

Think the Green

KC Green Holdings 2015 Sustainability Report

2015 Sustainability Report

About this Report

Since publishing a sustainability report for the first time among Korean environmental companies in 2012, KC Green Holdings has been publishing the report annually. Through such efforts, KC Green Holdings will continuously share its sustainable management activities and achievements to communicate and grow together with various stakeholders.

Reporting Principle

GRI G4 Guideline

Report Boundaries

Includes the management status and performance for the head office in Korea and its 14 affiliates (including workplace)
For overseas business, includes the performance of eight affiliates and the management performance of projects in 17countries

Reporting Period

Jan 2014 – Dec 31, 2014 (includes some performance of 2015)

Reporting Criteria

Minimum of three years of information based on the fiscal year
(currency used is USD)

External Assurance

Third-party verification opinion (Korean Chamber of Commerce Business Institute for Sustainable Development)

Disclosure Principle

Listed all-year-round in the KC Green Holdings homepage
(www.kcgreenholdings.com)

Additional Information

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Think the Green []

KC Green Holdings Sustainability Report

KC Green Holdings aims at sharing the impact on various concerned parties including the environment and society and the achievements made through its efforts for the global society with the sustainability report.

Cover Story



KC Green Holdings has strived for a sustainable society through optimal environmental technologies and services. The cover story of this report expressed our company’s core values, continuous co-prosperity with concerned parties, and mutual growth with the environmental icon of a leaf as the motif.

Meaning of ‘Think the Green []’ >

In addition to the main keyword of “Green”, which shows the consideration for the world environment, brackets were placed to enter various words such as “The Green Society, People, Company, Business”, etc as a message that represents a connection and acceptance of various interested parties, while having an impact on us.

Contents

05

—

KC Green Holdings Sustainable Management Overview

06

KC Green Holdings Sustainable Management at a Glance

08

CEO Message

10

CFO Message

11

Company Overview

12

Main Businesses

14

Global KC Green Holdings

16

History

18

Governance

19

Risk Management

20

Sustainable Management of KC Green Holdings

21

Communication with Stakeholders

22

Materiality Assessment

23

—

Main Agendas of KC Green Holdings Sustainable Management

24

Safety and Health

26

Management Innovation

30

Ethical Management

33

Employees

36

Client and Partner Companies

38

Environment

44

Community

47

—

Appendix

48

Introduction of Subsidiaries

52

Financial Information

56

Third Party Assurance Statement

57

GRI G4 Index

59

Joined Associations and Certifications

KC Green Holdings

Sustainable Management Overview

06

KC Green Holdings Sustainable Management at a Glance

08

CEO Message

10

CFO Message

11

Company Overview

12

Main Businesses

14

Global KC Green Holdings

16

History

18

Governance

19

Risk Management

20

Sustainable Management of KC Green Holdings

21

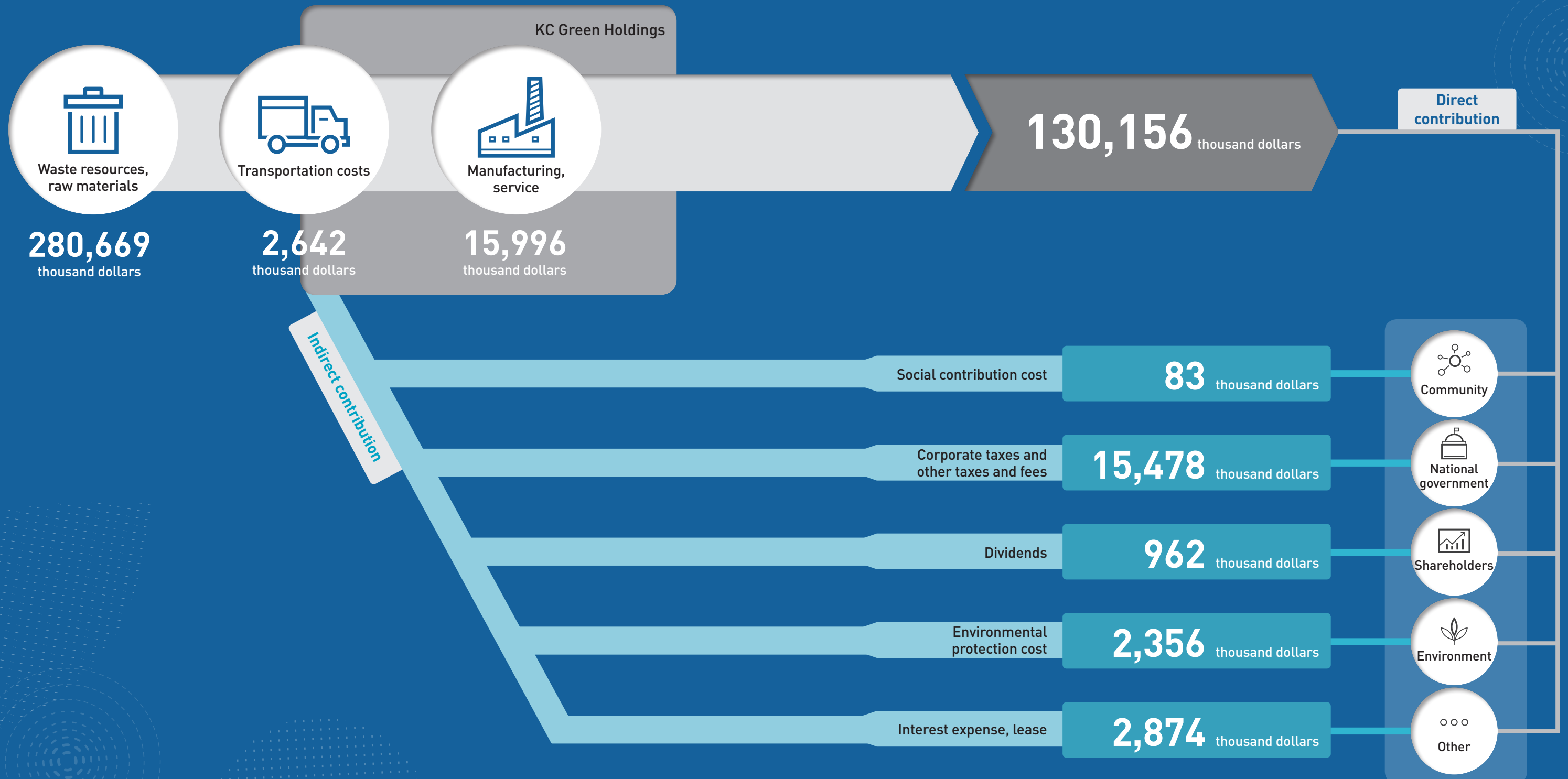
Communication with Interested Parties

22

Materiality Assessment

KC Green Holdings Sustainable Management at a Glance

KC Green Holdings believes that sustainable management means honest and efficient management activities which make the environment clean and society warm. KC Green Holdings keeps its transparency and redistributes its earnings to stakeholders and the community to create direct and indirect ripple effects.



CEO Message



We will strive to make a clean environment, happy people, and warm society.

Greetings to our valued stakeholders.

KC Green Holdings understands that a company can achieve sustainable development while not only pursuing economic value but also social responsibilities as a member of community. This was the reason we strived to develop detail concept of sustainable management. In line with our efforts, we became the first environmental company in Korea who has been issuing annual sustainable management reports since 2012. This fourth report presents the results of our on-going efforts to address issues raised in our previous reports / materiality assessment.

In 2014, 700,000 tons of waste resources were treated and 180,000 tons recycled.

The business of KC Green Holdings is directly linked to environmental protection. Therefore, we believe that each and every one of our thoughts and behavior will have an impact on the environment and we are working with the mission to protect the environment.

Through such efforts, approximately 700,000 tons of wastes were safely treated in 2014 and 180,000 tons were recycled. Furthermore, heat sources from incinerating wastes were used to produce 70,000 tons of heat energy (steam), and 6,000 tons of greenhouse gases were reduced through solar power generation.

We invested 25 million dollars for our future growth.

2014 was the toughest year for domestic and foreign markets since the Asian financial crisis in 1997. KC Green Holdings also had difficulties in business due to this economic situation. Nonetheless, the company decided to make a bold investment decision for the future and invested 25 million dollars to procure a future growth base. Some of the biggest investments were the Waste-to-Energy waste treatment facility installation (Hwachi Plant) of KC Enviro Services, installation of the solid fuel production facility and energy (steam) supply facility boiler for KC Eco Energy, and extension of the waste water and waste oil purification facility of KC Hanmi Environment.

The ethical mindsets of employees were heightened and social contribution activities strengthened.

KC Green Holdings put more emphasis on ethical management activities to ensure honest and transparent management; and to respect the employees' rights. For this, the code of ethics was revised and shared with the whole employees.

And from 2014, we included CSR plans and budgets in the business plans of each affiliate, and introduced a system to inspect its execution to strengthen social contribution activities.

Also, KC Green Holdings and KC Network affiliates made many achievements for sustainable management such as developing environmental technologies and communicating with various interested parties, and came up with meaningful tasks for the future.

In particular, the management innovation activity, TOP (Top Operational Performance), carried out by affiliates in the environment service was a representative activity for creating synergy and sustainable management. KC Green Holdings will continue to make positive and assertive challenges to lead product and service innovation, and also develop environmental management and internal CSR initiatives. We ask for your continued support for our will and passion.

Thank you.

KC Green Holdings

CEO **Lee Tae-young**



CFO Message

KC Green Holdings strives to create and distribute maximum value for clients and stakeholders, while ensuring a happy life to those we work with.

I would like to extend my sincere appreciation to the stakeholders who showed their support for KC Green Holdings for the past year.

The harsh business environment is continuing even in Korea and displayed long-term low-growth amidst the global economic slowdown. The financial instability and uncertainties of the euro-zone due to the economical crisis in southern Europe such as Greece, and the slowing growth of China had a negative impact in the global economy, and due to this, oil prices also dropped to very low levels. This global economic recession resulted in lower trade volumes, as well as a contraction in investments.

The environmental engineering business that supplies air pollution control systems in Korea and abroad centering on KC Cottrell also experienced a drop in orders due to the economic recession and low investments. Furthermore, the environmental service that engages in industrial waste treatment, recycling and conversion into energy businesses also had difficulties due to the slowdown of the domestic manufacturing industry. Moreover, the drop in oil prices had a negative impact on development and investment of new renewable energies, thus, the sales environment of the solar power business was also limited.

In result, the sales profits of KC Green Holdings dropped by about 20% compared to the previous year. However, we are working hard to make this an opportunity for growth by overcoming the crisis with customized strategies through market analysis and by spreading out risks.

Even amidst such circumstances, KC Green Holdings and its affiliates distributed¹⁾ 348 million dollars in economic value to the society and stakeholders last year. We believe that through the growth of a company, bigger values can be passed on to stakeholders such as employees, clients, partners, and stockholders, and that it is possible to contribute to society by creating jobs and providing job security. The goal of sustainable management pursued by KC Green Holdings is not only of economic value for shareholders of the company, but also social value for humanity and the world. We will continue to do our best to repay your trust and faith

KC Green Holdings COO, CFO
Vice President **Kim Jung-wan**



¹⁾ Total of cost of sales distributed directly and indirectly to the society, salse and management cost, wage and welfare, interest expense, dividends, taxes and dues, donations

Company Overview

Company Overview

KC Green Holdings started as KC Cottrell in 1973 manufacturing air pollution control system and was converted into a holdings company to improve management efficiency and to establish a transparent governance in 2010. As of 2015, it is the nation's largest comprehensive environmental company with 15 domestic and 15 overseas affiliates in the air pollution control system, waste-to-energy services, eco-friendly product manufacturing, and renewable energy businesses.

General Status

Company	KC Green Holdings Co., Ltd.
Head Office	Digital Cube 11F, 34 Sangamsan-ro, Mapo-gu, Seoul
Date of Foundation	27-Nov-1973
CEO	Lee, Tae Young
Total No. of Employees	1,111
Credit Rating	A- [NICE Credit Information Services as of December 2014]
Homepage	www.kcgreenholdings.com

Stockholder Composition

	Relationship	No. of shares	Ratio
Lee, Tae Young	CEO	7,091,089	31.61%
Sanyeon Co.,Ltd	Others	2,070,000	9.23%
Lee, Jae Young	Relative	1,478,965	6.59%

Organization

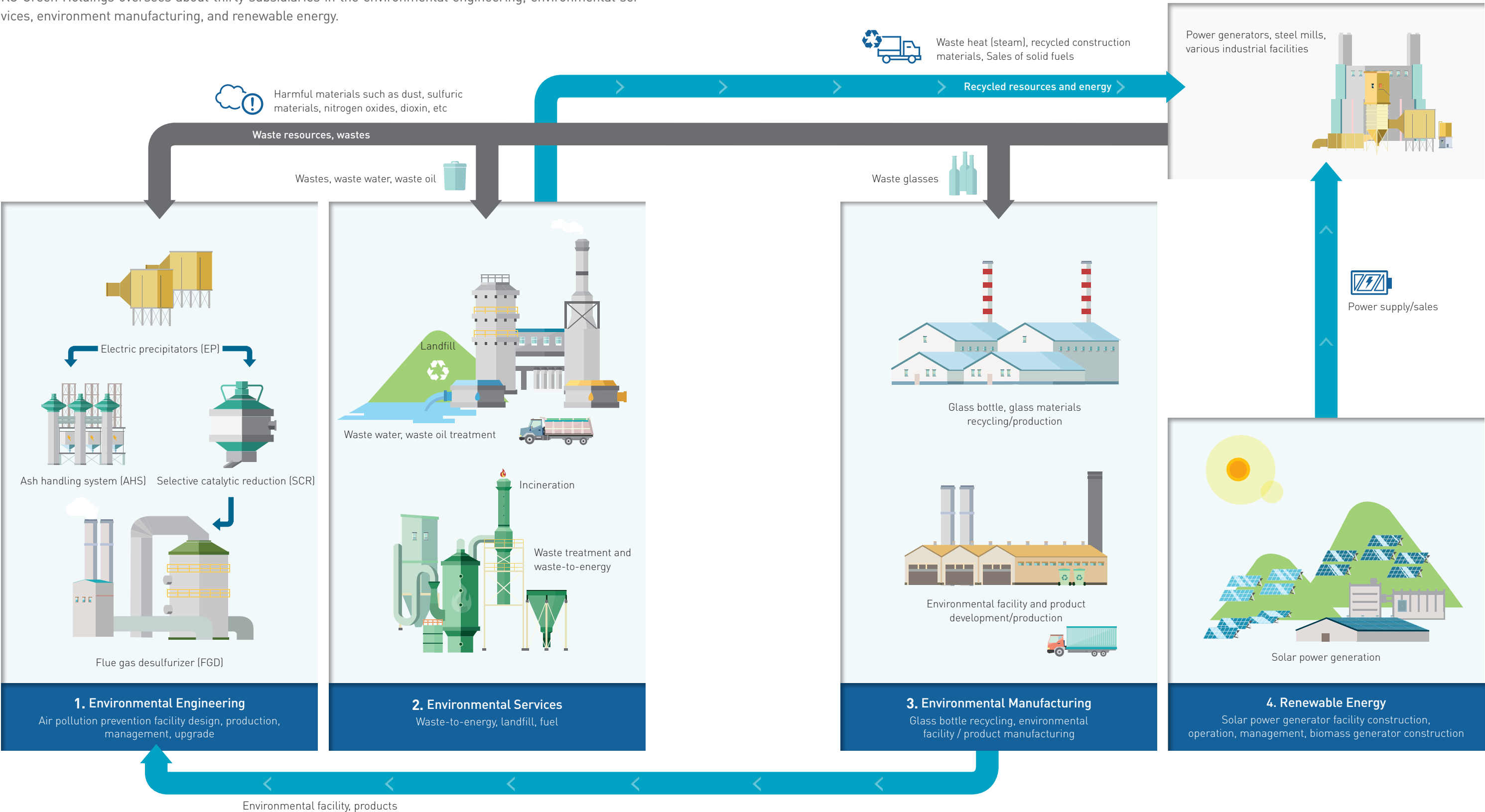


Mission, Vision

Mission	<p>Our growth, Green growth, & Sustainable future of global society.</p> <p>We are committed: To embrace talented people with positive thinking; To extend and explore Green/Environmental Business Opportunities through development and growth of our employees; And therefore, to contribute to the sustainable growth of the global society.</p>
Vision	<p>KC Green Holdings, as a holding company in the Green / Environmental business area, is committed to promote synergies among KC Network companies. Based on our solid APC business, we strive to explore synergies with Eco-friendly Green Business and Renewable Energy Business. Our target is to achieve 0.9 million dollars in revenue from our green business portfolio by 2023, and to build a transparent and solid business group in the Green / Environmental Business Area. To achieve our goal, we effectively share technologies and resources among KC Network companies, explore new business opportunities in diverse markets, and build close mutually communicating network operating systems. We will continue to grow to be a small, but powerful leading company in the Global Green Business with open communication, leadership by everyone, and mutual respect that overcomes cultural differences.</p>

Main Businesses

KC Green Holdings oversees about thirty subsidiaries in the environmental engineering, environmental services, environment manufacturing, and renewable energy.



Global KC Green Holdings

KC Green Holdings has 30 environment-related affiliates in four business. There are 15 branches and corporations being operated in Asia, North/South America, and Europe for effective entry into foreign markets.

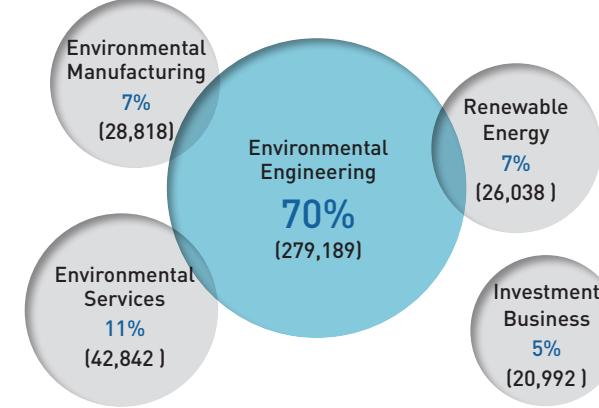


 Total Sales
334,013 thousand dollars

Sales by Country

		Unit: Thousand dollars	
Korea	243,413	India	9,095
USA	11,654	England	18,719
Australia	788	Saudi Arabia	4,857
Philippines	5,194	Brazil	12,160
Turkey	3,077	Vietnam	3,968
Thailand	1,147	Morocco	1,047
Kazakhstan	1,163	Malaysia	914
Chile	3,417	Taiwan	1,132
China	9,550	Others	1,632
Japan	1,081	Total	334,013

Economic Performance



* The revenue is simple summations including transactions between subsidiaries.

Environmental Engineering	Environmental Services	Environmental Manufacturing	Renewable Energy
01 KC Cottrell Korea 01-1 KC Air Filtertech 01-2 NoL-Tec Korea 01-3 KC Energy Technology	09 KC Enviro Services 09-1 KC Landfill Services 09-2 KC Enviro Construction 09-3 KC Catalyst Services (Beijing)	13 KG Glass & Materials 14 KC Thermal 15 Clestra Hauserman 15-1 Clestra(Hongkong) 15-2 Clestra Hauserman k.k 15-3 Clestra Hauserman (Taicang) Architecture Product 15-4 Clestra (Singapore)	18 KC Solar Energy 19 KC Green Energy
02 KC Cottrell China	10 KC Hanmi Environment	16 KC Envirotech E&C (Fushun)	
03 KC Cottrell US	11 KC Eco Energy	17 NWL Pacific	
04 KC Cottrell Vietnam	12 KC Bio chemical		
05 KC Cottrell Taiwan			
06 Lodge Cottrell UK			
07 KC Cottrell India			
08 NoL-Tec Systems 08-1 NoL-Tec Europe 08-2 NoL-Tec Chile			

History



1973

- 1973 • Established Korea Cottrell Industrial Co., Ltd
- 1979 • Completed Incheon plant
- 1981 • Received order for Boryeong Thermal Power Plant EP

1990

- 1990 • Changed company name to Korea Cottrell Co., Ltd.
- Established Taiwan office Taiwan Hsinta Talin Thermal power generator Won order for EP
- 1993 • Received first Chosun Ilbo Environmental Awards (Environmental Science Technology)
- 1994 • First environmental company to be listed in the Korean stock exchange
- 1995 • Completed construction of head office building
- Won order for Dangjin Thermal Power Plant desulfurizing facility

1996

- 1996 • Received ISO 9001 certification
- 1998 • Nippon Steel Company Kamaishi Power Plant Won order for EP Moved Incheon plant to Anseong, Gyeonggi-do
- 1999 • Received Korean Silver Industrial Merit

2000

- Lee Tae-young appointed as CEO
- Established KC Enviro Services
- Shijiazhuang, China Thermal power generator Won order for EP

2002

- Established KC Cottrell China

2003

- Established KC Landfill Services
- Established KC Thermal

2005

- Acquired Lodge Cottrell UK
- Won order for POSCO Gwangyang Steel Plant Clean Facilities
- Established KC Solar Energy
- Established KC Envirotech E&C (Fushun)

2006

- Established Veolia ES & KC Ecocycle
- Established KC Cottrell US
- Received Minister of Environment Award

2007

- Received order for Formosa Texas GSA FGD
- Acquired KC Glass & Materials
- Acquired KC Enviro Construction
- ISO 14001 certification
- Meritorious company for development of excellent capital goods

2008

- Acquired KC Hanmi Enviro Services
- Changed company name to KC Cottrell
- Acquired KC Energia

2009

- Established KC Cottrell Vietnam
- Established Lodge Cottrell India
- Established KC Green Energy
- Acquired NWL Pacific

2010

- Separated into KC Green Holdings-holding company- and KC Cottrell
- Collaborated with Invall to enter wind power business (KC Green Energy)
- Acquired Nol-Tec Systems
- Selected as Korean Hidden Champion Fostering Industry Company (Export-Import Bank of Korea)
- MOU for POSCO World Best World First Product Development

2011

- Acquired KC Eco Energy
- KC Cottrell M&A with Korea Solar Holdings Company
- Established Busan Siho Solar Power Plant

2012

- Established KC Cottrell Taiwan Corporation
- Established KC Cottrell Indonesia Branch
- KC Cottrell, designated by Ministry of Environment for outstanding environmental business
- KC Solar Energy, KC Cottrell Busan Siho / Solar power plant 20MW construction
- KC Eco Energy, ISO 14001 certification (environmental management system certification)
- KC Glass & Materials, Glass Bubble Frits production facility construction completed
- Introduced knowledge management system, K-ONE
- Published sustainability report (first among Korean environmental companies)

2013

- Changed company name of Ansung Glass Industrial (KC Glass & Materials)
- KC Invall Green Energy changed company name (KC Green Energy)
- KC Honam Environmental changed company name (KC Eco Energy)
- Established KC Air Filtertech and Nol-Tec Korea

2014

- Moved head office building (Digital Cube, Sangam-dong)
- Jord KC changed company name (KC Thermal)
- Lodge Cottrell India changed company name(KC Cottrell India)
- KC Cottrell certified by POSCO in 2014 As vendor, POSCO World Best product certification (Sintering plant EP dust collector)
- Selected as POSCO independent inspection management vendor
- Registered as energy conservation specialist company (Korea Energy Agency)
- Selected for Minster of Environment Award for Meritorious Eco-friendly Company of Korea in 2014 (KC Cottrell)

Governance

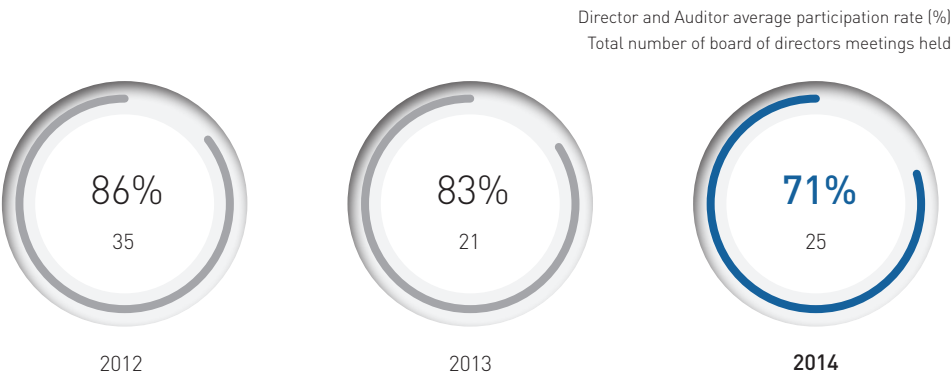
Board of Directors

The board of directors of KC Green Holdings is made up of five members - three inside directors, one outside director and one auditor. They have the authority as the top decision-making organization and execute their duties based on the company bylaws according to commercial laws. The directors are appointed at the general shareholders meeting where the salary ceiling of the board of directors is determined. The auditor is in charge of auditing the accounting and operations of the company to ensure transparency and lawfulness in management. Appropriate auditing procedures are being applied, such as perusing records and documents for major duties, thus allowing the auditor to access management information. 25 board meetings were held in 2014 and the main contents of discussions were on the establishment of new corporations, change of company name, and other corporation investments.

Board of Directors

Inside director	Lee Tae-young	· Current KC Green Holdings CEO · Simon Fraser University MBA · SNU Department of Business Administration	Chairperson	Male
	Seo Dong-young	· Current KC Cottrell CEO · Samsung Electronics ('87 ~ '92) · SNU Department of International Economics (Masters) · SNU Department of International Economics	Resident	Male
	Kim Jung-wan	· Current KG Glass & Materials CEO · Former executive at KPMG · Former director at Korean Air · CPA · SNU Department of Business Administration (Masters)	Resident	Male
Outside Director	Lee Jae-gyeong	· Current Professor of Business Administration at Kookmin University · Former outside director for Korea Investment & Securities · Former outside director at Golden Bridge Mutual Savings Bank	Outside	Male
Auditor	Kim Jong-yeol	· Current MOTIE-related Industry Business Feasibility Evaluation Committee · Current professor at the Hanyang University Graduate School of Engineering · Former director of the Hanjin Telecommunications Business Administration Office · Formerly worked at Korean Air in Japan · Former team leader for financial risk at the Hanjin Group Management Mediation Office · Hoseo University of Information management (PhD in business administration)	Resident	Male

Board of Directors Meetings



Risk Management

KC Green Holdings categorizes risk types per subsidiary and carries out various risk management activities. Risks range differently depending on the nature of each business group and some subsidiaries respond to risks from an enterprise-wide perspective such as technology · information, finance, personnel, customers · investors, etc. In addition, risk management processes were constructed for operation, or managed from a reaction and preventive perspective to construct various practical systems.

Safety Management

KC Green Holdings places utmost priority on workplace safety. KC Green Holdings developed its Crisis Response Manuals and is ready for potential threats such as natural disasters, industrial disasters, fires, blackouts, etc. Safety management education is carried out for all employees of affiliates, and safety audits are regularly conducted for domestic workplaces and affiliates possessing facilities with risk factors. Also, safety managers are designated for internal and external training and they examine checklists (fire fighting facility inspection checklist, etc) quarterly. If required, Risk Management Processes are operated ongoing basis.

- KC Green Holdings, KC Cottrell and KC Glass & Materials have volunteer firefighters in their work places to respond to risk management.
- KC Air Filtertech carries out safety management, risk assessment, accident-free campaigns, and safety health material data (MSDS) management.
- KC Enviro Construction established the safety management process of "identification-assessment-monitoring, report-response" and manualized them for safety management in the workplace.
- KC Enviro Services defined the risks types and entered them in the manual. Based on this, regular simulation training is carried out as part of the system for risk prevention and prompt response.

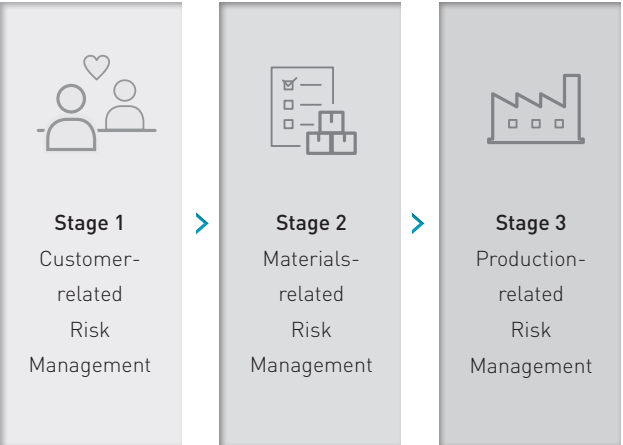
Risk Management Committee

Committee	CFO
Member	Financial Team Director
Member	Outside expert recommended by CEO
Member	Person recommended by the chairperson of risk management committee for case by case

* KC Green Holdings

Project Management

KC Cottrell Anseong Plant is working on quality management and cost reduction through a three-stage project risk management. Furthermore, project checklists and risk assessments are carried out to identify risks in advance to minimize troubles.

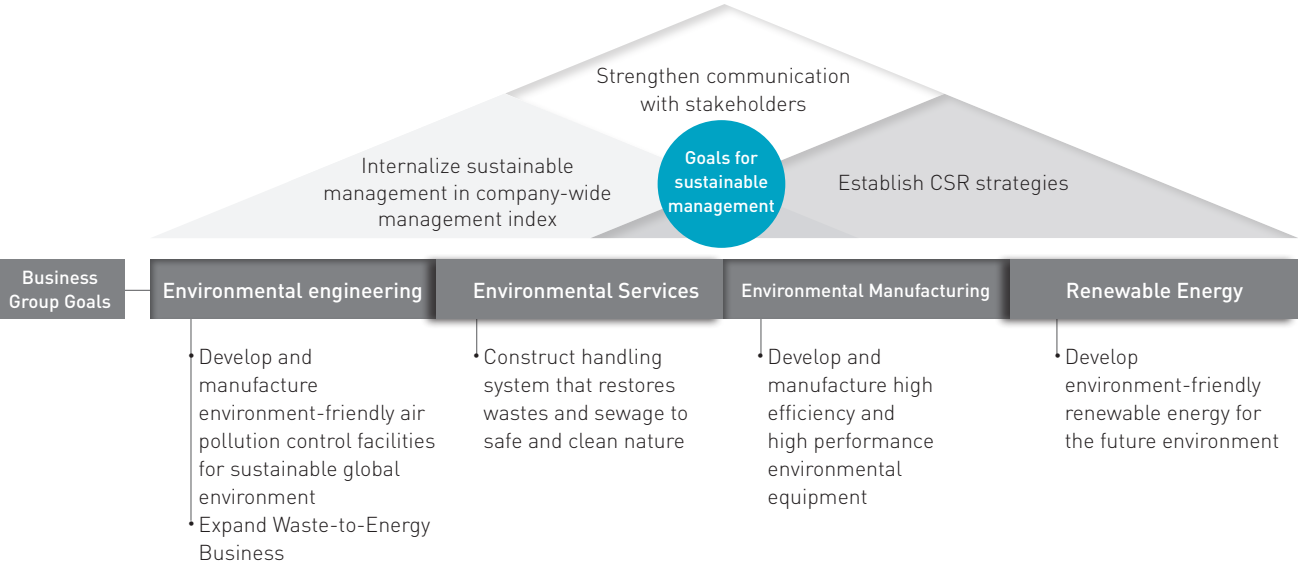
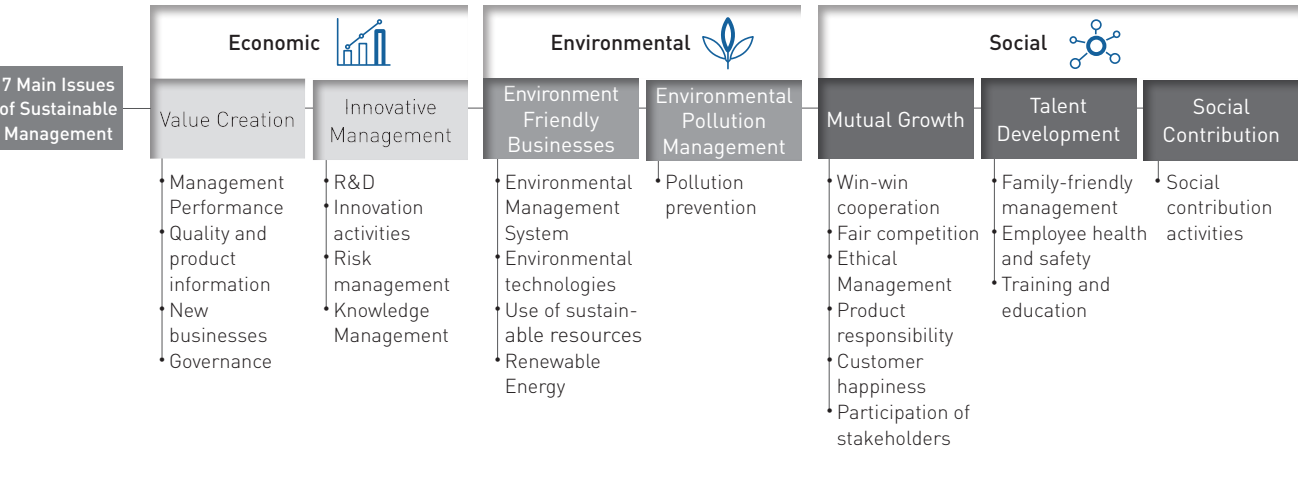


Information System Security Management

In order to protect the information system from DDoS attacks, malicious codes and viruses, KC Green Holdings responds and manages by each affiliate. KC Green Holdings constructed the DRM (Digital Right Management) solution to prevent illegal leaks of various digital contents to protect the company's technologies. KC Glass & Materials consigns an outside company to inspect the information system security weekly and uses remote controls in the case of emergencies. Also, internal materials are worked on using the E-Count ERP and a staff is designated to conduct outside training as well as 1:1 working staff training.

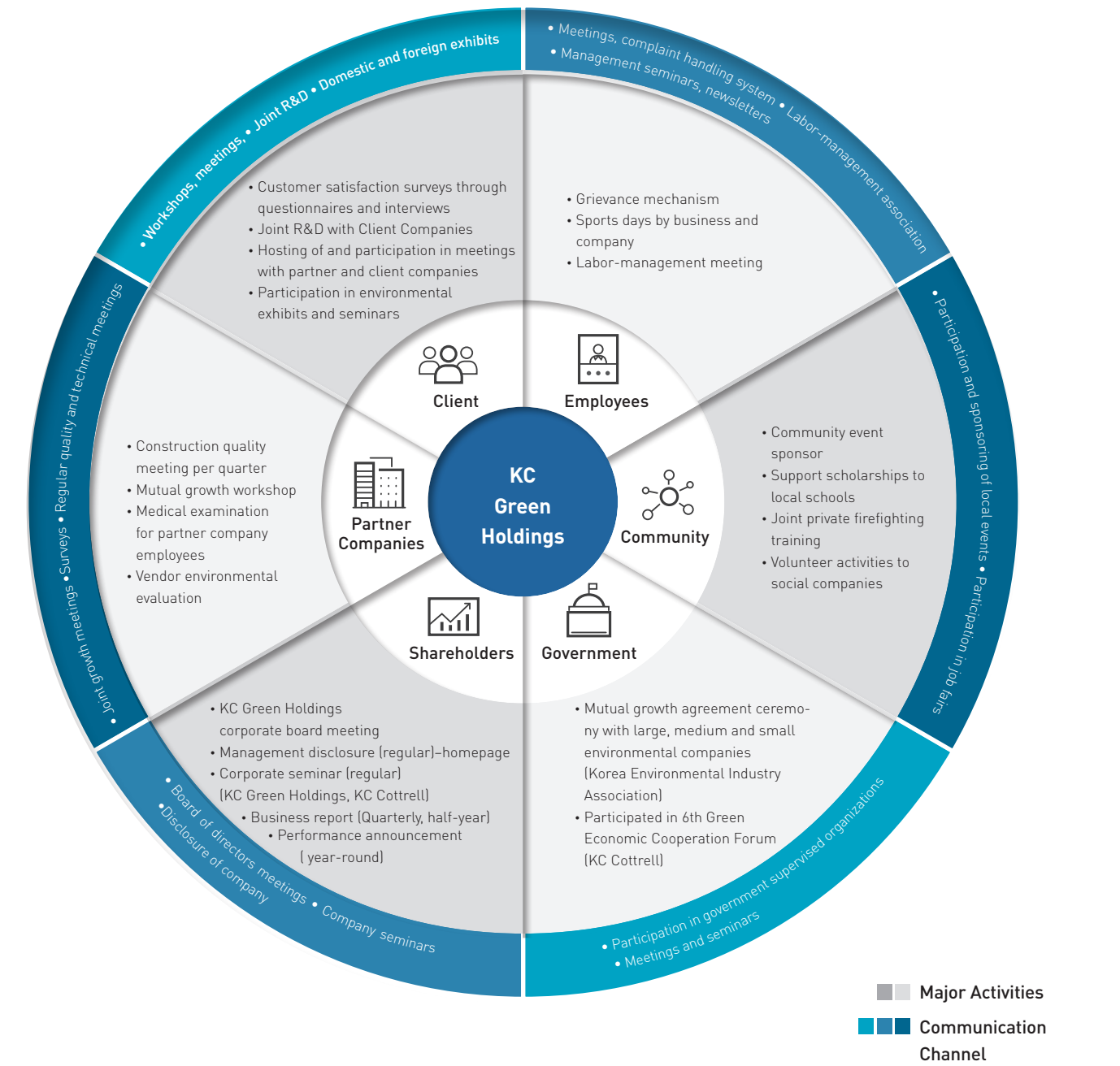
Sustainable Management of KC Green Holdings

Core Values and Vision, Mission



Stakeholder Communication

KC Green Holdings communicates with various stakeholders in Korea and overseas. Main stakeholders are clients, employees, partners, community, shareholders and the government. We are working on identifying major issues through various channels, reflecting this in sustainable management, and satisfying the expectations of stakeholders.



Materiality Assessment

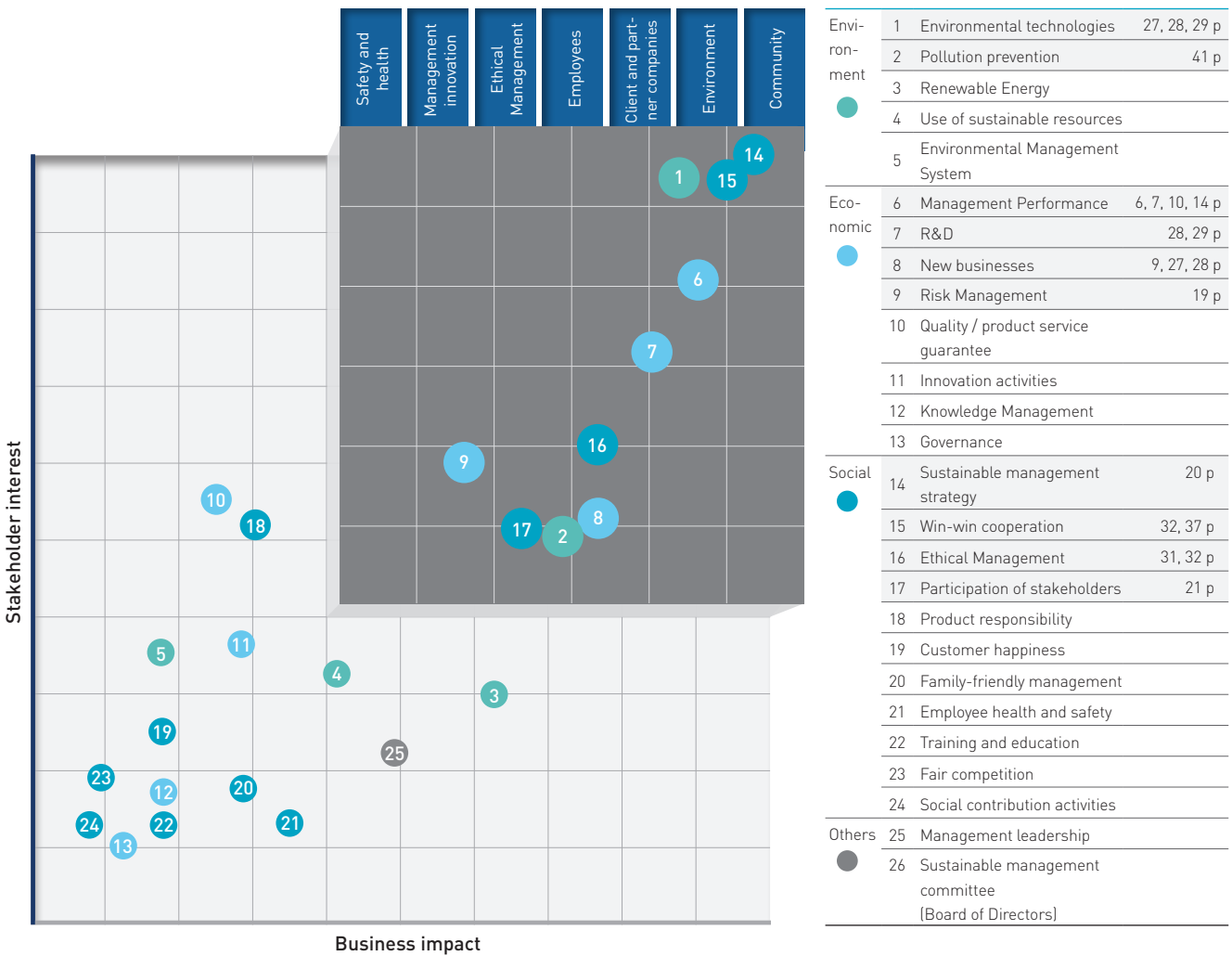
Stage 1 Deciding Sustainable Management Issue KC Green Holdings selected 26 sub-issues through analysis such as domestic and foreign sustainable management standards and expert proposals together with the 2013 sustainable management mission and vision. Based on this, materiality assessment was made to listen to the opinions of various stakeholders.

Stage 2 Stakeholder Materiality Assessment Materiality on the 26 issues was evaluated through stakeholder surveys. KC Green Holdings pursues communication with stakeholders and sustainable management on the same page of that of stakeholders. For this, our will for sustainable management was

conveyed to stakeholders and the first survey was carried out together with a message for encouraging participation. Based on this, we deduced major tasks to pursue sustainable management, executed them, and decided on major items to report.

Stage 3 Deducing Key Issues The key issues were selected considering the opinions of stakeholders as well as internal strategies, regulations and market trends. The direction of sustainable management desired by stakeholders was confirmed and the achievements for these were entered in the report. We are planning to continuously manage issues outside of the key issues also.

Materiality Assessment Matrix



Main Agendas of KC Green Holdings Sustainable Management

- 24 Safety and Health
- 26 Management Innovation
- 30 Ethical Management
- 33 Employees
- 36 Client and Partner Companies
- 38 Environment
- 44 Community

2

01 Safety and Health



Context

The social perception of safety accidents in workplaces that occur in Korea and abroad is that they are caused by poor management. Safety accidents increase the anxiety of people as well as financial and non-financial losses. Because of this social atmosphere, government regulations and policies are being strengthened. The safety of employees is the most important corporate value for plant construction industries that are dangerous and for businesses that manage and treat wastes.

Approach

KC Green Holdings conducts regular education and safety and health assessments for all affiliates. Safety accidents cause losses in human resources, which is the biggest value of companies. That is why efforts are being made to construct a safe workplace.

Key Figures

Accident-free goal (KC Glass & Materials

7 times over



Appointment of safety environment executive



STAKEHOLDER'S INTERVIEW

"We will continuously share information and communicate company-wide to create a safe workplace."

Safety and welfare are the one of the most fundamental element of corporate activities. KC Green Holdings worked on protecting safety by collecting, storing and treating various harmful materials for over 10 years. As new chemical materials are continuously being formed and there are bigger changes in the environment, we will collect and share information company-wide and continue to train for it. We will develop into a company that shares information and strengthens communication.



Lee Seok-gu
Executive Director of
KC Enviro Services

Safety and Health Management System KC Green Holdings considers the safety and health of employees as the first priority and constructs safety and welfare management principles per affiliate. The main affiliates of KC Green Holdings acquired OHSAS18001 and KOSHA18001 certificates to operate the workplace. Compared to the previous year, OHSAS18001 was additionally acquired for KC Cottrell China. In the case of the environmental services, there is high danger for imported waste resources and as it is incinerated at high temperatures, safety management is very important. Thus, an executive in charge of the safety environment was appointed under CEO Lee Tae-young to emphasize the importance of safety and to strengthen its functions. Based on the perception that the safety and health of employees is most important, we will strengthen safety activities by enhancing safety awareness, stabilizing processes and facilities, and optimizing safety systems.



Safety and Health Management System KC Green Holdings holds regular safety training for employees of each subsidiary to make accident-free, safe companies. Furthermore, annual safety and health evaluations of affiliates and safety workplace award programs are operated. In 2014, KC Hanmi Environment received first place for its quarterly fire and safety education and participating in safe workplace management, while KC Eco Energy showed considerable improvements in safety and health and received the special award. Likewise, all KC Green Holdings affiliates aims at going beyond satisfying the safety standards and to create a workplace that places utmost priority on safety through strict internal management standards and evaluations.



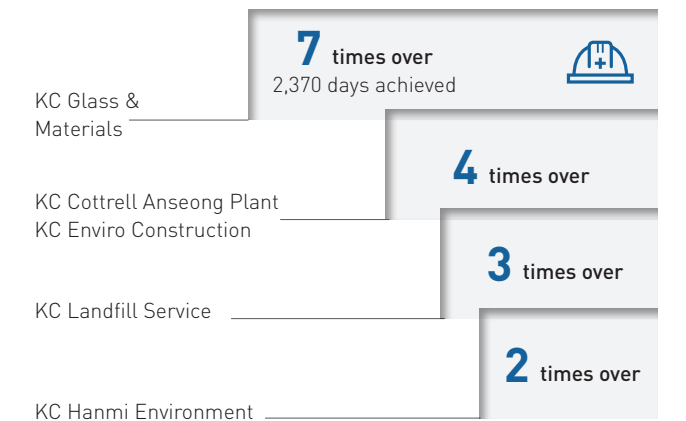
Awarding of excellent safety workplace, photo of award plaque

Voluntary Safety and Health Activities The affiliates of KC Green Holdings strive to establish safety in the workplace through voluntary safety and health activities. The KC Cottrell Anseong plant gave outstanding vendor awards to partners that showed exemplary safety and health activities, showing deep interest in the safety activities of partners as well. KC Glass & Materials carried out joint fire fighting training with the Northwest Cheonan Fire Department to improve fire extinguishing abilities. KC Air Filtertech designated supervisors for safety inspection-risk assessment, health diagnosis, accident-free exercises-safety and health materials management and a regular safety and health education personnel for employees prior to drafting the work plans for safety management. Thus, it conducted education and acquired ISO9001 from 2014 to begin its accident-free workplace.

Safety and health management system certifications

OHSAS 18001 (Korea Foundation for Quality)	KOSHA 18001 (Korea Occupational Safety & Hazard Agency)
KC Cottrell (including plant), Lodge Cottrell UK, KC Enviro Services, KC Thermal, KC Envirotech E&C (Fushun), KC Cottrell (China)	KC Cottrell (including plant), KC Hanmi Environment, KC Glass & Materials, Clestra Hauserman

No-Accident Targets



Work-related disease ratio or workers with high risks **22** (55%)

* KC Enviro Services selects targets exposed to risk factors for concentrated management.

02 Management Innovation



Context

With the development of technology and industry, and increased income levels, a wide variety and high amount of wastes are generated in our society. Such wastes have value as “resources” so efforts to recycle these and turn them into energy are being stressed.

Approach

KC Green Holdings strives to create synergy among affiliates that are far apart with different technologies to treat waste resources, and to make management efficient. Furthermore, believing that by developing new technologies and businesses we are contributing to the sustainability of the environment, we have continuously worked to expand existing technologies and develop new ones.

Key Figures

TOP activities execution effect

540 thousand dollars

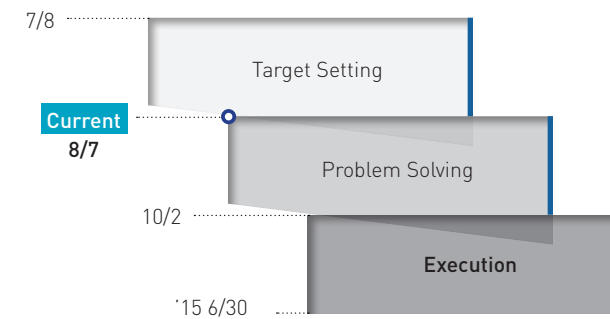


2014 patents registered

3



Management Innovation Activities, TOP KC Green Holdings, KC Enviro Services (Yeosu), KC Hanmi Environment (Changwon), and KC Eco Energy (Jeonju) have carried out the TOP (Top Operational Performance)¹⁾ project from June 2014 to create synergy by cutting costs and integrated operation with the three companies. With the goal of safety, cost and time, the goal was set for the strategies and convergence of each company.



The units composed of each company's sales, operation, plant affairs, procurement and safety environment representatives established execution strategies to achieve the goals. This idea was from the participation of all employees through an idea workshop carried out by each company. TWO2010²⁾ activities, which pursued huge changes in not only management strategies, but also the culture of employees, executed a total of 81 ideas up until June 2015 worth 470 thousand dollars. By overcoming the uncertainties and difficul-

Execution effect

470 thousand dollars

Executed ideas

81

ties of pursuing management innovation by growing out of past methods and through various management innovation processes, it was possible for the three companies to find bigger possibilities. In the future, activities will be planned and developed to pursue assertive innovation activities.

¹⁾ TOP[Top operational Performance] Operational innovation activities aiming at improving the competitiveness and continuously creating achievements for a company in a short period of time

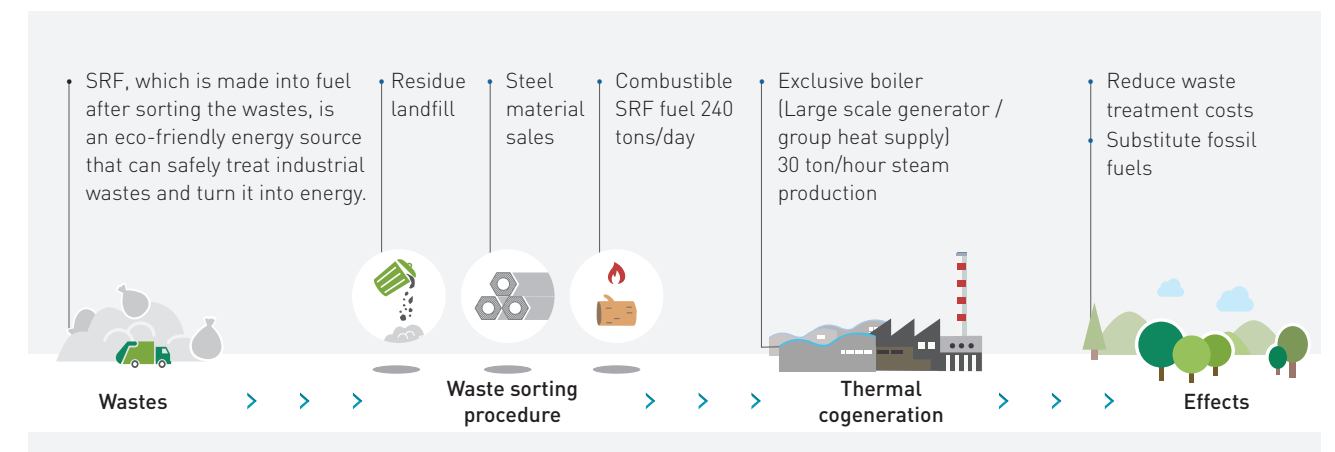
²⁾ TWO2010[Top We One 2010] Become the top (best) through TOP. Name of internal project with the message of increasing sales by 20% and cutting costs by 10%

Expansion of energy business Despite the tough business environment, KC Green Holdings is doing its best in investments in new businesses and expanding its existing businesses. KC Eco Energy, located in Jeonju, constructed facilities that can produce 240 tons of SRF (solid refuse fuel) a day and a heat (steam) production boiler with a 30 ton capacity per hour by incinerating 140 tons of SRF to lead waste-to-energy. The produced thermal energy is being supplied to nearby client companies.



KC Eco Energy SRF boiler facility

SRF generation business process



STAKEHOLDER'S INTERVIEW

“By constructing an innovative culture of challenging theoretical thresholds and making reforms through continuous operational innovation, we hope that you will become global leaders with strong competitiveness.”

TOP (Total Operational Performance) activities are operational innovation activities in which the entire company becomes one to overcome technological and intellectual limits. In 2010, the three ES companies followed suit of KC Cottrell and successfully carried out TOP activities to cut costs, improve efficiency, and establish a basis for integration and standardization for the three companies. Based on the performance in the first year, we believe innovation activities will continue to create the “KC Way”, the flexible and powerful innovation methodology which is unique to KC Green Holdings.



Choi Dong-gyu
McQs Incorporated Director

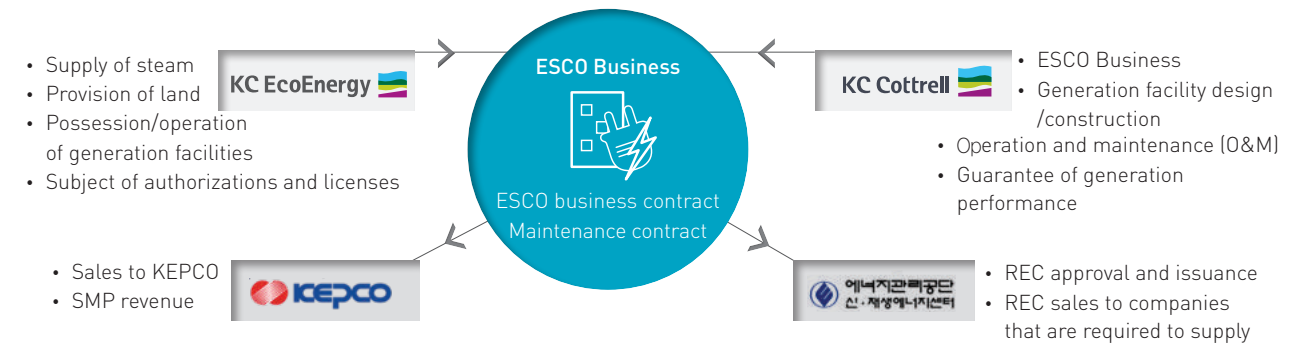
KC Enviro Services, located in Yeosu, constructed facilities that can handle an additional 100 tons of wastes in its incineration facility that can handle 100 tons of wastes per day with its proprietary design abilities and technologies. This facility that was constructed in an expanded complex near the head office of KC Enviro Services made possible safe and complete waste treatment through efficient and stable operation as a result of 20 years of waste treatment experience and knowhow.



KC Enviro Services expanded complex

Energy Service Company (ESCO) Project KC Cottrell was registered as an ESCO³⁾ and will engage in business models that are eco-friendly and conserves and reuses energy. From the steam produced in the waste resource SRF boiler of KC Eco Energy, the quantity decompressed for internal use produces electricity through the low pressure steam generator and sells power to KEPCO. This is a circulating business model that reuses energy discarded when producing electricity, and the revenue made from this is shared by KC Cottrell and KC Eco Energy. We are planning to expand energy businesses that not only produce energy, but uses discarded energy, while reducing waste energy by improving efficiency.

³⁾ ESCO (Energy Service Company?) When an energy user wants to improve existing energy using facilities to conserve energy, energy conservation companies invest in energy saving facilities and guarantee the energy conservation effects that occur in this business



R&D KC Network companies pursue technology development from a company-wide aspect. Diverse R&D activities are being carried out to differentiate from other competitors. Furthermore, KC Network companies are developing joint R&D projects with clients to identify customer needs and to keep up our technologies to the ever-changing market demands. R&D center of KC Cottrell is currently running many R&D projects with two (2) major goals: To advance its technologies in existing fields to create more values and to pioneer new technologies to make a breakthrough in new environmental markets. KC Glass & Materials engages in low-heat swelling crystallization glass board technology development as its “investor-linked technological development project”



Investor-linked technology development project education

supported by the MOTIE. Through R&D being carried out as the supervising company, it is developing parts and materials technologies in new projects.

R&D Direction for KC Cottrell

Develop new technologies to enter resource recycling market

New technology development: New SCR catalyst, ship exhaust gas treatment technology

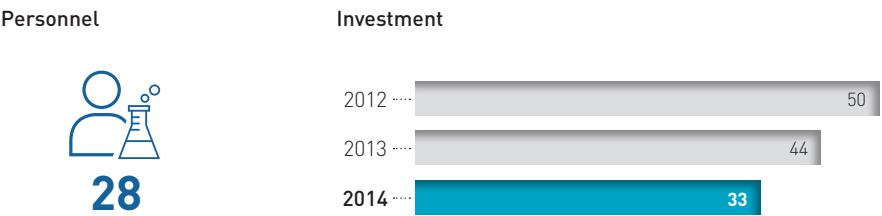
Improve performance of existing facility (electric dust collector, desulfurization facility, etc) and fine dust treatment technology development

Market survey > Demand survey > Collect opinions > Deduce developed technologies > Developed technology screening (commercialization plans) > Select developed technologies > Carry out developed technologies > Complete technology development > Evaluation > Commercialization

Research Projects in Progress and Performance	Future R&D Projects
<ul style="list-style-type: none">Development of Remanufacturing Technologies of West Texas Intermediate Desulfurization Catalyst and Denitrification SCR Catalyst after Use (KC Enviro Services-KC Cottrell)Hammering device of rapping system ESP, Air Rapper (Pneumatic Cylinder Type) (Nol-Tec Korea)PAC Conveyance using Continuous Transport system Technology·Project “Components” testing and evaluation (Nol-Tec Systems)Development of CO₂ Capturing Technology Commercial Packager through Operation of Dry CO₂ Capturing Plant Operation following 10MW Combustion (KC Cottrell)Delivery of EP System in 7-2 Zone of Gangnam Circulating RoadMK99 (KC Cottrell)Development of High Value Chemical Product Existing Production Process Innovation technology using Capture CO₂ (KC Cottrell)C-Type and K-Type ESP Standardization (KC Cottrell India)	<ul style="list-style-type: none">High Concentration Sewage Treatment System, Process of Water-Oil Separation System for Waste Oil, Waste Oil Purification System (KC Hanmi Environment)On-site Evaluation Method for Life and Performance Features of Solar Power Module (KC Solar Energy)Standards for sizing gas-management on systems without air assist, USDA dust collection, splitter design, modify air pad distributor, dehumidifier guidelines, hose switch design (Nol-Tec Systems)Development of Remanufacturing Technologies of West Texas Intermediate Desulfurization Catalyst and Denitrification SCR Catalyst after Use (KC Cottrell)Exhaust Gas Treatment using Plasma (KC Cottrell)Mid Frequency TR System (KC Cottrell India)Ash Handling System (KC Cottrell India)MEEP (Moving Electrode EP) (KC Cottrell India)

Status of R&D

Unit: 100 thousand dollars



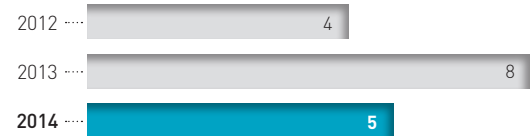
Development of Desulfurization Performance Improvement Program

R&D Performance

Cases	Name of Patent	Authorizer	Reg. Date	Patent No.
1	Wet absorption tower with multiple reaction tank	KC Cottrell	2014-01-03	10-1349959
2	RHDS and VRHDS desulfurizing waste catalyst restoration system and restoration method	KC Cottrell	2014-08-14	10-1434437
3	RHDS and VRHDS desulfurizing waste catalyst high temperature continuous spiral elevator roasting system	KC Cottrell	2014-08-14	10-1434454
4	Two Substance-type Polyurethane Waterproofing Materials Containing Fly Ash and Manufacturing Method (Joint patent with the Chonbuk National University Industry-Academic Cooperation Team)	KC Eco Energy	2014-08-14	10-0614415

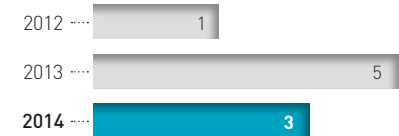
Patent Registration

Unit: Cases



Registered Patent

Unit: Cases



03 Ethical Management



Context

Ethical management, which is based on transparency and integrity, is essential to gain trust from stakeholders in today's business environment. Furthermore, as social responsibility of companies is being emphasized, the ethical mindset of employees is crucial.

Approach

KC Green Holdings revised its code of ethics to enhance the ethics that effectively responds to the changing environment among employees. The contents were drafted reflecting the opinions of all affiliates, and it will be educated to all employees in the future. This is so that ethical management will become the most important mindset in all work activities. Such efforts will contribute in raising trust among stakeholders and it will become our greatest competitiveness.

Key Figures

No. of corruption cases

0



Revision of code of ethics

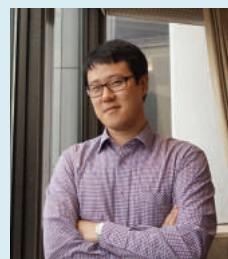
2015



STAKEHOLDER'S INTERVIEW

"I hope that ethical management will take root throughout the company based on individual ethics."

The most impressive thing when meeting directors and employees at KC Green Holdings is that a clear ethical mindset exists in each individual from the CEO to staffs. In the future, it will be necessary to go beyond individual ethics and go towards ethical management of the company. This means that ethical mindset must become a part of the management system and that the identity of an ethical company be maintained even when there are changes in members. We hope that in the future, there will be continuous in-company education, and be expanded and applied to vendors to fundamentally remove risks of corruption.



Park Jung-ho
Business Institute for
Sustainable Development(BISD)
Senior Researcher

Ethical Management

Revision of code of ethics By revising and supplementing the code of ethics, KC Green Holdings is striving to strengthen a consensus for ethical management by employees and to strengthen practical capacities. The revised code of ethics is added with the "fundamental attitude of employees" to set the target and scope of application of the code. The revised code was distributed to all affiliates and signed by all employees to emphasize the importance of individual responsibilities and ethical management.

Execution of ethics education Each affiliate is making various efforts to establish an ethical organization culture. The KC Cottrell Anseong Plant set standards for ethical management through notifications and training on anti-corruption policies and procedures, and urged employees to comply with the code of ethics. KC Green Holdings is planning to continuously carry out ethics education to establish an ethical culture that leads our society based on an ethical culture that we have constructed thus far.

Summary of revision of code of ethics

1. Basic attitude of employees	2. Fair trade, fair competition
<ul style="list-style-type: none"> Clearly recognize the rights and responsibilities and carry out work with a sense of duty and responsibility. Understand that each individual's words and behaviors are directly connected to the trust and reputation of the company and maintain ignity. Do not engage in behavior that can hurt colleagues such as sexual harassment and work on creating a pleasant working environment. Maintain security on the company's intellectual properties and confidential information. In carrying out work, do not make decisions that are against the interests of the company for personal gains. 	<ul style="list-style-type: none"> Engage in fair work and do not give or receive bribes, entertainment or favors from stakeholders. Partner companies are strategic partners that share the common goal of customer satisfaction, and complete the social responsibility through joint growth. Observe laws and regulations and obtain a competitive edge in a proper manner to compete fairly
3. Responsibilities to clients and stakeholders	4. Responsibilities to the society
<ul style="list-style-type: none"> Provide the best facilities, products and services to clients and listen closely to the opinions of clients. Transparently record the results of just management activities and disclose the in a timely manner. 	<ul style="list-style-type: none"> Actively participate in economical, environmental and social activities for sustainable management The company and its employees will not unfairly discriminate against stakeholders and shall respect the basic human rights of its constituents.

Status of ethics education

Business	Subsidiary	Training Name	Hours (sessions)	No. of participants
Environmental engineering	KC Air Filtertech	Sexual harassment	1(1)	11
		Sexual harassment in the workplace prevention education	2(2)	21
		How to protect personal information	1(1)	21
	KC Cottrell Vietnam	Company culture	2(4)	22
		Harmony in working	2(2)	22
	KC Cottrell	Sexual harassment prevention training	1(1)	70
Environmental Services	KC Cottrell US	Employee Handbook, Sections 4.01 and 4.02 Behavior Guidelines	4(2)	19
	KC Eco Energy	Sexual harassment	1(1)	53
		Transparency of business with stakeholders and respect of company's intellectual properties	2(2)	43
		Sexual harassment in the workplace prevention education	2(2)	11
Environmental Manufacturing	KC Glass & Materials	Ethical management standards education	1 (Education and notification by team)	130
		Sexual harassment prevention education	Twice, 2 hours	65
		Personal information protection education	Twice, 2 hours	65

Revision History of Code of Ethics

Before Revision	After Revision	New
1. Compliance of laws, ethics and company policies 2. Maintain clean and fair corporate culture 3. Respect customers, stockholders and employees 4. Environment and people centered management	1. Fundamental attitude of employees 2. Fair trade, fair competition 3. Responsibilities to clients and stakeholders 4. Responsibilities to the society	1. Fair business practice (strengthened) 2. Maintaining dignity 3. Responsibilities to the society (sustainable management) 4. Mutual growth with partners

Fair Trade

Constructing basis for fair trade KC Green Holdings strives to create sustainable achievements through fair trade. All affiliates promise transparent transactions with clients and partners by observing the Fair Trade Act when signing contracts. KC Cottrell constructed a transparent transaction system through an e-bidding system. Fair competitive bids are carried out by having three or more companies join the bids, and all bidders are presented with the same conditions, amount and periods. Also, security on the preset price (standard price) is thoroughly managed. KC Cottrell US sets fair payment periods as part of its plans for win-win management, and also provides fair opportunities for project orders, while voluntarily complying with local

purchasing policies. To ensure fair trade, KG Glass & Materials converted the payment method to purchase cards and digital bills as part of its efforts to minimize burdens of vendors.

Improvements to regulations and systems In order to enhance awareness on the problem of violating fair trade, items on fair trade and fair competition were concretized in the code of ethics and the revised version was promulgated to employees. Prevention of receiving money and goods, mutual growth with vendors, compliance to international standards and domestic regulations related to fair trade were emphasized as part of the efforts to continuously improve the voluntary compliance of constituents.

Win-win Cooperation and Fair Trade Agreement (Summary)


The purpose of this agreement is to establish a fair trade order in transactions between KC Green Holdings and Partners, while pursuing mutual growth through win-win cooperation. It includes the followings.

Compliance to laws and regulations	Provide relevant laws for fair subcontractor trade order and win-win cooperation and observe the laws and conventions.
Guarantee of fair trade	Clearly show the contents for entering fair contracts and for the fair selection and operation of partners to prevent unfair transactions.
Win-win cooperation support	Various support programs to enhance competitiveness of partners such as financial soundness, promotion of technological development, and enhancing specialized abilities (financial support / expanded and reformed payment conditions / technical support, quality improvement and protection / education and training support / managerial and technological consulting support / adjusting delivery price according to changes in raw materials prices / prohibition of oral contracts / purchasing and selling support / installation and operation of vendor support department, etc)


Other codes of conduct shall be observed by parties. If not stipulated in this agreement, either party will raise issues and shall discuss to mutual agreement.



Corruption and Violations of Laws and Regulations




0 cases
Corruption incidents



3 cases
Violations of laws and regulations

Violations were on dioxin and sewage discharge standards being slightly exceeded, which was followed by positive and immediate actions to be passing in the follow-up inspection

04



Employees

Context

We believe that investments for the development and respect for the human rights of employees, as well as creating jobs, are the most important investments to fulfill a company's social responsibilities and for the growth and development of an organization. The culture of procuring outstanding human resources and growing together with the company will be the basis for sustainable growth.


Approach

KC Green Holdings respects the human rights of employees and forbids all forms of discrimination. Furthermore, full support is provided for the self-development of employees and a self-led work culture was constructed through horizontal communication and trust. We are showing great interest believing that "people" are the most important resources for the future of an organization by improving the working environment of employees and supporting for programs to create jobs.

Key Figures


Local hiring ratio

95%



Total education time

12,129 hours



STAKEHOLDER'S INTERVIEW

"Assertive participation in work by all members through a horizontal organizational culture is the biggest strength of KC Green Holdings."

During my two month internship at KC Green Holdings, I could learn about various KC affiliates and understand them with a broader perspective. The most impressive thing was the work structure in which one can fully utilize their capacities. Rather than having a strict top-bottom structure, positive communication among team members and voluntary participation in work was a new experienced. I was very satisfied with the organizational culture that encouraged each team member to utilize their capacities and that brought about participation to allow every member to feel a sense of pride and fulfillment.



Lim Sung-woo
KC Green Holdings Strategic Management Team Intern

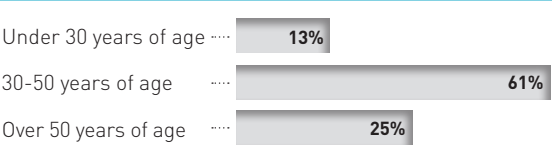
Establishing a Great Working Place

Personnel Management Among the three major corporate values, KC Green Holdings places utmost importance in its “personnel”. Respect of human rights is the basics for personnel management and KC Green Holdings forbids forced and child labor, and abides by domestic and foreign norms on human rights and labor. With fair personnel management system and training programs, KC Network companies are striving to practice sustainable personnel management. As of the end of 2014, there are 1,111 employees working across all of the affiliates of KC Green Holdings. There are 1,017 (92%) full time employees and 94 (8%) non-regular employees, showing a gradual increase of full-time, regular employees. Though there was a slight decrease in new hiring, it is continuously working on expanding employment opportunities through internship programs. KC Green Holdings does not discriminate on gender, religion, age, or social status and prohibits any discrimination in hiring and contracting employees, or in personnel management processes. As part of such efforts, for overseas offices, 95% are employed locally to contribute to the community.

Employee Status

Section	Category	2012	2013	2014	Category
Em- ployee	Total number of employees	1,128	1,182	1,111	Persons
	Disabled	1.7	0.5	2.4	%
	Contract-based mployment	193	216	94	Persons
	New Employment	215	137	133	
Retire- ment / Resig- nation	Average number of years worked	7.28	6.2	7.2	Years
	Retirement rate	4.4	6.3	4.8	%
	Resignation rate	5.1	6.2	11.7	
Fe- male / Child- birth	No. of female personnel	146	150	159	Persons
	No. of new female employees	28	26	10	
	No. of female managers	36	42	35	
	Persons who used atertnity leave	5	7	1	
	Persons who used childcare leave	2	3	0	
	Return rate after childcare leave	100	100	-	

Composition of KC Green Holdings employees in 2014



Promotion of employee communication All affiliates of KC Green Holdings work hard to help employees grow together under one vision by holding regular workshops and sports events.

KC Glass & Materials organized a “Communicating Organization Project” to have all employees understand the importance of communication and to create a harmonized organization. KC Cottrell holds management seminars attended by all employees to share its business goal and to strategically establish future plans.



Improving the working environment The KC Green Holdings Strategic Management Team introduced a standing desk for the back health of employees who spend many hours working while seated. The Standing Desk considerably lowered risks of diabetes, cardiovascular diseases and spinal diseases, while also improving concentration and efficiency at work. After the testing of this program at the Strategic Management Team, the opinions of users will be gathered and then applied to other affiliates. KC Green Holdings is continuously working on improving the work environment through such small changes.



Labor-Management Harmony Both labor and management at KC Green Holdings are working hard with an open attitude to construct labor management relations with mutual trust and respect. Companies with labor unions immediately notify the results of labor-management meetings after completing negotiations on its bulletin board or by e-mail to all union members and employees. Through this, it not only continues mutual trust and collaboration between labor and management, but also expects to spread the culture of continuous efforts to improve the quality of life for employees and for mutual-respect as partners.

Construction of complaint handling process KC Hanmi Environment and KC Glass & Materials constructed a complaint handling process to resolve the difficulties encountered by employees. When an employee submits a personal complaint to his or her team, the team leader holds a counseling session or opens a complaint handling committee to search for ways to resolve the employee’s complaint. By providing a regular complaint handling process, it pursues joint development of both employees and the company.

6 cases (KCHM, KCGM)Complaints handled in '14

Balance of work and life KC Green Holdings supports various areas so that employees can maintain a balance of life and work. The company provides 50% support for severance pay and National Pension to all employees including contract-based employees, and it also supports physical fitness and self-development expenses to improve the quality of life of its members. NWL designated the last Friday of each month for exercise and is showing generous company support to improve the employee health.

Systematic Fostering of Human Resources

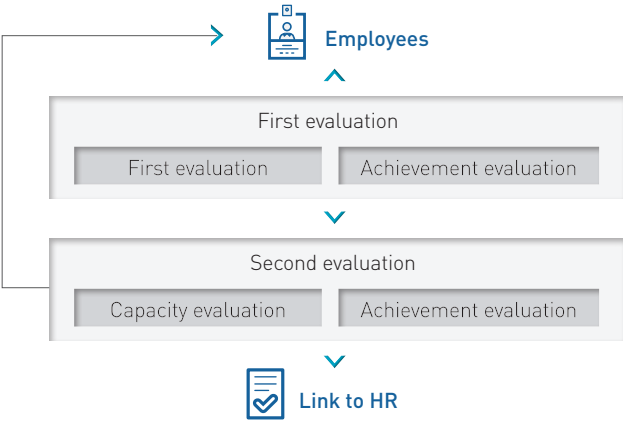
Employee education support KC Green Holdings supports the improvement of employee work capacities through a systematic education and training course and various educational programs. Also, each subsidiary has its own employee training system to provide job training, self-development, internal / external training, seminars, etc for its employees. Detailed programs for employee work capacity and career development include overseas workshops and MBA support programs. KC Eco Energy offers 1 education per person program for all employees to provide full financial support of educational expenses, and in 2014, 62% utilized the benefits.

KC Cottrell Education System

Section	Training by Position	Job Training					Other education				Certification Training		
	Required courses	Core personnel training		Consigned training			All employees				Electives		
Directors	New executive and directors training	Required courses		Work capacity improvement training			Company-wide safety education (4 times) / Sexual harassment prevention education (mandatory)	KMS	Company-wide safety education (4 times) / Sexual harassment prevention education (mandatory)	In-company skills education	In-company skills education		
Team Leaders	Team leader training	Affiliate personnel exchange / Overseas seminar participation, etc	Specialized diploma acquisition course									Engineer required training	Manager required training
Senior Employees	New team leader training												
	Negotiation training												
Managers													
Assistant Managers	Admissions training for new employees												
Staff													

2014 Employee education status		Units: hour	
Section		Section	
No. of persons receiving education	919	Education hours per person	17
No. of education sessions	899	Hours of language education	1,289
No. of education sessions	2	Hours of job training	13,637
Total hours of education	19,129	Hours of special education	211

Fair Evaluation and Compensation KC Green Holdings offers fair opportunities to all employees for sustainable human resource fostering. All employees receive fair treatment regardless of gender for fair performance evaluation, and they receive transparent and objective evaluation based on various evaluation standards. KC Green Holdings motivates employees by giving fair compensation and rewards based on the results of the evaluation.



Employee welfare	
Financial loans (life stabilization funds)	Medical (health examination, medical expense support)
Education (tuition, language education, job training, other education)	Leisure (condo, summer vacation area support)
Optional welfare (welfare card program)	Other programs (congratulatory and condolence support, clubs, etc)

05



Client and Partner Companies

Context

With the development of information and communication technologies, communication methods and frequency with clients have increased, and response to this is also being made effectively. But changes in the business environment and stronger and diversified regulations are heightening the demands of clients. In order to satisfy such clients, rather than simply offering better prices, the demands of customers should be met by giving true value. Creating value for customer satisfaction must be accompanied with ethical and fair cooperation with our partner vendors.

Approach

KC Green Holdings is working on conveying true value by offering optimal products and services to clients. We are doing our best by regularly assessing customer satisfaction, listening to their opinions, and doing our best in follow-up care. In addition, efforts are continuing to listen to the difficulties of vendors through regular meetings, while also looking for ways to grow together through education, technology and management support.

Key Figures

76.8% of customers
“Good” assessment
(KC Cottrell)



Meetings with clients
1 time a year
(KC Glass & Materials)



STAKEHOLDER'S INTERVIEW

“I believe KC Green Holdings will become a global company with the rising trust by client and partner companies through responsible management.”

KC Green Holdings enhanced the transparency of its corporate governance and is being appropriately evaluated for its corporate value from the market to improve the values for shareholders and for responsible management through independent management and objective performance evaluation. Furthermore, it is instilling a strong sense of trust to clients and partners through prompt and professional decision-making. We believe that KC Green Holdings will grow into one of the world's best companies.



Lee Chang-soon
Korea Exchange Bank
Hongdae Station Branch Manager

Quality Management

Efforts to improve quality KC Green Holdings constructed a quality management system, acquired ISO 9001 certification and proved its quality improvement and quality responsibility activities. Thirteen subsidiaries acquired ISO 9001 certifications in line with KC Green Holdings' goal to have all Network subsidiaries certified. Furthermore, it continuously provides high quality products to raise the satisfaction of customers through regular product-safety related tests.

Operation of Before Service System KC Glass & Materials operates and manages a Before Service System. The Before Service System is a preemptive system that looks for customer complaints and needs to make improvements before customers actually file complaints. The OEM glass bottle designs for Bogo Shinyak were integrated through the Before Service System and the breadth of glass bottles for Samsung Pharmaceutical was unified to make the processes easier. Also, by adjusting the packaging pattern and increasing the load quantity, transportation costs were reduced.

Reduction in product defect rate The product defect rate in 2014 was 2.8% for KC Cottrell Vietnam, 1% for NWL and 0.32% for Clestra, showing a decrease compared to the previous year. This is the result of the efforts of all subsidiaries that aim at giving value to clients through trusted and stable quality.

Customer Management Based on the accumulated technologies and knowhow of KC Green Holdings, KC Network companies provide technical services such as consulting, inspection and diagnosis of clients' environmental facilities. Through such outstanding customer management, KC Cottrell was selected as a 2014 POSCO certified vendor, POSCO World Best product certification (sintering process EP collector), selection as self-management vendor for POSCO inspection, and as a company for the global procurement leading company fostering project.

Identification of customer satisfaction levels In order to maximize customer satisfaction, KC Cottrell conducts quarterly customer satisfaction surveys. The survey items are in the five areas of quality, on-time delivery, operator satisfaction, customer-orientation, service and kindness. Surveys showed that very satisfied was highest at 76.8% of all answers. Interviews were also held to enhance customer satisfaction and we listened to customer feedback. Nol-Tec Systems carries out Win-Loss

Analysis for clients and potential clients to identify the product satisfaction of clients. KC Enviro Services takes suggestions of clients through questionnaires handed out twice a year to come up with solutions. A total of five surveys were conducted in 2014 and three were shown to be excellent and two to be good.

Shared Growth

Promoting communication with partner companies

KC Glass & Materials holds at least one meeting a year with vendors that supply raw materials of glass such as cullet, limestone and soda ash to share the supply and demand trends, while also continuously discussing ways for mutual development. KC Air Filtertech also holds annual meetings for quality improvement. KC Cottrell participated in an MOU ceremony for the shared growth of large, medium and small environmental companies hosted by the KEIA. Minister of Environment Yoon Sung-gyu and 52 environmental companies signed the MOU to announce their will for this. All affiliates of KC Green Holdings will continue to work on smooth communication with partners in order to strengthen the company's competitiveness.

Operation of various vendor support programs

KC Green Holdings pursues shared growth with vendors based on a fair trade culture. In order to help vendors engage in stable management activities, KC Glass & Materials lowered the burden on vendors by allowing payments through purchasing cards and electronics bills. Furthermore, product analysis results are shared and directions for improvement are presented to help enhance the product quality of partners. KC Cottrell also provided health examinations for vendor companies to create mutual trust and is continuously working for a win-win relationship with vendors. KC Green Holdings will go beyond providing one-directional benefits to vendors and strive for true accompanied growth that can create the value of sharing together with partners.



Shared growth agreement ceremony with large, medium and small environmental companies

06 Environment



Context

All management activities of companies such as development / manufacturing / transportation / use / and post-treatment have a big impact on the environment. Through such process, companies are demanded to not only develop and produce eco-friendly products, but also effectively manage pollutants.

Approach

The fact that our business activities affects the environment makes us work harder to efficiently recycle waste resources and convert it into energy. Believing that our efforts can protect the environment, KC Green Holdings does not hold back in its interests and investments to minimize negative environmental impact.

Key Figures

Reduced greenhouse gases
through solar power generation
925,457 trees



Environmental purification activities
such as waste-to-energy and landfills
700,520 tons



STAKEHOLDER'S INTERVIEW

“I hope becomes a global environmental company that can take the initiative and resolve various environmental issues.”

The business fields of KC Green Holdings are in purifying the environment, recycling resources, and utilizing renewable energy. Therefore, expanding its business while procuring profitability is in itself successfully achieving sustainable management. I hope that KC Green Holdings, which serves the society by saving the environment and contributing to shareholders and employees, will further improve its profitability to raise the status of sustainable management in Korea.



Lee, Jae Gyeong
KC Green Holdings Outside Director

Environmental Management System

Environmental Management Policy Environmental issues such as global warming and destruction of the ecosystem are pan-global problems. KC Green Holdings understands the severity of such environmental issues and is striving to preserve the global environment. The environmental management policies of KC Green Holdings covers from environmental laws and regulations, design & engineering of environment-friendly systems, communication activities, to regular environmental impact assessment, evaluation and reviews in its environmental management activities. Some subsidiaries are establishing environmental management visions and strategies integrated with the management strategies. They also designated organization and action plans for environmental management to practice environmental management activities.

Transparent disclosure of environmental information

KC Green Holdings discloses environmental impact factors that occur in the management process. KC Glass & Materials registered with the environmental information disclosure system of the KEITI to disclose its resource and energy conservation, and its performance in reducing pollutant emissions. In the event of unknowingly violating environmental laws and regulations while handling wastes, it does its best to prevent recurrence. In 2014, there were a total of six violations of regulations among all affiliates, for which approximately 17 thousand dollars was paid in fines. Besides this, there were no other actions taken or disputes.

Eco-friendly manufacturing certification Clestra Hauserman acquired the Declare eco Label for PleinAir in its transparent office partition products. The Declare Label is a label for indicating building materials like nutrition labels placed on processed foods. This label tells customers that it uses “recyclable products” that have no chemical risks. Following the Green Mark certification from Singapore’s Green Building Council in March, it also obtained the Declare Label to once again be recognized as an eco-friendly company with a positive impact on the circulation of resources.



Strengthened environmental communication KC Green Holdings tirelessly works at strengthening communication to quickly identify environmental industry trends and to share environmental information with various people of different companies. The subsidiaries also continuously participate in exhibits and expos related to the environment.

Such efforts are examples of the will for environmental management by KC Green Holdings that spares no effort to reduce environment pollution, while sharing its transparent and clean production activities.

- International environmental industry technology and green energy exhibit (ENVEX 2014) (KC Cottrell)
- Re-Tech (Recycling & Waste Management Exhibition) 2014 (KC Cottrell)
- 2014 international, environmental energy industry exhibit (ENTECH 2014) (KC Cottrell)
- Participated in POWER-GEN EUROPE (Lodge Cottrell)
- Participated in POSCO-Vendor Open Discussions (KC Cottrell)



Vendor Open Discussions

- Sponsored IED (Industrial Emissions Directory) Forum in Warsaw, Poland (Lodge Cottrell)



ied forum

Environmental Management Policy of KC Green Holdings

1. KC Green Holdings observes domestic and international health, safety and environmental laws and regulations.
2. KC Green Holdings evaluates all business activities that may affect safety, health and the environment, and comes up with appropriate measures for these.
3. KC Green Holdings establishes safety, health and environmental management goals and improvement plans in order to continuously improve safety, health and environmental performance.
4. KC Green Holdings has all of its members understand and practice the safety, health and environmental management system through systematic training and education.
5. KC Green Holdings regularly analyzes and reviews the operational performance of the safety, health and environmental management system.

Environmental management certifications and awards per subsidiary

Environmental management certifications and awards per subsidiary : 13 companies (KC Cottrell (including plant), KC Cottrell (US), Lodge Cottrell (UK), KC Enviro Services, KC Landfill Services, KC Enviro Construction, KC Hanmi Environment, KC Eco Energy, KC Glass & Materials, Clestra Hauserman, KC Envirotech E&C (Fushun)

Excellent recycled product GR certification : 1 company (KC Glass & Materials)

Green technology certification : 2 companies (KC Cottrell, KC Glass & Materials)

Clean workplace certification : 1 company (NWL Pacific)

CE(Conformite Europ ene) certification : 1 company (NWL Pacific)

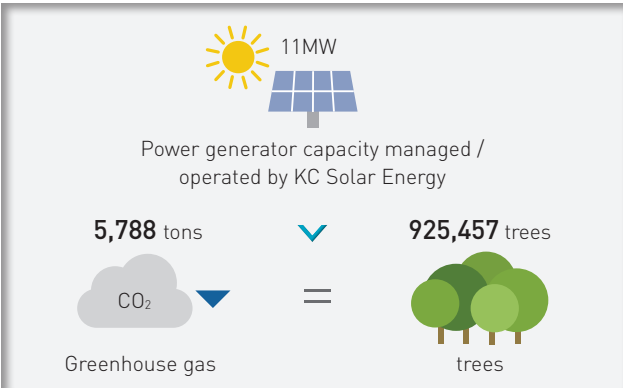
Excellent company in “industrial emissions trade pilot project” evaluation :1 company (KC Glass & Materials)

Environment-Friendly Businesses

Environment-friendly Technologies: When producing glass bottles, KC Glass & Materials uses waste glass up to 80% to make new glass. KC Glass & Materials was recognized for its green technologies that produce safe and high quality recycled bottles and became the first in the container glass industry to receive GR certifications*. We will continue to strive to lower dependency on natural resources, have a stable supply of materials, and cut costs through technology innovation in the resource recycling.

* GR (Good Recycled Product) Certification: Government certification for recycled products having good quality through resource recycling green technology development to contribute in low-carbon green growth by encouraging recycling of resources and saving energy

Renewable Energy-Solar Power Generation: KC Solar Energy is championing environmental protection by producing clean energy through the construction of solar power generators and its operational and management service businesses. Since building the Renault-Samsung Busan generator plant with a 20MW capacity, the biggest for a single plant in Korea in 2012, it additionally constructed 6MW in 2014. In addition, the GMK Changwon Solar Power Plant completed its first 3MW construction and is in the second phase 3.5MW construction, as it places utmost priority in value and trust for clients. By constructing a solar power generation using the structure’s roof and salt field lot, it produces eco-friendly energy while minimizing environmental damages, and is contributing greatly to response to climate changes.



Renault Samsung Motors automobile plant 26MW

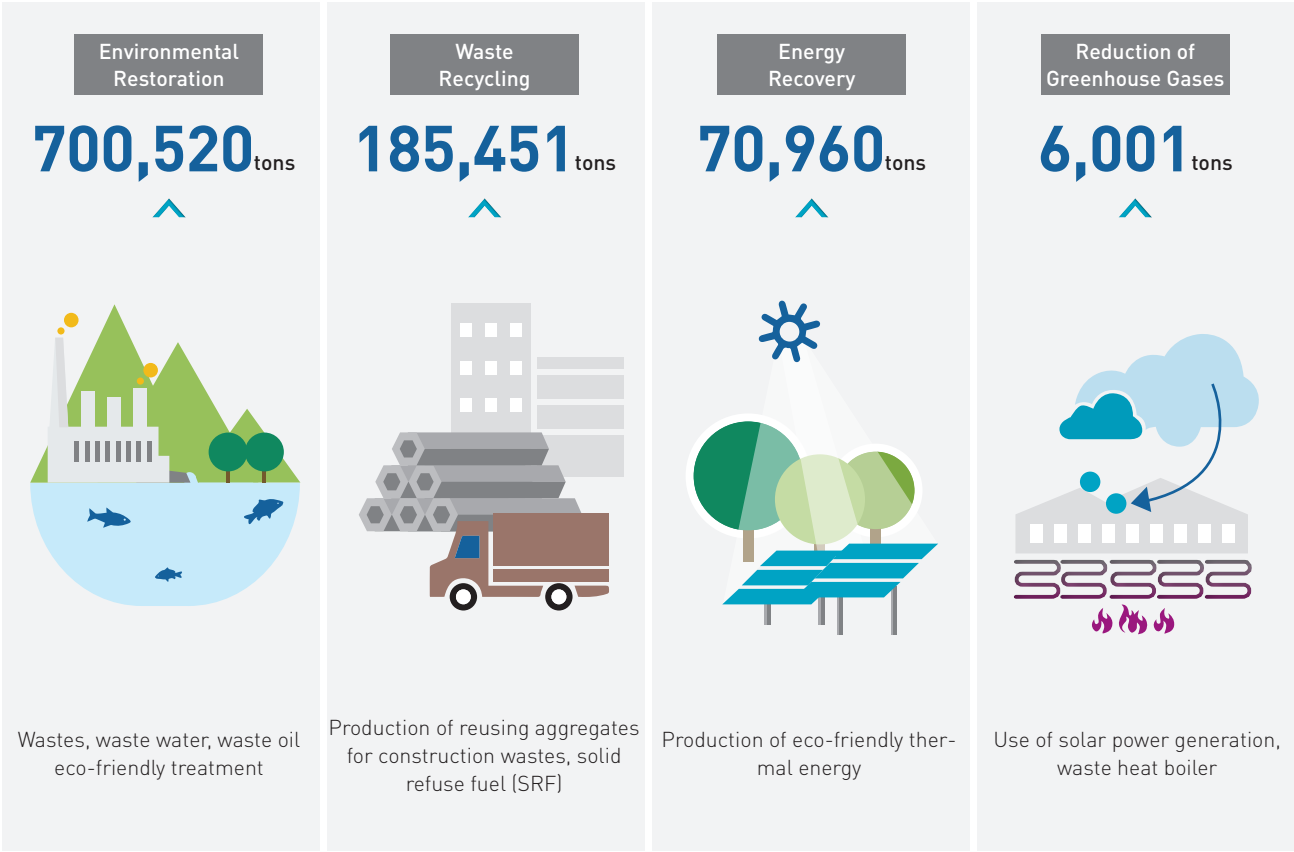


GMK Changwon Solar Power Plant 11.5MW

Environment-friendly Business Performance

Subsidiaries	Section	Contents	Treatment / Production	Unit	Remark
KC Enviro Services	Environmental Restoration	Waste incineration	43,144	Ton	
	Energy Recovery	Waste heat (steam) Recovery	83,544	Ton	
	Waste recycling	SCR catalyst regeneration	230	m³	
KC Landfill Service	Environmental Restoration	Waste landfill	422,540.66	Ton	
		Water pollutants	25,056.89	Ton	Leachate treatment
KC Enviro Con-struction	Waste recycling	Recycling of construction wastes (aggregate, polishing powder, scrap iron, nonferrous steel, waste plastic, waste wood, and others)	85,000	Ton	
KC Hanmi Environment	Energy Recovery	Waste heat (steam) Recovery	36,900	Ton	
	Environmental Restoration	Waste incineration	24,630	Ton	
		Waste oil	20,923	Ton	
KC Eco Energy	Environmental Restoration	Waste incineration	25,419	Ton	
		Construction waste treatment	81,269	Ton	
	Energy Recovery	Waste heat (steam) Recovery	50,516	Ton	
		Waste recycling	Construction waste recycling	53,136	Ton
		SRF production	2,863	Ton	
KC Glass & Materials	Waste recycling	Waste glass recycling	44,402	Ton	
		Sales of wastes	50	Ton	
		Environmental Restoration	Sewage	16,599	Ton
		General wastes (waste water treatment, waste resin)	114	Ton	
		Designated wastes (dust, waste oil)	103	Ton	
	Energy Recovery	Waste heat boiler installation (Reduce energy expenses)	2.6	TJ	
		Waste heat boiler installation (green house CO ₂ reduction amount)	133	TCO ₂	
	Renewable energy production	Solar power energy sales	171,500	kwh	

Environment-friendly Business Performance



Energy usage		Unit: TJ		
Section	2012	2013	2014	
Energy Usage	787	907	13,234	
Fuel Energy (LNG, Diesel, etc)	331	343	211	
Electric energy	415	463	7,835	
Etc (Renewable energy, etc)	40	100	5,187	

* 20 companies reported in 2013, 18 subsidiaries reported in 2014

Water Usage		Unit: Ton		
Section	2012	2013	2014	
Total	387,459	397,048	327,923	
General water	-	-	280,173	
Recycled water	-	-	47,750	

* 18 companies reported in 2013, 15 subsidiaries reported in 2014

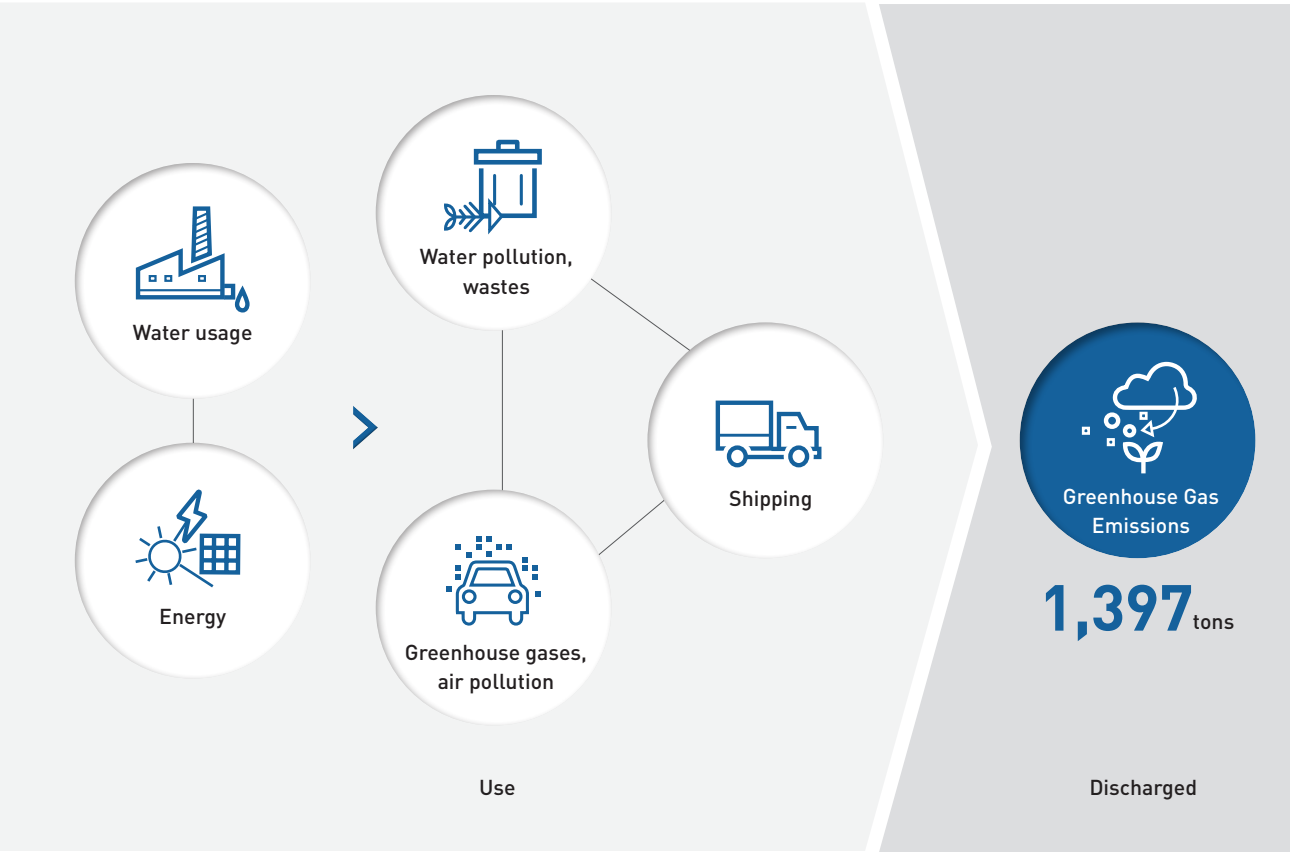
Waste Water Effluent in Water Quality		Unit: mg/l		
Section	2012	2013	2014	
Total	COD	52.8	103.8	247
	BOD	25.4	19.4	378
	T-N	69.6	105.6	418
	T-P	0.6	1.1	4

* 5 subsidiaries reported the same as the previous year KCMS, KCES, KCHM, KCGM, CLESTRA

Wastes Generated		Unit: Ton		
Section	2012	2013	2014	
Total	Total treat-ed volume	24,876	105,762	61,068
	General wastes	19,966	101,903	30,395
	Designated wastes	1,516	3,859	30,673

* 11 companies reported in 2013, 8 subsidiaries reported in 2014

Environmental Pollution Management



Greenhouse Gas Emissions		Unit: tCO ₂ eq		
Section	2012	2013	2014	
Total	Total emissions	86,733	160,662	198,275
	Direct emissions	72,410	141,405	177,934
	Indirect emissions	14,323	19,239	20,341

* 7 companies reported in 2013, 4 subsidiaries reported in 2014

Air Pollutant Emissions					
Section	Unit	2012	2013	2014	
Total	NOx ppm	114.4	129.1	137	
	SOx ppm	41.0	36.2	37	
	Particulates mg/m ³	8.4	26.5	20	

* 7 companies reported in 2013, 6 subsidiaries reported in 2014

Environmental Protection Expenses		Unit: Thousand dollars		
Section	2012	2013	2014	
Total	Total expenses	310	4,862	2,709
	Percentage compared to sales [%]	0.06%	1.52%	0.71%

* Costs for lowering pollutants such as maintenance of environmental facilities, waste water treatment, and air pollutant control in order to comply with the government's environmental regulations

There were changes in companies subject to make reports due to changes in business and number of workplaces such as separation of subsidiaries of Veolia ES & KC Ecocycle, as well as the suspension of KC Enviro Construction's incinerator

07

Community

Context

Companies in modern society must go beyond simply making profits, but to coexist through the development of the community. When a company fulfills its social responsibilities, truly sustainable growth becomes possible.

Approach

Due to the character of its business, KC Green Holdings requires the consensus and approval of the community. For this, we are supporting local events and local education projects to communicate with the community and also continuously develop and participate in programs for hiring talented local personnel. In order to realize the value of protecting the environment and society, we will develop CSR initiatives and strategies and engage in more systematic social responsibility management activities.

Key Figures

Donated **87** thousand dollars to UNICEF "Schools of Asia" with joint funds of KOSPO and small and medium sized companies



Participation and support of local events
24 times



STAKEHOLDER'S INTERVIEW

"Through volunteer activities, we plan to realize social contribution activities that KC Green Holdings aims at."

KC Green Holdings goes on volunteer activities to the St. Mary's workplace once a month. Volunteers help with the duties that our disabled friends cannot finish during the week to meet deadlines. When coming out to the workplace with colleagues and doing volunteer work together, I feel that I become closer to them. By participating in this volunteer activity organized by the company, it gives me a sense of fulfillment that our company is contributing to the community, and it even improves our pride and love for the company, as well as our teamwork.



Lee Tae-joon
KC Cottrell Director

Sharing activities with the community KC Green Holdings affiliates pursue sustainable development through coexistence with each of their respective communities, and they are engaging in various social contribution activities. They work on improving trust from the community and strengthening a sense of fellowship to better the company image, while promoting regional development.



Participation in CSR Forum by KC Cottrell India



Nol-Tec Systems Toys for Joy

Activities of each subsidiary

KC Eco Energy

- Support events at nearby senior citizen centers (Yangma Village, Taepyeong Village, Hwagae Village) and Community Day Events
- Sponsor Community Sports Days at Jochon-dong and Dongsan-dong
- Regional police development committee and Jeonju Provincial Police Agency school violence prevention subcommittee activities and support

KC Enviro Services

- Support the Yeongchiwan Azalea Festival
- Sponsor local festivals, festivals for the elderly, sports tournaments, and Community Day
- Support Sangam Elementary Alumni sports tournament, Sangam 3 ton Community Festival support, Sangam-dong resident filial piety tourism support, and support for the One Heart Sports Day and festival for the elderly

KC Hanmi Environment

- Rice delivery to less fortunate neighbors on Chuseok
- Gyeongnam Social Welfare Joint Charity Drive – Donation to campaigns for the summers of low-income families
- Support various events of Bongam-dong
- Gyeongnam Opera Troupe sponsors – support the operation of the Gyeongnam Opera Troupes

KC Glass & Materials

- Community Love Sharing and Volunteer Activities – improve residential environments of senior citizens living alone, repair local environment, joint purchasing of local agricultural products, sponsoring regional events, etc
- Local event sponsorship – Ipjang Grape Festival, Myeonmin Sports Tournament, Independence Day Volleyball Tournament, tours for local senior citizens
- Support of funds according to participation of community residents in cullet collection activities

KC Enviro Construction

- Support Koriyo Songsan Dinosaur Festival
- Support the Chilgok-ri senior citizen's association events

KC Cottrell

- Regular volunteer activities at the St. Mary's Protected Workplace
- Sisterhood ties with Seoun Elementary School to support education of local children

NWL

- Sponsor Grape Festival at Seoun-myeon, Anseong
- Sponsor Myeongmin Sports Tournament at Seoun-myeon, Anseong

KC Cottrell US

- Delek Tournament for Hope
- Other charity events for customers in AR, TN and TX as well as WPCUG

Regional volunteer activities

Improvement of residential environment for senior citizens living alone <ul style="list-style-type: none">• Repairs and cleaning inside and outside of homes• Repair old electric facilities• Repair sewage facilities in preparation of the rainy season• Organize environment around homes	Village environment maintenance <ul style="list-style-type: none">• River purification activities• Town street purification activities• Household garbage recycling• Waste treatment (waste vinyl)
Support for senior citizens living alone <ul style="list-style-type: none">• Household goods (beds and living necessities)• Mosquito net repair• Home wallpaper and painting work• Helping out with chores	Operate win-win program <ul style="list-style-type: none">• Collective purchasing of local farm products (local specialties such as pears, grapes and garlic)• Hold festival for senior citizens once a year

Community Love Sharing Volunteer Activities

Fostering talents for the future KC Green Holdings understands the importance of “talents” who will lead our future society and provides support in many areas to foster human resources. In 2014, KC Cottrell participated in a social contribution energy love sharing program for supporting UNICEF “Schools of Asia” with 87 thousand dollars in the joint fund by KOSPO and small and medium sized companies. In addition, the affiliates are contributing to the development of talents who will lead the future through tuition and scholarships to students in the community.



KC Cottrell Vietnam scholarships

Company	Contents
KC Hanmi Environment	Tuition support for families headed by children (Hoewon-gu, Masan)
KC Cottrell Vietnam	Offer scholarships to outstanding students (2 students, National Economic University, Transportation University)
NWL	Group Home Support – support education of children at the House of Hopes in Anseong

1 Company 1 Social Company Sisterhood Project Support From 2013, KC Glass & Materials has been supporting 1 company 1 social company sisterhood projects for the stable establishment and activation of social companies. It is actively cooperating in making an environment where social companies can become independent. It also sponsors social companies such as making preferential purchases of products manufactured by social companies of Cheonan, and with the goal of fulfilling its corporate social responsibilities to participate in community love sharing culture, it is continuing social company support projects.

Appendix

48	Introduction of Subsidiaries
52	Financial Information
56	Third Party Assurance Statement
57	GRI G4 Index
59	Joined Associations and Certifications

Introduction of Subsidiaries

Environmental Engineering

KC Cottrell Korea

Focusing on electric dust collectors, it provides optimal facilities such as gas treatment facilities that remove sulfur/nitrogen oxides, industrial heat exchangers, powder transport facilities, etc. Furthermore, its main area of business is the construction, management and operation (O&M) of solar power plants.

KC Air Filtertech

It strives to create clean air and clear skies based on client-customized services in air pollution prevention facilities (dust collectors) such as bag filters, bag cages, diaphragm valves, venturi, etc.

Lodge Cottrell UK

Lodge Cottrell, which was the first in the world to successfully commercialize electric precipitators in 1913, maintained its reputation in the European air environment market for one hundred years, and in light of the changing market, it is expanding its scope to bio mass and other renewable energy system businesses.

KC Cottrell India

KC Cottrell India, which is working on preoccupying the environmental facilities market that has been growing together with the increased demand for large-scale power production, is being armed with the competitiveness needed to be a leader in the desulfurizing and denitrification markets that have high potential growth rates.

Nol-Tec Korea

As a company specializing in transport system installation of powders from various materials including bottom & fly ash, it offers total solutions regarding equipment. Moreover, it has expanded its realm of business through a specialized pneumatic handling system to achieve sustainable growth.

KC Cottrell China

KC Cottrell China, which has delivered various products from electric precipitators and bag filters to desulfurizing equipment, sewage treatment facilities, and waste incineration facilities, is establishing its position in the Chinese atmospheric environment market.

Nol-Tec Systems

Nol-Tec Systems, which possesses technologies specialized for facilities related to powder and particle materials, offers optimal equipment and services to clients around the world together with KC Network affiliates based on its technological expertise and innovative thinking.

KC Cottrell US

Based on KC's new technologies that are cost efficient and exceeds customer demands in the North and South American markets, KC Cottrell US is setting sail for a new challenge and it has grown amidst the trust of clients in providing air pollution prevention facilities and other specialized services.

KC Cottrell Vietnam

This is Vietnam's first company specializing in environmental facilities. In order to protect the future environment of Vietnam, which has great potential for economic growth, optimal air pollution prevention facilities are offered to clients, as well as its management services.

KC Cottrell Taiwan

By supplying market-customized products according to the direction of Taiwan's government policies and MgO desulfurizing facilities applied in a broad range in the Taiwanese small and medium sized boiler market, it has procured competitiveness in the market and has grown based on this.

Main clients



Environmental services

KC Enviro Services

Through safe treatment (incineration) of various general and designated wastes that occur in the industrial site, it produces energy, remanufactures waste catalysts, and engages in landfill renovation and restoration businesses. It is creating value through legal and safe treatment of waste resources and recycling.

KC Hanmi Environment

Based on the One Stop Service System that collects, transports and treats general and designated wastes, waste water, and waste oil, it is playing a leading role in environmental purification through the safe treatment of industrial wastes in the Yeonghonam region.

KC Eco Energy

It engages in businesses such as collection and transportation of general and designated wastes, and waste incineration and construction waste intermediate treatment. By producing solid fuels (SRF nonlinear) and activating solid fuel boilers, it has expanded into the steam and electric generation and supply business, and it is solidifying its position in the waste-to-resources market.

KC Landfill Service

Under the slogan of safe and complete treatment, KC Landfill Service, which engages in final waste treatment (landfill), is working on continuously preserving the global environment by thoroughly observing laws and regulations and responsible services.

KC Enviro Construction

It is taking the initiative in recycling construction wastes through waste treatment facilities with the latest technologies, and it is also continuously engaging in construction businesses through scaffold dismantling, waterproofing plasters, landfill piling, and dismantling asbestos in the government/private construction.

KC Biochemical

By collecting and treating waste cooking oils discharged by homes and restaurants, it distributes raw ingredients for making bio diesel, and the by-products made through this process are recycled as production raw materials as glycerin and fatty acid. (Incorporated as a subsidiary of KC Green Holdings in September 2015)

Environmental manufacturing

KC Glass & Materials

Based on production of various glass containers and advanced glass materials (Glass Frits), KC Glass & Materials is fulfilling its mission as a green company by developing sustainable growth engines such as cook top ceramic boards and optical glass materials.

KC Thermal

KC Thermal, which supplies air-cooled type heat exchangers and various industrial machines throughout the world, is striving to improve efficiency of energy-using devices such as oil refining and petrochemical plants, generator facilities, etc using its accumulated experience and knowhow.

Clestra Hauserman

Clestra Hauserman, which creates spaces according to the desires and circumstances of clients, produces and supplies participations and ceiling materials that takes

KC Envirotech E&C (Fushun)

KC Envirotech E&C (Fushun), which was established to procure a bridgehead into the Chinese and global environmental market, produces and supplies the best air environment pollution prevention facilities and various industrial structures at reasonable prices.

NWL Pacific

NWL Pacific, which specializes in the production of rectifier-type electric transformers, automatic control panels, and plasma power devices that are essential parts for electric precipitators, is striving to supply highly trusted products and services through tireless research and effort on top of its 80 years of history.

Renewable Energy

KC Solar Energy

From not only small generators for home-use and construction of MW grade commercial generator systems, it also engages in consigned operation and management (O&M) businesses for completed solar power generators in its efforts to reduce greenhouse gases and to prevent global warming.



Financial Information

Independent Auditors' Report

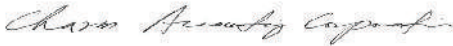
English Translation of a Report Originally Issued in Korean

To the Shareholders and the Board of Directors of KC Green Holdings Co., Ltd:

We have audited the accompanying consolidated financial statements of KC Green Holdings Co., Ltd. and subsidiaries (the “Group”). The financial statements consist of the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, consolidated statements of changes in shareholders’ equity and consolidated statements of cash flows, all expressed in Korean won, for the years ended December 31, 2014 and 2013. The Group’s management is responsible for the preparation and fair presentation of the consolidated financial statements, and our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with Korean International Financial Reporting Standards (“K-IFRS”).



March11, 2015

Notice to Readers

This report is effective as of the auditors’ report date. Certain subsequent events or circumstances may have occurred between the auditors’ report date and the time the auditors’ report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditors’ report.

KC GREEN HOLDINGS CO., LTD. and Subsidiaries Consolidated Statements of Financial Position

Years ended as of December 31, 2014 and 2013

Unit: in Koreanwon

	2014	2013
ASSETS		
Non-current assets		
Property, plant and equipment-net	146,482,889,068	134,705,397,890
Investments in real estate	12,286,285,493	3,319,222,753
Investments in associates	15,395,885,264	17,172,946,720
Intangible assets	35,884,295,795	36,013,123,298
Deferred tax assets	7,568,695,407	8,024,035,557
Derivative financial assets	-	506,799,398
Other non-current financial assets	10,986,882,010	11,015,682,520
Other non-current non-financial assets	1,096,456,461	1,194,553,525
Total non-current assets	229,701,389,498	211,951,761,661
Current assets		
Inventories	12,576,130,506	10,312,483,058
Account receivables - net	73,547,104,663	72,264,502,581
Due from customers for contract work	46,912,644,721	51,958,558,766
Other current receivables	17,948,127,959	21,205,107,592
Current derivative financial assets	274,770,976	2,047,901,263
Current tax assets	463,398,977	701,731,088
Other current financial assets	10,979,519,644	6,275,677,271
Cash and cashable assets	45,105,774,970	53,216,149,505
Total current assets	207,807,472,416	217,982,111,124
Total assets	437,508,861,914	429,933,872,785
EQUITY		
Issued capital	11,217,490,000	11,217,490,000
Other components of equity	50,754,464,811	49,292,294,708
Other reserves	5,437,043,323	4,811,379,573
Retained earnings	77,936,347,658	82,002,837,505
Equity attributable to owners of the parent	145,345,345,792	147,324,001,786
Non-controlling interests	48,753,285,976	64,702,971,586
Total equity	194,098,631,768	212,026,973,372
LIABILITIES		
Non-current liabilities		
Other non-current provisions	20,511,312,277	19,713,477,103
Long-term borrowing	48,574,306,000	28,654,541,459
Convertible bond	2,006,168,210	
Post-employment benefit obligations	8,686,622,578	5,503,662,113

	2014	2013
Derivative financial liabilities	21,566,318	24,320,019
Deferred tax liabilities	-	2,714,377,745
Other non-current financial liabilities	3,623,543,421	3,673,588,949
Total non-current liabilities	83,423,518,804	60,283,967,388
Current liabilities		
Other current provisions	-	253,285,455
Short-term borrowings	29,948,478,687	35,456,144,567
Account payables	66,613,554,521	67,378,771,885
Other current liabilities	19,720,442,297	20,551,272,177
Advance from customers	34,465,329,523	23,533,254,185
Current tax liabilities	4,610,190,927	6,976,739,446
Derivative financial liabilities	175,915,387	89,364,310
Current portion of long-term liabilities	4,452,800,000	3,384,100,000
Total current liabilities	159,986,711,342	157,622,932,025
Total liabilities	243,410,230,146	217,906,899,413
Total equity and liabilities	437,508,861,914	429,933,872,785

KC GREEN HOLDINGS CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income

Years ended as of December 31, 2014 and 2013

Unit: in Koreanwon

	2014	2013
CONSOLIDATED NET PROFIT		
Operating income	384,115,293,983	487,271,569,423
Sales	381,800,057,874	479,122,425,403
Gain from valuation of associates	771,100,876	2,268,390,674
Rental	1,544,135,233	5,880,753,346
Operating expenses	366,311,091,561	466,404,865,785
Cos to fsales	322,769,686,715	423,260,816,180
Loss from valuation of associates	1,219,659,161	869,574,956
Selling, general and administrative expenses	42,321,745,685	42,274,474,649
Profit from operations	17,804,202,422	20,866,703,638
Other income	5,559,947,065	9,875,317,194
Other expenses	[6,158,983,545]	[7,053,859,598]
Financial income	1,042,320,413	1,229,030,695
Financial costs	[2,334,166,918]	[3,481,307,496]
Profit before income tax	15,913,319,437	21,435,884,433
Income tax expense	[15,887,516,116]	[6,962,105,683]
Profit for the year	25,803,321	14,473,778,750
COMPREHENSIVE INCOME(LOSS)		
Items that will not be reclassified subsequently to income(loss):	[3,787,154,411]	[584,625,242]
Remeasurement factor on defined benefit plans	[3,787,154,411]	[584,625,242]
Items that will be reclassified subsequently to income(loss):	522,808,151	[234,356,780]
Currency translation differences	485,408,166	[291,105,203]
Equity changes in equity method investee	[43,599,877]	[26,844,575]
Net change in fair value of financial assets	78,851,975	71,784,084
Net change in fair value of interest swap	2,147,887	11,808,914
TOTAL OTHER COMPREHENSIVE INCOME(LOSS)	[3,264,346,260]	[818,982,022]
TOTAL COMPREHENSIVE INCOME(LOSS)	[3,238,542,939]	13,654,796,728
Profit attributable to:		
Owners of the parent	2,447,603,158	9,269,777,714
Non-controlling interests	[2,421,799,837]	5,204,001,036
Profit for the year	25,803,321	14,473,778,750
Total comprehensive income attributable to:		
Owners of the parent	920,465,990	8,714,243,788
Non-controlling interests	[4,159,008,929]	4,940,552,940
Total comprehensive income for the year	[3,238,542,939]	13,654,796,728
Earnings per share(inKoreanWon)		
Basic	111	418
Diluted	111	418

Third Party Assurance Statement

The Business Institute for Sustainable Development, led by the Korea Chamber of Commerce & Industry (hereinafter "BISD") was requested verification as an independent "third party verification institute" for the "2015 KC Green Holdings Sustainable Management Report" (hereinafter "Report"), and submits the verification opinion as follows.

Purpose The purpose of this verification opinion was to check for any major errors or biases included in the Report and to conduct independent assurance procedures on whether the sustainable management issues of KC Green Holdings were appropriately reported so to present the assurance statement

Responsibilities and Independence This Report contains matters on KC Green Holdings' sustainable management efforts in 2014, its performance and future plans. All responsibilities regarding the drafting of the Report lies with KC Green Holdings. In conducting assurance on the report and providing assurance opinions to the board of directors, BISD has no management-related interests with KC Green Holdings aside from carrying out third party assurance for maintaining independence and autonomy.

Assurance Standards and Restrictions BISD conducted assurance considering the three major principles of AA1000AS(2008) that are inclusiveness, materiality and responsiveness, as well as the reporting contents and quality principles of the Global Reporting Initiative (GRI). This assurance was conducted at the head office in Seoul among its workplaces both in Korea and abroad. The scope of the assurance is limited to performance included in the report, and while previous data and online information were referred to, they were excluded from assurance. Also, the greenhouse gas emissions data verified by another third party were not included.

Major Assurance Procedures BISD reviewed interviews with a company representative as well as relevant documents provided by the company. The main assurance procedures include the following.

- Review on applying company's internal sustainability report standards
- Review on report contents and information collection processes
- Review on report contents and in-company policies regarding materiality assessment and major issues
- Physical Inspections and staff interview

Assurance Opinions BISD carried out operations according to the assurance procedures stated in the assurance report, and when necessary, revisions were made. Based on this, it was judged that there are no major errors in the report and that the report is in accordance to the GRI G4 Core standards.

Assurance opinions based on the assurance activities and considering the AA1000APS principles are as follows.

Inclusivity In pursuing sustainable management, does it comply with the principle of stakeholder participation for responsible and strategic responses?

- KC Green Holdings defined stakeholders and listens to the major interests and opinions of clients, employees, shareholders and investors, government, and community through suitable communication channels.

- BISD did not discover stakeholder groups omitted in the process of collecting issues through the stakeholder communication channel of KC Green Holdings.

Materiality Does it include core issues that affect stakeholders throughout sustainable management?

- KC Green Holdings identified the major issues for sustainable management through the materiality assessment, and major issues were deduced by collecting opinions through surveys of stakeholders.
- BIDS did not discover any missing issues in the materiality assessment process.

Responsiveness Does it respond appropriately to the issues of stakeholders?

- KC Green Holdings identified the effects of its business activities on stakeholders and conducted activities in response to this, disclosing the performances during the period of report.
- BISD did not discover any violations in the principles of responsiveness in the response and performance for major issues of sustainable management according to the report from the perspective of materiality

Recommendations BISD suggests the following recommendations within a scope that does not affect the assurance results.

- Transparency for corporate governance structures and compositions are being strengthened amidst social interest. For growth, KC Green Holdings should raise the diversity of its board of directors and establish procedures to transparently disclose the appointment process and determination of wages. We also recommend a sustainable management committee within the board of directors as a device to discuss and execute various agendas regarding economic, social and environmental issues.
- KC Green Holdings has 30 subsidiaries due to the expansion of its business. It will be necessary to identify the scope of influence and relevant issues of the companies for systematic sustainable management of each affiliate. KC Green Holdings should provide common performance indices that can develop the sustainable management performance of affiliates and the affiliates should selectively apply the indices suitable to their company, and gradually construct a single index system.
- Despite the difficult business environment, KC Green Holdings' revision of its code of ethics, introduction of affiliate CSR evaluation system, and other ways of continuously pursuing sustainable management were impressive. We hope that by setting a company-wide direction of social contribution, KC Green Holdings will take a leading and continuous role to enhance its influence within the community.




October 2015
President Jeon Su-bong

GRI G4 Index

General Index

Category	Index No.	Index Name	Pages	Remark
Strategy and Analysis	G4 1	Declaration by highest decision-maker on organization and strategies related to sustainability	8~9	
Organization Profilew	G4 3	Organization name	11	
	G4 4	Representative brand, product and services	12~13	
	G4 5	Location of head office/headquarters	11	
	G4 6	Number of countries where the organization does business and names of countries with major work-places operated by the organization or having special relevance with sustainable management	14~15	
	G4 7	Type and legal form of organization's ownership	11, 18	
	G4 8	Market in which services are provided (including geographical distribution, industrial, customers, and types of beneficiaries)	14~15	
	G4 9	Scope of organization (no. of employees, net sales, total capital, products, services, etc)	11, 14, 54	
	G4 10	Major changes in the no. of employees per type (contract type and gender, employment type and gender, laborers and supervised laborers, region and gender, business owners by law, etc) or no. of employed workers	34	
	G4 11	Rate of workers who fall under the results of collective bargaining	34	
	G4 12	Description on the supply network of the organization	37	
	G4 13	Major changes related to the organization's scope, structure, ownership and supply network that occurred during the reporting period	17	
	G4 14	Organization's prevention plans or policies, and its execution method	19, 25	Risk management, safety prevention activities
Reporting Media Variables	G4 15	Charters, principles or other initiatives on the economy, environment or society developed outside of organizations that the organization has joined or supports	59	
	G4 16	Membership to major associations	59	
	G4 17	List of all entities entered in the organization's integrated financial statement or equivalent documents, or entities listed in the organization's integrated financial statement or equivalent documents, but not dealt with in the report	15	
	G4 18	Method on deciding the report contents and aspect boundaries, and on applying the reporting principles in the report content decision-making process	21,22	
	G4 19	List of all important aspects identified in the report content decision-making process	22	
	G4 20	Explanation on aspect boundary within the organization for each major aspect	1	
	G4 21	Explanation on aspect boundary outside of the organization for each major aspect	1	
	G4 22	Effects of revised reports for information provided in previous reports and reason for revised report	43	
	G4 23	Major changes that occurred in scope or aspect boundary after the previous report period	42~43	
	G4 24	List of participating stakeholders	21	
	G4 25	Basis for identifying and selecting major stakeholders	21	
	G4 26	Method of participation of stakeholders of organization (frequency of participation by type or by stakeholder group)	21	
	G4 27	Response method and results of major issues presented through participation of stakeholders including the publication of the report (major issues per stakeholder)	24,26,30,33, 36,38,44	
	G4 28	Report period	1	
	G4 29	Publication date of recent report	1	
	G4 30	Report period	1	
	G4 31	Place of inquiry for report or contents of report	1	
	G4 32	GRI Index (optional, GRI Context Index, third party verification report)	56~58	
Participation of stakeholders	G4 33	Role of highest decision-making organization and board of directors for policies and activities related to outside verification, verification scope and standards, relationship between the reporting organization and the verification institute, and for procuring reliability of the report	56~57	
Governance	G4 34	Organization chart of highest decision-making organization including the committee and committee list in charge of economical, social and environmental topics (indicate main topic per committee)	11, 18	
Ethics and transparency	G4 56	Company's code of conduct or code of ethics	31	

Detailed Index

Category	Aspect	Index No.		Index Name	Pages	Remark
DMA	DMA	G4	DMA	Reason that the aspect is important, importance determining effect and effect management method, management policy effect evaluation system, evaluation results, and related adjustments report	24,26,30,33, 36,38, 44	
Economic	Economical performance	G4	EC1	Creation and distribution of economic value	6~7	
	Indirect economic effects	G4	EC7	Social infrastructure investment and support service development and impact	6~7	
		G4	EC8	Major indirect economic effects such as impact and scope	6~7	
Environ- ment	Raw materials	G4	EN1	Total weight and volume of used resources	42	
		G4	EN2	Percentage of use of recycled resources	42	
	Energy	G4	EN3	Direct energy consumption within the organization	42	
		G4	EN6	Amount of conserved energy use	42	
	Water resources	G4	EN8	Total water intake by supply source	42	
		G4	EN10	Total volume and percentage of reused and recycled water	42	14.60%
	Emissions	G4	EN15	Direct greenhouse gas emissions	43	
		G4	EN16	Indirect greenhouse gas emissions	43	
		G4	EN17	Other indirect greenhouse gas emissions		Trans- poration: 1397tCO ₂ eq
		G4	EN19	Greenhouse gas reduction	42	
		G4	EN21	Emissions of Nox, Sox and other major air pollutants	43	
	Sewage and wastes	G4	EN23	Amount of wastes discharged by type and treatment method	42	
	Product and services	G4	EN27	Environmental impact reduction activities and achievements by products and services	39	
	Compliance to regulations	G4	EN29	Amount and number of sanctions levied due to violation of environmental laws and regulations	39	
		G4	EN31	Total amount of expenses and investments for environmental protection by type	43	
Social- Labor Practices and Labor Rights	Employee	G4	LA1	No. and percentage of new hiring by age, gender and region, and number and percentage of resignations	34	
		G4	LA2	Benefits given only to regular employees	35	
		G4	LA3	Ration of return and continuing of work following childcare leave by gender	34	
	Safety and health at the workplace	G4	LA5	Percentage of workers representing the industrial safety and health committee (committee that monitors and gives counsel on industrial safety and health programs)	34	
		G4	LA7	Work-related disease ratio or workers with high risks	25	
	Training and education	G4	LA9	Average training time per year received by one employee by gender and worker category	35	
	Equal compen- sation	G4	LA13	Base pay and compensation rate of women compared to men by worker category and major workplace		94% of average
Social- Human Rights	Investment	G4	HR2	Policies on human rights regarding business, employee training time for the procedures, and no. of employees who received the training	31	
	Product and service labeling	G4	PR5	Customer satisfaction survey results	36, 37	

Joined Associations and Certifications

	Associations	Certifications
KC Cottrell (including plant)	Korea Association of Machinery Industry, Construction Association of Korea, International Contractors Association of Korea, Korea Plant Industries Association, Korea Electrical Contractors Association, Korea International Trade Association, Korea Construction Engineers Association, Korea Environmental Industry Association	ISO 9001, ISO 14001, OHSAS 18001, KOSHA 18001 ASME(The American Society of Me- chanical Engineers) 'U', ASME 'S'
KC Air Filtertech		ISO 9001
KC Cottrell China		ISO 9001, OHSAS 18001
KC Cottrell Vietnam		ISO 9001
KC Cottrell US	Member of WPCA, APC/PCUG, MFG/Supply APC Equipment, Pollution Control Insurance	
Lodge Cottrell UK		ISO 14001, ISO 9001, OHSAS 18001
KC Enviro Services	Korea Industrial Waste Resources Mutual-Aid Association, Yeosu Industrial Complex Environmental Association, Yeosu Small and Medium Enterprises Association	ISO 9001, ISO 14001, OHSAS 18001
KC Landfill Service	Korea Industrial Waste Landfills Association	ISO 14001
KC Enviro Construction	Construction Waste Mutual-Aid Association, Korea Construction Resources Association, Korea Special Construction Association	ISO 9001, ISO 14001
KC Hanmi Environment	Korea Industrial Waste Resources Mutual-Aid Association, Korea Industrial Waste Water Treatment Association	ISO 14001, KOSHA 18001
KC Eco Energy	Jeonbuk Environmental Preservation Association, Jeonbuk Environmental Engineers Association, Jeonju Business Environment Association, Korea Industrial Waste Landfills Association, Korea Construction Resources Association, Construction Waste Mutual-Aid Association, Korea Electrical Engineers Association, Korea Energy Engineers Association, Jeonju Chamber of Commerce, Jeonju Wangju Industrial Complex Fire Safety Association, Jeonju Industrial Complex Safety and Welfare Managers Association, etc	ISO 14001, Cyclic aggregate quality certification
KC Glass & Materials	Korea Industrial Safety Association, Daejeon Chungnam Environmental Preservation Association, Korea Fire Safety Association, Korean Standards Association, Korea Automatic Control Association, Korea Industrial Technology Association, Korea Core Industrial Technology Investment Association, Korea Institute of Ceramic Engineering and Technology, Research Center Directors Association, Chungnam Northern Chamber of Commerce, Korean Red Cross, Overseas Martyr Memorial Project Association, Korea International Trade Association, Korea Power Engineers Association, Plant Directors Association, Chungnam Economical Forum, Daejeon Chungnam Engineer Managers Club	ISO 9001, ISO 14001, KOSHA 18001, Outstanding recycled manufac- tured product GR certification, Green technology certification, KS certification
KC Thermal		AS/NZS 1400, AS/NZS ISO 9001, AS/NZS 4801, OHSAS 18001
Clestra Hauserman		ISO 9001, ISO 14001, KOSHA 18001
KC Envirotech E&C(Fushun)		ISO 9001, ISO 14001, OHSAS 18001
NWL Pacific	Korea International Trade Association, Korea Electric Contractors Association	ISO 9001, CLEAN workplace, CE certification
KC Solar Energy	Korea Photovoltaic Industry Association	
NoI-Tec Systems	Member of Metro North Chamber of Commerce	
KC Cottrell India	Korean Association in India, KOCHAM India, Korea India Green Tech Forum, Indo-Korean CSR Forum	
Clestra	Korea Special Construction Association, Korea Specialty Contractor Financial Cooperative, Chamber of Commerce	

- ISO 9001 (quality management system) certification
- ISO 14001 (environmental management system) certification
- [Safety and Welfare Management System] certification (Korean Foundation for Quality)
- KOSHA 18001 (safety and health management system) certification (Korea Occupational Safety and Health Agency)
- KSI 7001 (green management system) certification (Korea Foundation for Quality)
- AS/NZS 1400 (* Australian/New Zealand Standard, Heavy-duty alkaline detergents for "in-place" cleaning in dairy factories)
- AS/NZS 4801 (Australia OHSAS 18001 certification)
- * When operating certification system with the international standard of OHSAS 18001, some countries or organizations use the specifications by changing the name of the specification for the convenience of management, etc. (i.e.: Argentina - IRAM 3800, Australia - AS/NZS 4801, etc)



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