

samyang
100th
anniversary



KCI 2023 Sustainability Report

Ingredients that Add Value to Life

About this Report

Report Overview

This report is KCI's fourth annual Sustainability Report, published in June 2024. We issue this report to transparently communicate our sustainability management directions and performance to our stakeholders. Available in both Korean and English, this publication serves as a platform for active engagement with our stakeholders. We are committed to incorporating the valuable feedback we receive based on this report into our future management activities and sustainability initiatives.

Reporting Period

This report covers KCI's sustainability management activities and performance for the year spanning January 1 to December 31, 2023. To enable a comparison of performance, we have included quantitative data from 2021 to 2023. Additionally, the report features selected qualitative achievements from the first half of 2024 that are particularly noteworthy.

Reporting Scope

The financial data adheres to the consolidated standards of the Korean International Financial Reporting Standards (K-IFRS). For non-financial data, we collected sustainability performance information from all domestic business sites. Where the reporting scope varies, it has been noted separately within the report. Additionally, certain indicators from overseas business sites with physical limitations in data collection have been excluded from the reporting scope.

Reporting Principles and Standards

This report has been prepared according to the Global Reporting Initiative (GRI) Standards 2021, which serve as the foundation for our sustainability reporting. Additionally, to provide transparency on critical industry-related issues, the report includes recommendations from the Sustainability Accounting Standards Board (SASB) and adheres to principles from the United Nations Sustainable Development Goals (SDGs). Financial performance is reported in accordance with KCI's consolidated financial statements, which comply with K-IFRS.

Third-party Assurance

The financial information presented in this report has undergone independent auditing by an external accounting firm. Furthermore, to ensure objectivity, fairness, and reliability, a reputable organization specializing in certification services and free from any conflicts of interest concerning KCI, has verified the report.

For Inquiries

This Sustainability Report can be viewed and downloaded from the KCI website (<https://www.kcilt.com>). For more detailed information or any inquiries, please contact us using the information provided below.

Address 18F, Gasan Hanwha Biz Metro 2, 43-14,
Gasan digital 2-ro, Geumcheon-gu, Seoul,
Republic of Korea

**Responsible
Department** QA Part

Tel +82-2-855-9418

Email kci.stma@samyang.com

Contents

Overview

CEO Message	04
Introduction to KCI	05
KCI Value	07
History	08
Introduction to Our Business Sites	09
Introduction to Our Products	10

ESG Journey

ESG History and Highlights	13
Stakeholder Engagement	14
Materiality Assessment	15
Material ESG Issues	16

Special Issue

- **Environmental**
 - Environmental Management and Climate Change Response 19
 - Waste and Hazardous Chemical Management 25
- **Social**
 - Strengthening Safety and Health Prevention Activities 29
 - Enhancing Product Sustainability and Quality 35
 - Customer-oriented Management 37
- **Governance**
 - Establishing the ESG Management System 40
 - Ethics and Compliance Management 46

General Issue

- **Environmental**
 - Expansion of Investment in Green Businesses 50
- **Social**
 - Sustainable Supply Chain Management 51
 - Human Rights Management and Talent Development 54
 - Strengthening Information Security 59
- **Governance**
 - Diversifying the Business Portfolio 62


Appendix

ESG Facts & Figures	65
Risk Management	70
GRI Index	72
SASB	75
Awards, Associations, and Certifications	78
Third-party Assurance Statement	79

INTERACTIVE PDF

This report is published as an interactive PDF that includes features such as navigating to relevant pages within the report.

 [Go to the cover page](#)

 [Go to the Contents](#)

CEO Message

KCI will move toward becoming a leading green personal care company that delivers sustainable health and beauty life.

At KCI, we would like to extend our heartfelt gratitude to all our stakeholders for their ongoing interest and support. Last year, we achieved record-high sales, thanks to our adaptable business strategies and strong partnerships with our customers. In our efforts to enhance our ESG commitments, we expanded our range of green products and improved our employees' working conditions by relocating our Seoul office, yielding significant outcomes. As a result, KCI's rating by the Korea Institute of Corporate Governance and Sustainability (KCGS) improved by two points last year. We were also honored to receive the Platinum Medal in the EcoVadis sustainability assessment, placing us in the top 1% of companies worldwide. This year, our focus will be on strategic investments and specific initiatives to advance the "Roadmap to Net Zero Emissions by 2050" established at the group level. We aim to become a leading green personal care company by concentrating on three key strategies.



CEO, KCI
Jinyong Lee

First, KCI will concentrate our efforts on strengthening our lineup of green products and advancing technological innovation.

Since the personal care market is sensitive to green trends, KCI is increasing its use of green raw materials and focusing on developing biodegradable products. As part of this initiative, we are expanding our range of products derived from natural origins, such as dimethyl isosorbide (DMI) made from biomass-based green materials, and a series of polyglycerin esters derived from natural fatty acids, to contribute to environmental conservation. Additionally, leveraging our research achievements and production capabilities in the hair care sector, we plan to broaden our range of high value-added products in skincare and medical devices. This expansion will be supported by fostering innovative technology development through technological exchanges with group affiliates. In particular, we will collaborate with Verdant Specialty Solutions, a global specialty chemical company acquired by Samyang Group last year, to enhance our business in personal care and industrial specialty materials. This collaboration will also allow us to explore new growth opportunities through synergy between the two companies.

Second, KCI promotes win-win growth with our employees for a sustainable future.

KCI promotes win-win growth with its employees by providing a comfortable and advanced working environment, coupled with a systematic personnel management system. Last year, we relocated our Seoul office to a new smart office, which has significantly enhanced work efficiency and improved communication among employees. This year, our goal is to establish a flexible and horizontal organizational culture within this comfortable and smart working environment. Furthermore, we have introduced an onboarding program designed to assist new employees in adapting to their roles, support their integration into the organization, and promote their immersion in their work. We also offer leadership and followership training programs aimed at strengthening the capabilities and organizational resilience of our employees.

Third, KCI will establish a sustainable business foundation by internalizing the ESG management system.

Since publishing our first Sustainability Report in 2020, KCI has been committed to integrating its ESG management system internally. Last year, we formed our ESG Committee to establish a decision-making framework for critical ESG issues and to continuously monitor potential ESG risks through the ESG Management Council and ESG Working-level Council. Additionally, we have been encouraging ESG management among our partners by requiring adherence to the Supplier Code of Conduct and self-assessments of ESG practices to ensure a sustainable supply chain. This year, we aim to assist our partners in complying with KCI's ESG management guidelines and to regularly evaluate the effectiveness of the Supplier Code of Conduct to promote sustainable business relationships.

Dear Stakeholders,

Under the vision of "Sustainable Health & Beauty Life," KCI is committed to continuous growth through effective ESG management and the realization of corporate social value. We will persist in our efforts to challenge and innovate, developing green materials and solutions that contribute to a better future for humanity. We invite you to maintain your interest and support in KCI's endeavor to become a leading green personal care company.

Introduction to KCI

A Company That Delivers Sustainable Health and Beauty Life

KCI

KCI is a specialized chemical manufacturer that produces high-quality and stable raw materials for use in cosmetics and essential household products. Our primary offerings include polymers for shampoos and surfactants for conditioners.

Leveraging our in-house research and development capabilities, our main products have been recognized as a World Class Product of Korea, acknowledged for their superior quality and technological prowess. KCI has recently concentrated all its efforts on developing innovative raw materials to lead the personal care market, which is highly sensitive to green trends.

KCI is committed to becoming a company that spreads the value of sustainable beauty globally by widely distributing natural-derived raw materials that benefit both the planet and humanity. Our vision is to provide innovative products and solutions for a sustainable future, combining environmental protection with beauty. We will continue to invest in research and development and strive to deliver valuable products to our customers.

Name	KCI LIMITED
Foundation Date	February 1985
Listing	On the KOSDAQ market in 2001
CEO	Jinyong Lee
Headquarters Address	221, Daejuk 1-ro, Daesan-eup, Seosan-si, Chungcheongnam-do, Republic of Korea
Business Area	Chemical industry

Sales (*)	Current Net Income (*)
KRW 109.9 billion	KRW 11 billion
Total Assets (*)	Number of Employees (*)
KRW 119.3 billion	178

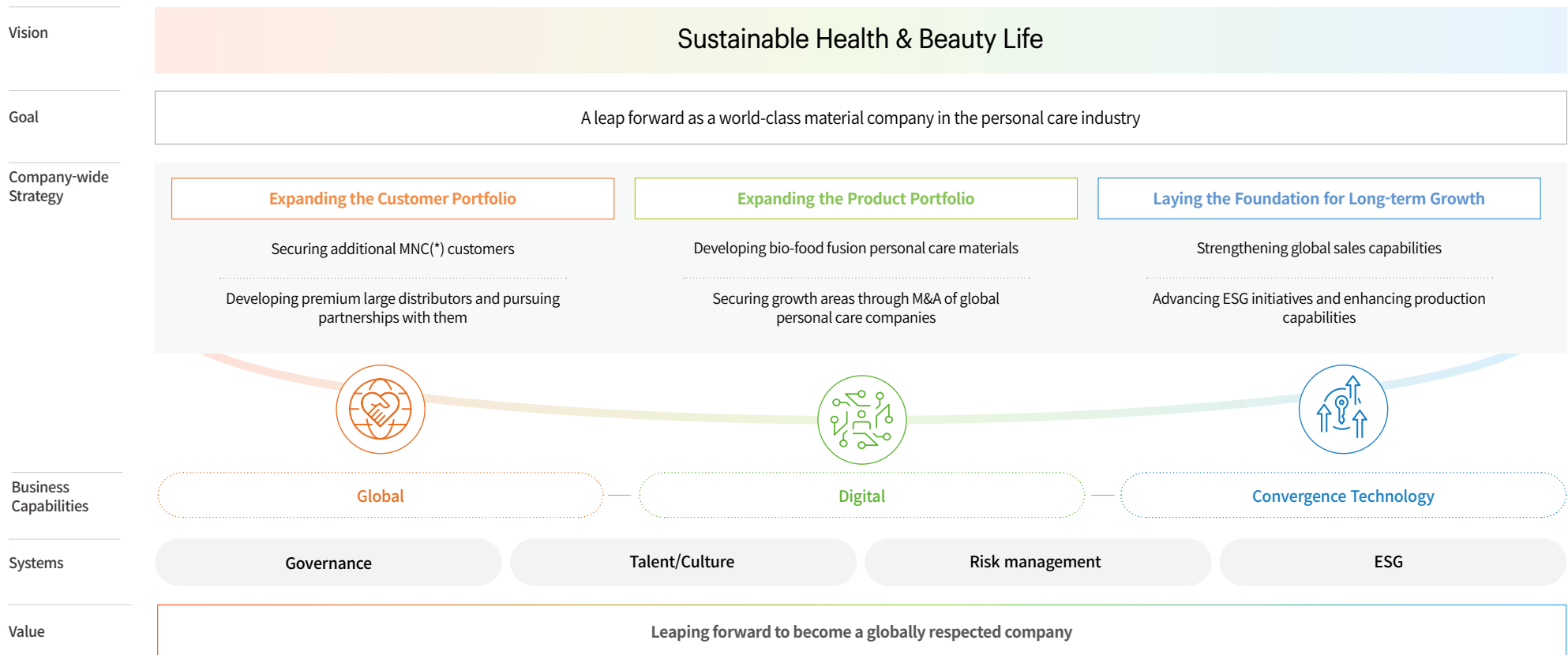
(*) As of the end of December 2023



Introduction to KCI

Vision 2025

Under the vision of “Sustainable Health & Beauty Life,” KCI has established a mid- to long-term growth strategy known as “Vision 2025.” Our objective is to become a global standard material company in the personal care sector by broadly distributing innovative raw materials worldwide. We have developed strategies to broaden our customer base and product portfolio, setting the stage for sustained growth. We will vigorously pursue detailed implementation plans that align with each strategy.



(*) MNC : Multinational Corporation

KCI Value

Sustainable Health & Beauty Life

KCI's vision is to be a company that delivers sustainable health and beauty life. We are committed to expanding our selection of green products and developing high value-added materials. This strategy will expand our business portfolio and allow us to pioneer new markets, both domestically and internationally.

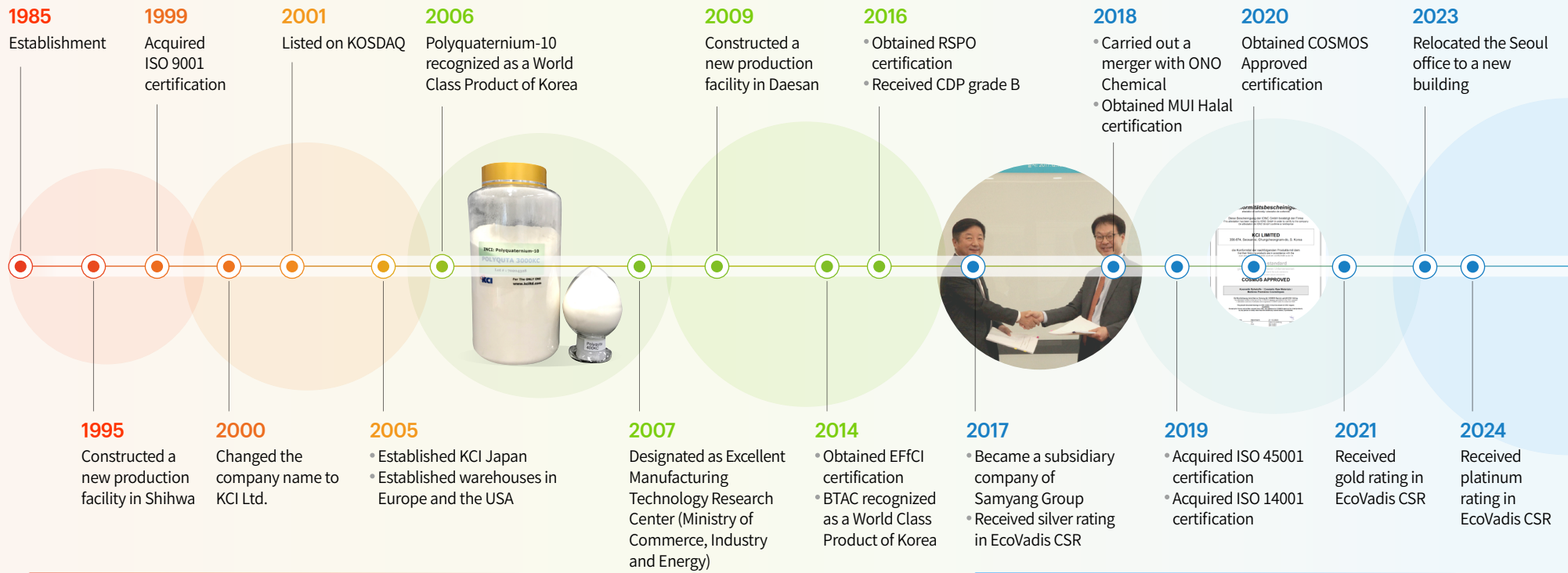
To create a brighter future, KCI is committed to fostering a corporate culture rooted in six core values: trust, initiative, innovation, talent, customer orientation, and performance orientation. By embracing these values, we strive to deliver exceptional value to our customers through superior products and services, provide growth opportunities for our employees with fair evaluations and appropriate rewards, and pursue paths of co-prosperity within society.



History

Since its establishment in 1985, KCI has been at the forefront of cosmetic ingredient innovation. The company first made waves in 1987 with the development of Polyquaternium-10, capturing significant industry attention. In 1995, KCI marked a major milestone by constructing the Shihwa plant, significantly increasing its production capabilities for daily necessity ingredients. In 2000, we changed our name to KCI and expanded into international markets. Our products, renowned for their excellence and advanced technology, have become essential components for global industry leaders such as L’Oreal, P&G, and Unilever. We continue to maintain strong partnerships with these companies. KCI has not only achieved the second-best performance in the global personal care sector, but also holds a leading position in Korea. As a company committed to sustainable development, we were honored with the EcoVadis platinum rating in 2023, acknowledging our dedication to environmental management. Additionally, our recent relocation to a new building in Seoul has set the stage for ongoing growth. Looking ahead, we are dedicated to pioneering innovative initiatives within the global green personal care ingredient sector.

2006-2016



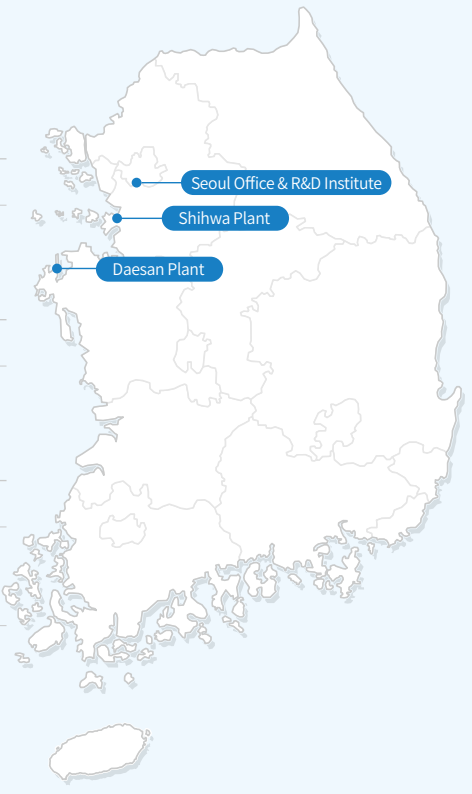
1985-2005


2017-Present

Introduction to Our Business Sites

Business Sites in Korea


KCI operates a diverse range of facilities within Korea, including an office and research center in Seoul, as well as two manufacturing plants in Daesan and Shihwa. Among these, the Tech Center research center is pivotal in advancing our business by providing innovative technologies and developing new functional raw materials.






Seoul Office & R&D Institute

- Geumcheon-gu, Seoul
- Sales, purchasing, and R&D.



Daesan Plant

- Seosan-si, Chungcheongnam-do
- Production and logistics



Shihwa Plant

- Siheung-si, Gyeonggi-do
- Production and logistics

Overseas Business Sites

To minimize global risks, KCI operates logistics hubs and warehouses in Chicago, USA, and Rotterdam, Netherlands, as well as at KCI Japan. By leveraging these domestic and overseas sites, we have established strategic alliances with various customers. In 2023, KCI supplied 101 types of products to 252 customers across 46 countries.



KCI Japan



- Chiba, Japan
- Wholesale and retail

Chicago Warehouse



- Chicago, USA
- Storage, transportation, and handling

Rotterdam Warehouse



- Rotterdam, Netherlands
- Storage, transportation, and handling

* Key Processes and Services

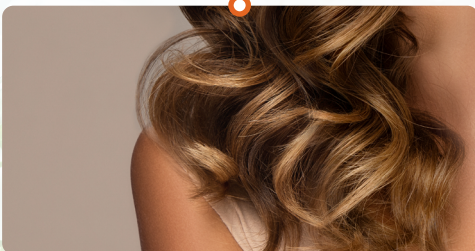
Introduction to Our Products

1

Conditioning Polymers

Guar Polymer & PQ-10

KCI's main product, conditioning polymers, serves as raw materials for shampoos and a range of personal care products. Among these, Guar Polymer, a cationized derivative of guar-a leguminous plant-is recognized as an eco-friendly conditioning agent ideal for shampoos, body washes, and similar products. Its high viscosity and conditioning properties that vary with molecular weight ensure outstanding detangling for all hair types and impart a smooth, luxurious feel to both hair and skin. We are committed to ongoing product development to satisfy customer demands. PQ-10, a cationized cellulose product sourced from cotton pulp, functions similarly to Guar Polymer as a naturally-derived conditioning agent. It is incorporated into shampoos, body washes, and other personal care products. PQ-10 is particularly effective at boosting hair moisture and shine, as well as protecting and repairing damaged hair, thereby facilitating easier combing and styling. Due to its technological superiority, PQ-10 was recognized as a "World Class Product of Korea" by the Ministry of Commerce, Industry, and Energy in 2006.



2

Cationic Surfactants

BTAC, BTMS

Cationic surfactants are quaternary cationic products derived from tertiary fatty acid amines, which are extracted from natural rapeseed oil. These surfactants are primarily utilized in hair conditioners and treatments, offering benefits such as moisturization, enhanced shine, tangle prevention, and reduced static electricity. Due to these outstanding properties, the product was recognized as a "World Class Product of Korea" by the Ministry of Commerce, Industry, and Energy in 2014. Furthermore, KCI has established a production base for these raw materials by developing and commercializing the technology for tertiary fatty acid amines in-house. Capitalizing on this competitive edge, KCI has broadened its supply of cationic surfactants to numerous multinational corporations, achieving consistent sales growth.



3

MPC Derivatives

MPC derivatives are biomimetic and biocompatible products, closely resembling the structure of the human cell membrane. KCI is the second company globally to successfully commercialize these derivatives. They offer outstanding moisturizing properties and inhibit both blood clot formation and protein absorption. Consequently, MPC derivatives are extensively used in cosmetics, personal care products, contact lenses, and their storage/cleaning solutions, as well as in medical devices, textiles, cell culture equipment, and medical polymer materials. KCI leverages the high biocompatibility of MPC derivatives to develop medical polymer materials, such as hollow fiber membranes, stents, artificial organs, and plastic surgery prostheses. This initiative is driving KCI's entry into new high-value markets.



4

Active Delivery Enhancer

KCI has developed dimethyl isosorbide (DMI), a multifunctional agent that enhances penetration, acts as a solvent, and mitigates irritation, ensuring the effective delivery of active ingredients to the body. DMI, an EWG (*) Grade 1 product, is crafted from green, plant-derived components. Its high efficacy in protecting the human body from external irritants makes it suitable for use in skincare, sun protection, and tanning products. Currently, we are conducting collaborative research with the Samyang Group, anticipating that DMI will become a flagship product that strengthens our future green product portfolio.

(*) EWG: The Environmental Working Group is an American non-profit environmental research organization that evaluates the safety of cosmetic ingredients and rates them on a scale from 1 to 10.



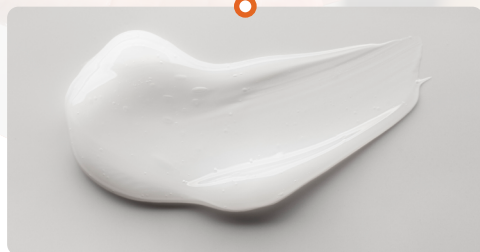
Introduction to Our Products

5

Rheology Modifier/Thickener

Multicare Series

This high-molecular-weight composite material, consisting of polymers, oils, and surfactants, excels in thickening, emulsifying, solubilizing, and enhancing the feel of products. It is particularly well-suited for use in skincare and haircare formulations. KCI develops and supplies a diverse range of raw materials, enabling customers to select ingredients that best match their final product concepts. Recently, we have introduced three new variants of these products to broaden the choices available to our customers.



6

Methyl Gluceth Derivatives

Methyl gluceth derivatives are moisturizing and thickening agents derived from methyl glucose, which originates from corn, and further processed with ethylene oxide (*). These derivatives are predominantly utilized in skincare, haircare, and body wash products. Known for their gentleness on the skin and their ability to impart a soft, smooth feel, they are extensively used in products formulated for infants.

(* Ethylene oxide: A substance used as a synthetic raw material and for sterilization and disinfection.



7

Natural Oils and Sugar-Based Moisturizers

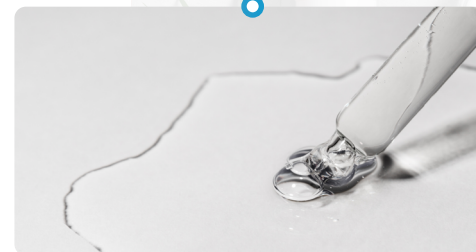
Natural oils and sugar-derived moisturizers are raw materials that have been commercialized as cosmetic moisturizers using vegetable oils and sugar alcohols. These natural ingredients are less irritating to the skin and provide excellent moisturizing and skin-conditioning effects. With the recent increase in consumer preference for green products, KCI is committed to further expanding the proportion of products formulated with natural ingredients to meet customer demand.



8

Fatty Acid Esters

Fatty acid esters, which are natural emollients formed by the reaction of fatty acids with alcohol, are primarily used in skincare products. The texture and functions of these products, including thickening, dispersing, and cleansing, depend on the specific types of fatty acids and alcohols utilized. KCI is currently developing five new fatty acid ester products to diversify its product range and boost technological competitiveness. The introduction of these new products is expected to expand the supply of skincare raw materials, thereby increasing the competitive advantage of our eco-friendly products.





ESG Journey

ESG History and Highlights	13
Stakeholder Engagement	14
Materiality Assessment	15
Material ESG Issues	16

ESG History and Highlights

KCI pursues sustainable growth by integrating environmental, social, and governance (ESG) aspects into its management activities. To achieve this, we transparently disclose ESG management activities to employees and stakeholders and manage communications in a way that strengthen mutual trust and collaboration. We strive for sustainable growth and actively engage in ESG initiatives.

- Received the President's Award at the Corporate Innovation Awards by the Korea Chamber of Commerce and Industry
 - Joined the Responsible Care (RC), sustainability initiative for the chemical industry
 - Developed a new green product, DMI (dimethyl isosorbide), using plant-based ingredients
 - Participated in Samyang Group ECO-100 plogging and Seosan environmental trekking
 - Converted all diesel forklifts to green electric forklifts at Daesan and Shihwa Plants
-
- Published the first Sustainability Report
 - Achieved a gold rating in the EcoVadis CSR evaluation, ranking in the top 5%
 - Joined the UNGC (UN Global Compact)
 - Launched Total Productive Maintenance (TPM) activities for production innovation
 - Expanded participation in the Carbon Disclosure Project (CDP) to include water and forests, in addition to climate change
-
- Implemented Energy Management System (EnMS) infrastructure at the Daesan Plant
 - Obtained COSMOS-approved certification for natural and organic cosmetic ingredients
 - Participated in the Anyangcheon River cleanup volunteer activity
 - Expanded the RSPO MB certification to the Shihwa Plant
 - Installed low NOx boilers as thermal energy sources at Daesan and Shihwa Plants
-
- Daesan Plant acquired ISO 45001 and 14001 certifications
 - Awarded the 50-million-dollar Export Tower



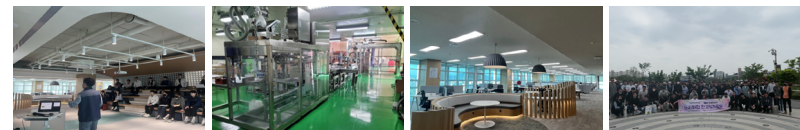
Environmental

- Achieved EcoVadis platinum rating, obtaining the highest level (top 1%) in the EcoVadis sustainability evaluation by strengthening ESG management
- Won the ESG category at the 2023 Social Contribution Corporate Awards for efforts in practicing ESG management, such as the establishment and execution of the Roadmap to Net Zero Emissions and the development and supply of green products



Social

- Introduced onboarding programs for new employees, including OJT training and “buddy” activities, to facilitate the rapid adaptation of new employees and enhance the organizational culture
- Improved working conditions and productivity at the Daesan Plant by introducing packaging automation and semi-automatic filling equipment for liquid products
- Relocated the Seoul Office to a new smart office in Seoul, providing a flexible working environment and promoting interactions among employees
- Conducted events to promote labor-management harmony, including cultural and environmental cleanup activities, to foster harmony and contribute to the local community



Governance

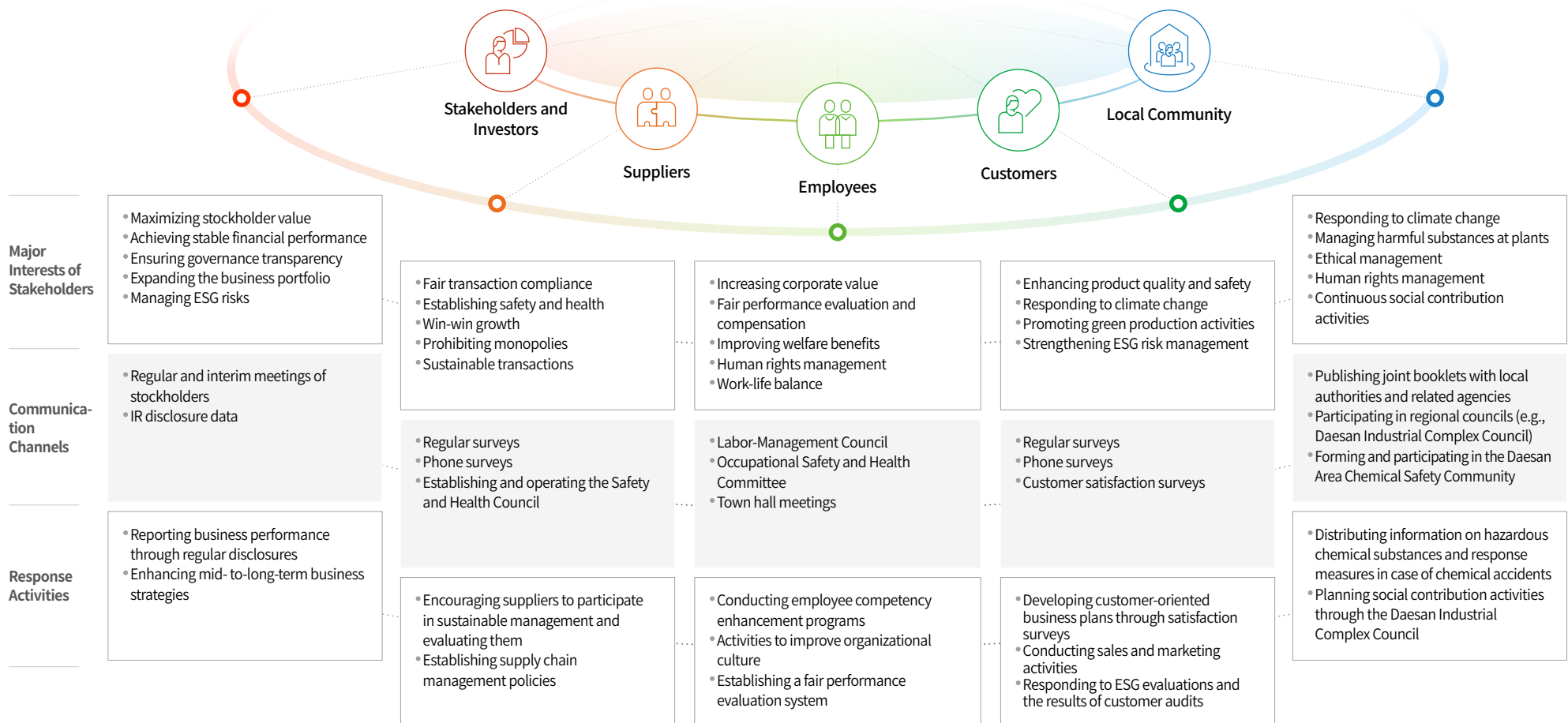
- Established the ESG Committee under the Board of Directors to build the ESG management system and oversee key ESG issues and decisions
- Achieved record sales, reaching KRW 109.9 billion, through strategies such as maximizing in-house production, expanding high-quality customers, and implementing production innovation activities



Stakeholder Engagement

Definition of Stakeholders and Communication

KCI identifies our key stakeholders by thoroughly considering legal, financial, and operational responsibilities and impacts. These stakeholders include stockholders, investors, partners, employees, customers, and the local community. Recognizing the importance of smooth communication with these groups, we have established specific communication channels for each. By providing platforms for dialogue, we listen to diverse opinions, analyze them, and actively integrate them into our management processes. Through these efforts, we collaborate closely with our stakeholders, enhance mutual communication, understand their primary concerns, and develop strategies to address them, thereby achieving sustainable development and growth.



Materiality Assessment

Materiality Assessment Process

Based on the European Sustainability Reporting Standards (ESRS) and the IRO Long List, KCI has identified all potential opportunities and risks, creating an issue pool. This was achieved by reviewing media analyses, revisiting issues from the previous year, examining prevalent issues within similar industries, and considering issues of strategic importance to the company. To effectively identify and manage key issues for sustainable management, we conducted a materiality assessment using the double materiality concept, as outlined in the GRI standards and the EU Corporate Sustainability Reporting Directive (CSRD). This assessment evaluates both the impact of corporate activities on society (Inside-Out) and the influence of social issues on corporate activities (Outside-In). Through this comprehensive double materiality assessment, we pinpointed seven material issues from a pool of 18. These issues significantly affect both the company and society and will be the focus of our targeted management strategies in sustainable management.

Step 1 Forming an issue pool

- Analysis of global standards and assessment elements: Reviewed the reporting requirements based on related standards, such as GRI Standards, UNGC, SASB, MSCI, and KCGS
- Media analysis: Analyzed news articles related to KCI to assess external awareness
- Benchmarking: Identified material issues reported by similar companies in Korea and internationally by analyzing sustainability reports
- Issue pool compilation: Analyzed the material issues of KCI
- Analyzed material issues from the previous year

1

Step 2 Materiality assessment

- Social and environmental impact analysis
 - Assessed the relevance of sustainable management issues identified based on an analysis of the internal and external environments, including global standards and evaluation factors, media, and benchmarking
 - Conducted an online survey of KCI' stakeholders from March 18 to April 2, 2024, to analyze ESG issues and gather feedback
- Financial impact analysis
 - Analyzed the financial impact of internal management and ESG issues

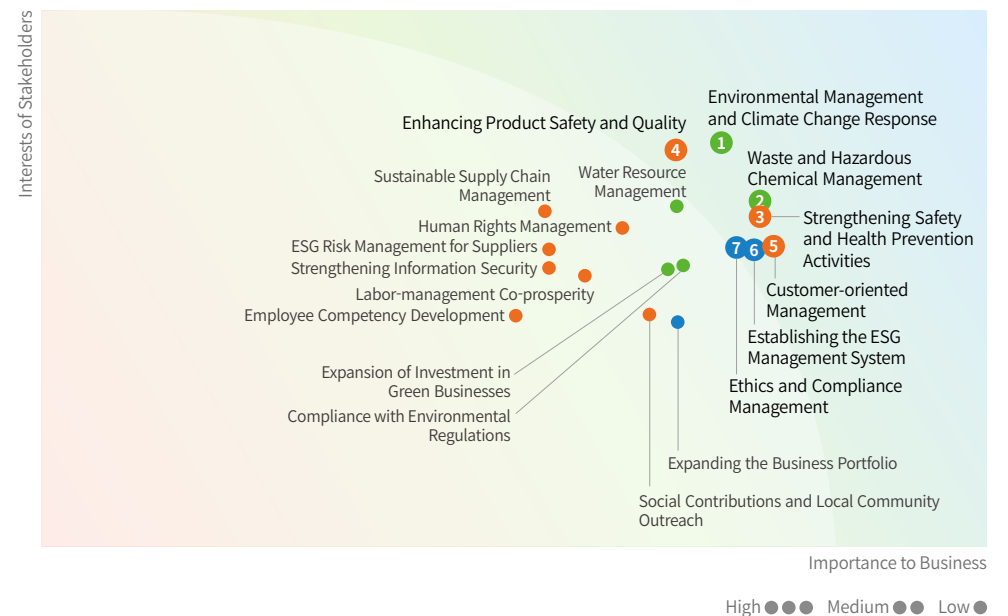
2

Step 3 Selecting material issues

- Selected 7 material issues by prioritizing material issues based on a review by the management team
- Determined the reporting levels of material issues, such as scope, boundary, and period, and established plans for preparing reports
- Reported the material issues to the ESG Committee for approval

3

Materiality Assessment Results



Classification	Issue	Social/ Environmental Impact	Financial Impact	GRI Topic	Page(s)
Material Issues	1 Environmental Management and Climate Change Response	●●●	●●○	GRI 201, 302, 305, 306	19-24
	2 Waste and Hazardous Chemical Management	●●●	●●○	GRI 303, 305, 306	25-28
	3 Strengthening Safety and Health Prevention Activities	●●○	●●○	GRI 403	29-34
	4 Enhancing Product Safety and Quality	●●○	●○○	GRI 416	35-36
	5 Customer-oriented Management	●●○	●●○	GRI 417	37-39
	6 Establishing the ESG Management System	●●○	●●○	GRI 2-12, 2-13, 2-14	40-41
	7 Ethics and Compliance Management	●●○	●●○	GRI 205, 206	46-48








Material ESG Issues

KCI identified stakeholder relevance and business significance by conducting surveys on internal and external stakeholders and experts before publishing this Sustainability Report. Based on this research, we selected seven material issues. The materiality assessment process carried out to identify the material issues is disclosed on page 15 of this report.

Compared to 2022, there were some changes in the material issues for 2023. “Sustainable management and climate change response” and “establishing an ESG management system” were selected as material issues, reflecting the importance of KCI’s role and responsibility in enhancing corporate value and competitiveness. These selections underscore KCI’s commitment to integrating ESG management into its business strategy to drive qualitative growth.

KCI will systematically respond to the material issues identified through its materiality assessments, disclose outcomes by annually publishing its Sustainability Report, and actively engage with stakeholders. Furthermore, by conducting the materiality assessment for the Sustainability Report, KCI will pinpoint ESG trends and stakeholder interests, develop corporate strategies, and enhance ESG management.

KCI examined the rationale behind the selection of each of the seven material issues during the materiality assessment. The company’s current responses, significant outcomes, and objectives that support the UN SDGs (*) were analyzed as follows. Further details can be found in the Special Issue section of this report, including information on environment, social, and governance aspects.

Classification	Material Issues	Background of Selection	Issue Management Strategies	Major Activities and Outcomes	UN SDGs(*)
 Environmental	Environmental Management and Climate Change Response	As climate change continues to drive global warming, the frequency and scale of natural disasters are increasing. This directly impacts corporate operations, posing various risks such as rising costs due to environmental degradation and facility damage from disasters. International environmental regulations are also becoming stricter, necessitating proactive corporate responses. Governments and local authorities are strengthening environmental policies and climate change regulations, making it imperative for companies to proactively address these changes.	KCI has implemented and is currently operating an Environmental, Safety, Health (ESH) system designed to achieve effective environmental management, fulfilling our corporate social responsibility. Additionally, at the group level, we have established a Roadmap to Net Zero Emissions by 2050, proactively addressing climate change and acknowledging our impact on energy and the environment. Moreover, we have adopted an environmental management policy that mandates compliance from all business sites and suppliers, thereby laying the groundwork for a sustainable future.	<ul style="list-style-type: none"> Establishing and strengthening an ESH system for environmental management Declaring environmental management guidelines Setting a Roadmap to Net Zero Emissions by 2050 Acquiring and implementing ISO 14001 certification Conducting climate change-related education 	  
	Waste and Hazardous Chemical Management	Humanity is currently grappling with issues of resource depletion and waste. As the consumption of Earth’s limited resources continues to rise, the signs of resource shortages are becoming increasingly apparent. This situation underscores the global need to transition to a circular economy by conserving and recycling resources. Additionally, the widespread use of chemicals is causing severe environmental pollution. This calls for the urgent development of systematic waste management and control systems, alongside initiatives to reduce the use of hazardous chemicals and prevent safety accidents.	In close collaboration with the local community, KCI is actively working to reduce the emission of hazardous chemical substances. Additionally, we conduct weekly inspections of our facilities to ensure the safe handling of chemicals and strive to enhance environmental awareness. Through these efforts, we diligently fulfill our responsibility for environmental protection.	<ul style="list-style-type: none"> Signing business agreements with relevant agencies to reduce the concentration of hazardous chemical substances in the air in Daesan-eup, Seosan-si (Daesan Plant) Self-inspection for resource management and pollutant emissions on a weekly basis Managing waste generation and disposal 	  

(*) UN Sustainable Development Goals (SDGs): 17 ultimate goals for humankind to attain from 2015 to 2030 for the sustainable development of international society, determined by the UN.

Material ESG Issues

Classification	Material Issues	Background of Selection	Issue Management Strategies	Major Activities and Outcomes	UN SDGs
	Strengthening Safety and Health Prevention Activities	In today's context, where corporate social responsibility is gaining prominence, companies are acknowledging their obligations regarding safety and health. As stakeholder interest in these issues intensifies, businesses are formulating and executing systematic strategies to mitigate the effects of their operations on safety and health.	KCI prioritizes the safety and health of our employees as a fundamental aspect of our corporate responsibilities, adhering strictly to our safety and health management policies. To support this commitment, we have implemented a systematic safety and health management system and regularly conduct activities, including quarterly meetings of the Occupational Safety and Health Council. Through these initiatives, we aim to raise employee awareness about safety and health issues and to minimize the incidence of accidents and illnesses.	<ul style="list-style-type: none"> • Declaring Safety and health management guidelines • Acquiring and implementing ISO 45001 certification • Holding quarterly Occupational Safety and Health Council meetings led by plant managers • Regularly conducting internal and external safety education • Training professional supervisors 	
 Social	Enhancing Product Sustainability and Quality	Today's consumers are increasingly focused on the value and sustainability of the products they purchase. In response, companies must develop and provide products that are both sustainable and offer high added value. This approach is vital for the long-term survival and growth of businesses. Achieving this necessitates systematic innovation and strategic technology implementation in research and development (R&D) and production processes. Enhancing product sustainability and quality is not just about gaining a competitive edge; it is crucial for fulfilling corporate social responsibility and building consumer trust.	KCI is actively engaged in selecting sustainable raw materials and focuses on discovering and utilizing various green-certified natural ingredients. By developing environmentally friendly and highly biodegradable product lines, KCI strives to make a positive impact on both the planet and humanity.	<ul style="list-style-type: none"> • Expanding certified products such as RSPO (*1) and COSMOS (*2) • Complying with domestic and international regulations • Acquiring and implementing ISO 9001 and EFfCI GMP certifications • Developing polyglycerin ester product lines 	
	Customer-oriented Management	Customer-oriented management is a crucial strategy for corporate success. Prioritizing customer needs and satisfaction is essential, as customers are the primary stakeholders who determine a company's success. Establishing communication channels that actively listen to customer complaints and opinions is vital. Through this communication process, companies can accurately understand customer needs and incorporate them into overall corporate management, influencing product production and supply to enhance customer satisfaction. This approach promotes a close relationship with customers and lays the foundation for sustainable growth.	To maximize customer satisfaction, KCI is actively enhancing communication with our customers. We are expanding customer touchpoints through digital-based sales and marketing strategies and utilizing online platforms to quickly and easily provide product information. Specifically, we have developed a user-friendly online platform for raw material searches to facilitate rapid information retrieval, thereby improving product accessibility and user convenience.	<ul style="list-style-type: none"> • Conducting customer satisfaction surveys • Digital marketing (using an online raw material search platform, etc.) • Actively responding to customer audits 	
 Governance	Establishing the ESG Management System	As societal demands for ESG management intensify, the need for an effective governance system to guide and enhance ESG initiatives becomes increasingly apparent. It is now widely acknowledged that the expertise, independence, and diversity of corporate governance play a pivotal role in ensuring sustainable corporate growth. Additionally, the transparent disclosure of financial information and enhanced communication with stakeholders are considered crucial components. These elements are essential for companies aiming to prepare for future challenges and establish a strong management framework that supports sustainable growth.	KCI is committed to promoting sound governance and sustainable management practices. To this end, we are strengthening the expertise and independence of our Board of Directors. In response to the growing significance of ESG management, we established the ESG Committee in 2023 to oversee the implementation of sustainable management policies. Furthermore, we maintain ongoing engagement with stakeholders by transparently disclosing information.	<ul style="list-style-type: none"> • Operating the ESG Committee • Transparently disclosing information to stakeholders • Strengthening the independence and expertise of the Board of Directors 	
	Ethics and Compliance Management	In the current situation, where social responsibility is increasingly emphasized, legal mandates for ethical management and anti-corruption measures are being strengthened globally. Companies that adhere to these regulations while also generating economic value are increasingly seen as pivotal to future success. As a result, there is a growing focus among businesses on adopting ethical and compliance management practices to achieve sustainable management.	In accordance with the ethical management policy declared by Samyang Group in 2013, KCI has incorporated the five principles and practice guidelines of ethical management into our operations. All employees are dedicated to strengthening the company's compliance culture through active participation and a commitment to implementing ethical management practices.	<ul style="list-style-type: none"> • Strengthening the ethical and compliance management system • Providing ethical and compliance management education • Annually signing the ethical management pledge 	

(*1) Roundtable on Sustainable Palm Oil (RSPO): A roundtable on suitable palm oil

(*2) COSmestic Organic Standard (COSMOS): An international standard for natural and organic cosmetics and ingredients

Special Issue

Environmental Management and Climate Change Response	19
Waste and Hazardous Chemical Management	25
Strengthening Safety and Health Prevention Activities	29
Enhancing Product Sustainability and Quality	35
Customer-oriented Management	37
Establishing the ESG Management System	40
Ethics and Compliance Management	46

TCFD Report Framework

Environmental Management and Climate Change Response

Addressing the climate crisis and implementing environmental management practices are now essential for all businesses.

KCI has introduced a systematic environmental management system to promote a sustainable society and protect the environment. By integrating environmental protection efforts into our strategies and core values, we are committed to sustainable development. We proactively respond to global environmental changes and act with a deep sense of responsibility toward environmental issues.



Greenhouse gas reduction

246.62 tCO₂eq

Energy savings

4.89 TJ

Governance

Establishing an ESG Governance Structure

KCI recognizes that addressing environmental protection and climate change is a core responsibility of the corporation. In line with this, we are consistently enhancing our ESG governance framework. The Board of Directors is actively involved in developing and implementing green management strategies, establishing a solid foundation for the company to assume a leadership position in this area. Furthermore, we intend to introduce performance indicators for environmental management to promote the company's environmental policies and activities more proactively and systematically.

Environmental Management Organization Structure

To promote environmental management across the company, including for climate change issues, KCI has established and operates an ESG Committee. The ESG Committee is responsible for making critical decisions concerning environmental management. Additionally, the management of each business unit is responsible for the implementation and oversight of environmental policies and performance. The ESG Committee also oversees activities aimed at managing environmental risks and improving performance.

Within the ESG Committee, we establish objectives based on our environmental management guidelines and work diligently to meet them, actively communicating our commitment to management and stakeholders.

To ensure systematic environmental management, we establish appropriate environmental management goals for each business site and implement detailed action plans to achieve these goals. Each business site operates a dedicated department responsible for environmental management activities, which regularly reviews the status and reports performance to the CEO. This system ensures that environmental management initiatives are actively incorporated into company-wide decision-making.



Strategy

Risks and Opportunities

As environmental management emerges as a core element of ESG, there is growing interest from domestic and international investment institutions and civil society in corporate efforts to address climate change. In response, KCI is developing a roadmap to achieve net zero emissions by 2050, adhering to the guidelines of the Science-based Target Initiative (SBTi). This initiative, a collaborative effort by the World Wide Fund for Nature (WWF), CDP Worldwide (CDP), United Nations Global Compact (UNGC), and World Resources Institute (WRI), aims to align with the objectives of the Paris Agreement and proactively tackle climate change. In our efforts to combat climate change, we are crafting business strategies that focus on renewable energy, responding to the growing demand for alternatives to traditional energy sources like oil and coal. Additionally, KCI is gearing up at a corporate level to transition to and procure all necessary energy for its operations from low-carbon fuels and renewable sources. We are dedicated to identifying and managing the risks and opportunities associated with climate change. To achieve this, we plan to pinpoint and oversee key risks and opportunities that could have a significant financial impact on the company.

Analysis of Climate Change Risks and Opportunities

		Classification	Financial/Non-Financial Impact	Likelihood	Timeframe	Response Activities
Physical Risks	P1	Rising temperatures due to climate change	Increased electricity consumption in summer due to higher temperatures	High	Long-term	Reducing electricity and fuel consumption through equipment replacement and efficiency improvements
			Increased costs due to supply chain instability resulting from rainfall or temperature changes	High	Medium-term	Managing supply chains through supplier diversification and long-term supply contracts
	P2	Natural disasters due to climate change	Sales impact from facility damage caused by natural disasters such as typhoons and floods	Medium	Medium-term	Contracting insurance against weather-related damages and reinforcing facility management
Transition Risks	T1	Strengthened regulations on emissions reporting	Increased responsibilities due to requirements under the Energy Use Rationalization Act	Very high	Medium-term	Monitoring energy consumption and emissions, assigning dedicated personnel for reporting
	T2	National energy transition policies in response to climate change	Increased costs due to rising energy prices	Very high	Medium-term	Reducing electricity and fuel consumption through equipment replacement and efficiency improvements
	T3	Increased stakeholder demand for green products and sustainability	Sales impact from changes in consumer consumption patterns	High	Medium-term	Researching and improving new green products
Opportunities	O1	Lifestyle changes due to climate change	Entering new markets due to changes in customer lifestyles	High	Long-term	Investing in and improving facilities to meet increasing demand
	O2	Market emphasis on sustainability	Increased sales of green products due to rising consumer interest	High	Medium-term	Researching and improving new green products, using and maintaining RSPO-certified raw materials
	O3	Government support policies and incentives	Increased benefits from government support projects and incentives to achieve greenhouse gas (GHG) reduction targets	High	Medium-term	Assigning personnel to monitor government support systems

Analysis of Water Resource Risks and Opportunities

		Classification	Financial/Non-Financial Impact	Likelihood	Timeframe	Response Activities
Physical Risks	P1	Flood damage due to heavy rain and floods	Business site closure due to flood damage such as heavy rains and floods	Very high	Short-term	<ul style="list-style-type: none"> The Risk Management Team (composed of department and factory line managers): establishing and executing response strategies based on the risk management process Developing and implementing five response strategies (securing safety stock, dual sourcing of raw materials, facility recovery plans, warehousing, and alternative workforce)
Opportunities	O1	Water-related product portfolio	Increased exports to overseas markets with high interest in water quality and environmental issues	High	Medium-term	<ul style="list-style-type: none"> Developing water-friendly products and establishing a green brand image
	O2	Cost reduction through efficient water use	Reduced operating costs through systematic water management and reduction activities, and the introduction of new facilities	High	Short-term	<ul style="list-style-type: none"> Controlling water consumption through the installation of trigger guns Increasing cooling water storage capacity by expanding cooling towers

Environmental Management Policies and Goals

KCI is committed to ongoing research and improvement of environmental impact factors, aiming to support a prosperous human life and preserve a clean Earth. To this end, we strictly adhere to both domestic environmental regulations and our internal environmental guidelines, actively enhancing preventive measures to minimize potential environmental issues, including pollutant leaks.

Furthermore, we educate all employees on the importance of environmental management and actively work to prevent and protect against environmental accidents. An environmental management policy has been established, approved, and is currently enforced by the ESG Committee.

KCI Environmental Management Guidelines

- We fulfill our corporate social responsibility by strictly adhering to Korean and international environmental laws, regulations, and standards, as well as national and institutional green policies.
- We efficiently manage resource and energy consumption to minimize carbon emissions and actively work towards achieving our 2050 Net Zero goal.
- We strive to minimize waste and pollutant generation while increasing our recycling efforts.
- We provide environmental management education and training for all employees and suppliers to raise awareness and encourage active participation.

KCI has implemented an environmental management policy aimed at continuously improving our environmental performance and minimizing the negative impacts of our business activities and value chain. This policy is applicable across all KCI business sites, and we encourage our suppliers and partners to also adhere to these environmental management guidelines.

Environmental Management Promotion Strategy



Responding to Net Zero Emissions

- Expanding the use of renewable energy
- Using fuel to reduce GHG emissions
- Achieving net zero emissions by 2050
- Developing and implementing GHG reduction technologies
- Promoting energy transition activities



Strengthening Circular Economy System

- Increasing waste recycling rates
- Reducing water consumption
- Efforts to reduce air pollutants
- Efforts to reduce hazardous chemical substances
- Developing and expanding investments in recycling technologies



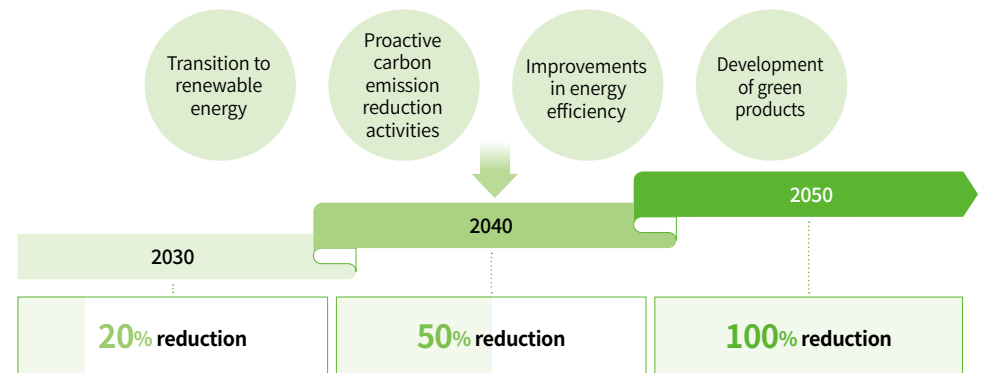
Strengthening Environmental Management System

- Establishing an ESG committee and the dedicated team
- Strengthening certifications such as ISO 14001 and 45001
- Increasing employees' awareness of environmental management
- Managing environmental management goals throughout the company

Net Zero Emissions

In alignment with global net zero emissions declarations, KCI has established a mid- to long-term roadmap targeting net zero emissions by 2050, based on projections from the RCP 4.5 scenario. To achieve the goal of zero emissions, we are implementing energy efficiency strategies and expanding our portfolio of low-carbon and green products. Our goal for 2030 is to reduce GHG emissions by 20% compared to 2020 levels.

Roadmap to Net Zero Emissions by 2050



Risk Management

Integrating Environmental Management

Environmental Management System Certification

KCI complies with the ISO 14001 standards for environmental management systems as set by the International Organization for Standardization (ISO). By securing ISO 14001 certification for our Daesan Plant, we have established a world-class environmental management system. This system establishes environmental guidelines throughout the company's operations, encompassing management systems, product production, and service provision, thereby maintaining high standards in various domains.



ISO 14001 Certification

Our systematic approach demonstrates our strong commitment to achieving sustainable management goals. By complying with applicable laws and regulations, we not only minimize legal risks but also improve management transparency and accountability. This, in turn, bolsters trust from both customers and the broader society, enhancing our competitive edge in the global marketplace.

Business Sites Certified with Environmental Management System

Classification	Details	Unit	2021	2022	2023
ISO 14001	All business sites	EA	3	3	3
	Certified sites	EA	1	1	1
	Percentage	%	33	33	33

Commitment to Biodiversity Conservation

KCI recognizes the conservation of biodiversity as a crucial social responsibility and has implemented a biodiversity policy that has been approved and is actively upheld by the ESG Committee. We are committed to restoring natural ecosystems and conserving biodiversity by assessing the potential effects of our company operations on local biodiversity and striving to mitigate any adverse impacts.

Environmental Education

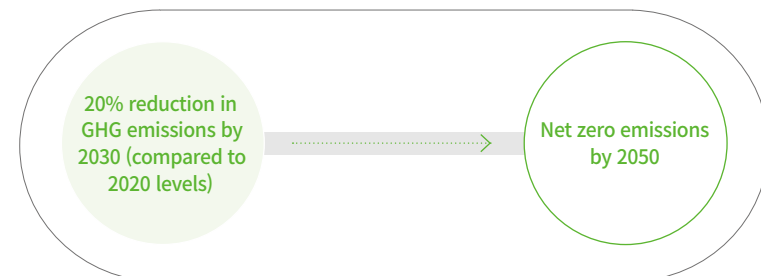
To mitigate environmental risk factors, the Quality Assurance (QA) Division at KCI holds annual environmental education sessions for all employees, highlighting the importance of energy conservation and climate action. In 2023, the sessions centered on the issue of “climate refugees.” The topics in previous years were “deteriorating earth” in 2022 and “microplastics” in 2021.

We also provide comprehensive training and education for employees responsible for managing or handling hazardous chemical substances, enhancing their understanding of chemical management laws. Additionally, we continuously offer opportunities to learn about environmental issues and policies, ensuring that all employees recognize the importance of environmental management.

Climate Change Response Activities

KCI actively responds to climate change and meets our customers' green demands by participating in the CDP initiative. As we strive to become a green leader in the chemical industry, our focus is on reducing GHG emissions and energy consumption.

We are committed to achieving net zero emissions by 2050, as we strive to be a responsible member of the global community. Through the ESG Committee, we continuously review and discuss related issues, contributing to positive change for a better society.



Identification and Evaluation of Climate Change-related Risks

KCI has established specialized response teams and an efficient decision-making framework to systematically manage risks related to climate change. To support this effort, we engage in CDP and ESG evaluations to identify environmental threats. Utilizing these evaluations, we pinpoint risks and perform comprehensive analyses with the assistance of expert consultants. For any identified gaps, we prioritize actions based on their impact on our business and stakeholders, and develop systematic implementation plans.

In the event of unexpected issues, we prepare suitable improvement plans. KCI's commitment to treating environmental risks—including rising temperatures, extreme weather events, and deforestation—with the same seriousness as financial risks underscores our dedication to comprehensive risk management. Furthermore, by thoroughly assessing environmental risks, we formulate a business continuity plan (BCP) that enables us to respond effectively to crises, thereby ensuring business resilience.

Metrics and Goals

Greenhouse Gas Emissions and Energy Management

KCI has set a goal to reduce GHG emissions by 20% by 2030, relative to 2020 levels. To achieve this objective, we annually measure and manage our GHG emissions in a systematic manner, adhering to standards such as KS I ISO 14064-1:2018, the guidelines for reporting and certification under the Greenhouse Gas Emission Trading Scheme, the 2006 Intergovernmental Panel on Climate Change (IPCC) guidelines, and the World Resources Institute (WRI) Greenhouse Gas Protocol. We have implemented an advanced inventory system to consistently reduce emissions of GHGs and air pollutants. This proactive approach is a key component of our practical activities aimed at achieving carbon neutrality and underscores our commitment to sustainable development.

To analyze and manage energy consumption effectively, we have established comprehensive energy management guidelines and plans. These documents clearly define responsibilities, authority, and the scope of work related to energy use. We have set specific goals for energy conservation and safety. As a company designated by law as “energy-intensive,” with an annual energy consumption exceeding 2,000 tons, we are required to submit annual energy consumption reports and conduct regular energy audits. Additionally, we employ dedicated personnel to monitor energy consumption and GHG emissions.

GHG Emissions (Scope 1 + Scope 2) (*1)

Classification	Details	Unit	2021	2022	2023 (*2)
GHG emissions	Direct emissions (Scope 1)	tCO ₂ eq	2,211.67	2,298.65	2,107.25
	Indirect emissions (Scope 2)	tCO ₂ eq	3,220.29	3,245.11	3,189.89
	Total emissions (Scope 1 + Scope 2)	tCO ₂ eq	5,431.96	5,543.76	5,297.14
	Emission intensity (Scope 1 and 2) (*3)	tCO ₂ eq/ton	0.56	0.52	0.52

▶ Target for GHG Emissions (Scope 1 + Scope 2) in 2023

5,173 tCO₂eq

(*1) The data values differ from the previous year's report due to changes in calculation methods.

(*2) Verified by an external third party (voluntary verification by an external agency).

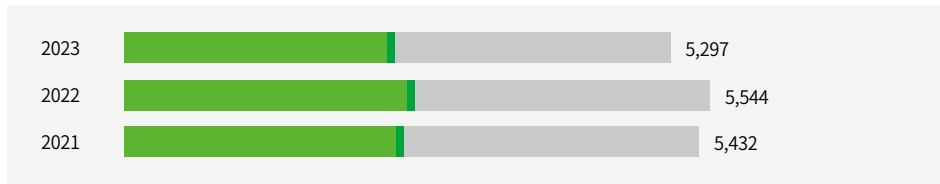
(*3) Total GHG emissions/production volume

GHG Emissions (Scope 3)

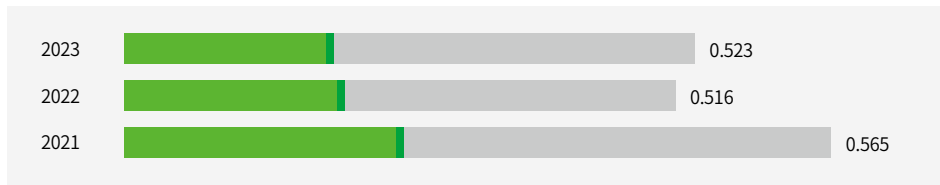
Classification	Details	Unit	2021	2022	2023
GHG emissions	Other GHG emissions (Scope 3) (*1)	tCO ₂ eq	8,748.09	9,325.66	30,464.76
	- Category 1. Purchased goods and services	tCO ₂ eq	6,304.45	6,023.03	25,316.16
	- Category 2. Capital goods	tCO ₂ eq	0	0	1,726.97
	- Category 3. Fuel- and energy-related activities not included in scope 1 or scope 2	tCO ₂ eq	0	0	450.62
	- Category 4. Upstream transportation and distribution	tCO ₂ eq	952.99	1,084.99	1,324.72
	- Category 5. Waste generated in operations	tCO ₂ eq	18.68	26.64	73.17
	- Category 6. Business travel	tCO ₂ eq	1.67	7.15	48.13
	- Category 7. Employee commuting	tCO ₂ eq	402.33	372.19	377.82
	- Category 9. Downstream transportation and distribution	tCO ₂ eq	1,067.97	1,811.67	1,147.18

(*1) From 2023, the categories for calculating Scope 3 emissions have been expanded (Category 2 and Category 3), and the data calculation method has been changed, resulting in different aggregation criteria compared to previous years.

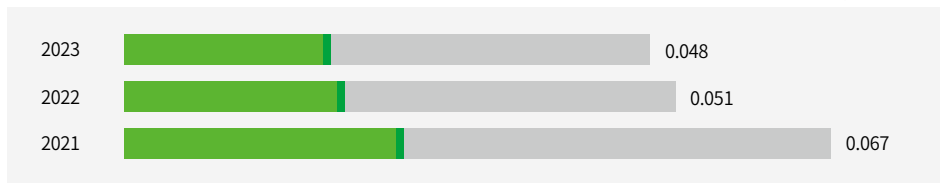
Annual Emissions

 (Unit : tCO₂eq)


Emissions per Production

 (Unit : tCO₂eq/ton)


Emissions per Sales

 (Unit : tCO₂eq/KRW million)


■ Scope 1 stationary combustion
 ■ Scope 1 mobile combustion
 ■ Scope 2 electricity use

Enhancing Energy Efficiency

Since 2020, KCI has implemented the Energy Management System (EnMS) to improve energy efficiency. To accomplish this, we have upgraded our factory lighting to high-efficiency LEDs, enhanced the thermal insulation of heat transfer pipes, and introduced waste heat recovery measures. In 2021, we adopted Indirect Evaporative Cooling (IEC) systems that recycle exhaust heat, thereby reducing cooling energy consumption. This system further aids in decreasing GHG emissions by eliminating the need for refrigerant gases.

Energy Consumption (*1)

Classification	Details	Unit	2021	2022	2023 (*2)
Energy consumption	Electricity	TJ	67.29	67.81	66.66
	Liquefied natural gas (LNG)	TJ	43.15	44.85	41.24
	Gasoline	TJ	0.16	0.21	0.20
	Diesel	TJ	0.21	0.17	0.05
	Total energy consumption (*3)	TJ	110.80	113.04	108.15
	Energy intensity (*4)	GJ/ton	11.52	10.52	10.68

▶ Target for Energy Consumption in 2023

105 TJ

(*1) The data values differ from the previous year's report due to changes in calculation methods.

(*2) Verified by an external third party (voluntary verification by an external agency).

(*3) Calculated based on energy consumption at all business sites and the calorific value per unit according to Article 5 (Energy Conversion Factors) of the Enforcement Rules of the Energy Act.

(*4) Total Energy Consumption/Production.

GHG Emissions and Energy Consumption Reduction in 2023

Reduction Activity	Energy Type	Classification	Unit	Reduction Amount (*1)
Boiler washing (*2)	Liquefied natural gas (LNG)	Energy consumption reduction	TJ	1.16
		GHG emission reduction	tCO ₂	58.64
Replacement of wastewater treatment facility lights (*3)	Electricity	Energy consumption reduction	TJ	0.01
		GHG emission reduction	tCO ₂	0.53

(*1) Calculated based on aggregated energy consumption and the calorific value per unit according to Article 5 (Energy Conversion Factors) of the Enforcement Rules of the Energy Act, and applying the national emission factor for GHGs for 2022 as per Article 36 of the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis and Article 39 of its Enforcement Decree (Establishment of National Greenhouse Management System).

(*2) Estimated with the assumption of a 3% reduction in LNG consumption in the factory building compared to the base year (2023).

(*3) Estimated by applying the average daily operation time (8 hours/day).

Waste and Hazardous Chemical Management

To prevent resource depletion and address environmental issues related to resource use, continuous efforts in reuse, recycling, and resource circulation are essential. In pursuit of these goals, KCI is rigorously managing wastewater and waste resources by practicing strict separation at the source and disposal, and continuously reducing environmental impact through minimized emissions. Additionally, KCI is actively working towards its goal of reducing water consumption, air pollutant emissions, and waste generation by 20% by 2030, compared to 2020 levels.



Waste recycling rate **91%**

Response to Environmental Regulations

Environmental Regulatory Compliance Strategy

KCI proactively responds to the strengthening of environmental regulations to minimize legal risks and is committed to developing a leading environmental management system in line with ESG management principles.

Environmental Regulation	Response Strategy
Act on Registration and Evaluation of Chemical Substances (REACH)	<ul style="list-style-type: none"> Maintain chemical management registers for raw materials/products in accordance with domestic and international regulatory standards and monitor import/export quantities
Chemical Substances Control Act	<ul style="list-style-type: none"> Prepare and apply hazardous chemical management guidelines. Maintain and manage logs for the intake and output of hazardous chemical substances and inspection records. Establish emergency response systems, including local community coordination plans, for resident protection and evacuation in the event of a chemical accident Ensure the availability of Material Safety Data Sheets (MSDS) and warning labels on-site and provide employee training Conduct training for managers, handlers, and workers dealing with hazardous chemical substances Perform regular and installation inspections of hazardous chemical handling facilities.
Clean Air Conservation Act Water Environment Conservation Act Waste Control Act	<ul style="list-style-type: none"> Prepare and apply guidelines for air, water, soil, and noise management Manage air, water, waste, chemical, and environmental inspections through the Samyang Group ESH integrated system Operate wastewater treatment through specialized contractors Conduct daily analyses of total organic carbon (TOC) and respond immediately to high-concentration wastewater Perform self-measurements for air pollutant emission facilities to ensure regulatory compliance, and record and manage data
Occupational Safety and Health Act	<ul style="list-style-type: none"> Enhance MSDS expertise by using specialized programs for creating MSDS Establish safety and health plans, legal compliance, crisis management, and ESH operations management through the Samyang Group ESH integrated system Manage safety work permits, disaster prevention, risk assessments, legal inspections, and subcontractor management through the Samyang Group ESH integrated system Prepare and manage logs for the use of specially controlled substances Manage legal appointments, statutory job training, accident occurrence status, inspection details by relevant agencies, and emergency drill schedules through the group ESH integrated system

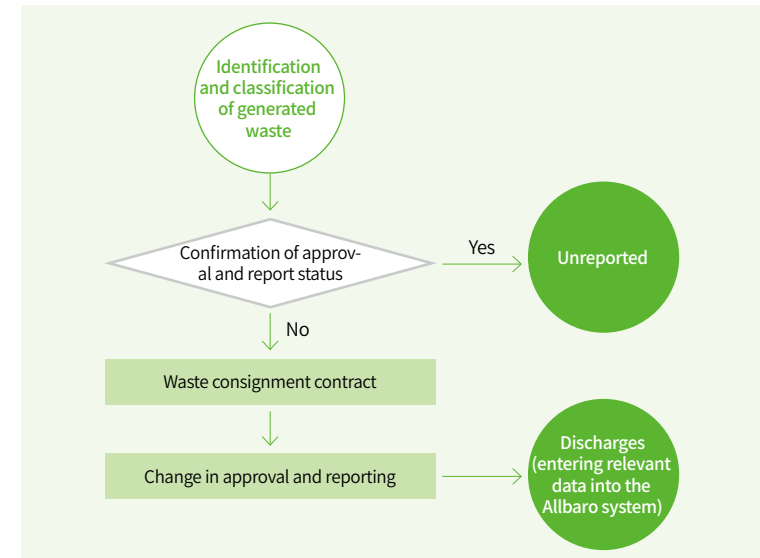
Waste Management

Waste Disposal Process

KCI has established and operates waste management regulations to effectively manage waste generated during factory operations, reduce waste generation, and minimize environmental impact. Each plant monitors and ensures compliance with environmental monitoring and measurement management regulations through the waste management system.

KCI contracts with a company that meets our environmental supplier management standards for consignment and reprocessing of waste. KCI strictly adheres to the Waste Control Act. We maintain transparency and systematic record-keeping of all waste disposal processes through the Ministry of Environment's waste management system, "Allbaro."

Waste Disposal Process



Waste Reduction and Recycling

KCI has established waste management guidelines aimed at reducing waste production and enhancing the efficiency of resource utilization to protect the environment and promote sustainable management. The responsibilities of those in charge of waste management are clearly delineated to ensure the meticulous execution of tasks such as reporting treatment plans, and the separation and collection of waste, all in accordance with legal requirements. For waste designated by the Minister of Environment, we maintain hazard information records as mandated by the Waste Control Act. Our focus is on designing processes that are sustainable and minimize environmental impact. Additionally, certain waste materials are purified by external companies and subsequently returned to KCI for reuse. We also develop plans for resource circulation performance and goal implementation, comparing target values with actual results to lead in environmental management.

Waste

Classification	Details	Unit	2021	2022	2023
Waste discharge by type (industrial waste)	General waste	Tons	122.96	130.37	128.62
	- Landfill	Tons	33.72	43.39	54.11
	- Incineration	Tons	56.92	54.96	50.03
	- Recycling	Tons	35.32	32.02	24.48
	- Others	Tons	0	0	0
	Designated waste	Tons	1,690.31	1,539.10	1,550.39
	- Landfill	Tons	0	0	0
	- Incineration	Tons	0.49	33.72	4.17
	- Recycling	Tons	1,687.32	1,505.38	1,546.22
	- Others	Tons	2.50	0	0
Total waste discharge	Total waste discharge	Tons	1,813.27	1,669.47	1,679.01
Waste discharge per sales	Waste discharge per sales	Tons/KRW million	0.0222	0.0152	0.0153
Waste recycling	Recycled waste	Tons	1,722.64	1,537.40	1,570.70
	Waste recycling rate	%	95	92	94
Hazardous waste	Generated hazardous waste	Tons	0	0	0

▶ Target Discharge in 2023

1,587 tons

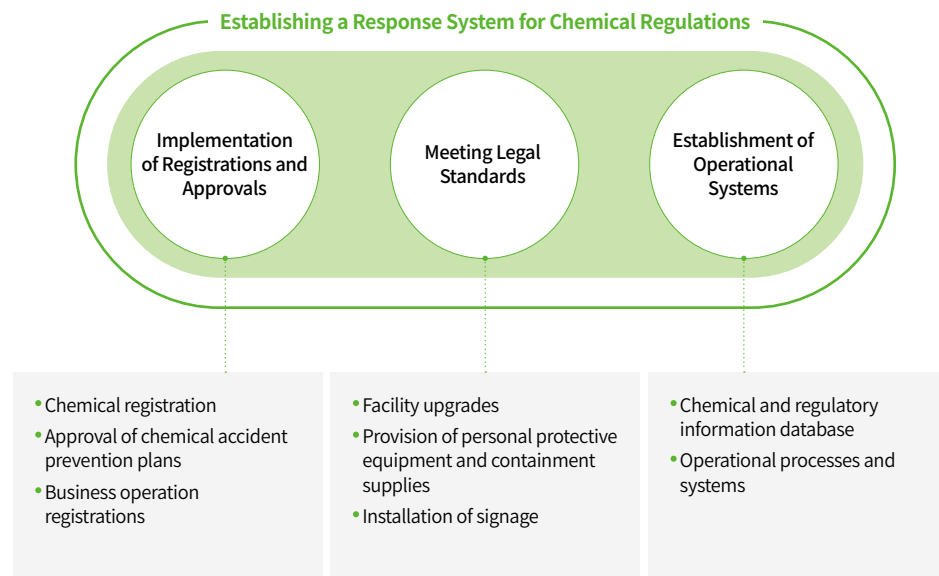
Hazardous Chemical Handling and Management

Hazardous Chemical Management

Chemical Management System

KCI has implemented a systematic guideline to proactively manage risks associated with handling hazardous chemical substances. This guideline delineates the roles and responsibilities of the responsible parties, specifically plant managers, and specifies procedures for the safe storage, handling, and use of these substances. Additionally, it details response procedures for potential spill incidents.

We conduct regular and ad-hoc inspections to ensure accident prevention and maintain safety management standards. Specifically, for facilities that handle hazardous chemical substances, we perform pre-operation inspections to guarantee safety before operations commence. This strategy significantly reduces the risk of accidents and safeguards the health and safety of employees.



Chemical Regulation Responses

KCI prepares and maintains Material Safety Data Sheets (MSDS) for our products, ensuring compliance with legal requirements. These documents, which provide essential product information, are developed in accordance with the UN's Globally Harmonized System of Classification and Labelling of Chemicals (GHS) guidelines and are accessible on our website. Additionally, we attach warning labels based on the MSDS to chemical product containers, enabling safe handling by all employees. We strictly adhere to the Act on the Registration and Evaluation of Chemical Substances and the Chemical Substances Control Act. Our ongoing training and education programs are designed to prevent chemical accidents and promote the safe use of chemical substances. Moreover, we operate an integrated Group ESH (Environmental, Safety, and Health) system and are committed to enhancing this system to improve chemical management. By meticulously managing the purchase, manufacture, use, and disposal of chemicals throughout the production process, we strive to minimize chemical-related risks and foster a safe and healthy work environment. The company remains dedicated to continuous improvement in chemical safety and management.

Chemical Accident Responses

KCI proactively informs local community residents about our planned chemical use and develops management plans to prevent chemical accidents and enhance safety. Additionally, we conduct quarterly emergency response drills to establish a swift and effective evacuation system in the event of a chemical accident. We meticulously analyze the results of these drills to identify areas for continuous improvement. Through these measures, we aim to ensure safety during the use of chemicals and contribute to the safety and environmental protection of the local community.

Chemical Safety Education and Activities

KCI conducts annual training sessions for all employees at facilities that handle hazardous chemical substances. These sessions aim to educate staff about appropriate response methods in the event of accidents. They ensure that managers, technical staff, and handlers are proficient in the safe management of chemicals and environmental protection, in accordance with the Chemical Substances Control Act. Additionally, as a participating company in the Daesan Area Chemical Safety Community, we collaborate with leading companies to stock updates on amendments to the Chemical Substances Control Act and best practices for preventing chemical accidents. We regularly participate in seminars to exchange knowledge and experiences on chemical safety, thereby enhancing our capacity to prevent and respond to chemical accidents.

Education for Workers Handling Hazardous Chemical Substances

Classification	Details	Unit	2021	2022	2023
Environmental education	Number of employees who have completed environmental education	Persons	40	105	39
	Proportion of employees who have completed environmental education (*)	%	23.95	58.66	21.91
	Hours of environmental education	Hours	318	1,400	116

(*) Number of employees who have completed environmental education/total number of employees

Water Resource Management

With the escalating global water scarcity and the rapid changes in rainfall patterns and sea level rise due to climate change, KCI recognizes the critical importance of water resource management. The organization actively engages in various initiatives aimed at reducing water consumption and wastewater discharge.

Water Resource Risk Management

KCI's facilities are not situated in regions of significant water stress. Nevertheless, given the water-intensive nature of the chemical industry, we fully acknowledge the critical importance of managing water resources. In response, we have developed and implemented stringent internal environmental management standards to proactively address government regulations.

Water Pollution and Wastewater Management

KCI implements proactive measures to mitigate environmental pollution. To achieve this, we have established our wastewater discharge standards to be less than 80% of the legal limits and regularly monitor the discharge levels. We also enhance water use efficiency and reduce energy consumption by using only the necessary amounts of water for specific processes during wastewater treatment. Our wastewater treatment protocol includes an initial treatment at our on-site facilities, followed by further purification at specialized centers before safe discharge. Throughout this process, we rigorously comply with wastewater management regulations. Additionally, we conduct regular soil contamination tests and leakage inspections to prevent soil pollution and further our commitment to environmental protection.



Daesan Plant Wastewater Treatment Facilities

Water and Wastewater Management

Classification	Details	Unit	2021	2022	2023
Water (*1)	Water withdrawal	ML	31.10	45.71	38.45
	Water consumption	ML	17.26	25.33	19.75
	Water discharge (*2)	ML	13.83	20.38	18.70
Wastewater	Wastewater discharge (*3)	ML	11.33	18.74	17.60
	Wastewater recycling	ML	0	0	0
Water pollutant discharge	Chemical oxygen demand (COD)	Tons	0.88	1.22	0
	Total organic carbon (TOC) (*4)	Tons	0	1.04	1.78
	Biochemical oxygen demand (BOD)	Tons	0	0	0
	Suspended solid (SS) discharge	Tons	0.85	1.35	0.53

▶ Target Water Consumption in 2023

23.52 ML

(*1) The data values differ from the previous year's report due to changes in calculation methods.

(*2) Water discharge: wastewater discharge + indirect cooling water + consigned treatment volume

(*3) Wastewater discharge: Refers to the discharge volume from the on-site wastewater treatment facilities.

(*4) Total oxygen demand (TOC): The 2022 data value is based on measurements starting from April 2022.

Water Withdrawal and Consumption by Supply Source of Each Business Site in 2023

Classification	Unit	Seoul	Daesan	Shihwa	
Water withdrawal	Municipal and industrial water	ML	1.00	35.32	2.01
	Groundwater	ML	0	0.12	0
	Total	ML	1.00	35.44	2.01
Water consumption	ML	0.92	17.40	1.42	
Water discharge	Third-party agency	ML	0.07	17.92	0.59
	Groundwater	ML	0	0.12	0
	Total	ML	0.07	17.92	0.59

Air Pollutant Management

KCI is committed to minimizing the environmental impact of air pollutants. Our strategy includes lowering emissions of gaseous substances like SOx and NOx, as well as dust and other particulate matter. We ensure that the concentration of air pollutant emissions stays below 80% of the legal limits. Should emissions surpass KCI's established standards due to equipment or process anomalies, we promptly intervene to restore normal levels. We have developed comprehensive guidelines for managing air, water, noise, and vibration to proactively tackle air pollution and related environmental concerns. These guidelines encompass conducting environmental impact assessments and devising risk management plans.

Recognizing the hazards of air pollutants, we regularly replace activated carbon and filters in our prevention facilities. We have installed low-NOx boilers, highly effective in reducing nitrogen oxides, along with scrubbers, which are wet processing devices used for treating air pollutants. Additionally, we have implemented an air emission facility monitoring system to measure pollutants and ensure that both emission and prevention facilities operate correctly. This system enables us to monitor and manage pollutants in real time, ensuring the proper functioning of our facilities.

Air Pollutant Emissions

Classification	Details	Unit	2021	2022	2023
Air pollutant emissions	NOx	Tons	2.52	1.29	1.21
	SOx	Tons	0.06	0.07	0.04
	Dust	Tons	1.04	0.42	0.59

▶ Target NOx Emissions in 2023

1.20 tons

▶ Target SOx Emissions in 2023

0.07 tons

▶ Target Dust Emissions in 2023

0.39 tons

Strengthening Safety and Health Prevention Activities

KCI is committed to ensuring a safe and healthy environment for all employees and stakeholders. We are committed to preventing accidents and continuously improving working conditions. Through systematic safety and health management, we consistently offer education and training. These initiatives are crucial in fostering a culture of safety and health, motivating everyone to increase their awareness and assume responsibility for safety and health.



Accident rate
2.86%

Implementing Safety and Health Management

Safety and Health Management System

KCI has implemented a safety and health management system (ISO 45001 certification) at our Daesan Plant with the goal of achieving “zero industrial accidents, general accidents, accident rates, and process incidents by 2030.” We are actively engaged in various initiatives to enhance the working environment and prevent safety incidents. Safety and health management responsibilities are systematically carried out by a designated safety and health officer and a supervisor. We strive to preemptively address safety and health hazards through work environment assessments conducted by external professional institutions. Labor and management work together to foster a pleasant working environment by discussing necessary safety and health measures. This collaboration aims to promote the well-being of both employees and subcontractors and to prevent industrial accidents.



ISO 45001 Certification

Safety and Health Management Policy

Recognizing the safety and health of all employees and stakeholders as a top priority, KCI has established a safety and health management policy. This policy is reflected in our safety and health management guidelines, which aim to provide a safe and healthy working environment and minimize safety and health risks throughout all our operations.

Mission

KCI, grounded in a management philosophy of respecting human dignity, prioritizes industrial safety and health as the foremost value in our corporate activities, aiming to achieve the highest level of safety and create ideal workplaces.

Safety and Health Management Guidelines

- All employees of KCI and its suppliers voluntarily participate in safety and health activities.
- All employees of KCI and its suppliers faithfully comply with laws and regulations related to safety and health.
- All employees of KCI and its suppliers shall do their best to prevent any accidents by actively identifying and improving hazards and risk factors at business sites.
- The CEO establishes a safety and health management system and continuously monitors, maintains, and develops it to ensure efficient operation.

May 9, 2023
KCI

CEO Jinyong Lee

Integrated ESH IT System Operation

KCI has established and operates an integrated Environmental, Safety, and Health (ESH) IT system to enhance the management of these critical areas. This system consolidates various work processes, including environmental and safety regulations and work standards, ensuring that all business sites adhere to uniform standards. The deployment of this integrated IT system facilitates more effective management of environmental and safety issues, elevating the safety and environmental protection standards across our business locations and establishing a basis for sustainable operations. This system is instrumental in realizing the company’s long-term objectives and plays a vital role in fostering a healthy and safe working environment for our employees.

Safety and Health Management Organization

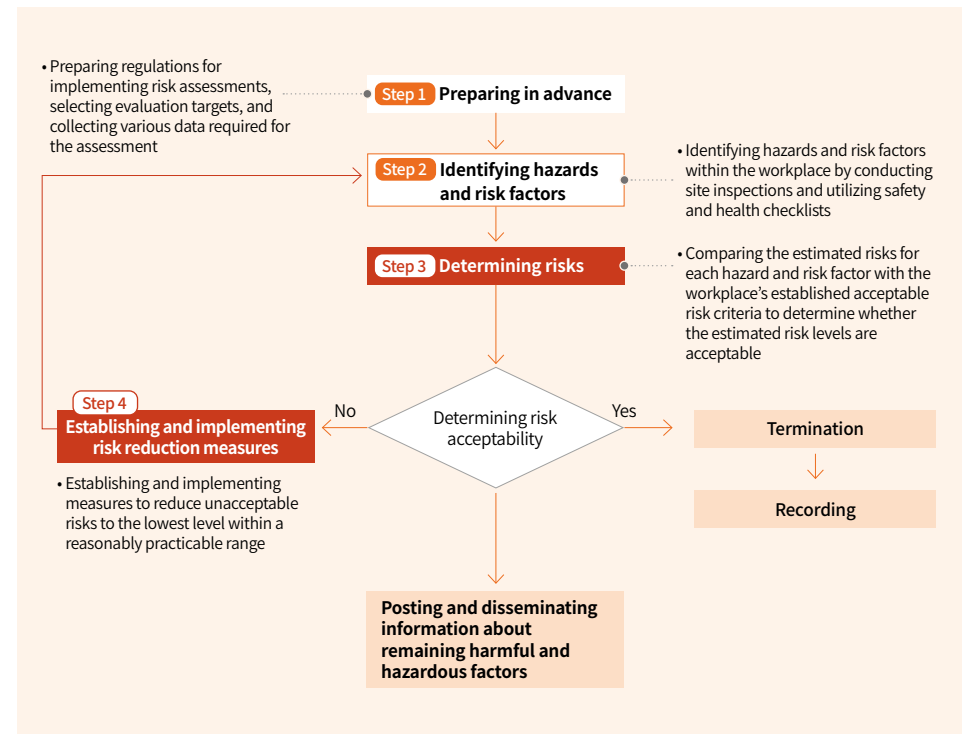
KCI has appointed the CEO as the primary executive responsible for overseeing safety and health duties. Additionally, at each business site, we have established both an Occupational Safety and Health Committee and a Safety and Health Council. These are led by safety and health officers, along with general safety and health managers. The committees comprise supervisors, safety managers, health managers, and workers, ensuring that not only employees but also suppliers are involved in identifying and mitigating hazards and risks related to safety and health. We are committed to actively pursuing improvement activities to enhance safety and health for all stakeholders.

Classification	Role
CEO	The person with the authority and responsibility to represent and oversee a business or the equivalent person in charge of safety and health tasks
Safety and Health Officer	The leader of a business site who oversees health and safety tasks and implements the CEO's hazard prevention policies at the site
Occupational Safety and Health Committee	A committee consisting of management and workers to review and make decisions on important matters related to safety and health, such as plans and measures to prevent risks or health hazards for workers at business sites
Safety and Health Council	A committee formed and operated by the contractor and the subcontractor for necessary safety and health measures to prevent industrial accidents involving contractors' and subcontractors' workers at business sites
Safety manager and health manager	People who assist the Safety and Health Officer with the technical aspects of safety and health at business sites and provide supervisors with guidance and advice
Supervisor	A person who performs tasks related to production at business sites, is responsible for the safety and health aspects of the tasks, and directly supervises the employees at sites
Worker	A person who provides labor to a business or a business site for wages, regardless of their occupation

Strengthening Safety and Health Management

KCI rigorously adheres to safety, health, and environmental management protocols, strictly complying with Process Safety Management (PSM) regulations. To achieve this, we actively implement various safety and health measures, such as issuing work permits, conducting risk assessments, requiring the use of protective gear, and providing training for work in confined spaces. Additionally, we conduct semi-annual assessments of the work environment to protect employees from harmful agents. By establishing and operating a comprehensive safety and health management system, we ensure the health and safety of our workers.

Risk Assessment Process



Safety and Health Education and Activities

Safety and Health Education

KCI considers safety and health culture as a core element of our corporate culture. To internalize this, we hold regular monthly training sessions on safety, health, and PSM (Process Safety Management) for all employees. Additionally, we carry out risk assessments for every piece of machinery, equipment, and process, and offer targeted safety training based on the identified risks.

Additionally, we operate an industrial accident prevention program that encompasses sharing accident case studies, proper use of safety equipment, and emergency first aid methods. Through these initiatives, we foster a safe and healthy working environment. Additionally, we prioritize the safety and health of all employees, considering it a core value in our corporate operations.

Efforts to Reduce Industrial Accidents

Classification	Details	Unit	2021	2022	2023
ISO 45001 certification	Number of certified sites	EA	1	1	1
	Certification rate	%	33	33	33
	Target trainees	Persons	150	168	177
Occupational safety and health education	Completed trainees	Persons	149	168	177
	Completion rate	%	99	100	100
	Education hour per capita	Hours	25	26	18

Safety and Health Prevention Activities

KCI places the highest priority on the health and safety of our employees. To create a secure work environment, we have formed the Environmental Safety and Health Council. This committee is responsible for conducting regular safety inspections and implementing improvement measures. In light of a rising number of safety and health incidents, we work closely with our subcontractors to carry out joint inspections and conduct regular safety assessments that involve both labor and management. Any identified hazards or risks are promptly addressed and mitigated. We are committed to preventing safety incidents by continuously updating our equipment and refurbishing our facilities. Through these initiatives, we maintain a proactive stance in ensuring a safe and healthy workplace.



Oil Tank Safety Structures



Packaging Room Safety Fences



Labor-Management Joint Safety Inspection

Crisis Management at Business Sites

Crisis Management System

KCI has established an organizational and command structure to prevent potential accidents in the workplace and to respond swiftly in the event of a safety crisis.

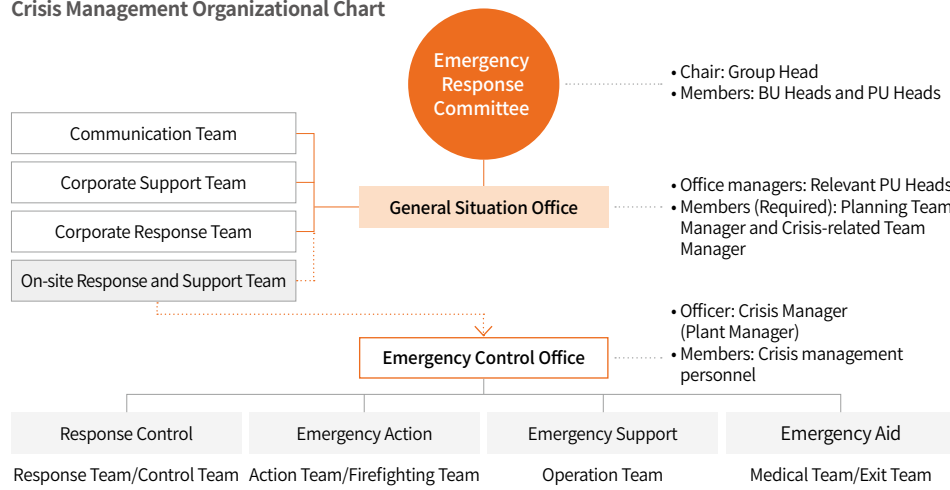
Purposes of Establishing a Crisis Management System

- 1 To protect the life and safety of employees and suppliers
- 2 To protect properties, such as facilities, information, and reputation
- 3 To secure the trust of stakeholders, including customers and stockholders
- 4 To strengthen the crisis response capabilities of employees and suppliers and promote a crisis management culture

Crisis Management Organization

KCI has established a crisis management organization that is equipped to take appropriate actions in the event of a crisis. During normal operations, this organization concentrates on proactive risk prevention by identifying and eliminating potential risk factors in advance.

Crisis Management Organizational Chart



Inspecting the Crisis Response Status at Business Sites

KCI evaluates the adequacy of the crisis management system established at its business sites and assesses the currency of information, the appropriateness and suitability of training, and other related factors. This includes conducting education/training, evaluations, document management, executive reviews, and improvement activities.

Primary Purposes

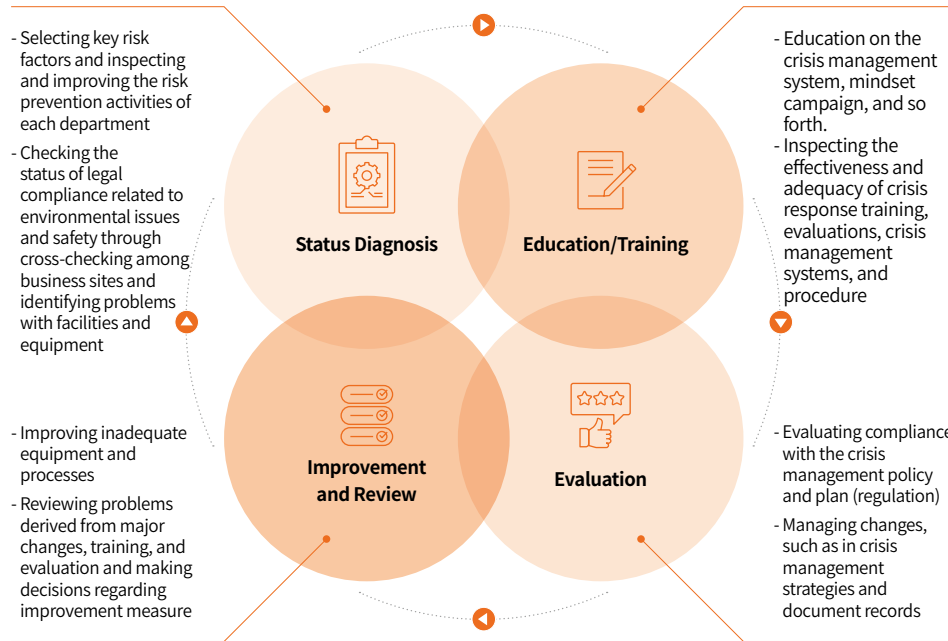
- 1 Appropriateness of the crisis management system
- 2 Currentness of information
- 3 Appropriateness and suitability of the training
- 4 Appropriateness, suitability, and implementation status of maintenance and inspection activities

Crisis Response Manual

KCI aims to minimize damage by developing effective crisis response procedures that can be applied in the event of an accident. These procedures are designed in accordance with the principles of the Samyang Group and are structured around three key stages: incident reporting and information dissemination, situation assessment and emergency response, and comprehensive organizational operation and termination. Additionally, we are refining our crisis response procedures to ensure that essential items are included at each stage.

- o Prioritize the protection of the lives of employees and stakeholders
- o Establish crisis response procedures for key risk factors identified through risk assessments
- o Clearly define the roles and responsibilities of the crisis response organization
- o Ensure the procedures are written clearly and concisely for all employees to use
- o Document the crisis response procedures and place them in easily accessible locations for all employees.

Execution System



Response to the Serious Accidents Punishment Act

KCI systematically manages the responsibilities and obligations of management executives to ensure a robust response to the Serious Accidents Punishment Act. To foster a safe working environment, we have developed standard manuals and checklists that underpin our regular reporting systems. By setting clear goals and conducting systematic performance evaluations, we maintain compliance with applicable laws and regulations. We prioritize the safety and health of our employees at all business sites by actively conducting essential inspections and implementing necessary measures. Our commitment to employee safety and health is paramount, driving comprehensive efforts throughout the company.

• CASE STUDY •



Emergency Response Training for Fire Incidents at Daesan Plant

At KCI's Daesan Plant, we regularly conduct emergency response training for fire incidents. These drills involve all related personnel, including subcontractor employees, to improve rapid and precise response capabilities in the event of an actual emergency. We have established an emergency response organizational chart that clearly defines each member's roles. Additionally, we conduct systematic training tailored to the specific functions of each area within the plant.



Scenario-based Emergency Response Training at Seoul Office

At KCI's Seoul office, we regularly conduct emergency response training using predefined accident scenarios, including fire incidents. These drills are designed to familiarize employees with the necessary actions and the roles of each organization during an emergency. Such preparation facilitates quick evacuation and guidance, thereby minimizing potential casualties in the event of an actual incident.



Safety and Industrial Accidents (*1)

Classification	Details	Unit	2021	2022	2023
Working hours	Total working hours	Hours	348,315	345,488	348,880
	Industrial accidents	Cases	1	0	0
Safety management	General accidents (**)	Cases	4	4	5
	Accident rate	%	2.87	2.29	2.86
	Process accidents	Cases	1	3	2
	Number of violations related to safety regulations	Cases	0	2	0
Absence	Absence rate	%	0.26	0.04	0.62
	Number of lost-time injuries	Cases	2	1	0
Industrial accidents (employees)	Number of injured employees	Persons	2	0	0
	Lost Time Injury Frequency Rate (LTIFR) (***)		5.74	2.89	0
	Number of lost workdays	Days	55	40	0
	Lost Time Injury Severity Rate (LTISR) (***)		0.16	0.12	0

(*1) Some data values differ from the previous year's report due to changes in calculation methods.

(*2) In 2023, general accident types include wrist pain, ankle sprain, collision, burns, and cuts.

(*3) Lost Time Injury Frequency Rate (LTIFR) = (Total Number of Lost-Time Injuries) x 1,000,000 / Total Working Hours

(*4) Lost Time Injury Severity Rate (LTISR) = (Number of Lost Workdays Due to Injury) x 1,000 / Total Working Hours

Work-related Injuries and Diseases (*1)

Details	Unit	2021	2022	2023
Number of deaths caused by work-related injuries	Cases	0	0	0
Number of work-related injuries recorded (**)	Cases	1	0	0
Number of deaths caused by work-related diseases	Cases	0	0	0
Number of work-related diseases recorded	Cases	0	0	0

(*1) This data corresponds to the criteria for industrial accidents.

(*2) Some data values differ from the previous year's report due to changes in calculation methods.

Supplier Safety and Health Management

Evaluation of Safety Capabilities for Suppliers

KCI conducts thorough evaluations of our suppliers' safety and health standards, focusing on criteria such as the establishment of safety and health management systems, the thoroughness of their implementation, the efficiency of operations and management, and the incidence levels. The scores and grades derived from these evaluations are integrated into the supplier selection process. We then reassess the safety capabilities of our suppliers on an annual basis. Through this system, we aim to continuously enhance safety and health standards and strengthen our environmental safety management framework.

Operation of a Supplier Safety and Health Council

KCI has established and operates a Safety and Health Council to ensure the safety and health of workers from contract and subcontract companies. This committee conducts risk assessments and management for industrial safety, proactively identifying and mitigating risk factors. Additionally, it addresses various issues, including investigating musculoskeletal risk factors, enhancing safe operations within the company, verifying the implementation of employee health checkups, and addressing grievances from suppliers.

Additionally, the committee conducts an annual evaluation of supplier safety and health standards based on comprehensive criteria, which include safety and health management systems, implementation levels, operational management, and incident rates. These evaluations play a pivotal role in the supplier selection process, with suppliers failing to achieve the necessary scores facing restrictions. In 2023, the Safety and Health Council convened monthly meetings and successfully addressed all submitted issues, exemplifying sustainable supplier management practices. Consequently, there were no violations of the Occupational Safety and Health Act by any suppliers in 2023.

Number of Issues Submitted to and Resolved by the Safety and Health Council

Classification	Unit	2023
Number of issues submitted to the Safety and Health Council	Cases	174
Number of issues resolved by the Safety and Health Council	Cases	174
Resolution rate by the Safety and Health Council	%	100

Enhancing Product Sustainability and Quality

The value and status of a company are derived from the quality and safety of its products and services, which align with customer demands and expectations. KCI is dedicated to delivering safe and reliable products to our customers through stringent product management, ongoing product development, and adherence to our social and environmental responsibilities. By focusing on these areas, we strive to improve customer satisfaction, achieve sustainable growth, and generate social value.



Sales ratio of green products

14.2%

Product Quality Innovation and Safety Management

Product Sustainability and Quality Enhancement

In its production process, KCI comprehensively considers chemical regulations in various countries, stakeholder requirements, and identified risks and opportunities. We prioritize customer safety through the implementation of a rigorous quality management system and by conducting comprehensive quality verifications for all products. Additionally, we are committed to ongoing research and improvement efforts to deliver high-performance products that are safe for both the environment and human health.

Quality Management

Under the principles of “standard compliance, quality innovation, quality pride, customer satisfaction, and talent development,” KCI produces high-quality raw materials using a systematic quality management system. To meet customer demands, we have secured various international certifications, such as the European Federation for Cosmetic Ingredients Good Manufacturing Practices (EFFCI GMP) and ISO 9001 Quality Management System certification, ensuring our commitment to quality standards.

The ISO 9001 certification, in particular, reflects KCI’s philosophy of prioritizing quality management and customer satisfaction, reinforcing our collaborative relationships built on mutual trust with customers and partners. Additionally, by consistently developing our workforce, we ensure that our professional staff employs the latest technologies and knowledge to provide the highest quality and satisfaction to our customers.



ISO 9001 Certification EFFCI GMP Certification

Product Sustainability Enhancement

KCI prioritizes the use of natural raw materials in its product production to address issues related to the stability and environmental impact of chemical products. Ingredients such as soybeans, canola, natural oils, sugars, and glycerin enhance both safety and eco-friendliness. We are committed to environmental protection by increasing the use of green raw materials, including RSPO and COSMOS-certified products.

Additionally, we comply with various chemical substance registration regulations, including the Korean Act on Registration and Evaluation of Chemical Substances, as well as the European and UK Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), and Turkey’s KKDIK (Kimyasalların Kaydı, Değerlendirilmesi, İzni ve Kısıtlanması). Through these efforts, we ensure customer safety and achieve sustainable management.

In 2021, we became the first in Korea to complete the registration of cosmetic raw material codes under China’s Cosmetic Supervision and Administration Regulation (CSAR), swiftly adapting to changes in foreign regulations. This achievement has helped us gain customer trust and pursue sustainable management practices that minimize adverse effects on the environment and human health.

Sustainable Activities

Classification	Details	Unit	2021	2022	2023
Sustainable products	Purchase amount of green products ^(*1)	KRW million	1,357	3,234	2,015
	Purchase ratio of green products ^(*2)	%	3.2	5.0	3.7
	Sales amount of green products ^(*3)	KRW million	5,139	13,519	15,579
	Sales ratio of green products	%	6.3	12.3	14.2

^(*1) Based on RSPO MB (Mass Balance) certified raw materials

^(*2) RSPO MB certified raw material purchase amount / total raw material purchase amount

^(*3) Based on RSPO MB and COSMOS-approved and certified products

Commitment to Zero Deforestation

KCI recognizes the importance of the EU Regulation on Deforestation-free Products and recognizes our obligation to adhere to this regulation. This regulation was established to curb indiscriminate deforestation and to encourage sustainable management of forests.

To achieve these goals, KCI adheres to the principles of zero deforestation by prohibiting the development of areas classified as High Carbon Stock (HCS) forests. We are committed to ensuring the traceability and transparency of raw materials by purchasing products produced without deforestation and land conversion. Specifically, the EU Regulation on Deforestation-free Products requires proof that regulated agricultural commodities, including palm oil and timber, are produced without deforestation. To meet these requirements, we closely collaborate with various suppliers to build a deforestation-free supply chain. Through these efforts, we aim to protect the environment, achieve sustainable management, and contribute to forest conservation.

Environmental Activities

KCI is committed to reducing the environmental impact of our production and supply processes by strictly limiting the emission of hazardous substances to 80% of the legal standard. We perform self-measurements at each source of air and wastewater emissions to quantify the levels of hazardous substances released. Based on these measurements, we continuously enhance our pollution prevention facilities. We also regularly report our environmental activities to regulatory authorities and rigorously monitor the protection of air and water resources in the local community.



Wastewater Treatment Facilities

Quality, Environment, and Safety Management System

KCI has established a quality, environment, and safety manual that aligns with the requirements of customers, stakeholders, legal and regulatory frameworks, and international certifications, including ISO 9001, 14001, and 45001. By employing objective, systematic, and documented processes, we consistently enhance and evolve our quality, environment, and safety management systems.

Chemical Management System

KCI manages the registration and administration of chemicals, overseeing new substances through “change management” and relevant licensing processes. Before using any chemicals, we conduct a preliminary review in accordance with laws such as the Act on Registration and Evaluation of Chemical Substances. We also report the usage of hazardous chemical substances, adhering to the enforcement regulations of the Chemical Substances Control Act. By assessing the potential impacts of our products and services on health, we enhance product safety. Additionally, we strive to create an environment that supports efficient task management by implementing a company-wide resource planning system.

Process Improvement and Optimization

KCI streamlines manufacturing processes by implementing continuous production planning, which enables the efficient production of diverse products while saving costs, time, and energy.

Advancement of Energy Efficiency

To advance energy efficiency, KCI is discontinuing the operation of outdated facilities and enhancing the performance of existing equipment. We are lowering power consumption by incorporating inverters in wastewater treatment facilities, using high-efficiency pumps, and switching to high-efficiency LED lighting. Additionally, we are strengthening the insulation of heat transfer pipes and recovering waste heat to minimize energy wastage.

Introduction of the Energy Management System

The Energy Management System (EnMS) is designed to systematically manage resources and processes in order to meet energy efficiency management goals. Through this system, KCI actively monitors energy consumption by tracking real-time energy consumption and patterns. Our goal is to identify issues in energy utilization and optimize energy use through this proactive approach.

Soil Contamination Testing

In accordance with the Enforcement Decree of the Soil Environment Conservation Act, KCI performs periodic soil contamination tests at each business site. The substances tested include benzene, toluene, ethylbenzene, xylene, and TPH. Results have indicated that no contaminants were detected in the surrounding areas, and all tested items have received satisfactory ratings.

Resource Circulation and Reuse

KCI is committed to fulfilling our social responsibility for resource circulation and reuse by submitting an annual resource circulation goal implementation plan to the relevant authorities. We aim to achieve a recycling rate of over 70% each year, striving to minimize hazardous waste and recycle reusable resources, thus maximizing the use of the planet's finite resources.

Customer-oriented Management

In an increasingly competitive market environment, companies are adopting strategies that prioritize customer satisfaction through the enhancement of product and service quality and the strengthening of customer service. KCI is aligning with this trend by focusing on the realization of customer value and striving to meet customer demands through the continuous improvement of products and services. We actively address customer complaints, lead market trends, and continuously pursue customer-oriented management by incorporating diverse customer voices, including concerns related to the green environment, diversity, and sustainability.



Number of product recalls

None

Customer Satisfaction Management

Creating New Customer Value

Smooth communication with customers is essential for corporate growth. KCI is committed to enhancing our corporate image and increasing customer satisfaction. We actively participate in ESG evaluations and international initiatives, and we are expanding our range of green and sustainable certified products.

ESG Evaluation

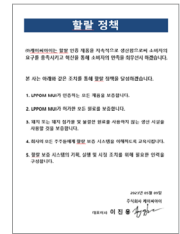
In 2024, KCI was awarded a platinum rating in the corporate sustainability assessment by EcoVadis, positioning us among the top 1% of companies worldwide. This evaluation included over 120,000 companies across 180 countries. This prestigious recognition underscores the excellence of KCI's ESG management on a global scale and plays a crucial role in the expansion of our global supply chain.

Additionally, we received high marks in the Carbon Disclosure Project (CDP) evaluations, achieving an "A-" in climate change, a "B" in water, and a "B" in forests. These ratings highlight our robust environmental management practices. Looking ahead, we are committed to maintaining open communication with stakeholders through ongoing improvement and transparent reporting, as we continue our pursuit of sustainable management.



Halal Policy

KCI is committed to halal-certified production, emphasizing respect for diverse races, cultures, and universal human rights values. To uphold this commitment, we have formed a Halal Management Team that ensures halal compliance across all stages of our operations, including procurement, receipt, production, and shipment. We have been granted halal certification by LPPOM MUI in Indonesia. As of 2023, a total of 58 products have received halal certification, including conditioning polymers (PQ-10, Guarquat series) and cationic surfactants (BTAC and BTMS).



In 2023, we were awarded an A grade for the third consecutive year by the Halal Assurance System (HAS), earning the HAS certification. Our halal certification undergoes regular reviews and audits by halal certification bodies to ensure its continued validity.



Moving forward, the company will continue to enhance customer satisfaction by conducting internal audits and providing training. Detailed information about our halal policy is available on our website.



COSMOS Approved Certification

KCI is continuously working to expand our range of COSMOS (COSMetic Organic and Natural Standard) certified products, which adhere to the globally recognized European standards for organic and natural cosmetics. Notably, ingredients that have received COSMOS approval are non-organic yet satisfy all the stringent requirements set by COSMOS for both their components and manufacturing processes.



These ingredients are suitable for use in certified organic and natural finished products. In addition to the nine existing types of conditioning polymers (Guarquat series) and one type of polyglycerin ester (PGLCP 102KC RSPO MB product) already approved by COSMOS, we secured additional certification for five more types of polyglycerin esters in 2023. We remain dedicated to continually expanding our range of certified products to improve customer satisfaction.

Participation in Sustainability Initiatives

KCI is committed to sustainable development and international cooperation through active participation in various initiatives. In December 2021, we formally endorsed the ten principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment, and anti-corruption by joining this esteemed organization. Subsequently, in April 2022, we expanded our commitment by becoming a member of the Korean branch of the Responsible Care (RC) Council. This membership involves continuing our voluntary improvement activities in environment, safety, and health to support the sustainable development of the chemical industry. We remain dedicated to actively engaging in initiatives that promote a sustainable future.

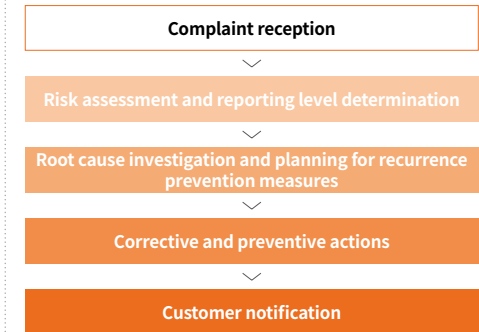
Responding to Customer Complaints

KCI prioritizes customer satisfaction and operates a systematic management system to address product and service complaints efficiently and promptly. We carefully analyze customer feedback to pinpoint the root causes of issues and take proactive steps to resolve complaints quickly. Furthermore, we implement preventive measures to prevent future occurrences and actively integrate valuable customer insights into our continuous improvement efforts for our products and services.

Response Strategies for Customer Satisfaction

- 1 Reviewing the necessity of changes and responding to relevant issues based on customer complaints
- 2 Conducting on-site sales activities
- 3 Maintaining a customer complaint response manual

Customer Complaint Response Process



Customer Management

KCI responds promptly and systematically to customer inquiries. Inquiries received through the website or email are effectively resolved by gathering insights from specialists in the Tech Center, Production, or Quality Teams.

In our approach, we systematically catalog all customer information, inquiry details, and processing steps to ensure continuous management. We are committed to swiftly addressing customer needs, preventing the recurrence of complaints, and continuously enhancing the quality of our service.

Customer Safety and Health

Classification	Details	Unit	2021	2022	2023
Product safety	Number of product recalls	Cases	0	0	0
	Quantity of recalled products	Tons	0	0	0

Customer Satisfaction Surveys

Enhancing Customer Satisfaction Through Communication

Smooth communication with customers is essential for a company's growth. KCI pursues customer-oriented business strategies, utilizing customer satisfaction surveys to ensure ongoing growth and development.

Conducting Customer Satisfaction Surveys

KCI prioritizes customer satisfaction and operates a systematic management system to address any complaints regarding products or services. We meticulously analyze data from customer satisfaction surveys to identify and proactively address issues, ensuring complaints are resolved swiftly. Additionally, we implement preventive measures to avoid future issues and continuously integrate customer feedback to improve our products and services.

Overview and Results of the 2023 Customer Satisfaction Survey

Survey Results

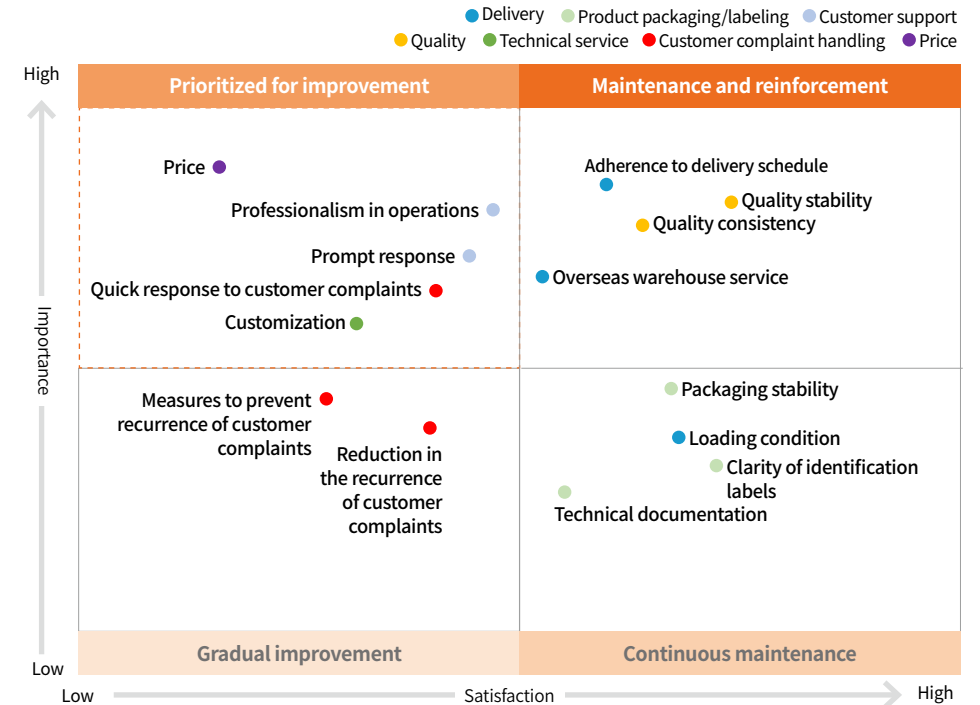
- 1 The overall satisfaction level continues to remain very high, scoring 75 points.
- 2 Categories such as "Product Packaging/Labeling" (84 points), "Quality" (83 points), and "Delivery" (80 points) have garnered ratings above 80, indicating strong satisfaction.
- 3 Customer satisfaction with "Quality" exhibits a relatively higher level among domestic customers compared to their overseas counterparts.
- 4 "Price" and "Technical Service" received lower ratings than other evaluated categories.

- Respondents: 174 customers, encompassing both Korean and global customers of KCI in 2023
- Data collection: Online survey

Based on the survey results, KCI plans to strengthen our strengths in product packaging/labeling, quality, and delivery. We aim to maintain high satisfaction levels among our domestic customers and work towards increasing satisfaction among our international customers.

We will also focus on improving our technical services and price-to-quality ratio through ongoing efforts. This will involve boosting productivity and maximizing efficiency in the manufacturing process, as well as elevating the professionalism and customer satisfaction associated with our technical services.

Customer Satisfaction Survey Analysis



Pursuing Customer-oriented Business Plans

KCI meticulously identifies customer requirements through customer satisfaction surveys and uses this information to develop strategic business plans. We prioritize supplying sustainable products made from natural materials and actively provide the technical information our customers need to minimize inconvenience.

Furthermore, we are transitioning from a business model centered on raw material supply to one that provides customized products and solutions designed to meet specific customer needs. This shift is aimed at continuously achieving customer satisfaction. Through these efforts, we are experiencing ongoing growth and development.

Establishing the ESG Management System

KCI aligns and systematizes our core values, including principles and trust, into our ESG management strategy. This involves setting ESG management goals and action plans that are responsive to contemporary demands. Our ESG management system is dedicated to fulfilling corporate social responsibilities and advancing sustainability. Through these efforts, we strive to promote development towards a better future.

ESG Management System

Establishing the ESG Management System

KCI has established the ESG Management Council and ESG Working-level Council under the ESG Committee to effectively implement ESG management and promote active participation and collaboration across all business units. Anchored by the ESG Team, the ESG Working-level Council includes various relevant departments such as personnel, planning, compliance, finance, safety, environment, and purchasing. This council develops working-level agenda items and initiatives pertaining to ESG management and addresses external disclosures.

The ESG Management Council reviews and oversees the major agenda items and tasks carried out by the ESG Working-level Council and supports the ESG Committee. Management receives detailed feedback from the ESG Committee, which facilitates effective decision-making. Through this process, KCI aims to achieve a forward-looking vision for environmental protection and sustainable development.

ESG Management System Advancement



ENVIRONMENT

- **Response to Climate Change**
2050 Net Zero
- **Realization of a Circular Economy**
Water stress management and joining global initiatives
- **Environmental Management System**
Company-wide goal management and strategizing the product environment



SOCIAL

- **Employee Operations**
Establishment of human rights and diversity risk response system
- **Safe Working Environment**
Establishment of a specialized safety management system for each industry
- **Customer-oriented Initiatives**
Establishment of ESG-based product management system
- **Supply Chain Sustainability**
Establishment of an ESG evaluation system in the supply chain and expansion of support
- **Responsible Participation**
Expansion of the role as a corporate citizen through the creation of social value



GOVERNANCE

- **Corporate Governance**
Expansion of stockholder rights and establishment of a stockholder involvement management system
- **Ethical Management System**
Reinforcement of transparent stakeholder communication
- **ESG Management System**
Development of ESG governance and organizational function/capabilities

ESG Governance Framework

Organization	Supervising Department	Role and Responsibility
ESG Committee (within the Board of Directors)	Finance Office (twice a year - May and November)	<ul style="list-style-type: none"> • Approves major agenda items related to ESG
ESG Management Council	Management Support PU (Performance Unit) (twice a year - April and October)	<ul style="list-style-type: none"> • Deliberates major agenda items related to ESG management • Reports ESG decisions (agenda items of the ESG Committee and management meetings) • Sets and evaluates ESG management KPIs
ESG Working-level Council	Management Support PU (Performance Unit) (once a quarter)	<ul style="list-style-type: none"> • Discusses working-level agenda items related to ESG management • Reports major agenda items to the ESG Management Council • Sets standards of ESG disclosure data and collects data • Manages greenwashing risks and inspects internal control mechanisms
Working-level organizations		<ul style="list-style-type: none"> • Entities that practice ESG management • Report ESG data

ESG Committee

KCI operates the ESG Committee to manage and oversee major internal and external ESG issues and to make managerial decisions. The committee reviews and analyzes strategies related to the environment, social values, and governance, as well as major policies related to ESG management. It plays a crucial role in managing and overseeing the performance and issues of sustainable management strategies to ensure the company's long-term sustainable growth and formally reviewing and approving sustainability management. The ESG committee holds regular meetings twice a year and convenes additional interim meetings as necessary.

ESG Committee Report and Resolution							
May 2023	1. Agenda Items for Reporting <ul style="list-style-type: none"> 1.1 ESG vision framework 1.2 2050 Net Zero Roadmap 1.3 Publication of the 2022 Sustainability Report 2. Resolutions <ul style="list-style-type: none"> 2.1 Item 1: Approval of 2022 ESG materiality assessment results 2.2 Item 2: Enactment of ESG management policies <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">(1) Environmental management policy</td> <td style="width: 50%;">(4) ESG purchasing policy</td> </tr> <tr> <td>(2) Safe and health management policy</td> <td>(5) Supplier Code of Conduct</td> </tr> <tr> <td>(3) Biodiversity policy</td> <td>(6) Human rights management</td> </tr> </table> 	(1) Environmental management policy	(4) ESG purchasing policy	(2) Safe and health management policy	(5) Supplier Code of Conduct	(3) Biodiversity policy	(6) Human rights management
(1) Environmental management policy	(4) ESG purchasing policy						
(2) Safe and health management policy	(5) Supplier Code of Conduct						
(3) Biodiversity policy	(6) Human rights management						
November 2023	1. Agenda Items for Reporting <ul style="list-style-type: none"> 1.1 Global ESG disclosure trends 1.2 Response measures to ESG disclosure requirements 1.3 Roadmap for ESG management initiatives 1.4 2023 ESG evaluation results 2. Resolutions <ul style="list-style-type: none"> 2.1 Item 1: Approval of establishing the ESG governance system 						
May 2024	1. Agenda Items for Reporting <ul style="list-style-type: none"> 1.1 Progress of key ESG initiatives in 2024 1.2 Global ESG evaluation results (EcoVadis, CDP) 2. Resolutions <ul style="list-style-type: none"> 2.1 Item 1: Selection of major issues for the 2023 sustainability management report 2.2 Item 2: Establishment of the ESG management policy for the supply chain 						

ESG Committee's Major Agenda Items

Establishment of ESG management strategies and plans	<ul style="list-style-type: none"> • Matters related to collaboration with external experts
Evaluation of ESG performance and initiatives	<ul style="list-style-type: none"> • Matters concerning the establishment and amendment of the ESG Committee regulations
Publication of the Sustainability Report	<ul style="list-style-type: none"> • Other matters delegated by the Board of Directors or recognized as necessary by the committee

Operation of the Board of Directors

Board of Directors

The Board of Directors at KCI serves as the highest decision-making body for significant corporate management issues. It is committed to enhancing corporate value and advancing the interests of stakeholders.

The board operates with strict adherence to laws, articles of incorporation, and board regulations, emphasizing governance that is both transparent and sound. Through these measures, KCI is committed to enhancing positive relationships with stakeholders and pursuing sustainable development via dependable corporate management.

Composition of the Board of Directors

The Board of Directors establishes the fundamental management policies and key aspects of business execution. It consists of one inside director, one outside director, and two other non-executive directors. Regular board meetings, held quarterly, oversee the management's activities and address issues delegated by the general stockholders' meeting. Additionally, interim meetings are convened as needed. Decisions at these meetings are made by a majority vote of the directors present, as long as a majority of the board members are in attendance.

Responsibilities of the Board of Directors

KCI places great importance on the responsibility and transparency of its directors. The company's articles of incorporation lack provisions that would allow the mitigation of directors' liabilities through resolutions passed by the general stockholders' meeting or the Board of Directors. This ensures that board members adhere to their legal and ethical responsibilities in managing company operations, thereby fostering a transparent and accountable management environment.

Additionally, to enhance risk management for executives and protect them from unforeseen legal disputes, we have enrolled in Directors and Officers (D&O) Liability Insurance. This support enables executives to concentrate on their management activities within a more stable environment.

Composition of the Board of Directors

(As of the end of March 2024)

Classification	Name	Gender	Date Appointed	Expected Composition of Term	Career
CEO (Chairman of the Board)	Jinyoung Lee	Male	Jan. 1, 2018	Mar. 18, 2027	<ul style="list-style-type: none"> Director of Strategic Planning Department at Samyang Holdings Head of Culture & Global at Samyang Corporation
Outside Directors	Kijoon Nam	Male	Mar. 18, 2024	Mar. 18, 2027	<ul style="list-style-type: none"> Managing Director at Samnam Petrochemical
	Seokhwan Yoon	Male	Mar. 21, 2022	Mar. 21, 2025	<ul style="list-style-type: none"> Financial Director of Samyang Packaging IC Head and Global Growth PU Head at Samyang Holdings
Other Non-Executive Directors	Chiwan Lee	Male	Mar. 20, 2023	Mar. 20, 2026	<ul style="list-style-type: none"> Director of Information Electronic Materials Research Center at Samyang Corporation Director of Convergence Materials Research Center at Samyang Corporation Director of Chemical R&D Center at Samyang Corporation

Independence and Diversity of the Board of Directors

To strengthen the independence and diversity of the Board of Directors, KCI mandates the appointment of outside directors. Directors and auditors are elected at the general stockholders' meeting, where the voting rights of the largest stockholders are restricted during the election of auditors. This restriction ensures that auditors are elected based on the stockholders' vote, appointing independent experts free from conflicts of interest with major stockholders. These experts are guaranteed a three-year term to promote autonomous and independent work. By prioritizing transparent and ethical management, we aim to bolster stakeholder trust and achieve sustainable growth through the independence and diversity of the board.

Strengthening and Supporting the Expertise of the Board of Directors

KCI has enhanced the expertise of its Board of Directors by appointing members who possess industry experience and knowledge across various fields. To support continuous growth and development, we offer directors opportunities for seminars, as well as online and offline education and professional development. We are dedicated to maintaining a board characterized by the highest levels of expertise and managerial skills, ensuring that we stay competitive by adapting to industry trends and technological advancements. Starting in 2024, our board regulations will include a new provision allowing outside directors to seek professional advice on legal, accounting, and management issues to enhance their contributions to the board. This measure is part of our ongoing efforts to strengthen the expertise of the Board of Directors.

Independence and Diversity of the Board of Directors

(As of the end of March 2024)

Classification	Details	Unit	2021	2022	2023
Independence	Inside directors and other non-executive directors	Persons (%)	3(75)	3(75)	3(75)
	Outside directors	Persons (%)	1(25)	1(25)	1(25)
	Total	Persons (%)	4(100)	4(100)	4(100)
Gender	Male	Persons (%)	4(100)	4(100)	4(100)
	Female	Persons (%)	0(0)	0(0)	0(0)
Age	<30	Persons (%)	0(0)	0(0)	0(0)
	30-50	Persons (%)	0(0)	0(0)	0(0)
	>50	Persons (%)	4(100)	4(100)	4(100)



Operation of Board of Directors

(As of the end of December 2023)

Classification	Details	Unit	2021	2022	2023
Operation of Board of Directors	Number of meetings held	Sessions	6	5	6
Board attendance rate	Inside directors and other non-executive directors	%	100	100	100
	Outside directors	%	100	100	83.3

Board Skills Matrix

(As of the end of March 2024)

Category	Jinyoung Lee	Kijoon Nam	Seokhwan Yoon	Chiwan Lee
Management/Strategy Planning/Finance	●	●	●	
Production/Research and Development				●
Chemistry	●	●		●
ESG	●		●	

Independence and Expertise of Auditors

To enhance sustainable growth and management transparency, KCI transitioned from a part-time audit system to a full-time audit system in 2023. This change is designed to establish a more robust internal control system and enhance management transparency, thereby fostering greater trust among stakeholders.

To further enhance auditor expertise, KCI hosted the “K-Governance: Board Changes for Desirable Transformation” seminar and training program in December 2023. This program, organized by the Samil PwC Governance Center, supports ongoing growth and development.

Pre-review of Non-audit Services Contracts by Auditors

In accordance with the company’s articles of incorporation, KCI requires that auditors pre-review and approve contracts for non-audit services provided by external auditors. This procedure is designed to ensure financial transparency and maintain auditor independence. External auditors play a crucial role not only in conducting financial audits but also in enhancing the financial robustness and operational transparency of the company. In 2024, KCI’s rigorous enforcement of this policy confirmed that there were no transactions involving non-audit services provided by external auditors. This underscores KCI’s dedication to upholding high standards of trust and transparency for its stakeholders.

Review and Approval of Internal Audit Plans

KCI has established a system to guarantee the independence and efficiency of internal audits. Our internal audit plans are formulated through a rigorous review and approval process conducted by auditors. This procedure is vital for robust corporate operations and risk management, facilitating effective oversight of internal systems and processes.

During the fourth board meeting of 2023, the internal audit plan for 2024 was reviewed and approved. The role of auditors is crucial in continuously strengthening the internal control and audit functions, which in turn enhances corporate transparency and accountability.

Stockholder-friendly Management and Director Remuneration

Stockholder-friendly Management

Protection of Stockholder Rights

KCI ensures that stockholders receive sufficient information about the general meeting of stockholders at least three weeks prior to the event. This is achieved by distributing the notice of convocation and through the DART (Data Analysis, Retrieval and Transfer System) of the Financial Supervisory Service. To safeguard stockholders' rights, facilitate the exercise of voting rights, and increase participation, we introduced an electronic voting system following a Board resolution in 2023. While a paper voting system has not been implemented, comprehensive guidance is provided to all stockholders prior to the general stockholders' meeting. Additionally, we facilitate the exercise of voting rights as directed by stockholders through the solicitation of proxy voting disclosures.

Stockholder Return Policy

KCI has consistently paid dividends to increase stockholder value. The dividend amount is set during the general stockholders' meeting, taking into account net income, historical dividend payments, and both domestic and international economic and market conditions. We are committed to providing stockholders with stable dividends and upholding transparent information practices by displaying the dividend status of the past five years on our website.

Business Year	Closing Month	Stock Type	Stock Dividends	Cash Dividends				
				Dividend per Stock	Total Dividend (KRW 100 million)	Dividend Yield	Dividend Payout Ratio	
							Consolidated Basis	Separate Basis (%)
2023	December	Common stocks	-	250	26.90	3.41	-	24
2022	December	Common stocks	-	250	26.90	2.76	-	15
2021	December	Common stocks	-	200	21.52	2.17	-	21
2020	December	Common stocks	-	200	21.52	2.02	-	20
2019	December	Common stocks	-	200	21.52	2.00	-	19

Dividend Status

Communicating with Stockholders

To ensure that all stockholders have equitable access to corporate information, KCI makes such information available on the company's website (www.samyang.com) and through other disclosure systems like the Financial Supervisory Service's DART (dart.fss.or.kr), and the Korean Exchange's Corporate Value-up Program, KIND (kind.krx.co.kr). This approach guarantees that all stockholders and investors have equal access to information. In the "Investment" section of our official website, we promptly provide the latest stock information, financial data, access to IR archives, general stockholders' meeting information (including voting ratios), and various announcements. This enables investors to easily access the necessary information for making informed investment decisions about KCI.

To cater to international investors, we maintain a website in both English and Chinese. Starting in 2024, the English audit report will also be accessible on our website. We are committed to transparent information disclosure for sustainable management, as evidenced by evaluations from EcoVadis and CDP. We are continually focused on delivering more specialized non-financial information, including in this report. Once finalized, the details will be published on KCI's official website.

Operation of the Stockholder Proposal System

In accordance with Article 542-6 of the Commercial Act, stockholders of KCI who have held at least 0.5% of the total voting stocks continuously for the past six months are entitled to propose agenda items for the stockholders' meeting. These proposals must be submitted in writing or via electronic document at least six weeks before the annual general stockholders' meeting of the previous year. The Board of Directors will include such proposals in the meeting agenda unless they contravene laws or the articles of incorporation, or meet the rejection criteria outlined in Article 12 of the Enforcement Decree of the Commercial Act. If the proposing stockholder requests, the main content of the proposal will also be included in the meeting notice, and the stockholder will have the opportunity to present the proposal at the meeting.

Remuneration for Directors

KCI ensures that the evaluation and remuneration of outside directors do not compromise their independence. The remuneration for directors is approved at the general meeting of stockholders. The remuneration for directors is paid within the limits approved at the general stockholders' meeting. This is in accordance with Article 388 of the Commercial Act and the board regulations. In 2023, the remuneration limit for directors set at the general meeting was KRW 1,500 million, with the total remuneration paid to directors amounting to approximately KRW 473 million.

Remuneration

(As of the end of December 2023)

Classification	Details	Unit	2021	2022	2023
Total remuneration for directors	Inside directors	KRW million	324	390	455
	Outside directors	KRW million	18	18	18

Stock Issuance Status and Stock Ratios of Major Stockholders

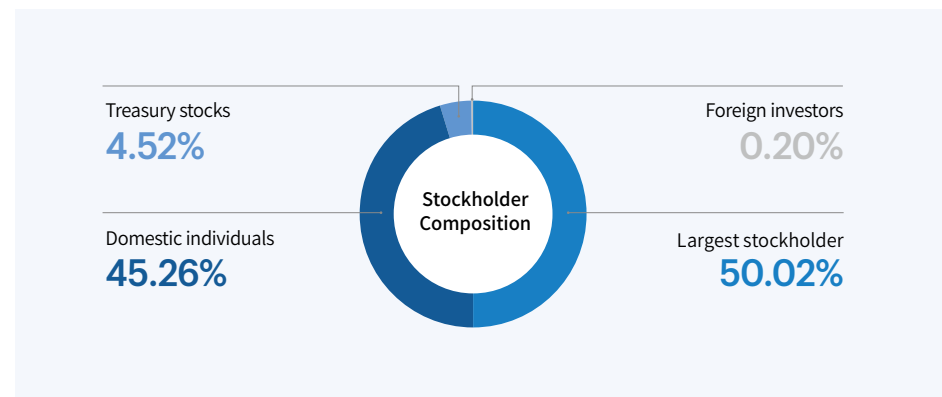
KCI allocates voting rights fairly based on the type and number of stocks owned. Each common stock is entitled to one voting right. As of December 2023, KCI reported a total of 11,270,000 common stocks outstanding, with no preferred stocks. Consequently, the stocks entitled to vote amounted to 10,760,200, representing 95.5% of the total outstanding stocks.

(As of December 2023; Unit, stocks)

Classification	Type of Stock	Number of Stocks	Remarks
Total number of stocks issued	Common stocks	11,270,000	-
	Preferred stocks	0	-
Number of stocks without voting rights	Common stocks	509,800	Treasury stocks
	Preferred stocks	0	-
Number of stocks with voting rights	Common stocks	10,760,200	-

Stockholder Composition

As of the end of 2023, the stockholders of KCI included the largest stockholder and special party concerned, holding 50.02% of the stocks, domestic individuals and others with 45.26%, treasury stocks at 4.52%, and foreign investors with 0.20%.



Stockholder Composition



Ethics and Compliance Management

To achieve sustainable growth, it is essential to engage in ethical and compliance management that not only meets economic objectives but also fulfills social and environmental responsibilities. KCI is dedicated to rigorously adhering to laws and ethical standards, aiming to foster mutual trust with various stakeholders, including customers, stockholders, and business partners. Additionally, by implementing our sustainable management strategy, we strive to deliver genuine value to a broad spectrum of stakeholders and make a significant contribution to social and economic development.



Number of ethical management violations

None

Ethics Management

Ethics Management System

KCI conducts its management activities in accordance with the ethical management principles and guidelines of the Samyang Group. This approach ensures compliance with laws and ethics, providing a framework for decision-making and behavior that helps us fulfill our fundamental role and social responsibilities. Specifically, the guidelines encompass policies such as whistleblowing, prohibiting bribery and the acceptance of gifts, and adhering to fair transaction practices, all aimed at enhancing our transparency and fairness.

Ethical Management Principles

Based on the ethical management principles of the Samyang Group, KCI diligently fulfills our legal responsibilities and strives to foster a clean corporate culture. We have established these principles as the standard for judgment and behavior, ensuring compliance with laws and ethics while fulfilling our inherent corporate roles and social responsibilities. We are committed to practicing the five principles of ethical management in our daily operations.

Ethical Management Practice Guidelines

Samyang Group has established guidelines for ethical management practices that encapsulate the fundamental ethos of the five principles of ethical management and offer specific directions for their implementation. These guidelines are designed to ensure that all employees have a clear understanding of the principles of ethical management and behave in alignment with them. Moreover, they explicitly set the behavioral standards that employees are expected to follow in their professional activities, offering essential guidance for making ethical judgments and decisions.

Five Principles of Ethical Management

	Customers	<ul style="list-style-type: none">• Providing the best products and services and differentiated value• Protecting customer information and respecting their right to know
	Stockholders	<ul style="list-style-type: none">• Maximizing stockholders' interests and corporate values• Increasing accounting transparency and disclosing corporate information
	Suppliers	<ul style="list-style-type: none">• Pursuing fair transactions and win-win growth with suppliers• Prohibiting unethical behaviors such as receipt of valuables, entertainment, special treats, and bribery
	Employees	<ul style="list-style-type: none">• Promoting an attitude of working with pride• Performing duties fairly• Protecting the company's properties• Creating a healthy and safe work environment
	Nation and society	<ul style="list-style-type: none">• Fulfilling corporate social responsibilities• Establishing a sound market order through fair competition• Protecting the environment and maintaining safety

[Ethical Management Practice Guidelines](#) 

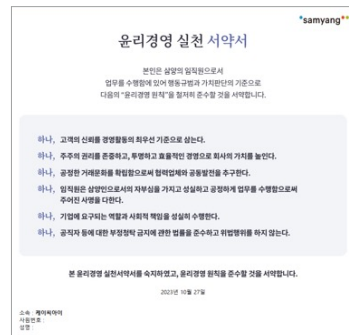
Cultivating Ethical Awareness and Spreading Practice Culture

Ethical Management Education

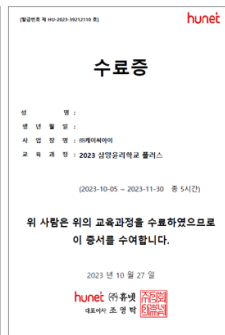
To internalize ethical management and promote a culture of anti-corruption, KCI holds annual training sessions at the Samyang Ethics School for all employees, including board members and management. Before the evaluation, trainees must sign a pledge committing to ethical management. This process guarantees that every employee is both aware of and committed to upholding ethical management practices.

Details of Ethical Management Education

Year	Details	Unit	Total Hours of Education
2021	Ethical management, sexual harassment prevention, and disability awareness (3 courses)	Hours	3.2
2022	Sexual harassment prevention, disability awareness, workplace bullying prevention, ethical management, and information security (5 courses)	Hours	4
2023	Sexual harassment prevention, disability awareness, workplace bullying prevention, ethical management, and information security (5 courses)	Hours	4



Ethical Management Pledge



Samyang Ethics School Certificate

Ethical Management Education Completion Rate

Classification	Details	Unit	2021	2022	2023
Ethical education	Percentage of employees who have completed ethical education	%	100	100	100

Ethical Management Violations

Classification	Details	Unit	2021	2022	2023
Ethical management violations (*)	Number of fraud/corruption investigations	Cases	0	0	0
	Number of Code of Conduct violations	Cases	0	0	0
	Number of corruption and bribery reports	Cases	0	0	0
	Number of legal actions for corruption and bribery reports	Cases	0	0	0
	Number of unfair transaction violations (e.g., anti-competitive behavior, monopoly)	Cases	0	0	0
	Number of legal actions for unfair transactions	Cases	0	0	0

(*) No cases in which contracts with suppliers were terminated or contract renewals were canceled due to corruption during the reporting period and lawsuits were filed against the organization or its employees in relation to corruption.

Establishment of the Code of Ethics

KCI has established a Code of Ethics to ensure the proper implementation of ethical management principles and to clarify the standards of behavior and judgment for employees. According to this code, all employees are required to strictly comply with laws, regulations, and company policies. They must refrain from engaging in unethical conduct and are encouraged to actively report any violations they encounter to maintain trust between the company and its stakeholders.

Evaluation of Corruption Risk in Business Sites

Classification	Details	Unit	2021	2022	2023
Implementation of corruption risk assessment in business sites	Evaluated business sites	EA	0	0	0
	Total business sites	EA	3	3	3
	%	%	0	0	0

Internal Whistleblowing Channels and Whistleblower Protection

KCI offers a variety of channels for ethics counseling and reporting, including a group-wide portal, dedicated phone lines, fax, email, and postal mail. These channels are designed to facilitate the counseling and reporting of ethical management issues by both internal and external stakeholders. The “Shinmungo (Consultation/Reporting)” section under “Ethical Management” on the Samyang Group’s website allows internal and external stakeholders to report violations and suggest improvements. If requested, we provide feedback on the outcomes of these reports to the individuals who submitted them. Once a case is resolved, the records are securely disposed of with the approval of the Samyang Group’s Management Monitoring Team Manager. Additionally, any records stored on computers are deleted to protect the confidentiality of the whistleblowers. At KCI, the safety and protection of whistleblowers are of paramount importance. We are dedicated to creating an environment where whistleblowers can report issues without feeling any burden or fear of repercussion under any circumstances.

Internal Whistleblowing Process



Compliance Management

Compliance Management Education

KCI strengthens its management of legal violation risks by informing relevant departments of significant legislative changes and providing compliance training to employees. The Compliance Office of Samyang Holdings, which is the holding company for KCI, plays a pivotal role in managing these risks. We are dedicated to developing and improving the group’s compliance system, monitoring compliance status at overseas affiliates, safeguarding intellectual property such as brands, and delivering compliance training to employees. This proactive strategy enables us to navigate the changing regulatory landscape with practice guidelines for compliance management. Compliance education covers topics such as embezzlement, malpractice, interference in public duties, and the Improper Solicitation and Graft Act. Education on fair transactions addresses the prohibition of collusion, the prevention of international cartels, strategies to prevent collusion, and the prohibition of unfair subcontracting practices. Through these regular educational programs, we consistently remind employees of the importance of voluntarily adhering to the compliance program and engaging in fair transactions.

Voluntary Compliance with Fair Transactions

KCI strictly adheres to the subcontracting laws and regulations established and amended by the Korea Fair Trade Commission to ensure fair subcontract transactions. To achieve this, we have developed four practice guidelines derived from our Four Major Practices, which are rigorously enforced. Employees voluntarily work to improve their compliance.

Implementation of Fair Transactions with Suppliers

KCI strictly prohibits employees from accepting or offering money, gifts, or entertainment to or from business partners or stakeholders. To foster a fair transaction ecosystem, we conduct advance reviews of contracts and seek legal counsel to pre-screen for potential violations of the Fair Transactions in Subcontracting Act. Additionally, we perform regular inspections during transaction execution to identify and address any violations of the Act. In May 2023, we established a Supplier Code of Conduct, which was approved by the ESG Committee.

• CASE STUDY •



Gift Return Center

To uphold Samyang Group’s principle of integrity management, KCI enforces a “No Gift Giving or Receiving” campaign during holidays. In line with the guidelines for ethical management, a Holiday Gift Return Center is established to oversee the handling of any valuables and gifts received. Employees who receive such items are required to fill out a gift receipt report and submit it to the center’s manager. The items are then either returned to the provider or their CEO with a request for cooperation in fair transactions, or they are donated to welfare organizations by the company.



General Issue

Expansion of Investment in Green Businesses	50
Sustainable Supply Chain Management	51
Human Rights Management and Talent Development	54
Strengthening Information Security	59
Diversifying the Business Portfolio	62

Expansion of Investment in Green Businesses

KCI is expanding its investment in green facilities and increasing the use of natural raw materials to align with sustainable trends in the chemical industry. Additionally, KCI is focusing on the development of green materials that decompose easily in nature. We are also identifying and mitigating elements that negatively impact the environment. These efforts reflect KCI's commitment to protecting the global environment and contributing to the provision of ingredients that add value to life.



Mass production of naturally derived emulsifiers

Natural-origin index **1.0**

Expanding Investment in Green Facilities

Investment in Green Facilities for Environmental Management

KCI regularly inspects relevant facilities to ensure the production of green products and invests in upgrading outdated infrastructure to minimize hazardous and risky operations. To reduce air pollutants, each business site has equipped itself with low-NOx boilers and scrubbers. The company has also introduced total organic carbon (TOC) analyzers to assess water pollution and enhance the water resource environment. Furthermore, KCI is implementing waste steam condensation discharge facilities and upgrading wastewater trenches to protect workers from exposure to harmful substances and to improve the working environment.



TOC Analyzer

Effects of Installing Low-NOx Boilers

Boiler Type	Pollutant	Unit	Concentration before Treatment	Concentration after Treatment	Maximum Acceptable Concentration	Processing Efficiency
10.0 tons/hrx1 type	NOx	ppm	128.56	38.30	60	70.21%
3.0 tons/hrx1 type	NOx	ppm	128.56	23.10	60	82.03%



Low-NOx Boiler (10 tons)



Low-NOx Boiler (3 tons)

Development of Green Products

Use of Natural Ingredients

In response to growing consumer demand for green products, KCI is increasing the proportion of its offerings that are based on natural raw materials. The company's flagship products, including conditioning polymers such as PQ-10 and Guar Polymer, which are used in shampoos and body washes, are derived from natural sources. The newly introduced product, dimethyl isosorbide (DMI), is an EWG Grade 1 product made from plant-based green materials, ensuring its safety for human use. Other key products, such as cationic surfactants, natural oils, sugar-derived moisturizers, and fatty acid esters, also utilize natural raw materials.

Furthermore, KCI is actively developing biodegradable products. The company has achieved COSMOS-approved certification for its conditioning polymer (Guar Polymer) and fatty acid ester products, adhering to rigorous organic and natural cosmetic standards. Additionally, KCI strictly avoids the use of animal-derived ingredients and does not engage in animal testing during its product development and production phases.

Additionally, leveraging fatty acids (specifically oleic acid) derived from palm oil and polyglycerin, KCI has successfully mass-produced naturally derived emulsifiers. These emulsifiers, which include PGLOL 110KC (INCI: polyglyceryl-10 oleate) and PGLOL 102KC (INCI: polyglyceryl-2 oleate), have a natural origin index of 1.0.



Sustainable Supply Chain Management

As the scope of corporate responsibility expands, issues such as labor, environmental degradation, and safety within the supply chain have a significant impact on both the quality of products and services and the corporate image. In response, KCI proactively collaborates with its suppliers and conducts regular evaluations to gauge stakeholders' opinions. Through these initiatives, KCI strives to prevent negative outcomes and promote sustainable management practices.



Procurement percentage of RSPO-certified raw materials
55.9%

Supply Chain Management

In accordance with the ethical management principle of “pursuing win-win growth with suppliers by establishing a culture of fair transactions,” KCI is committed to supporting all suppliers in understanding ESG management and developing the necessary capabilities for sustainable win-win growth. Additionally, KCI upholds its social responsibilities in procurement by sustainably sourcing raw materials and aims to extend these practices throughout the entire supply chain.

Sustainable Supply Chain Management Guidelines

	Labor and Human Rights	<ul style="list-style-type: none"> • Anti-discrimination • Anti-harassment • Prohibition of child labor and exploitation • Improvement of worker treatment
	Safety and Health	<ul style="list-style-type: none"> • Occupational safety management • Work environment management • Emergency response • Disaster and disease management
	Environment	<ul style="list-style-type: none"> • Environmental licensing and reporting • Hazardous substance management • Environmental emissions management • Improvement of resource efficiency • Response to product-related environmental regulations
	Ethics and Fair transactions	<ul style="list-style-type: none"> • Compliance with business ethics • Compliance with fair transactions • Transparent information disclosure • Protection of intellectual property rights • Information security

Sustainable Supply Chain Management Policy

KCI has established a Supplier Code of Conduct to encourage its suppliers to adhere to and support sustainable supply chain management. The company assesses and manages the ESG risks associated with its suppliers, ensuring they comply with the essential guidelines for procuring critical raw materials. By adhering to these policies, KCI demonstrates its commitment to sourcing sustainable raw materials. Additionally, KCI has enacted policies to maintain ethical and fair purchasing practices, thus fostering a sustainable supply chain ecosystem.

Supply Chain ESG Competency Empowerment Roadmap

	Goal	Implementation Plan
2023	Establishing supply chain ESG policies	<ul style="list-style-type: none"> Establishing ESG Code of Conduct and evaluation system Announcing the Supplier Code of Conduct and pledging compliance
2024	Diagnosing/evaluating supply chain ESG	<ul style="list-style-type: none"> Selecting and assessing ESG diagnostic targets Establishing ESG evaluation promotion plans
2025	Improving/monitoring the supply chain	<ul style="list-style-type: none"> Expanding ESG-integrated purchasing processes Expanding improvement support programs

ESG Procurement Policy

KCI complies with environmental laws to fulfill its social responsibilities and implement ESG practices. KCI has implemented an ESG procurement policy that prioritizes environmental factors and sustainability from the early stages of procurement. We are committed to upholding employees' human rights and sourcing products from suppliers who engage in environmentally protective and sustainable practices. This policy enables us to fulfill our social responsibilities as a sustainable company. The ESG Committee has approved this policy to promote compliance throughout the company.

ESG Procurement Policy

- 1 Respect for human rights: Select suppliers that comply with international principles regarding working conditions and human rights
- 2 Environmental protection: Collaborate with suppliers committed to environmental protection
- 3 Supply of sustainable raw material: Monitor environmental and social problems in the supply chain

Supply Chain Management

Classification	Details	Unit	2021	2022	2023
Supplier	Total number of suppliers	Numbers	115	130	124
	Total number of key suppliers	Numbers	5	6	6
	Total supplier purchase amount	KRW million	41,912	64,939	57,229
	Total key supplier purchase amount	KRW million	25,111	4,985	42,647
Supply chain contract regulations	Percentage of key suppliers that signed the Supplier Code of Conduct	%	0	0	0
	Percentage of key suppliers with contracts including environmental, labor, human rights, and ethical provisions	%	0	0	0
Supply chain CSR regulations	Number (Percentage) of key suppliers included in CSR evaluation	Numbers (%)	5(100)	6(100)	6(100)

RSPO Certification for Responsible Procurement

Palm oil is an eco-friendly ingredient commonly used in cosmetics and personal care products. However, its increasing demand has become a major driver of deforestation and labor exploitation among production workers. Recognizing this issue, we became the first in the domestic cosmetic raw material field to obtain Roundtable on Sustainable Palm Oil (RSPO) certification in 2016. To ensure ongoing compliance, we have implemented the RSPO Supply Chain Certification Standard regulations. This documentation helps us monitor whether the raw materials adhere to the RSPO Mass Balance (MB) (*1) throughout the processes of warehousing, storage, sales, and shipment.



Furthermore, KCI conducts regular internal audits and training sessions, and undergoes periodic audits by certifying bodies. Through these measures, KCI systematically manages the use of sustainable palm oil and strives to expand the scope of RSPO certification. Moving forward, KCI will continue to practice sustainable management and will make every effort to fulfill its environmental and social responsibilities through responsible purchasing.

(*1) A method of mixing certified and non-certified palm oil and indicating the proportion in the product

RSPO-certified Raw Materials

Classification	Details	Unit	2021	2022	2023
RSPO MB-certified raw materials	Purchase amount	ton	678	834	753
	Purchase percentage (*2)	%	42.68	47.43	55.90

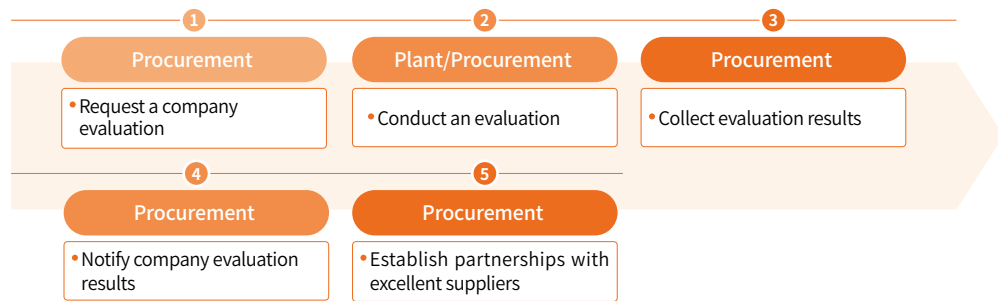
(*2) RSPO MB certified raw material purchase amount/Total palm oil raw material purchase amount

Enactment of Supplier Code of Conduct

KCI has enacted a Supplier Code of Conduct to foster a sustainable supply chain. With the endorsement of the ESG Committee, we ensure that our suppliers adhere to this code. The Code of Conduct highlights essential principles such as workers' rights, ethical management practices, anti-corruption measures, and the promotion of a transparent corporate culture. Starting in 2024, KCI will require suppliers to sign a pledge to adhere to the Supplier Code of Conduct, thereby promoting active engagement in socially responsible management. KCI conducts annual reviews of the policy to confirm its effectiveness and also carries out additional assessments in response to legislative changes or shifts in the internal and external environments.

Supplier Evaluation Management Process

To maximize business impact, KCI identifies new suppliers who possess technical skills and expertise. We build strategic partnerships through regular performance analysis. Our suppliers are periodically evaluated according to established criteria, and we strive to foster long-term, strategic relationships through this process.



Supplier ESG Self-assessment Evaluation

KCI identified seven key suppliers for evaluation from a total of 122 first-tier suppliers. The selection criteria included purchase volume, strategic importance, quality of partnership, and overall impact on business. The purchase amount from these key suppliers accounts for KRW 42.6 billion, representing 74% of the total purchase amount. We conducted ESG-related risk assessments for these key suppliers through an online self-assessment, covering a total of 13 items, including external environmental certifications and evaluations such as EcoVadis, SEDEX, and CDP.

We aim to expand the scope of suppliers subject to evaluation to represent 80% of the total procurement value. This expansion will involve conducting self-assessments across 65 items, covering not only environmental areas but also human rights, safety and health, ethics, and management systems. Through this comprehensive risk assessment framework, we intend to enhance our overall risk management system and establish a foundation for sustainable management.

Suppliers ESG Self-assessment Evaluation Criteria



Supply Chain ESG Management Plan

Tier Classification		Management Methods
Primary raw material suppliers	<ul style="list-style-type: none"> High potential risk suppliers in the primary raw material supply chain Number of target suppliers: 7 	<ul style="list-style-type: none"> Conducting online self-assessment in 2024 <ul style="list-style-type: none"> Basic evaluation including participation in ESG-related assessments and certifications On-site inspections for key (high-risk) suppliers
TIER 1	<ul style="list-style-type: none"> Suppliers that represent 80% of the total procurement value Number of target suppliers: 11 (Including primary raw material suppliers) 	
TIER 2	<ul style="list-style-type: none"> Suppliers with relatively low potential risks for secondary raw materials and packaging materials 	
		<ul style="list-style-type: none"> Supplier Code of Conduct pledge

Human Rights Management and Talent Development

KCI strictly complies with the Labor Standards Act and the Equal Employment Act, fostering a culture that respects human rights and aims to eradicate all forms of discrimination. We provide human rights training for all employees and uphold a grievance-handling process that respects and protects their opinions. Furthermore, KCI is committed to cultivating a dynamic organizational culture and a positive work environment that focuses on employee welfare through talent development and a comprehensive benefits system.



Percentage of the starting salary of new employees relative to the minimum wage at business sites
158%

Human Rights Management

Implementation of Human Rights Management

KCI respects the human rights and dignity of all stakeholders and actively integrates human rights management into all aspects of our corporate activities. We adhere to global human rights standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact's Ten Principles.

KCI is committed to protecting the human rights of all stakeholders involved in our business operations. We promote communication and collaboration among our employees, customers, suppliers, and local communities. To ensure effective management of human rights, we offer education and training programs. Our human rights management policy, enacted by KCI and endorsed by the ESG Committee, underscores our commitment to these principles.

Human Rights Management Policy

- 1 Respect for human rights
- 2 Prohibition of forced labor
- 3 Prohibition of child labor
- 4 Prohibition of discrimination
- 5 Prohibition of sexual harassment and bullying
- 6 Guarantee of freedom of association and collective bargaining
- 7 Compliance with wages and working hours
- 8 Compliance with safety and health regulations
- 9 Responsible supply chain management
- 10 Protection of customer and user rights and privacy

Human Rights Respect Management

KCI strictly prohibits discrimination based on gender, age, religion, region, and other factors throughout all stages of employment, including recruitment, evaluation, and compensation. We are committed to promoting the employment of individuals with disabilities and local talents, aiming to achieve a diverse workforce. Additionally, we provide training for all employees on preventing sexual harassment and increasing disability awareness to prevent workplace discrimination and foster an inclusive work environment. Furthermore, we spearhead the human rights management system to ensure that human rights issues are addressed throughout the entire business operation process.

Grievance Handling Process

Upon receiving reports of bullying or sexual harassment in the workplace, our Grievance-Handling Committee promptly initiates an investigation. The fact-finding process strictly adheres to legal requirements and prioritizes the protection of the victim. If the Personnel Committee confirms misconduct, appropriate disciplinary action is taken against the perpetrator. Throughout the entire procedure, we maintain strict confidentiality to protect all parties involved.

Grievance Handling Process



Classification	Details	Unit	2021	2022	2023
Sexual harassment prevention education	Training hours per capita	Hours	1	1	1
	Percentage of employees who have completed education	%	100	100	100
Disability awareness education	Education hours per capita	Hours	1	1	1
	Percentage of employees who have completed education	%	100	100	100
Violation of human rights	Reports related to human rights	Cases	0	0	0

Labor-Management Co-prosperity

Labor-Management Relationship for Co-prosperity

KCI complies with the International Labor Organization (ILO) convention and domestic labor laws, upholding and ensuring the rights of employees to freedom of association and collective bargaining. In pursuit of these principles, KCI conducts quarterly Labor Management Council meetings aimed at systematically enhancing organizational culture and addressing grievances. Decisions from these meetings are applied transparently and equitably to all employees and relevant stakeholders, with at least a seven-day notice period provided for any operational changes.

Additionally, KCI guarantees the freedom of labor union activities and rigorously tackles any discrimination or harassment based on gender, age, or religion, in line with Article 46 of the Collective Agreement. Each year, the Collective Agreement and Labor Management Council meetings provide a platform for discussions on working conditions, encompassing wages and employee benefits. By consistently striving for a model of co-prosperity between labor and management, KCI seeks to enhance the working environment and safeguard employee rights, thereby promoting a culture of mutual understanding and cooperation with our employees.

Labor-Management Council Regulations

- | | |
|--|---|
| <ul style="list-style-type: none"> 1 Improved productivity and performance distribution 2 Recruitment, deployment, and training of employees 3 Prevention of labor disputes 4 Grievances of employees (including grievances related to the Equal Employment Act on issues related to education, placements, promotions, dismissals, and others) 5 Improvement of safety, health, and other work environments and the promotion of the employees' health 6 Improvement of personnel and labor management systems 7 General principles of employment adjustment: transition, retraining, and layoff 8 Operation of working and resting hours | <ul style="list-style-type: none"> 9 Improvement of salary payment methods, systems, and structures 10 Introduction of new machines and technologies or improvement of work processes 11 Enactment or revision of work guidelines 12 Support for Employee Stock Ownership Plan (ESOP) and other property formation for employees 13 Compensation for employees regarding job-related inventions 14 Improved welfare for employees 15 Installation of worker monitoring facilities within business sites 16 Support for the maternity protection of female employees and work-life balance 17 Other matters related to labor-management cooperation |
|--|---|

Labor Union and Collective Agreement

Classification	Details	Unit	2021	2022	2023
Labor union	Employees eligible for the union	Persons	101	104	107
	Employees who joined the union	Persons	77	76	72
	Union membership rate	%	76	73	67
	Labor-Management Council meetings	Session	4	4	4
Collective agreement (applied to all employees)	Collective agreement application rate	%	100	100	100

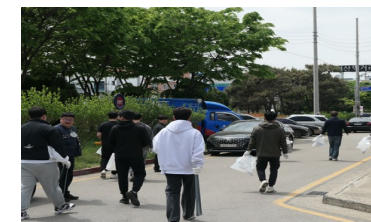
• CASE STUDY •



Environmental Cleanup Event for Labor-Management Cooperation

The production teams at KCI's Daesan and Shihwa plants engaged in environmental cleanup activities to foster labor-management harmony and implement ESG management practices. Team members collected trash and sorted recyclable materials in designated areas as part of these environmental initiatives.

These activities not only contribute to environmental cleanliness but also provide a valuable opportunity to enhance internal labor-management relations by fostering cooperation and communication among employees. By regularly organizing and conducting these environmental cleanup activities, KCI underscores its dedication to sustainable environmental management and leverages these events as an educational platform to highlight the significance of ESG management to our employees.



Talent Development Strategies

Talent Acquisition and Development Strategies

New Employee Onboarding Program

KCI operates an intensive onboarding program over the first three months of employment to facilitate a smooth transition for new employees into the company. This program includes a variety of training sessions and support activities aimed at helping new hires grasp the organizational culture and develop essential job skills. Each stage of the program is tailored to help new employees recognize their roles and positions within the company, establishing a foundation for effective communication and relationship building with their team members.

New Employee Onboarding Program

- A town hall welcome reception celebrating the arrival of all new employees
- Distribution of a welcome package containing essential items for company life
- OJT sessions to facilitate early adaptation of new employees
- A buddy program to help new employees leverage their skills

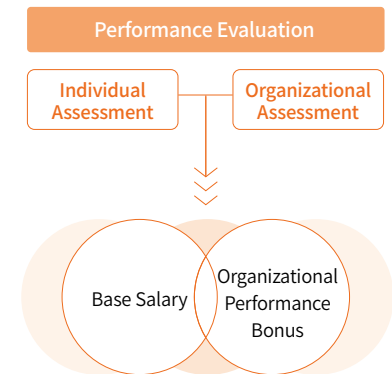
Employee Education

Classification	Details	Unit	2021	2022	2023
Training hours	Training hours per capita	Hours	5	28	34
Educational expenses	Educational expenses per capita	KRW 10,000	11	14	20.8
Job training	Training completion rate	%	100	100	100

Employee Performance Evaluation and Compensation Policy

KCI operates a performance evaluation system that accurately and fairly assesses employee performance, directly influencing promotion and compensation decisions. Through this system, employees gain a clear understanding of their work performance and receive fair compensation accordingly. Looking ahead, KCI aims to enhance this system by incorporating a competency evaluation component. This addition will assess individual competencies and potential, allowing us to offer customized training and development opportunities that help employees continuously improve their skills.

Employee Evaluation and Compensation



Working Conditions

Classification	Details	Unit	2021	2022	2023
Average compensation per capita (*1)	Male	KRW million	64.3	66.8	74.3
	Female	KRW million	52.1	39.0	53.8
	Average salary per person	KRW million	62.7	62.0	71.0
Equal pay (*2)	Managerial positions	%	66.6	73.2	72.7
	Non-managerial positions	%	94.9	95.6	95.7
Percentage of the starting salary of new employees relative to the minimum wage at business sites	Male	%	112.3	118.4	158
	Female	%	133.5	126.8	158

(*1) The data values differ from the previous year's report due to changes in calculation methods.

(*2) Female average base salary/Male average base salary*100



• CASE STUDY •

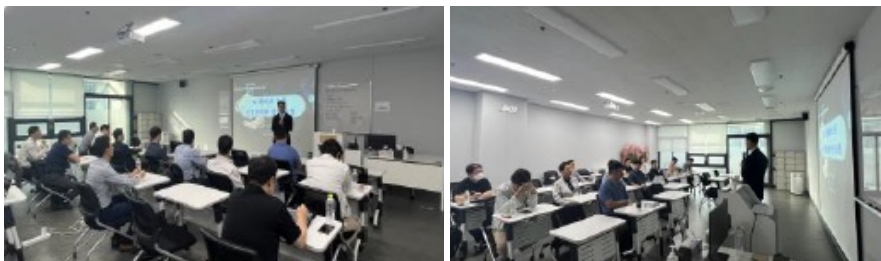
New Employee OJT

KCI conducts structured training programs designed to smoothly integrate new employees into the organization and enhance their professional skills. These regularly scheduled programs include an introduction to the company, detailed descriptions of the roles and functions of various departments, and comprehensive knowledge of key products. The training also covers the various systems used within the company. Through this program, new employees gain a clear understanding of their roles and responsibilities, as well as the knowledge and skills required for efficient job performance.



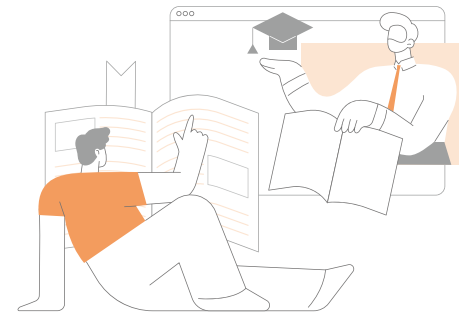
Leadership and Performance Management Training

KCI conducts a structured quarterly training program designed to enhance the leadership and performance management skills of both current and potential team leaders. This program is dedicated to developing the essential competencies required for effective leadership. Through this training, KCI seeks to improve the quality of leadership and boost the overall performance management capabilities within the organization, thereby fostering sustainable growth.



Language Support Program

KCI is committed to improving the language skills of our employees to proactively address changes in the future business environment and enhance our competitiveness in the global market. To this end, KCI offers the necessary opportunities and resources for English language learning and covers related educational expenses.



Followership Training

KCI offers a program designed to help individuals actively fulfill their roles as proactive followers. This program addresses the necessary attitudes, behaviors, and skills required to excel as self-leaders and effective followers. The training supports employees in developing the capability to align with their leaders' vision and goals, and to promote positive change within the organization.



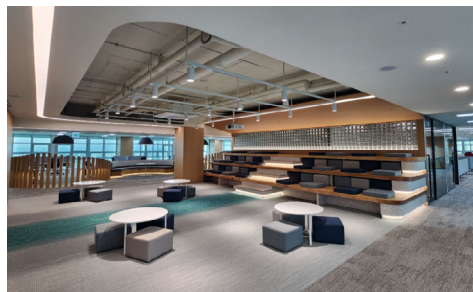
Flexible Organizational Culture and Work-life Balance

Non-hierarchical Organizational Culture

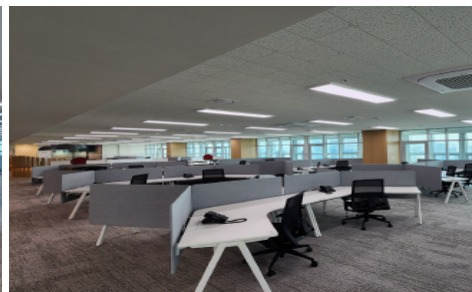
KCI is committed to promoting a non-hierarchical organizational culture and enhancing open communication. We have established multiple channels to gather a wide range of opinions, actively incorporating employees' innovative ideas into the improvement of our products and services. Additionally, we cultivate a culture that respects and values the opinions of every employee, encouraging active feedback and collaboration.

Additionally, we foster an open atmosphere regardless of rank or position, encouraging the sharing of essential information and knowledge to bolster teamwork. To achieve this, we continuously improve our education and communication programs and actively support the development and growth of individual capabilities.

With the relocation of our new headquarters, the introduction of the smart office has transitioned away from a fixed seating arrangement, thereby providing employees with a more flexible working environment. This setup enables employees to work flexibly based on their skills and the tasks they are currently focused on, thereby fostering communication and collaboration to enhance work efficiency. Equipped with the latest IT technologies and innovative infrastructure, the smart office not only creates a pleasant working environment but also improves employee satisfaction and productivity.



Town Hall



Smart Office at Seoul Office

Operating Various Employee Benefits

KCI is committed to helping our employees lead stable and healthy lives by providing multifaceted assistance aimed at creating a pleasant and enjoyable work environment. To achieve this, we enhance the welfare of our employees and their families with various benefits, including educational support for children, childcare assistance, and family allowances. Additionally, we promote the health of our employees through regular health check-ups. We also offer comprehensive childcare support programs tailored to meet the specific needs of our employees.

To facilitate employee commutes, we operate commuter buses for each business site. We also encourage the use of annual leave and promote "sandwich" holidays to foster a work-life balance (WLB) environment. Additionally, we actively implement various programs aimed at enhancing the work environment and fostering a harmonious corporate culture, including long-service awards and providing birthday gifts for employees. KCI is committed to continuously striving to ensure that employees find greater satisfaction in both their work and personal lives.

Supporting a Stable Life	Supporting a Healthy Life	Supporting a Pleasant Life
<p>Support for Children's Educational Expenses</p> <ul style="list-style-type: none"> We provide reimbursement for high school and university expenses for employees' children (applicable after one year of employment) 	<p>Support for Health Check-ups</p> <ul style="list-style-type: none"> We support comprehensive health check-ups to monitor employees' health, prevent diseases, and ensure early detection (once at age 35, annually at age 40, and biennially for spouses). 	<p>Summer Vacation and Allowance</p> <ul style="list-style-type: none"> We provide support for summer vacations and vacation allowances
<p>Childcare Support</p> <ul style="list-style-type: none"> We provide a monthly payment of KRW 100,000 per preschool-aged child. 		<p>Support for Resort Facilities</p> <ul style="list-style-type: none"> We offer lodging support (Sono Hotel and Resort)
<p>Family Allowance Provision</p> <ul style="list-style-type: none"> We provide a monthly payment of KRW 50,000 per parent aged 60 or older (including parents-in-law) 	<p>In-house Cafeteria</p> <ul style="list-style-type: none"> We operate an on-site cafeteria for plant employees 	<p>Operation of Commuter Buses</p> <ul style="list-style-type: none"> We operate commuter buses for employees' transportation
<p>Support for Family Events</p> <ul style="list-style-type: none"> We provide condolence money and wreaths, as well as condolence leave. 		<p>Long-service Rewards</p> <ul style="list-style-type: none"> We implement long-service awards for employees (10, 20, 30 years)
		<p>Provision of Birthday Gifts</p> <ul style="list-style-type: none"> We provide gift certificates for employees' birthdays

Strengthening Information Security

KCI, in collaboration with Samyang Group, has established a systematic information security framework and continuously advances its personal information protection policies and systems. By adopting the latest security technologies and employing skilled professionals, KCI safeguards its information assets. The company proactively identifies and analyzes risks to enhance physical security and elevate employee security awareness. Through ongoing education and training, KCI protects both organizational and customer information, thereby enhancing business sustainability and building customer trust through a secure information environment.



Information security investment ratio

4.06%

Information Security System

Personal Information Protection System and Guidelines

KCI views information security as an issue of the utmost importance and strictly adheres to the personal information protection policies and guidelines of Samyang Group. Through a systematic information protection management system based on the group's security policies, KCI ensures the secure handling of personal information and thoroughly carries out all management and oversight tasks. KCI also continues to improve its ability to anticipate and respond to security threats, thereby maintaining the integrity and safety of information at all times.

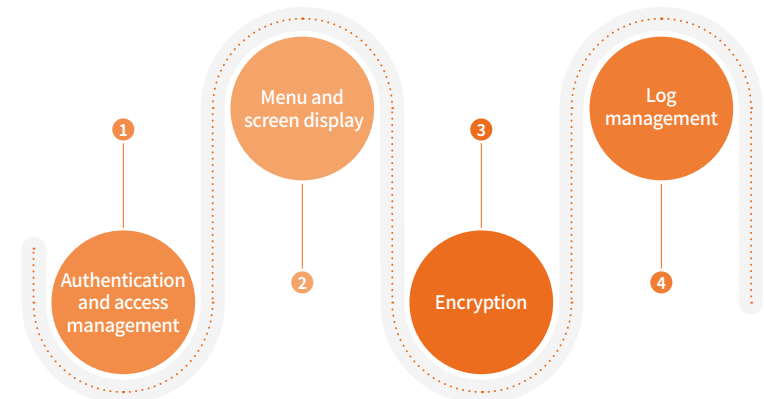
Personal Data Handling Policy

KCI places a high priority on protecting user personal information and diligently enforces its personal information processing policy to adhere strictly to applicable laws, including the Personal Information Protection Act and the Protection of Communications Secrets Act. To facilitate easy access and review, the company's personal information processing policy is prominently displayed on the main page of the website. Furthermore, detailed information about the use and protection of personal information is provided.

Additionally, KCI continuously improves its policies by securely managing personal information and operating a robust customer service system. These policies are updated regularly to align with both the company's needs and societal shifts. Through these initiatives, KCI aims to safeguard user personal information and mitigate risks during processing, ultimately preserving user trust and elevating service quality.

Personal Information Processing System

KCI manages both database systems and application systems for processing personal information. It oversees authentication and access control, menu and screen displays, encryption, and log management in a comprehensive manner. Access management is implemented through a phased approach.



Personal Information Protection Guidelines

Information Protection Guidelines

- 1 Using authorized genuine software programs
- 2 Prohibiting access to websites that use personal information when using the internet in a public place
- 3 Turning PCs off once a day and turning power off when not using PCs
- 4 Recommending password setup

Personal Information Handling Guidelines

- 1 Acquiring consent when collecting and using personal information
- 2 Separately managing the safety of stored personal information to ensure that only authorized personnel have access
- 3 Completely and irrecoverably destroying personal information after use
- 4 Not storing personal information, such as resident registration numbers, credit card numbers, and bank account numbers on PCs
- 5 Deleting personal information when changing PCs and mobile phones
- 6 Immediately reporting any personal information leakage incidents to the information protection department

Preventing Ransomware Infections

- 1 Deleting emails with suspicious sources or attachments without opening
- 2 Keeping operating systems and work software programs up to date
- 3 Regularly backing up data not stored in centrally managed storage (safe space) to separate devices
- 4 Being cautious about sharing PCs or folders (to be stockd with the minimum possible number of parties)
- 5 Blocking network connections and reporting infections to the information protection department in case of infection

Raising Awareness About Information Security

How to Address Information Security Risks

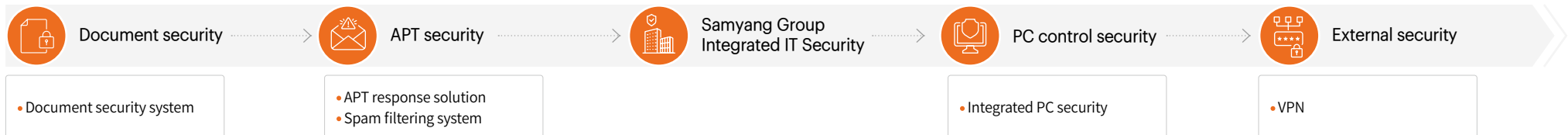
With the rise in internet usage and enhanced global accessibility, the risk of cyber attacks, including hacking and ransomware, has increased. This escalation results in more frequent incidents of critical business data and customer personal information leakage, underscoring the necessity for robust risk management systems. Companies must respond to these threats by implementing more systematic and strengthened security measures.

In response, KCI adheres to the security policies of its group companies and implements security solutions to mitigate both internal and external information security risks. These measures are essential for maintaining the stability of information systems and protecting corporate assets. KCI proactively protects the group's information assets from security threats by adopting the latest security technologies and processes.

Physical Security Solutions

With the aim of safeguarding internal personal information and work data and responding to security risks, KCI prioritizes the following principles:

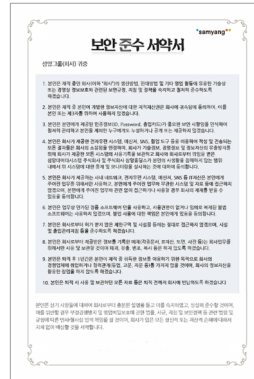
- 1 Protect the lives and safety of employees and suppliers
- 2 Protect the assets such as facilities, information, and company reputation
- 3 Secure the trust of stakeholders such as customers and stockholders
- 4 Strengthen the risk response capabilities of employees and suppliers



Awareness of Security Solutions



KCI places a strong emphasis on the importance of security within business operations and is committed to promoting a culture of security across the organization. This is achieved by offering specialized training on privacy protection and conducting the Samyang Ethics School for all employees. Through these training initiatives, employees develop a comprehensive understanding of various security challenges and the significance of protecting personal information that may emerge in their work. This knowledge forms the basis for establishing a robust security mindset.

Furthermore, KCI has established the Samyang Group's three key principles of conduct and encourages employees to sign the Group Information Security Compliance Pledge. This initiative is designed to strengthen personal responsibility for security and to actively integrate it into daily work routines. It is essential in aiding employees to internalize the security culture and to incorporate security practices into their everyday lives.



Information Security Compliance Pledge


Information Security Training Program

	Details	Training Methods
 <p>Samyang Ethics School</p>	<ul style="list-style-type: none"> - Group IT security status - Importance of security awareness <ul style="list-style-type: none"> ※ Including the need for personal information protection and the scope of personal information - Group security regulations 	<p>Online training enrollment</p> <ul style="list-style-type: none"> - Complete externally sourced and in-house created content on the affiliated training provider's website (www.samyang.hunet.co.kr) - After completing the courses, sign the online security pledge and take a test to confirm learning outcomes
 <p>Personal information protection training</p>	<ul style="list-style-type: none"> - Basic courses (understanding of the Personal Information Protection Act) - Practical courses (technical and administrative protection measures) - Specialized courses (personal information protection in business planning, implementation, and operations) 	<p>Online training enrollment</p> <ul style="list-style-type: none"> - Select and complete an online course provided on the Korea Internet & Security Agency's personal portal site (www.privacy.go.kr) - Submit the training completion certificate upon finishing the course


Information Protection Activities

Classification	Details	Unit	2021	2022	2023
Information security training	Trainees	Persons	167	173	176
	Completed trainees	Persons	167	173	176
	Percentage	%	100	100	100
Customer information management	Total number of verified cases of customer information leakage, theft, and loss	Cases	0	0	0
	Number of complaints proven to be in violation of customer privacy protection	Cases	0	0	0
Investment amount	Information security investment	KRW million	20.37	19.67	22.25
	Total IT-related investment	KRW million	768.18	637.62	548.53
	Information security investment ratio	%	2.65	3.08	4.06


Group Security: Three Key Principles of Conduct

- 

Properly dispose of important documents containing Samyang Group's business information

 - Shred printed materials containing important information after use
 - Ensure that printed documents are not easily visible or accessible to others
- 

Regularly clean your email inbox at least every three months

 - Immediately delete unnecessary emails
 - Emails older than three months will be automatically deleted
- 

Use official communication channels for sharing information

 - Pay attention to the various Samyang Group news and messages released through official communication channels
 - Stock meeting content clearly through meeting minutes rather than distributing information irregularly

Diversifying the Business Portfolio

KCI is committed to sustainable growth through a strategic focus on the global economic environment and industry trends. We continuously invest in research and development, guided by an analysis of potential opportunities and risks. As the beauty market expands and the demand for skincare products increases, we are diversifying our portfolio beyond our traditional focus on haircare to include skincare products.



R&D staff proportion to total employees

8.99%

Business Management

Diversifying the Business Portfolio

Expanding the Product Portfolio

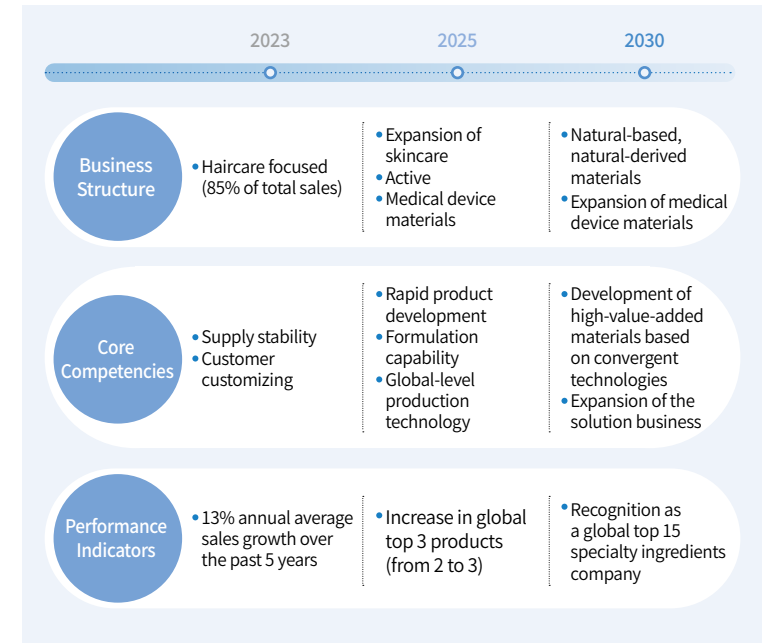
Leveraging its accumulated research, development, and production capabilities in the haircare sector, KCI is expanding its line of thickeners and multi-care products for skincare, supplying both domestic and multinational companies. To actively respond to global market trends and lead the international market, we are developing natural emulsifiers such as polyglycerin esters as alternatives to chemical emulsifiers based on ethylene oxide.

We are also expanding our business scope to include materials for medical devices. By utilizing biocompatible materials such as MPC derivatives, KCI has developed the Icare series for contact lenses and the Medicare M100KC series for medical devices and pharmaceuticals, thereby accelerating our entry into these related markets.

Furthermore, we are making continuous efforts to expand our global market stock. To diversify our export markets, we are exploring opportunities in emerging markets such as India and Africa. Our research is focused on developing products that cater to the specific needs of consumers from various races and countries.

The multifunctional composite materials industry is anticipated to see significant growth in the future. We are committed to delivering solutions tailored to customer needs, and to providing high-value, high-quality products to the global market.

Directions of the Business Vision

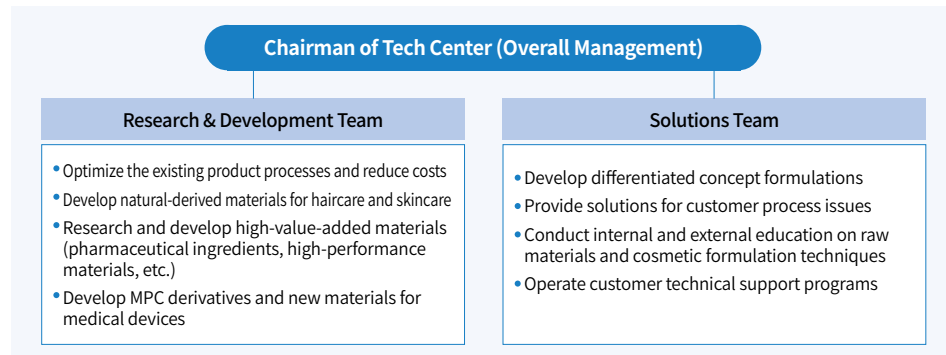


KCI Tech Center

The KCI Tech Center aims to develop world-class functional ingredients for the personal care industry. The center is structured into two primary teams: the Research & Development (R&D) Team and the Solutions Team. Both teams collaborate closely with customers, utilizing experienced researchers, state-of-the-art equipment, and a wealth of accumulated technology.

The Research & Development Team concentrates on creating customized ingredients that align with specific customers requirements. This team is committed to continually improving and refining manufacturing processes. On the other hand, the Solutions Team assists customers by educating them on ingredient applications and cosmetic formulation techniques. Additionally, this team provides customized solutions to address challenges that may emerge during the production process.

Organization



Solution Studio



Laboratory

Disclosure of KCI Technical Data

KCI provides technical data on its products via the “Products” section of its website, assisting stakeholders in better understanding and utilizing the raw materials produced. This data provides customers with a clear understanding of the products’ usage, advantages, disadvantages, and performance, facilitating more effective utilization. Furthermore, experts can use this information to gain a deeper insight into the technical characteristics and operating principles of the products, significantly enhancing product development, maintenance, and improvement efforts.

Research and Development Status

KCI is committed to diversifying its business portfolio and spearheading future technologies by focusing on developing alternative products and making substantial investments in research and development. In line with this strategy, we have escalated our investment in the R&D sector. As of 2023, our R&D expenditure has reached approximately 2,197 million KRW, marking an increase of about 7% from the previous year and constituting roughly 2% of our total sales.

	Classification	Unit	2021	2022	2023
R&D personnel	Persons	Persons	16	16	16
	Percentage	%	9.58	8.94	8.99
R&D activities	R&D expenditure	KRW million	1,870	2,053	2,197
	Percentage compared to sales	%	2.29	1.87	2.00

Appendix

ESG Facts & Figures	65
Risk Management	70
GRI Index	72
SASB	75
Awards, Associations, and Certifications	78
Third-party Assurance Statement	79

ESG Facts & Figures

The financial information is presented in accordance with the Korean version of International Financial Reporting Standards (K-IFRS). Discrepancies in environmental, social, and governance data in certain scopes have been explicitly indicated through annotations in the report.

Financial Information

Condensed Consolidated Statement of Financial Position

(Unit: KRW)

Classification	2021	2022	2023
Current assets	51,965,282,606	74,376,524,947	71,258,627,603
Non-current assets	45,403,556,894	48,753,511,420	48,047,192,108
Total assets	97,368,839,500	123,130,036,367	119,305,819,711
Current liabilities	13,766,614,993	24,697,373,232	12,550,280,127
Non-current liabilities	1,029,583,592	246,460,733	328,618,094
Total liabilities	14,796,198,585	24,943,833,965	12,878,898,221
Capital stock	5,635,000,000	5,635,000,000	5,635,000,000
Capital surplus	6,741,615,790	6,741,615,790	6,741,615,790
Capital adjustments	(4,182,246,665)	(4,182,246,665)	(4,182,246,665)
Accumulated other comprehensive income	(115,408,345)	(166,116,511)	(235,729,981)
Retained earnings	74,493,680,135	90,157,949,788	98,468,282,346
Total equity	82,572,640,915	98,186,202,402	106,426,921,490
Total liabilities and equity	97,368,839,500	123,130,036,367	119,305,819,711

Condensed Consolidated Income Statement

(Unit: KRW)

Classification	2021	2022	2023
Sales	81,501,152,546	109,605,027,221	109,946,107,606
Cost of sales	54,512,434,402	70,717,518,531	82,440,247,155
Gross profit	26,988,718,144	38,887,508,690	27,505,860,451
Selling and administrative expenses	14,545,565,781	17,010,226,333	17,234,038,277
Operating profit	12,443,152,363	21,877,282,357	10,271,822,174
Other income	1,383,939,584	6,186,544,781	5,428,544,052
Other expenses	478,499,434	4,852,127,037	2,570,449,142
Financial income	89,565,129	785,045,476	1,329,328,615
Financial expenses	362,021,693	1,398,349,412	1,369,788,498
Equity method gain	110,297,919	102,486,604	252,603,253
Income before income tax expense	13,186,433,868	22,700,882,769	13,342,060,454
Income tax expense	3,031,152,126	4,884,573,116	2,341,677,896
Current net profit	10,155,281,742	17,816,309,653	11,000,382,558
Other comprehensive income	(7,966,938)	(50,708,166)	(69,613,470)
Items that may be reclassified to profit or loss	(7,966,938)	(50,708,166)	(69,613,470)
Changes in equity-by-equity method	(7,966,938)	(50,708,166)	(69,613,470)
Total comprehensive income (loss)	10,147,314,804	17,765,601,487	10,930,769,088
Earnings per stock	0	0	0
Basic earnings per stock	944	1,656	1,022
Diluted earnings per stock	944	1,656	1,022

ESG Facts & Figures

Environmental

[Data on Goals for 2030](#)

Classification	Details	Unit	2023		2030 Goal
Greenhouse gas	Direct emissions (Scope 1)	tCO ₂ eq	2,107.25		1,999.89
	Indirect emissions (Scope 2)	tCO ₂ eq	3,189.89		2,533.52
	Emission intensity (Scope 1, 2)	tCO ₂ eq/ton	0.52		0.52
Air pollutants	NOx concentration	ppm	Daesan 36.35	Shihwa 16.70	24.22
	SOx concentration	ppm	Daesan 0.35	Shihwa 4.00	0.20
	Dust (PM3) concentration	mg/m ³	Daesan 6.03	Shihwa 4.36	1.10
Water	Water consumption	ML	19.75		12.74
Energy	Total energy consumption	TJ	108.15		91.75
Waste	Total emission intensity	Ton/ KRW million	0.0153		0.0202
	Recycling rate	%	94		99
	General waste	Ton	128.62		80.05
	Designated waste	Ton	1,550.39		1,402.35
Environmental law violations	Chemical substance leakage incidents	Cases	0		0
Customer safety and health	Number of products recalled	Cases	0		0
	Amount of products recalled	Ton	0		0

Social

[Data on Goals for 2030](#)

Labor

Classification	Details	Unit	2023	2030 Goal
Employee diversity	Percentage of employees with disabilities	%	0.56	3.5
	Percentage of patriots and veterans	%	0	6
	Percentage of female employees	%	15.73	20
	Percentage of female executives	%	0	20
Work environment	Average remuneration per capita (annual)	KRW million	71.00	72.24
Welfare	Welfare expenses compared to sales	%	0.29	0.45
Employee education	Training hours per capita	Hours	34	6.5
	Educational expenses per capita	KRW 10,000	20.8	15
	Percentage of employees who have completed job training	%	100	100

Human Rights

Classification	Details	Unit	2023	2030 Goal
Human rights education	Percentage of employees who have completed sexual harassment prevention education	%	100	100
	Percentage of employees who have completed disability awareness education	%	100	100

ESG Facts & Figures

Occupational Safety and Health

Classification	Details	Unit	2023	2030 Goal
Safety management	Industrial accidents	Cases	0	0
	General accidents	Cases	5	0
	Accident rate	%	2.86	0
	Process accidents	Cases	3	0
Industrial accidents	Lost time injury frequency rate (LTIFR)	%	0	0
	Lost time injury severity rate (LTISR)	%	0	0
Reduction efforts	Percentage of employees who have completed occupational safety and health education	%	100	100

Sustainable Procurement

Classification	Details	Unit	2023	2030 Goal
Supply chain contract clause	Percentage of key suppliers that have signed the Supplier Code of Conduct	%	0	100
	Percentage of key suppliers that have signed contracts including environmental, labor, human rights, and ethical requirements clauses	%	0	100
Supply chain CSR evaluation	Percentage of key suppliers included in CSR evaluation	%	100	100

Information Security

Classification	Details	Unit	2023	2030 Goal
Information security	Reported information security incidents	Cases	0	0

Governance

[Data on Goals for 2030](#)

Ethical Management

Classification	Details	Unit	2023	2030 Goal
Ethics education	Percentage of employees who have completed ethics education	%	100	100
Violations of ethical management	Number of internal reports on Code of Conduct violations, corruption, bribery, and anti-competitive behavior	Cases	0	0
	Number of legal actions regarding unfair transactions	Cases	0	0

Environment

Air Pollutants (*)

Classification	Unit	2021	2022	2023
NOx concentration	ppm	35.10	Daesan 36.25 Shihwa 17.70	Daesan 36.35 Shihwa 16.70
SOx concentration	ppm	1.30	Daesan 2.00 Shihwa 1.35	Daesan 0.35 Shihwa 4.00
Dust concentration	mg/m ³	Daesan 2.59 Shihwa 2.33	Daesan 2.66 Shihwa 2.20	Daesan 6.03 Shihwa 4.36

(*) Only Daesan Plant data is presented for 2021 because Shihwa Plant started managing NOx and SOx data in 2022.

Hazardous Chemical Usage and Emissions

Classification	Unit	2021	2022	2023
Hazardous chemical usage	Ton	1,601.15	1,612.60	1,479.34
Chemical emissions	Ton	11.42	13.63	9.85

Environmental Law Violations

Classification	Unit	2021	2022	2023
Chemical substance leakage incidents	Cases	0	0	0
Environmental law violations	Cases	0	1	2
Amount of environmental law violation fines	KRW million	0	0.48	2.08

Green Vehicles

Classification	Unit	2021	2022	2023
Green vehicles	Units	1	0	3
Total vehicle fleets	Units	7	8	7
Percentage of green vehicles	%	14	0	43

ESG Facts & Figures

Social

Employees

Classification	Details	Unit	2021	2022	2023
Total full-time employees ^(**1)	Male	Persons	139	144	147
	Female	Persons	20	26	28
	Total	Persons	159	170	175
Total contract-based employees	Male	Persons	6	5	3
	Female	Persons	2	4	0
	Total	Persons	8	9	3
Total managers ^(**2)	Male	Persons	43	43	44
	Female	Persons	5	5	7
	Total	Persons	48	48	51
	Percentage of female managers	%	10.42	10.42	13.73
	Percentage of female employees in senior management	%	0	0	0
Total employees	Male	Persons	145	149	150
	Female	Persons	22	30	28
	Total	Persons	167	179	178
	Percentage of female employees	%	13.17	16.76	15.73
Age	<20	Persons	0	0	0
	20-29	Persons	20	31	29
	30-39	Persons	70	73	70
	40-49	Persons	43	45	49
	>50 ^(**4)	Persons	34	30	30
Vulnerable employees	Percentage of employees with disabilities	%	1.80	1.10	0.56
	Percentage of patriots and veterans	%	0	0	0
Workers who are not employees ^(**3)	Male	Persons	7	20	21
	Female	Persons	3	3	7
	Total	Persons	10	23	28

(**1) Number of employees including registered executives

(**2) Employees at the level of manager or above

(**3) Workers performing tasks such as production and facility management at business sites

(**4) Data values differ from previous year's report due to changes in calculation methods.

Employment and Turnover

Classification	Details	Unit	2021	2022	2023
New recruitment	Male	Persons	14	15	22
	Female	Persons	5	11	5
	Total	Persons	19	26	27
Age	<30	Persons	8	14	11
	30-50	Persons	6	12	13
	>50	Persons	5	0	3
Turnover	Male	Persons	20	12	22
	Female	Persons	4	5	7
	Total	Persons	24	17	29
Turnover by age	<30	Persons	11	4	6
	30-50	Persons	10	9	17
	>50	Persons	3	4	6
Turnover rate	Male	%	13.79	8.05	14.67
	Female	%	18.18	16.67	25.00
	Total	%	14.37	9.50	16.48
Voluntary turnover rate ^(**1)	Male	%	7.59	8.05	12.16
	Female	%	9.09	16.67	17.86
	Total	%	7.78	9.50	13.07
Length of service	Male	Years	6.8	7.8	7.2
	Female	Years	6.2	5.2	5.2
	Average	Years	6.7	7.4	6.9

(**1) Number of voluntary turnovers/total number of employees

ESG Facts & Figures

Parental Leave and Welfare

Classification	Details	Unit	2021	2022	2023
Employees who used maternity/paternity leave	Male	Persons	5	2	4
	Female	Persons	1	3	1
Employees who used parental leave (*1)	Male	Persons	1	3	1
	Female(**4)	Persons	1	5	1
Employees who returned after parental leave (*2)	Male	Persons	0	1	3
	Female	Persons	2	1	4
Employees who have worked for at least 12 months after returning from parental leave	Male	Persons	0	0	0
	Female	Persons	0	2	0
Rate of return to work after parental leave (*3)	Male	%	100	100	100
	Female	%	100	100	100
Welfare expenses	Welfare expenses	KRW million	272	317	316
	Welfare expenses compared to sales	%	0.33	0.29	0.29

(*1) Those who took parental leave during the year. All employees are eligible for parental leave.

(*2) Those who returned to work during the year

(*3) Number of employees who returned to work during the year/Number of employees expected to return to work in the year

(*4) Data values differ from previous year's report due to changes in calculation methods

Accidents Involving Suppliers' Workers

Business Year	Violations of the Occupational Safety and Health Act (cases)	Number of Full-time Workers	Fatalities (persons)	Injuries and Diseases	Total	Accident Rate (%)
2023	0	28	0	0	0	0

Governance

Creation and Distribution of Economic Values

Classification	Unit	2021	2022	2023
Business areas	EA	1	1	1
Business sites in Korea	EA	3	3	3
Products and services provided	Ton	9,582	8,965	10,098
Sales	KRW million	81,501	109,605	109,946
Sales-related expenses (cost of sales, selling, and administrative expenses)	KRW million	69,058	87,728	99,674
Interest expenses for creditors and lenders	KRW million	26	68	108
Income tax expenses	KRW million	3,031	4,885	2,342
Income tax paid	KRW million	1,842	3,553	4,658
Income tax burdened	KRW million	2,860	4,775	2,270
Donations	KRW million	0	0	0
Total dividends	KRW million	2,152	2,690	2,690
Employee wages	KRW million	10,799	11,310	12,180

Risk Management

Risk Management System

The importance of risk management is increasingly emphasized in a business environment characterized by rising uncertainties, driven by the instability of domestic and international political and economic conditions. KCI prepares response strategies that identify and mitigate various risks inherent in our overall corporate activities. By crafting effective strategies for each risk, we aim to ensure the stability and sustainability of the company.

Risk Management Team

The Risk Management Team comprises responsible individuals from each department and factory line, enabling swift decisions on risk prevention and responses to incidents. However, when situations are considered significant and likely to impact business activities, our senior management and executives directly formulate response strategies and continuously oversee their implementation. KCI is committed to minimizing risks and maintaining the stability of the company.

Risk Management Process

Identification	We identify both internal and external issues by analyzing changes in the natural and business environments, along with internal capabilities across all departments. Internal issues are classified as strengths and weaknesses, while external issues are categorized as opportunities and threats through SWOT (strengths, weaknesses, opportunities, and threats) analysis.
Analysis and evaluation	We assess identified internal and external issues, stakeholder requirements, and SWOT analysis results on a 5-point scale, focusing on materiality and likelihood.
Planning and action	We determine the causes of the risks highlighted in the evaluation and develop detailed plans to address them, which may include establishing new systems and improving the environment. Following this, we implement these plans.
Monitoring and reporting	We conduct regular monitoring and reporting, and carry out improvement activities.



Risk Management

Types of Risks

Classification	Unit	Details
Financial	Operational risks	① Natural disasters ② Facility fires ③ Equipment failure and damage
	Quality risks	① Quality of raw and subsidiary materials ② Defects in manufacturing processes (facility deterioration, malfunctions, and operator errors) ③ Product contamination (deterioration, discoloration, odor, and impurities) ④ Packaging and labeling errors (container damage, non-labeling, mislabeling, and detachment of labels) ⑤ Inconsistency in quality ⑥ Defects due to improper storage (physical property changes, packaging deterioration, and product contamination) ⑦ Defects during transportation (packaging damage and product contamination)
	Supply risks	① Transportation process ② Shortage or interruption of raw material supply
	Market risks	① Exchange rate fluctuations
Non-financial	Employee risks	① Injuries and absences of workers
	Environmental risks	① Climate change ② Water ③ Forests

Risk Response Strategies

KCI has developed five response strategies to address identified risks and has created execution plans for each strategy to manage complex risks effectively.

Risk Response Strategy	Description
Securing reserve inventory	<ul style="list-style-type: none"> We ensure a certain level of inventory for key items to maintain supply in unforeseen emergencies or risk situations. We preemptively identify issues in key raw material supply to prevent risks in production and sales activities. This strategy is effective for temporary and flexible risks, but has limitations for ongoing risks and should be used alongside other strategies.
Dual sourcing of raw materials	<ul style="list-style-type: none"> We address short-term raw material shortages and supply interruptions through inventory management, but long-term shortages due to supply chain or transportation issues require dual sourcing. We secure at least two supply chains for each raw material.
Recovery plans for equipment	<ul style="list-style-type: none"> We implement this strategy when equipment failure, damage, or facility fires make normal production activities difficult. We aim to minimize repair periods, and we ensure production continuity through alternative equipment and external vendors. We execute plans to add production equipment in standby facilities to substitute risks and increase production.
Warehouse	<ul style="list-style-type: none"> We develop strategies to mitigate inventory loss and transportation risks due to fires or natural disasters. We operate two logistics warehouses domestically and internationally, including recovery plans and the use of alternative warehouses.
Replacement	<ul style="list-style-type: none"> We prepare plans to counter reduced production efficiency and quality deterioration due to worker absences from illness, injury, or strikes. We develop rapid response mechanisms through standardized production processes and appropriate job training programs.

GRI Index

KCI has published its Sustainability Report, detailing the management activities and performance from January 1 to December 31, 2022. This report adheres to the GRI Standard 2021. Additionally, KCI meets all nine requirements outlined in GRI 1 (2021). As there are no specific standards for the chemicals sector, no separate standards have been applied. The material issues for KCI during the 2023 reporting period are detailed in the “Materiality Assessment” section of this report.



● General Disclosures

Index	Page(s)	Remarks
The organization and its reporting practices		
2-1	6	
2-2	2	
2-3	2	
2-4	23, 24, 28, 34, 56	
2-5	79-80	
Activities and workers		
2-6	5-11, 54-56	
2-7	68	
2-8	66-67	
Governance		
2-9	41-43	
2-10	41-43	
2-11	41-43	
2-12	40-41	
2-13	40-41	
2-14	40-41	
2-15	41-43	
2-16	41-43	
2-17	41-43	
2-18	N/A	Insufficient information (performance evaluation has not been conducted)
2-19	45	
2-20	45	
2-21	N/A	Information not disclosed (confidential)

Index	Page(s)	Remarks
Strategy, policies and practices		
2-22	4	
2-23	4, 21, 22 (Environmental Management), 29 (Safety and Health Management), 46 (Ethical Management), 51, 52 (Sustainable Supply Chain Management Policy, ESG Purchasing Policy, Supplier Code of Conduct), 54 (Human Rights Management)	
2-24	4, 21, 22 (Environmental Management), 29 (Safety and Health Management), 46 (Ethical Management), 51, 52 (Sustainable Supply Chain Management Policy, ESG Purchasing Policy, Supplier Code of Conduct), 54 (Human Rights Management)	
2-25	14, 20, 34, 38, 54, 56	
2-26	41	
2-27	25, 47, 48	
2-28	78	
Stakeholder Engagement		
2-29	14	
2-30	55	

GRI Index

● Material Topic

	Index	Page(s)	Remarks
GRI 3: Disclosures on material topics			
3-1	Process to determine material topics	15	
3-2	List of material topics	16-17	

GRI 200, 300, 400 : TOPIC STANDARD

● Material Issues

	Index	Page(s)	Remarks
Environmental Management and Climate Change Response			
GRI 3: Disclosures on Material Topics			
3-3	Management of material topics	16-17, 19	
GRI 201: Economic Performance			
201-2	Financial implications and other risks and opportunities due to climate change	20	
GRI 302: Energy			
302-1	Energy consumption within the organization	24	
302-3	Energy intensity	24	
302-4	Reduction of energy consumption	24	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	23	
305-2	Energy indirect (Scope 2) GHG emissions	23	
305-3	Other indirect (Scope 3) GHG emissions	23	
305-4	GHG emissions intensity	23	
305-5	Reduction of GHG emissions	24	
Waste and Hazardous Chemical Management			
GRI 3: Disclosure of Material Topics			
3-3	Management of material topics	16-17, 25	
GRI 303: Water and Effluents			
303-1	Interactions with water as a stockd resource	20, 27-28, 66	
303-2	Management of water discharge-related impacts	27-28	

	Index	Page(s)	Remarks
303-3	Water withdrawal	27-28	
303-4	Water discharge	27-28	
303-5	Water consumption	27-28	
GRI 305: Emissions			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	28	
GRI 306: Waste			
306-3	Waste generated	26	
306-4	Waste diverted from disposal	26	
306-5	Waste directed to disposal	26	
Strengthening Safety and Health Prevention Activities			
GRI 3: Disclosure of Material Topics			
3-3	Management of material topics	16-17, 29	
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	29-30	
403-2	Hazard identification, risk assessment, and incident investigation	32-34	
403-4	Worker participation, consultation, and communication on occupational health and safety	31-34	
403-5	Worker training on occupational health and safety	31	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31-34	
403-8	Workers covered by an occupational health and safety management system	31	
403-9	Work-related injuries	34	
403-10	Work-related ill health	34	
Enhancing Product Sustainability and Quality			
GRI 3: Disclosure of Material Topics			
3-3	Management of material topics	16-17, 35	
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	35-38, 76	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No violations of relevant laws and regulations

GRI Index

Index	Page(s)	Remarks
Customer-oriented Management		
GRI 3: Disclosure of Material Topics		
3-3 Management of material topics	16-17, 46	
GRI 417: Marketing and Labeling		
417-2 Incidents of non-compliance concerning product and service information and labelling	-	No violations of relevant regulations and voluntary codes
417-3 Incidents of non-compliance concerning marketing communications	-	No violations of relevant regulations and voluntary codes
Establishing the ESG Management System		
GRI 3: Disclosure of Material Topics		
3-3 Management of material topics	16-17, 40	
Ethics and Compliance Management		
GRI 3: Disclosure of Material Topics		
3-3 Management of material topics	16-17, 46	
GRI 205: Anti-corruption		
205-1 Operations assessed for risks related to corruption	47	
205-2 Communication and training about anti-corruption policies and procedures	47	
205-3 Confirmed incidents of corruption and actions taken	47	
GRI 206: Anti-competitive Behavior		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	47	

● Non - Material Issues

Index	Page(s)	Remarks
GRI 201: Economic Performance		
201-1 Direct economic value generated and distributed (EVG&D)	69	
GRI 202: Market Presence		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	56	

Index	Page(s)	Remarks
GRI 401: Employment		
401-1 New employee hires and employee turnover	68	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	58	
401-3 Parental leave	69	
GRI 402: Labor/Management Relations		
402-1 Minimum notice periods regarding operational changes	55	
GRI 403: Occupational Health and Safety		
403-3 Occupational health services	58	
403-6 Promotion of worker health	58	
GRI 404: Training and Education		
404-1 Average hours of training per year per employee	31, 54, 56	
404-2 Programs for upgrading employee skills and transition assistance programs	56-57	
GRI 405: Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	42, 66, 68	
405-2 Ratio of basic salary and remuneration of women to men	56	
GRI 406: Non-Discrimination		
406-1 Incidents of discrimination and corrective actions taken	54	
GRI 407: Freedom of Association and Collective Bargaining		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52	
GRI 408: Child Labor		
408-1 Operations and suppliers at significant risk for incidents of child labor	52	
GRI 409: Forced or Compulsory Labor		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	52	
GRI 414: Supplier Social Assessment		
414-1 New suppliers that were screened using social criteria	52-53	
414-2 Negative social impacts in the supply chain and actions taken	52-53	
GRI 418: Customer Privacy		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	61	

SASB

The Sustainability Accounting Standards Board (SASB) standards are sustainability accounting guidelines tailored to each industry, introduced by the SASB in the United States in 2011. These standards highlight sustainability risk topics closely related to each industry and recommend that companies regularly report on these topics and engage with investors and stakeholders. KCI will faithfully disclose relevant information and establish information management plans according to SASB's guidelines.



Topic	Accounting Metric	SASB Code	Page(s) and Responses	
Sustainability Metric				
	Gross global Scope 1 emissions	RT-CH-110a.1	p.23	
	Percentage covered under emissions-limiting regulations		Not an internal management indicator	
Greenhouse gas emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	To achieve the goal of reducing greenhouse gas emissions by 20% compared to 2020 by 2030, we rigorously monitor greenhouse gas emissions annually. Additionally, KCI has introduced the factory energy management system (FEMS) to encourage all employees to participate in activities to reduce greenhouse gas emissions. By measuring greenhouse gas emissions at the Daesan plant and sharing visualized data via a dashboard, we raise awareness of emission reduction among all employees to achieve the goal.	
Air quality	NOx emissions (excluding N ₂ O)	RT-CH-120a.1	p.28	
	SOx emissions		p.28	
	Volatile organic compounds (VOCs) emissions		Not an internal management indicator	
	Hazardous air pollutants (HAPs) emissions		Not an internal management indicator	
Energy management	Total energy consumed	RT-CH-130.a.1	p.24	
	Percentage grid electricity		-	
	Percentage renewable		-	
	Total self-generated energy		-	
Water management	Total water withdrawn	RT-CH-140a.1	p.28	
	Total water consumed		p.28	
	Percentage of each in regions with High or Extremely High Baseline Water Stress		-	
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations		RT-CH-140a.2	-
	Description of water management risks and discussion of strategies and practices to mitigate those risks		RT-CH-140a.3	KCI recognizes the risk of water pollution in chemical processes and focus on water resource management. In product manufacturing, we use wash hoses equipped with trigger-operated guns to reduce water consumption. Additionally, we have established stricter internal discharge standards than domestic laws to minimize water pollution. wastewater is carefully treated, with primary treatment at our own facility before being sent to a public wastewater treatment plant for secondary treatment and safe discharge. Through these efforts, we minimize water pollution and engage in sustainable water resource management.

SASB

Topic	Accounting Metric	SASB Code	Page(s) and Responses
Sustainability Metric			
Hazardous waste management	Amount of hazardous waste generated	RT-CH-150a.1	p.26
	Percentage recycled		p.26
Community relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	KCI works hard to gain support and encouragement from the communities where we operate by making ongoing contributions. We participate in local council meetings such as the Daesan Industrial Complex Council to gather opinions and communicate with the community. We conduct regular cleanup activities near our facilities to improve the surrounding environment and transparently provide information to residents through the local government website to prevent risks that may arise during production processes. We actively promote donations and volunteer activities to coexist with the community, aiming for win-win growth and support.
	Total Recordable Incident Rate (TRIR) of direct employees	RT-CH-320a.1	p.34
	Total Recordable Incident Rate (TRIR) of contract employees		-
	Fatality of direct employees		-
Fatality of contract employees	-		
Workforce safety and health	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	KCI holds quarterly Occupational Safety Health Committee meetings. The committee, with equal participation from management and employees, promptly identifies and addresses potential hazards. We conduct biannual assessments of potential hazards such as organic compounds and dust through external professional agencies and stock the results on the company-wide bulletin board. Employees are made aware of identified hazards and participate in preventive activities. Regular general health check-ups and special health examinations are conducted for employees, and follow-up checks and consultations are provided monthly by contracted health agencies for employees with relevant medical findings.
	Product Design for use-phase efficiency	RT-CH-410a.1	KRW 25,658,578,601
Safety and Environmental Stewardship of Chemicals	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	RT-CH-410b.1	70.16 %
	Percentage of such products that have undergone a hazard assessment		100 %
	Discussion of strategy to manage chemicals of concern and develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	KCI is constructing and advancing a chemical management system. This system provides a safe product manufacturing environment for employees and minimizes the impact on local residents and the environment. Our Tech Center actively engages in the research and development of green materials. Several sustainable products have already been developed, and we will continue to invest in R&D. Through these efforts, we aim to minimize the adverse impact of products on humans and the environment and strive to enter new markets with sustainable product lines.
Genetically modified organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	KCI does not directly manufacture products using genetically modified organisms (GMOs). However, we may purchase and use raw materials derived from plant sources, which could be genetically modified.

SASB

Topic	Accounting Metric	SASB Code	Page(s) and Responses
Sustainability Metric			
Management of the legal and regulatory environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	① The government periodically announces regulations and policies related to chemical products such as cosmetics. KCI recognizes the risks of increased financial costs, reputation damage, and contract cancellations in case of legal violations and strives to comply with changing regulations. ② KCI promptly revises company manuals and internal regulations to respond to regulatory changes and make decisions through board and executive meetings. ③ KCI employs dedicated personnel, as we have been designated as an “energy-intensive company” by the government.
Operational safety, emergency preparedness and response	Process Safety Incidents Count (PSIC)		3
	Process Safety Total Incident Rate (PSTIR)	RT-CH-540a.1	1.72
	Process Safety Incident Severity Rate (PSISR)		Not an internal management indicator
	Number of transport incidents	RT-CH-540a.2	0
Activity Metric			
Production volume	Production by reportable segment	RT-CH-000.A	Not disclosed (trade secret)

Awards, Associations, and Certifications

Awards











Year	Awards
2010	Selected as a “Hidden Champion” by the Export-Import Bank of Korea
2010	Received the National Tax Service Award for regular and accurate tax payments
2014	Received the Jang Young Sil Award (technology for commercialization of tertiary fatty amines)
2015	Received the 30-million-dollar Export Tower award
2019	Received the 50-million-dollar Export Tower award
2022	Received the Business Innovation Award from the Korea Chamber of Commerce and Industry
2023	Won the grand prize in the ESG category at the “2023 Social Contribution Corporate Awards” hosted by The Korea Economic Daily

Associations

UN Global Compact (UNGC)
Korea Responsible Care Council
Korea International Trade Association
Korea Environmental Preservation Association

Certifications

Multiple global certifications have affirmed KCI's excellent technology and product safety.

 <p>ISO 45001 Occupational Health and Safety Management System</p>	 <p>ISO 14001 Environmental Management System</p>	 <p>COSMOS Approved COSMETIC Organic and Natural Standard</p>
 <p>HALAL Indonesian Halal (MUI HALAL)</p>	 <p>RSPO Mass Balance Roundtable on Sustainable Palm Oil (License No.: 2-1009-19-100-00)</p>	 <p>CDP Carbon Disclosure Project</p>
 <p>EcoVadis-CSR EcoVadis (Corporate Social Responsibility)</p>	 <p>ISO 9001 Quality Management System</p>	 <p>EFFCI European Federation for Cosmetic Ingredients</p>
 <p>World Class Product of Korea</p>		

Third-party Assurance Statement

Dear Management and Stakeholders of KCI

Introduction

Korean Standards Association (“KSA”) was commissioned by KCI (“the Company”) to perform a third-party Assurance Engagement of ‘KCI 2023 Sustainability Report’ (“the Report”). KSA presents independent opinions as follows as a result of the feasibility of the data contained in this Report. The Company has sole responsibility for the content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kind of commercial interest in businesses of the Company apart from undertaking a third-party assurance on the Report. KSA has no other contract with the Company that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards: AA1000AS v3

Assurance Level and Type: Moderate, Type2

Note: Moderate assurance has a lower level of confidence than high assurance because it is based on limited evidence.

Assurance Scope

The assurance scope includes systems and activities such as sustainability management policies, goals, businesses, standards, and achievements of the Company during the reporting period. While the Company’s environmental and social data, as well as financial data in a broad sense, was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

- in adherence with the four principles of AA1000AP(AccountAbility Principles) 2018
- in accordance with GRI Standards 2021
(Topic Standards)
201-1, 202-1, 302-1, 302-3~4, 303-1~5, 305-1~5, 305-7, 306-3~5, 401-1~3, 402-1, 403-1~10,
404-1~2, 405-1~2, 406-1, 407-1, 408-1, 409-1, 414-1~2, 416-1~2, 417-2~3, 418-1

Assurance Methodology

KSA used the following methods to gather information, documents, and evidence with respect to the assurance scope.

- Confirmation of stakeholder participation and materiality assessment process by the sustainability expert.
- Verification of environmental information disclosure data and information by the environmental expert.
- Examination of internal documents and basic materials.

Assurance limitations

KSA assumed that the data and evidence provided by the Company were complete and sufficient. KSA provided limited assurance through data inquiry and analysis as well as limited sampling methods.

Third-party Assurance Statement

Assurance Results and Opinions

KSA reviewed the draft version of this Report within the scope of this assurance and presented our opinions as an assurance provider. Modifications were made to the Report content if deemed necessary. KSA were not aware of any suspicions of significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, KSA present our opinions of the 'KCI 2023 Sustainability Report' as follows.

Four principles of AA1000AP(AccountAbility Principles) 2018

Inclusivity

- Has the Company engaged its stakeholders in strategically responding to sustainability?

KSA believes the Company is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. The Company has selected stakeholders including stockholders and investors, suppliers, employees, customers, non-profit organizations and associations and has communication channels for each group to receive diverse feedbacks and opinions.

Materiality

- Has the Company included material information in the Report to help stakeholders make informed decisions?

KSA is not aware of any significant omissions or exclusions of data that are material to stakeholders. KSA verified that the Company conducted a materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

- Has the Company appropriately responded to stakeholder requirements and interest in this Report?

KSA verified that the Company responded to stakeholders' needs and interests by reflecting stakeholders' opinions in the Report. KSA is not aware of any evidence that the Company's response to significant issues of stakeholders was reported inappropriately.

Impact

- Has the Company appropriately monitored its impact on the stakeholders?

KSA verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

Reliability and quality of specified performance

- Has the Company appropriately collected and disclosed specified performance information based on a reliable process?

The assurance provider performed a reliability assurance of the sustainability performance information on the subject of Type 2 assurance. To assure this information, interviews were conducted with relevant personnel, and it was determined that the performance information disclosed in the Report was collected and disclosed based on a reliable process and evidence. Additionally, no evidence was found indicating that specific sustainability information was inaccurately reported.

June 2024

Myung Soo Kang KSA Chairman & CEO



AA1000
Licensed Report
000-70/V3-LIZUX



The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and as an assurance provider of the Korean government's greenhouse gas energy target management system.

Report Production

General management of the report	Changwon Jun
Planning of the report	Yookyeong Shin, Sinae Hwang
Environment and safety (Daesan)	Daero Lee, Seohyeon Choi
Environment and safety (Shihwa)	Jeonghyun Lee, Sangjune Lee
Safety (Seoul)	Seomiga Lee
Climate change response and quality management	Dongbok Lee, Hyunjin Park
Human rights management, talent development, and ethical management	Yoodong Son
Supply chain and suppliers	Seungwook Ahn
Governance, Board of Directors, and compliance management	Junghun Yang
Product development and Tech Center	Chaesang Ihm
Business portfolios and strategy	Taehwan Ahn, Junghun Lee

