

THE 127TH

KC NEWSLETTER

DATE OF ISSUE APRIL 2023

ISSUER SUSTAINABLE MANAGEMENT TEAM

2023 1Q KC NEWS LIST

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- ▶ KC GreenHoldings Year 2023 kick-off ceremony
- ▶ KC employee safety training (CPR simulator)
- ▶ KC GreenHoldings' internship successfully completed
- ▶ KC EnviroServices Changwon Plant starts commercial operation of new back pressure turbine
- ▶ KC Solar & Energy Signs New Business MOU
- ▶ KC Cottrell held the 13th regular shareholders' meeting
- ▶ KC GreenHoldings held the 50th regular shareholders' meeting
- ▶ ES Volunteer Group, Plogging Volunteer Activities for Spring
- ▶ Appointment of the executive of KC Network
- ▶ [HR] What is the blanket wage system?
- ▶ [CSR] Unilever's environmental management
- ▶ [CSR] Preventing fires in spring
- ▶ [CSR] The impact of forest fires and what we need to do

In recognition of KC's technological prowess, it surpass global conglomerates in the Taiwanese market and win \$200 million overseas. Starting with this, KC go abroad.

It then establish a R&D Department and be listed on the Korea Exchange for the first time as an environmental company.

Lilama EME, selected as Best Partner by BSR

DECEMBER 20, 2022

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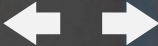


Lilama EME, a subsidiary of KC EnviroServices, won the award at the Best Partner (Health and Safety) selection contest held by the Binh Son Refining and Petrochemical Joint Stock Company (BSR), the largest customer in Vietnam.

Lilama EME currently manages the industrial waste discharged by BSR and was highly recognized for contributing to BSR's 37 million accident-free driving hours.

Meanwhile, BSR, which belongs to Vietnam's Petrolimex Group, operates a refinery located in Dung Quat in central Vietnam and has invested \$3 billion in Vietnam to refine 6.5 million tons of crude oil annually. (End)

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KC GreenHoldings held a kick-off ceremony on January 2nd.

President Jong-kyoo Kim, in charge of the New Year's address, said that 2022 was the year that laid the foundation for a new leap forward after two years of difficulties, as continuous efforts were made to strengthen the internal capabilities of affiliates, face-to-face training, organizational culture, and CSR aspects and that investments had also led to the profitability of the group as a whole.

However, the business environment in 2023 is expected to become more difficult due to the rapidly changing external situation as a result of the endemic and the following requests were made to handle the situation △strengthening management diagnosis activities and discovering future growth engines, △establishing an internal accounting management system and securing financial stability, and △preparing events for the 50th anniversary of KC's founding to announce its leap forward while prioritizing the improvement of KC Network's management efficiency. In addition, he emphasized that Digitalization and Globalization were the same as last year and said that synergy creation with overseas affiliates should also be actively reviewed.

In celebration of the 50th anniversary following the New Year's address, the 50th-anniversary emblem was divided into puzzles and printed on the employees' business cards, and awards were also given to the most excellent employee (Manager Ho-sik Lee) and long-term service (Senior Manager Eun-sook Hong). The winter interns (employed for 8 weeks) were also introduced. (End)



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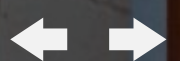
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KC employee safety training (CPR simulator)

FEBRUARY 16



On February 16, KC GreenHoldings conducted CPR simulator safety training on the 12th floor of the Sangam office building. This training was conducted to improve the ability of employees to cope with safety accidents by learning how to deal with accidents in the event of an accident.

The training was 30 minutes for each group and covered experiencing the correct CPR (using a simulator) after hearing an explanation of what CPR is and what to do in case of cardiac arrest. On review, the training was found to be beneficial due to the experiential practice and being able to check whether the cardiopulmonary resuscitation was smooth through the simulator screen and how it applied to daily life.

As this training is absolutely necessary in case of an emergency, groups were organized to include the participation of as many executives and employees as possible, and it was conducted in 14 sessions, with a total of 120 KC employees completing the training.

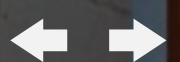
Following this CPR training, KC GreenHoldings plans to conduct safety training and fire safety training in virtual situations through VR in June and September. (End)

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KC GreenHoldings' internship successfully completed

FEBRUARY 24



KC GreenHoldings' 2023 winter internship program has been completed.

The internship is an 8-week program from January 2nd to February 24th. In the beginning, after being introduced to KC's business and teamwork, and then visiting KC's domestic affiliates, they are then each assigned to a team to take on individual and common tasks.

The four interns participating in the internship were assigned to the strategic management team and the sustainable management team, respectively. The strategic management team's interns selected one of KC's domestic affiliates to analyze the current management status and propose a new business model, and KC EnviroServices and KC Glass & Materials were selected and the <KC EnviroServices waste division 5-Year profitability analysis and proposal>, and the <Proposal for a glass bottle business for baby food to boost white bottle sales> was suggested during the presentation. Each intern of the sustainable management team was given a task related to the desired job and they presented <KC GreenHoldings ESG evaluation rating status> and <KC new employees core value education program>.

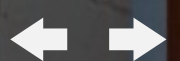
Interns who participated in the program said, "I was very nervous as it was my first internship, but I was able to grow because the working-level staff spent a lot of time helping and also shared company data" and "It was great to see and learn how things actually work in my fields of interest." (End)

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KC EnviroServices Changwon Plant starts commercial operation of new back pressure turbine

FEBRUARY 28



On February 28, KC EnviroServices East Business Group Changwon Plant completed the construction of its electricity production back pressure turbine (960Kwh) using steam generated when a new incinerator is operated and begins operating.

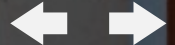
This turbine generator installation was implemented with the support of KRW 1.87 billion from the government. Based on this, it is expected that energy cost reduction and operating profit increases can be achieved. (End)

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KC Solar & Energy Signs New Business MOU

MARCH 23



KC Solar&Energy and Haezoom, an energy IT company, signed a business agreement to promote new energy businesses e.g., the distributed energy resource business and RE100.

KC Solar&Energy has various experiences such as developing the world's largest facility-using power generation business license (26MW) and the waste salt farm site and waste landfill utilization business license, etc. while Haezoom has its know-how on distributed energy resource business and O&M and has consulting experience in the field of RE100 and electricity rate reduction for participation in carbon neutral campaigns.

Through this business agreement, KC Solar&Energy and Haezoom will promote cooperation in new energy businesses such as △RE100-related solar power facility investment, installation, and operation, △distributed energy resource business resource recruitment and operation, and △solar power facility O&M recruitment.

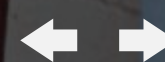
Considering the experience and know-how of each company, synergy effects are expected in the new energy business field, and regarding the implementation of RE100, we are to present the optimal solution that can effectively activate renewable energy and efficiently operate distributed energy resource businesses and solar power plants O&M to provide services that enable our customers to obtain stable and high returns. (End)

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KC Cottrell held the 13th regular shareholders' meeting

MARCH 29



KC Cottrell held the 13th regular shareholders' meeting at its headquarters in Sangam-dong on March 29, 2023. At this regular shareholders' meeting, a total of 5 agendas were submitted and approved, while items such as KC Cottrell's 2022 business year audit report, sales report, and internal accounting management system operation status report were presented.

At the shareholders' meeting, KC Cottrell presented a proposal to change the total number of shares to be issued and the articles of incorporation regarding profit dividends, and the original draft was approved. In addition, the agenda for the appointment of an auditor was presented and approved, and candidate Kim Gyeong was newly appointed as the full-time auditor. Auditor Kyung Kim completed the MBA course at the MIT Graduate School of Business and has been engaged as a certified public accountant in the field of accounting and auditing from 1984 to the present date, and has, since 2006, served as the representative accountant of Cham Accounting Firm.

In 2022, KC Cottrell achieved sales of KRW 421.5 billion on a consolidated basis, an operating profit of KRW 3.6 billion, and a net loss of KRW 22.1 billion, and the original financial statements were approved at this shareholders' meeting.

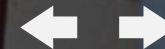
In the chairman's greeting, KC Cottrell CEO Hyun-soo Kim promised the shareholders to improve profitability, preoccupy new markets for new businesses, and internalize ESG management as KC Cottrell's major tasks in 2023 and asked for unchanging encouragement and support from shareholders and stakeholders. (End)

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KC GreenHoldings held the 50th regular shareholders' meeting

MARCH 29



KC GreenHoldings held the 50th regular shareholders' meeting. Through the electronic voting system introduced in the 48th meeting, shareholders who could not attend the regular shareholders' meeting in person were able to exercise their voting rights.

In this meeting, there were three reports on the audit report, the business report, and the internal accounting control system operation status, and the decision-making included the approval of the financial statements and the consolidated financial statements, the partial changes to the articles of incorporation, the appointment of new outside directors, the re-appointment of auditors, the director remuneration limit, and the audit remuneration limit. In particular, in the case of partial changes to the articles of incorporation, an amendment was made to allow shareholders to change the base date of dividends to a date after the settlement board meeting to improve the predictability of dividends to shareholders.

CEO Tae-young Lee said, "In celebration of the 50th anniversary of the founding, management efficiency is the top priority so that we can grow into a sustainable company based on solid competence, by strengthening the internal capabilities of affiliates through management diagnosis, discovering future growth engines, settling the internal accounting management system, and securing financial stability to adapt to internal and external circumstance changes."

KC GreenHoldings achieved operating revenue of KRW 14.3 billion, an operating profit of KRW 8.8 billion, and a net profit of KRW 2.5 billion on a separate basis, and realized operating revenue of KRW 711.2 billion, an operating profit of KRW 13.6 billion, and a net loss of KRW 17 billion on a consolidated basis.

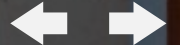
Meanwhile, KC GreenHoldings appointed Han-kyung Lee, the CEO of Eco & Partners, as a new outside director candidate to strengthen the diversity and expertise of the board of directors. outside Han-kyung Lee is the first female outside director of KC GreenHoldings, and with this appointment, is expected to accelerate the improvement of the diversity of the board members and the governance structure. (End)

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ES Volunteer Group, Plogging Volunteer Activities for Spring

MARCH 30



The KC EnviroServices ES Volunteer Group has been conducting regular volunteer activities in the first and second half of each year.

This spring plogging was held on March 30th, and employees of the Seoul office and two executives from the site came up to Seoul to participate. The ES volunteers walked about 7km along the Nanji Park and Noeul Park Dole-gil courses, collecting cigarette butts and disposable household waste, etc.

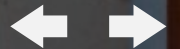
The volunteers said, "Plogging on the road with pretty flowers when the weather is nice has helped to relieve daily stress and seems to have restored the balance of body and mind." The executives who came to Seoul from the provinces and also participated said, "This activity is not a one-time event for us, and we will actively participate in the future." (End)

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Appointment of the executive of KC Network

KC GreenHoldings announced the 2023 KC Network executive personnel appointments as follows.



KC Safety & Technologies
CEO Jeong-wan Kim



Clestra Hauserman
CEO Jong-oh Kim (Right)



KCVCS CEO
Kun-hyeon Na



KC Solar&Energy
Vice President Bong-hee Lee

KC GreenHoldings Vice President Jeong-wan Kim was inaugurated as the CEO of KC Safety & Technologies. CEO Jeong-wan Kim concurrently serves as the CFO of KC GreenHoldings and served as the CEO of KC Glass & Materials from 2007 to 2021.

Jong-oh Kim, head of Clestra Hauserman (China), was appointed as the representative director of the Seoul headquarters. CEO Jong-oh Kim joined Clestra Hauserman as the deputy general manager of Clestra Hauserman Technology Headquarters in 1986 and served as an executive director of technology, and from 2009, served as the head of the Chinese corporation and then in a representative position. At the inauguration ceremony, CEO Jong-oh Kim said, "As it is a difficult time, communication and harmony between organizations is crucial, so let's work together to achieve our goals."

CEO Geon-hyeon Na was inaugurated as the CEO of KCVCS. After joining KC in 2015, he was in charge of management support, finance, and planning at Nol-Tec Korea, KC Solar&Energy, and KC Cottrell. The inauguration of CEO Geon-hyeon Na is expected to maintain the competitiveness of KC VCS' existing business and to create a new future for KC VCS together with employees, based on the experiences accumulated in various fields.

Bong-hee Lee, vice president of KC Solar&Energy, was newly inaugurated. Vice President Bong-hee Lee worked in the power generation business field for over 30 years at Korea Electric Power Corporation, Samsung Engineering, and Daelim Energy, serving as the electric power researcher, chief engineer, and managing director of the domestic business division and has experience in all the fields of thermal power generation business and project know-how in various renewable energy business areas such as solar power, fuel cell, offshore wind power, and biomass.

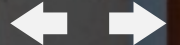
It is expected that there will be growth and change in KC based on the years of experience and achievements of the newly appointed executives.
(End)

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[HR] What is the blanket wage system?

The blanket wage system refers to a wage payment system where employers and workers decide to pay wages in a lump sum by including them in the wages of other items without separately calculating the wages of certain items when calculating the wages. The Labor Standards Act prescribes the method of calculating and summing these allowances based on ordinary wages as the wage calculation method, however, in the workplace, this practice has managed flexibly, and as Supreme Court precedents have begun to allow the practice, the law of the blanket wage system has emerged.

For the blanket wage system to be established, there must be an explicit agreement between the employer and the worker in the labor contract, the rules of employment, a collective agreement, etc., and this explicit agreement can be replaced by an implicit agreement. However, in the case of an implicit agreement, the establishment of a blanket wage agreement based on an implicit agreement is severely restricted only when it is objectively recognized that there has been an agreement not to pay any additional allowances in addition to the daily wage e.g., it is difficult to accurately calculate the actual working hours due to the specificity of the type of work.

In the previous administration, the blanket wage system ① was recognized as an exception only when it was difficult to calculate the working hours, and ② if it was not difficult to calculate the working hours, it was considered invalid even if there was an explicit agreement. In addition, it was clear that there must be an explicit agreement on the blanket wage system even if an exceptional reason for the difficulty in calculating working hours is recognized. Recently, voices for the abolition of the blanket wage system are growing in the political world, and in fact, a revised Labor Standards Act containing the contents of the abolition of the blanket wage system has been proposed.

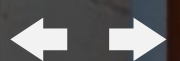
As the possibility of the abolition of the blanket wage system is expected to be high, while strong opposition from workers against the recent 69 hours of work per week, KC affiliates with the blanket wage system need to prepare for this. In Europe and Japan, the mandatory recording of working hours is regulated by law, and as this is managed by companies, the legal discussion on the necessity of introducing a blanket wage system has disappeared. Therefore, an active review of the working hour records and their management is required for KC affiliates to preemptively respond to this. (End)

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UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH AND WELL-BEING

REDUCING ENVIRONMENTAL IMPACT

ENHANCING LIVELIHOODS

HEALTH & HYGIENE

IMPROVING NUTRITION

GREENHOUSE GASES

WATER

WASTE

SUSTAINABLE SOURCING

BETTER LIVELIHOODS

OUR PEOPLE

- 저희는 2039년까지 자체 구매에서부터 완제품의 판매 시점까지 모든 제품의 이산화탄소 배출량을 0으로 줄이겠습니다.
- 저희는 숲, 이탄 지대, 열대우림과 같은 고탄소 생태계를 보호하는 더 엄격한 기준을 만들기 위해 노력하고 있으며, 2023년까지 삼림 벌채 없는 공급망을 갖출 것입니다.
- 저희는 새로운 세대의 농부 및 소규모 농업 종사자들의 환경 보호와 재생에 힘을 실어줄 것입니다.
- 저희는 모든 공급업자에게 기존의 지속 가능한 농업 강령을 기반으로 하는 새로운 재생 농업 강령(Regenerative Agriculture Code)을 도입할 것입니다.
- 저희는 2030년까지 물 부족 지역 100개소에 물 관리 프로그램을 시행하고, 2030 수자원 그룹 파트너십 (Water Resources Group Partnership)에 참여해 수자원 복원 프로그램을 확장할 예정입니다.
- Unilever의 브랜드들은 새로운 Climate and Nature 펀드에 총 10억 유로를 투자할 것이며, 이 펀드는 향후 10년 동안 의미 있고 결정적인 조치를 취하기 위해 사용될 것입니다.

Unilever, evaluated as the most sustainable among global companies, is a multinational company that sells household goods, such as shampoo, body wash, and fabric softener. As can be seen from the product line, Unilever's products require a large amount of water consumption both during production and when used by consumers.

Unilever has set long-term goals called sustainable living plans in nine areas, but among them, we would like to introduce activities to respond to the environmental issue of water shortage due to the nature of Unilever's products, which consume a lot of water. To reduce water use, Unilever has firstly set two goals: to reduce water consumption in the process of producing and using the product and manage production data since 1995 to create a circulating water treatment process that does not use any new water, and as a result, the water consumption per ton produced could be reduced by 80%. In addition, the water consumption in the product consumption stage was reduced by developing a product that accelerates foam decomposition or a product that does not require rinsing with water.

Such innovative activities were made possible as they constantly strived to derive improvements from the accumulated data. As the case of Unilever suggests, ESG management should be considered throughout the business rather than by only a dedicated department, and goals should be set and improved through continuous monitoring.

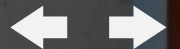
In this way, when considering ESG management, it is necessary to identify what ESG issues relate to us and to think about how to improve them. (End)

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[CSR] Preventing fires in spring

Due to the continuing dry weather, the forest fire disaster national crisis alert has been issued as the 'alert' stage, and news of fires is being reported daily. According to the fire occurrence analysis by season of the last 5 years (2016-2020) by the Fire Administration, spring (29%), winter (28%), summer (22%), and autumn (21%) appeared in that order.

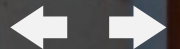
The most frequent spring fires are analyzed to be attributed to the dry climate and increased outdoor activities. The main causes of fire are cigarette butts (32.2%), incineration of garbage (16.8%), and cooking food (13.1%). In addition, it was found that in spring, there is more solar radiation than in winter, and even if it rains, the amount of rain is small and the humidity is low, so the grass and fallen leaves are dry which can lead to even a small ember catching fire.

Fires can cause damage to property and human life, so it is necessary to familiarize yourself with the prevention methods in advance and make it a habit. If a fire has already occurred, you must shout aloud to let others know and report it to 119 to accurately report the ignition point and situation. Also, it is important to extinguish the flames in the early stages, so try to extinguish them with a nearby fire extinguisher. And to prepare for cases where you don't have a fire extinguisher nearby, you'll need to learn alternative firefighting methods.

Fire Prevention	Alternative Firefighting other than using Fire Extinguishers
<p>① You must refrain from smoking as cigarette butts can cause forest fires. Do not bring any inflammable items such as cigarettes, matches, lighters, etc. to the mountain.</p> <p>② Do not burn garbage near the house. If it is unavoidable to incinerate near a forest, prior permission must be obtained from the relevant governing office.</p> <p>③ To prevent fires in the home, make it a habit △ to use a gas range timer, △ close the gas valve, △ not use an electric heater for a long time, △ organize and clean outlets, and △ have a fire extinguisher.</p> <p>④ To prevent outdoor fires, make it a habit △ to find out the location of the emergency exits and fire extinguishers, △ not to throw away garbage randomly, and △ not to go near combustible materials.</p>	<p>① If you shake a soda and spray it, the carbon dioxide component makes the fire go out.</p> <p>② When a fire breaks out in the kitchen due to oil, pour water on vegetables with rich leaves and throw them on the fire.</p> <p>③ When mayonnaise is poured, the lecithin component of mayonnaise builds on the surface of the oil and blocks the supply of oxygen.</p> <p>④ Baking soda generates carbon dioxide and water when heat is applied, so it can suppress combustion and lower the oil temperature.</p> <p>⑤ Throw soil in the pot and cover it completely to prevent air from penetrating</p> <p>⑥ You can put out the fire by covering it with a wet blanket to block the air.</p>

If the initial extinguishing fails, cover your nose, and mouth with a wet towel, and evacuate while bending over your body. (End)

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[CSR] The impact of forest fires and what we need to do

Forest fires, once started, often lead to large-scale forest fires if not extinguished in the early stages. In particular, forest fires spread in a short time, and to restore forests that have turned to ashes, enormous efforts and costs must be invested over a long period, ranging from 40 to 100 years. The damage caused by forest fires can be categorized into the three aspects below.

Ecological Aspects	Economical Aspects	Social Aspects
<ul style="list-style-type: none">• Deforestation, biodiversity loss• Destruction of wildlife habitat• Loss of soil nutrients• Larger areas affected by flood• Change in the local climate• Increased acid rain and air pollution• Climate change caused by increased carbon dioxide emissions	<ul style="list-style-type: none">• Loss of income from timber, livestock, and forest products• Loss of the environmental function of forest• Destruction of National Parks• Cost increases due to food production and water supply• Economic loss due to industrial disruption and transportation disruption	<ul style="list-style-type: none">• Decrease in the tourist population, etc.• Disruption of industry• Depending on the concentration of haze in the atmosphere, the effect on the skin and respiratory system (an increase in cancer and chronic diseases)

Preventing forest fires is the most important thing, but if a forest fire occurs, efforts for recovery should be made quickly. This is because when forest fires occur during the rainy season of the year, private houses and agricultural lands are at a high risk of secondary damages such as those from flood damage, and forest losses affect climate change.

After a forest fire, the forests are restored through the following steps: In the 1st step, the damaged trees burned by the forest fire are removed to prepare the place for new trees to be planted. The 2nd step is the seedling production stage, in which young trees are nurtured. In the 3rd step, erosion control work is conducted by planting trees or stacking stones to prevent the movement or outflow of soil and gravel in the mountains, riversides, and beaches. The last and 4th step is to plant trees in the affected area.

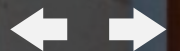
To quickly recover forest fire-stricken areas, direct improvement activities e.g., donating seedlings or planting trees are necessary among the above steps. Since there are many affected areas at home and abroad due to frequent forest fires in the spring, active participation in tree planting by citizens will be desperately needed. (End)

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The theme for GWP April is “Planting trees to make the earth and me healthy.”

Trees are known to play a role in purifying the atmosphere by absorbing carbon dioxide and releasing oxygen. In addition to improving air quality, planting trees has various benefits, including preventing landslides and droughts, securing biodiversity to prevent ecosystems from being destroyed, and mitigating heat islands. Therefore, Arbor Day is designated, and tree planting is encouraged in various countries around the world.

April 5th is Arbor Day in Korea. It is said that April 5th was designated as Arbor Day as it is good to plant trees around Cheongmyoung (one of the 24 seasonal divisions) which is in the green and clear season. On April 27th, KC GreenHoldings is also planning to plant trees as a CSR activity, so we appreciate your interest and participation in advance.