly fuel and improving energy efficiency
- ✓ Adhesion of marine organisms to the bottom of the vessel
 - ☞ Up to 55% loss in fuel economy



- ✓ Reduction of frictional resistance based on silicone technology
 - ☞ Energy savings and prevention of adhesion of marine organisms
- ✓ Combination of hydrophilic (silicone) + hydrophobic (anti-fouling) bipolarity
 - ☞ Avoiding adhesion of multi-polar marine life spores

3. ESG Management Performance

4) Preeminent Eco-Friendly Technology

KCC R&D for Eco-Friendly Future Housing Advancement

KCC Energy Zero House to realize green building culture

- Organic and inorganic composite materials**
R&D on advanced functional materials
- R&D on inorganic materials**
R&D on 21st-century building materials
Development of new materials
- Organic materials**
Research on special functional resins
Development of paint ingredients

Architectural Environment R&D

- Standardization of Product and design
- Indoor air quality control
- Architectural acoustic design
- Design environment improvement
- Clean & Healthy Housing Design
- Technical Support for Quality Stabilization
- Product application
- Product Use Diversification Development
- Energy Efficiency
- Long-life Building System Development
- Wall insulation
- Window insulation
- New & Renewable Energy
- Variable infill design
- Drying of interior and exterior systems
- Base Technology R&D
- Design simulation for analysis and prediction
- Product/system design guidelines
- System integration model design
- Green home standard model suggestion

A green building culture that conserves energy and protects the environment is realized with the KCC Energy Zero House.

Passive Technology

- Wall insulation, roof insulation, floor insulation material
- High-performance airtight windows and doors
- High-efficiency glass
- Heat recovery ventilation system

Cycle energy consumption reduced by 60 to 70%
Non-cycle energy consumption reduced by 50 to 60%

+

New & Renewable Energy

- Solar power system
- BIPV (Building integrated photovoltaic system)
- Geothermal system

+

Active Technology

- High-efficiency boiler
- LED
- Power-cut off system

Energy Zero House

KCC Heat-Shielding Paint

The point features an excellent heat-shielding performance by effectively maintaining low temperatures for buildings/walkways by reflecting solar heat in summer.

- Outdoor heat-shielding paint
- Water-soluble heat-shielding paint
- Heat-shielding paint for pedestrian walkways
- Spothane Top Coat (Energy)
- SUPRO Heat-Shielding Top Coat
- SPO road Cool

Excessive indoor temperature rise using 'pachin' as an example

Preventing indoor temperature rise with heat-shielding function

SPO Road cool

Mitigating heat island with heat-shielding function

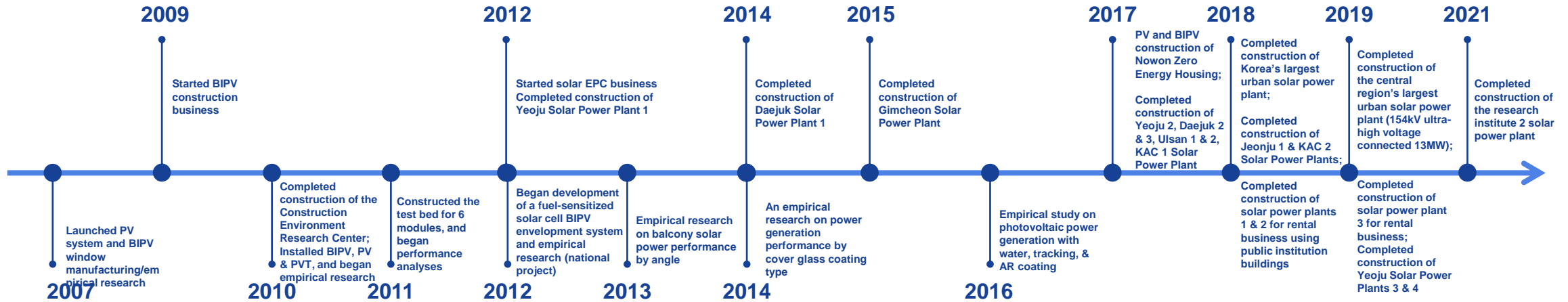
Improving walk convenience with heat alleviation

3. ESG Management Performance

5) Renewable Energy Solar Power

KCC Renewable Energy Project using Solar Power

History of KCC Solar Power Generation



KCC Renewable Energy Project using Solar Power

KCC Solar Facility Operational Status

- ✓ Currently, 13 power plants are installed nationwide (5 in Daejuk, 3 in Busan, 2 in Central Research Institute, 1 in Jeonju, 1 in Gimcheon, and 1 in Ulsan)
 - Installation type: Fixed roof type for **self-investment business**
 - Installed capacity: **24.4MW (24,415 kW)**
 - Power generation: **31,305MWh (2022)**

Year of Installation	Business Sites	Installed capacity (kW)
2014.09.03	Daejuk Plant Warehouse	1,590
2015.12.24	Gimcheon Plant Warehouse	5,756
2017.04.06	Daejuk Plant Raw Material Warehouse	905
2017.07.19	Ulsan Warehouse	1,862
2017.12.07	Daejuk Plant Gypsum Board Units 1 & 2	1,983
2018.05.15	General Research Building of the Central Research Institute	1,134
2018.11.24	Busan Public Procurement Service Building	78
2018.12.01	Storage Center of Busan Public Procurement Service	667
2018.12.19	Jeonju Plant 1 AM/DCB	923
2019.08.01	Daejuk Plant Gypsum Board Unit 3	5,583
2019.08.01	Daejuk Plant 1 Main Warehouse	2,913
2019.09.24	Busan T-Tube	815
2020.12.17	Fire Resistance Test Building of the Central Research Institute	206
Total		24,415

Fossil Fuel Substitution Effect

6,668 toe/year

Power generation basis
(Energy GHG Total Information Platform Service)



CO₂ eduction Effect

13,784 tCO₂

Power generation basis
(Energy GHG Total Information Platform Service)



Afforestation Effect

1.72 million trees

CO₂ absorption;
Average 8 kg/tree
(Forest Service)



Renewable Energy Conversion Rate

5.4 %

(* When switching to power generation for self-consumption)

Power generation compared to
power consumption at business
sites (2022)



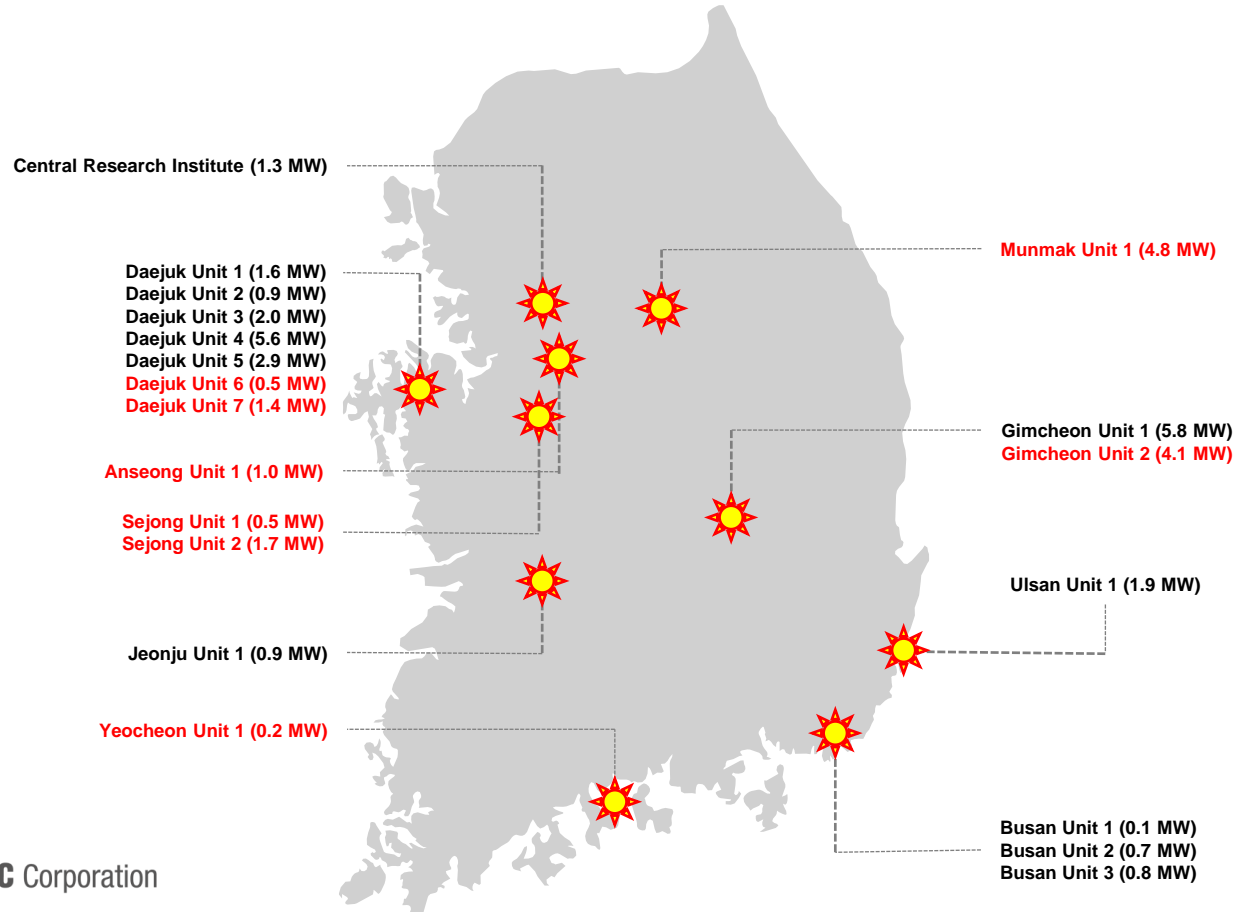
3. ESG Management Performance

5) Renewable Energy Solar Power

KCC Renewable Energy Project using Solar Power

Self-Consumption Solar Power Generation Plan

- ✓ About 14.2MW (Gimcheon, Daejuk, Anseong, Munmak, Sejong, etc.)
 - ▶ Expansion of **power generation for self-consumption** / Planned conversion
 - ▶ **Contribution to carbon neutrality**

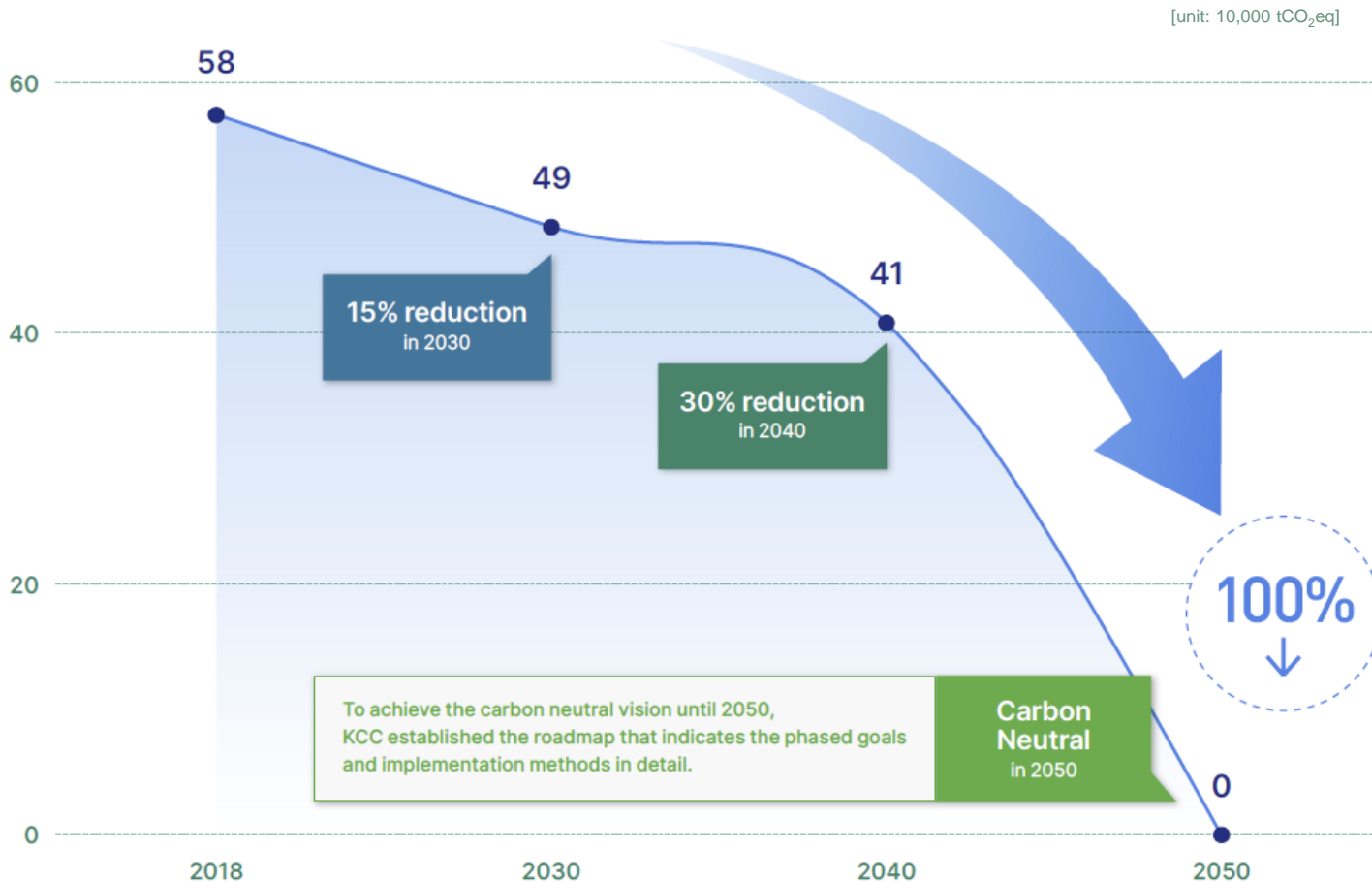


3. ESG Management Performance

5) Renewable Energy Solar Power

KCC Renewable Energy Project using Solar Power

Roadmap for Carbon Neutrality by 2050



4 Major Strategies for Carbon Neutrality

- ✓ Installing and converting to high-efficiency equipment
- ✓ Developing/applying zero-carbon technology
- ✓ Establishing a virtuous cycle of resources and Scope 3 management
- ✓ Adopting eco-friendly renewable energy

Continuous practice of CSR activities linked to the essence of business

Strengthening ties with communities



Customized social contribution in connection with business



Employee participation

Saeddeul Maeul

2018/ Cumulative KRW 683 mil



The OnDongne SUPRO Project

2018/ Cumulative KRW 750 mil



The Firefly House

2018/ Cumulative KRW 550 mil



Dreaming Forest

2022/ Cumulative KRW 160 mil



To the Forest of the Future

2022/ Cumulative KRW 500 mil



3. ESG Management Performance

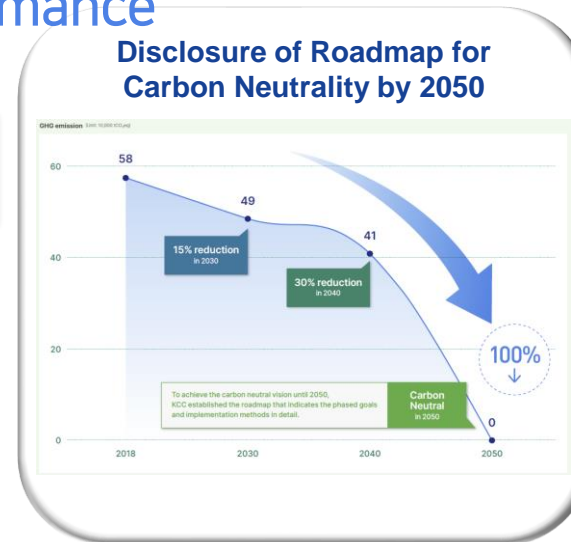
7) Sustainability Report

KCC X Stakeholders, share ESG management performance

Publication of Sustainability Report in Interactive PDF

“KCC published the 9th* Sustainability Report containing its ESG management performance.”

* One of 29 large enterprise groups to publish the Sustainability Report for 9 consecutive years



Disclosure of supply chain-gear ESG management strategy & supplier self-assessment results

2022 ESG Self-Diagnosis Results for Existing Suppliers by Area

Category	Score	Average Score	Percentage Score	Risk
Environmental Management	43	25.3	58.0	Middle
Human Rights & Labor	22.8	14.1	61.0	Middle
Occupational Safety & Health	5.7	3.3	57.0	High
Social	2.8	2.1	76.6	Low
Information Protection/Compliance	5.7	4.4	77.3	Low
Subtotal	37	23.9	-	-
Governance	20	10.6	52.6	High
Total/Average	100	58.6	58.6	-

Disclosure of Greenhouse gas, energy, water resources, & waste reduction targets & mid- to long-term plans

Water Resource Management Reduction Goal & Mid- to Long-Term Plan

Classification	Unit	2022 Goal	2022 Performance	2023 Goal	Mid- to Long-Term Goal and Implementation Method
Water resource usage per unit	Ton/ KRW 1 million	0.900	0.813	0.797	<ul style="list-style-type: none"> Water resource recycling amount of 500,000 tons Increase water resource recycling rate to 30% Continuous management of water stress

Waste Management Reduction Goal & Mid- to Long-Term Plan

Classification	Unit	2022 Goal	2022 Performance	2023 Goal	Mid- to Long-Term Goal and Implementation Method
Waste discharge per unit	Ton/ KRW 1 million	0.0121	0.0133	0.0130	<ul style="list-style-type: none"> Reduction of waste discharge by 20% Real-time inspection/ management of waste-handling process Performance of real-name waste system

Disclosure of KCC environmental management & human rights management policies

KCC Human Rights Management Policy

Classification	Contents	Remark
Humanitarian Treatment	Respect for all members and provide equal opportunity	
Anti-discrimination	Prohibition of discrimination in the HR practices (race, religion, etc.) and respect for diversity	
Prohibition of forced labor	Prohibition of forced labor according to the mental and physical restraints (Slavery, human trafficking, etc.)	
Prohibition of child labor	Compliance of minimum employment age	
Freedom of association	Guarantee right to organization/collective bargaining	Revised
Working hours	Compliance of laws and regulations regarding the working hours and holidays	
Wages and benefits	Payment of minimum wage or higher according to the law	
Responsible Supply Chain Management	Prohibition of purchase on conflict minerals mined unethically	
Employee Safety & Health	Establishment and compliance of relevant guideline for safety & health of the employees and community	
Prohibition of sexual harassment and bullying in the workplace	Prohibition of sexual harassment and bullying in the workplace	
Protection of local residents and the socially vulnerable	Protection of human rights on the socially vulnerable including the local residents	New
Customer human rights protection	Protection of customer lives, health, property and personal information	

KCC X Stakeholders, share ESG management performance

ESG Ratings and Sustainability Report Award History

※ Assessment grade: S, A, A, B, B, C, & D (7 grades)

ESG Evaluation Ratings (Korea Institute of Corporate Governance & Sustainability)							
Type	Yr. 2016	2017	2018	2019	2020	2021	2022
Integrated	B+	B+	C	B	B	B+	A
E	B+	A	B+	B+	B+	B+	B+
S	A+	A	B+	A	A	A+	A
G	C	B	C	C	C	B	A

Sustainability Report History of Awards								
Type		Yr. 2016	2017	2018	2019	2020	2021	2022
Korean Standards Association	KRCA	Manufacturing Excellence	Manufacturing Excellence	Manufacturing Excellence	Manufacturing Excellence	Manufacturing Excellence	Manufacturing Excellence	Manufacturing Excellence
	KSI	-	-	-	-	No.1 in building materials	-	-
LACP	Spotlight Awards	Gold	Platinum	Platinum	Gold	Platinum	-	Gold
	Vision Awards	-	-	-	-	-	-	Silver
MerComm	ARC Awards	-	-	-	-	-	-	Grand Prize

Award Highlights

Year		Managed by	Award Achievements
2023	7	KSA / Yonsei Univ. Institute of Environmental Science & Technology	KS-WEI 1st place – window materials (4 consecutive years) and construction water-based paint (2 consecutive years)
2022	12	Fair Trade Commission	Received Commendation for the Best Company in the 2022 Fair Trade Agreement Fulfillment Evaluation
	12	Ministry of Trade, Industry & Energy and KOTRA	Selected as “World-Class Product” for 14 consecutive years - Anti-corrosive paint for ships (Korepox EH2350), anti-fouling paint for ships (Seacare A/F795), and ceramics for vacuum circuit breakers (VI : Vacuum Interrupter)
	12	KSA	Selected as an excellent company in publishing the Sustainability Report (KRCA : Korean Readers' Choice Award) for 8 consecutive years
	10	KSA and Korean Society for Quality Management	Top-ranked in 5 categories of the Korean Standard-Quality Excellence Index (KS-QEI) - 8 consecutive years for water-based & oil-based paints, 6 consecutive years for ceiling materials, 4 consecutive years for glass wool, and 2 consecutive years for windows
	6	KMR	one of the top-100 companies in domestic ESG management, social responsibility management, green management, & safety management
	3	KMAC	Top-ranked in Korean Industry Brand Power (K-BPI) - Eco-friendly paint (SUPRO) for 4 consecutive years and windows for 2 consecutive years
2021	12	Korea Federation of Advertising Associations	Received the Gold Prize at the Korea Advertising Awards -Digital Video Division
	11	Ministry of Trade, Industry & Energy, Korean Agency for Technology & Standards / KSA	Selected KS Master as an excellent KS-certified company
2020	12	Ministry of Science & ICT	Received IR52 Jang Yeong-sil Award - Ultra-high-brightness hyper silver paint
	11	League of American Communications Professionals	Spotlight Awards Global Communications Competition - Platinum Award (Platinum) and Top 100 (ranked 14 th globally)
2019	11	Korean Agency for Technology & Standards / KSA	The 45th National Quality Management Awards - Presidential Commendation in the Excellent Quality Circle category (3 bronze medals)
2018	12	Ministry of Land, Infrastructure & Transport, National Committee for Balanced Development / LH	Commendation of merit for the renovation project of living conditions in poverty-stricken residential areas in the city (Saeddeul Maeul Project) – Minister of Land, Infrastructure & Transport Award
	6	Korea Commission for Corporate Partnership	Win-Win Growth Index Best Grade
2017	11	Ministry of SMEs & Startups	The 5th Korea Beloved Company Award - Minister of SMEs & Startups Award in the private sector
	10	Ministry of Health & Welfare, KBS, and Community Chest of Korea	Korea Sharing Grand Prize - Prime Minister Award in Social Contribution
2016	9	Korea Brand Management Association	Korea Consumer Trust Leading Brand Grand Prize - HomeCC Interior, selected 1st in the interior category
2015	10	Ministry of Land, Infrastructure & Transport	Greenist Award in recognition of contributing to the development of green remodeling business

집이 에너지를 스스로 자키는 미래

미래형 주거를 만들어가는 KCC 에너지제로하우스

Thank you.



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