

Summary of the Agenda of the 46th Annual General Meeting of Shareholders



March 8, 2023

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KUMHO PETROCHEMICAL

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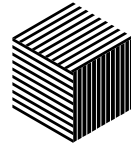
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Notice of Convocation of the 46th Annual General Meeting of Shareholders



Agenda to be discussed at the 46th Annual General Meeting of Shareholders



APPENDIX

- Management performance
- Mid- to long-term growth strategies
- Shareholder policy
- Governance

Notice of Convocation of the 46th Annual General Meeting of Shareholders

1. Date: March 24, 2023 (Fri)
2. Location: 4F Auditorium, East Building, Signature Towers, 100 Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea
3. Purpose of meeting
 - 1) Matters to report:
Audit reports, business reports, reports on transaction history with the largest shareholders, etc., reports on the operation status of the internal accounting control system
 - 2) Resolutions (Agenda to be discussed):
Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings
Agenda No. 2: Approval of Director Remuneration Limit

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**Agenda to be discussed at the 46th
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Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings (1/4)

[Major financial performance for the current year]

Consolidated basis

(Unit: KRW 1 million)	2022	2021	Change
Sales	7,975,626	8,461,842	-5.7%
Operating income	1,147,746	2,406,836	-52.3%
Operating margin	14.4%	28.4%	-14.0%p
Net income	1,025,705	1,965,577	-47.8%
Net profit margin	12.9%	23.2%	-10.3%p
EPS- Common stock (KRW)	37,290	70,433	-47.1%
EPS- Preferred stock (KRW)	37,899	70,417	-46.2%
Assets	7,719,272	8,115,675	-4.9%
Liabilities	2,065,857	3,032,766	-31.9%
Equity	5,653,415	5,082,908	11.2%
Liabilities/Equity	36.5%	59.7%	-23.2%p
ROE	19.1%	47.8%	-28.7%p

Separate basis

(Unit: KRW 1 million)	2022	2021	Change
Sales	5,086,856	5,501,282	-7.5%
Operating profit	656,206	1,342,782	-51.1%
Operating margin	12.9%	24.4%	-11.5%p
Net profit of current period	575,139	986,987	-41.7%
Net profit margin of current period	11.3%	17.9%	-6.6%p
EPS- Common stock (KRW)	20,912	35,370	-40.9%
EPS- Preferred stock (KRW)	21,276	35,354	-39.8%
Assets	4,278,840	4,648,774	-8.0%
Liabilities	1,085,433	1,570,407	-30.9%
Capital	3,193,407	3,078,367	3.7%
Liabilities/Capital	34.0%	51.0%	-17.0%p
ROE	18.3%	37.9%	-19.6%p

Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings (2/4)

[Statement of appropriation of retained earnings (Proposed)]

Classification	Current period		Previous period	
	(Expected date of disposal: March 24, 2023)		(Confirmed date of disposal: March 25, 2023)	
I. Unappropriated retained earnings		450,020		989,698
Unappropriated retained earnings carried over from previous year	10,741		12,541	
Profit for the year	575,139		986,987	
Re-measurement of net defined benefit liability	14,212		(7,873)	
Substitution from other comprehensive income to retained earnings	-		(726)	
Retirement of treasury stock	(150,073)		(1,231)	
II. Appropriation of retained earnings		346,132		978,956
Legal reserve	14,700		28,100	
Voluntary reserve	185,000		670,000	
Cash dividends				
Dividend per share (dividend rate):				
Common stock:				
Current year - KRW 5,400 (108%)				
Previous year - KRW 10,000(200%)	146,432		280,856	
Preferred stock:				
Current year: KRW 5,450(109%)				
Previous year: KRW 10,050(201%)				
III. Unappropriated retained earnings carried forward to subsequent year		103,888		10,742

Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings (3/4)

[Dividend status and dividend policy]

(Separate basis)	2018	2019	2020	2021	2022 (E)
Total shareholder return (KRW 100 million)	367	409	1,158	4,309	2,464
- Dividend (KRW 100 million)	367	409	1,158	2,809	1,464
- Acquisition and retirement of treasury stock (KRW 100 million)				1,500	1,000
Total shareholder return rate	20.1%	15.6%	26.7%	43.7%	42.9%
- Dividend payout ratio	20.1%	15.6%	26.7%	28.5%	25.5%
- Acquisition and retirement of treasury stock				15.2%	17.4%
DPS (KRW) – Based on common stock	1,350	1,500	4,200	10,000	5,400

Shareholder return policy: Set 25-35% of net profit on a separate basis for the next two to three years as shareholder return funds (announced on December 15, 2021)

- Cash dividends: Dividend payout ratio based on separate net profit maintained at 20-25%
- Acquisition and retirement of treasury stock Equivalent to 5-10% of separate net profit

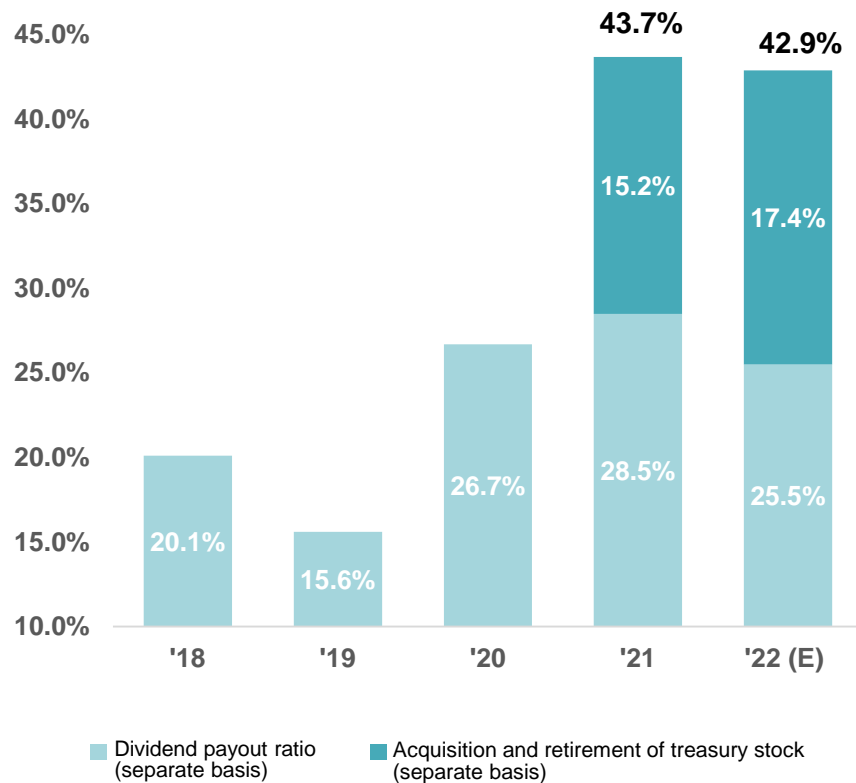
**45th Period: Dividend payout ratio 28.5% on a separate basis, purchase and retirement of treasury stock worth KRW 150 billion to enhance cash dividends and shareholder value
(Total shareholder return KRW 430.9 billion_ 43.7% of net profit on a separate basis)**

**46th Period: Dividend payout ratio 25.5% on a separate basis, cash dividends and treasury stock purchases worth KRW 100 billion planned to be purchased and retired
(Total shareholder return KRW 246.4 billion_ 42.9% of net profit on a separate basis)**

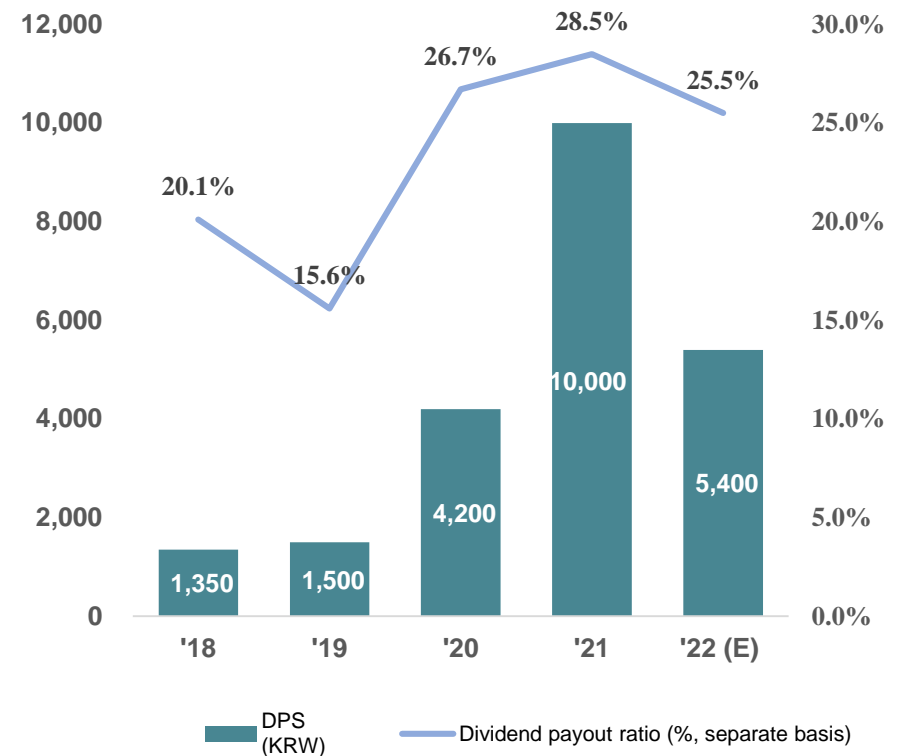
Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings (4/4)

[Current situation of dividends]

Total shareholder return rate



DPS (KRW) and dividend payout ratio



Agenda No. 2: Approval of Director Remuneration Limit

(Current period)

Number of directors (Number of Independent directors)	10 (7)
Maximum amount	KRW 6.5 billion

(Previous period)

Number of directors (Number of outside directors)	10 (7)
Total remuneration actually paid	KRW 2.3 billion
Maximum amount	KRW 6.5 billion

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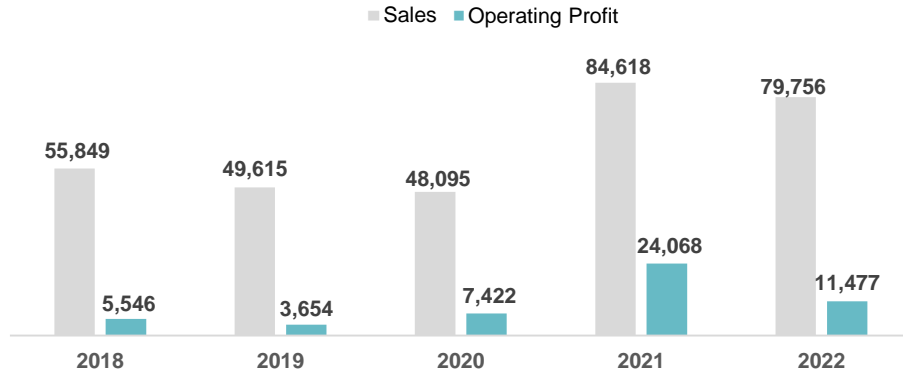
APPENDIX

- Management performance
- Mid- to long-term growth strategies
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Performance in 2022 shows a trend of dramatic highs and lows due to the impacts of the Russia-Ukraine war, global economic downturn, and impact of the endemic

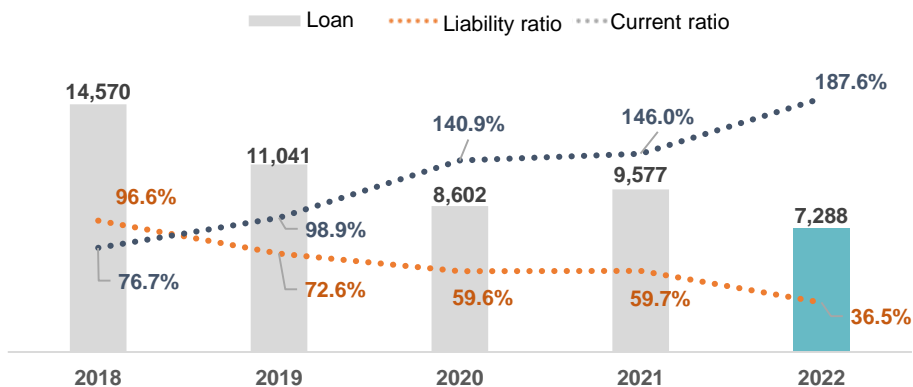
Financial performance

(Unit: KRW 100 million)



Financial stability

(Unit: KRW 100 million)



Promotion of profitability-oriented optimal operation strategy

> NB-Latex ↔ SBR parallel production, etc.

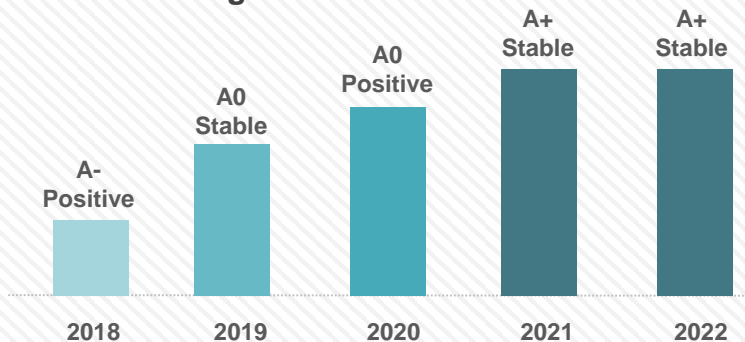
Sustainability management strategies

> Establishment of a detailed implementation roadmap for greenhouse gas reduction
> Advancement of safety/environmental management system

Continuous intensive investments in Core business (global market leadership)

> NB-Latex (+236KTA, April 2024*)
> EPDM (+70KTA, December 2024*)

❖ Credit rating



* Completion standards

Kumho Petrochemical is promoting specific ESG management based on its ESG strategy, and is implementing stakeholder-centered security



Establishment of a virtuous cycle system based on climate change response strategies

- Acquisition of international eco-friendly certification ISCC* PLUS
 - 4 synthetic rubber products for tires
- Promotion of recycling business cooperation and bio-based eco-friendly raw material business
- Acquisition of zero waste landfill certification (Yeosu 2 Energy “Gold” rating)



Sequential fulfillment of responsibilities as a social enterprise

- Achievement of “zero” major disasters
- Establishment of safety and health infrastructure
- Establishment of supply chain risk management system
- Implementation of human rights impact evaluation

Improved ratings from major ESG rating agencies (2021 → 2022)

	<i>B → BB</i>		<i>23 points → 50 points</i> (Included in the DJSI Korea Index)
	<i>D → B</i> (Climate Change)		<i>Bronze → Gold</i> (Entered top 5%)



Improvement of governance transparency

- Separating the positions of the CEO and Chairperson of the Board of Directors
 - Appointment of Outside director Do Sung Choi as Chairperson
- Sustainability report governance structure indicators expansion of open data

* International Sustainability and Carbon Certification

In an uncertain business environment, seeking to improve profitability by strengthening differentiated competitiveness based on “strategic agility”



‘Strategic Agility’

Overcoming slowing demand with eco-friendly/high value-added materials

- Expansion of sales of SSBR, a tire material for electric vehicles
- Strengthening of high value-added products - Lightweight latex, etc.
- Diversification of Eco-friendly PCR (Post-Consumer Recycled) products



Flexible response to industry paradigm shift

- Advancement of stakeholder-oriented ESG management
- Innovation of process and customer experience through digital transformation

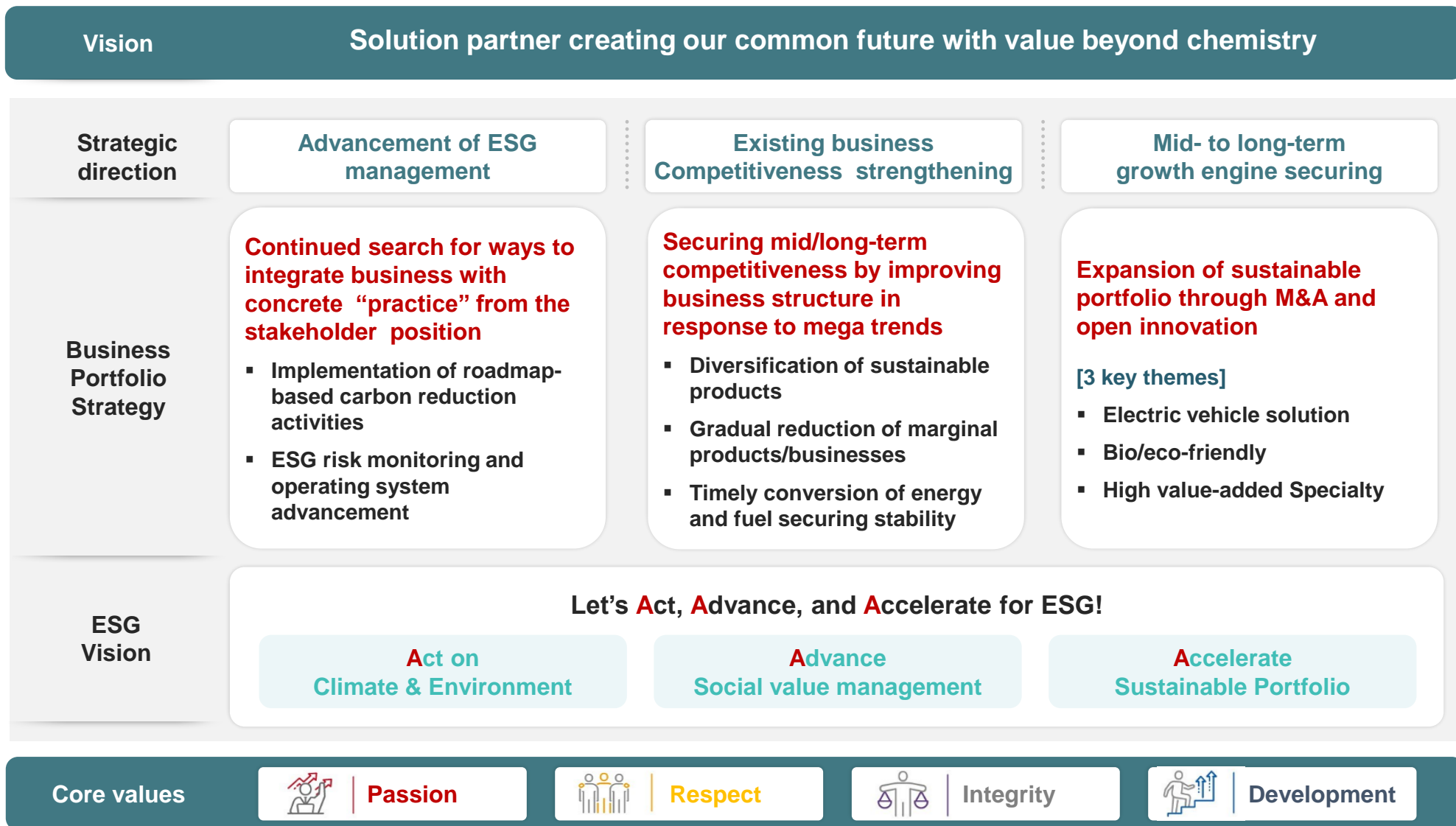


Proactive search for future growth based on 3 key themes

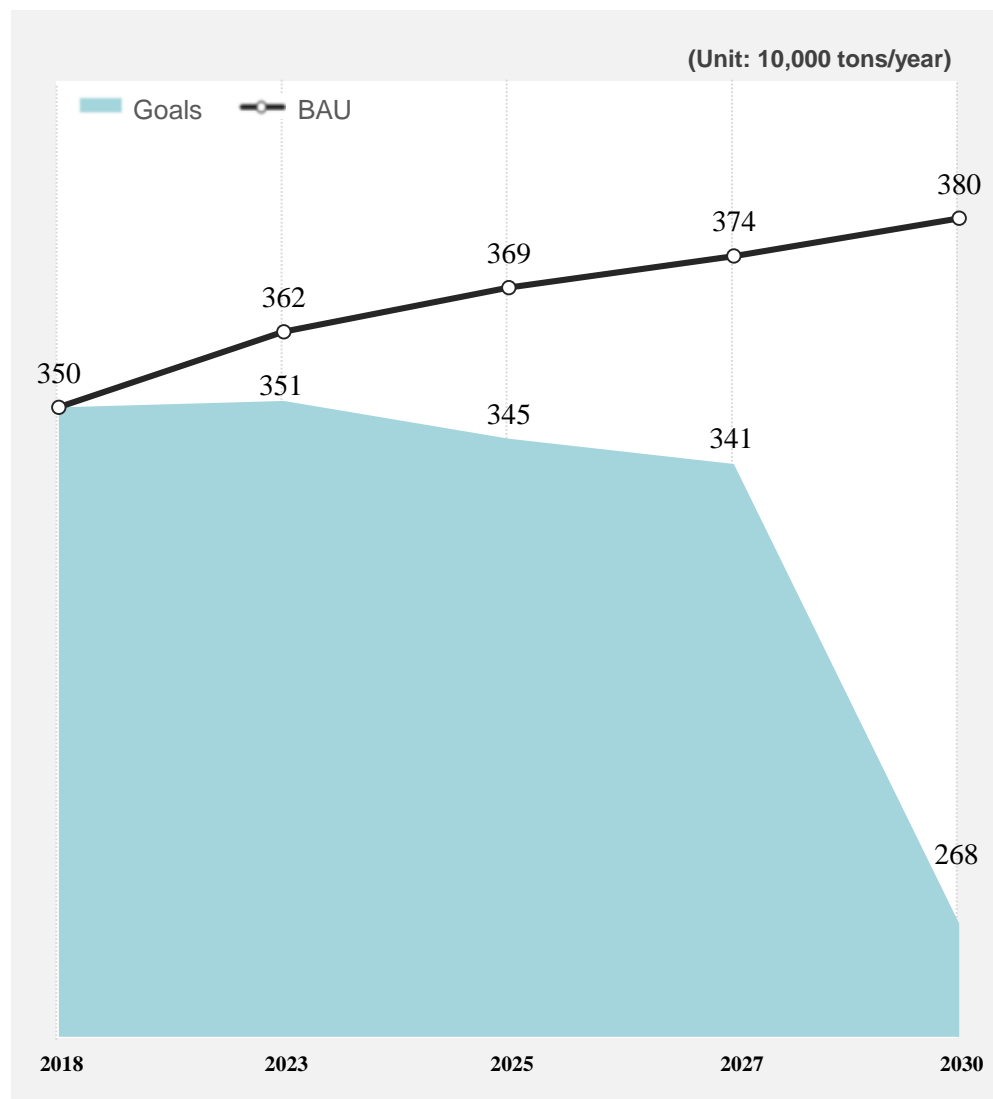
- Active discovery of M&A deals for undervalued companies
 - Electric vehicle solution, bio/eco-friendly, high value-added specialty
- Promotion of strategic equity investments in leading technologies
- Creation of new value through external collaboration



Transition to a sustainable company: Onward!






Advancement of ESG management: Laying the foundation for carbon-neutral growth



* BAU (Business As Usual): Estimation of the total amount of greenhouse gases expected to be emitted if artificial measures are not taken to reduce greenhouse gases

Reduction targets (by 2030): Approximate 29% reduction compared to BAU*

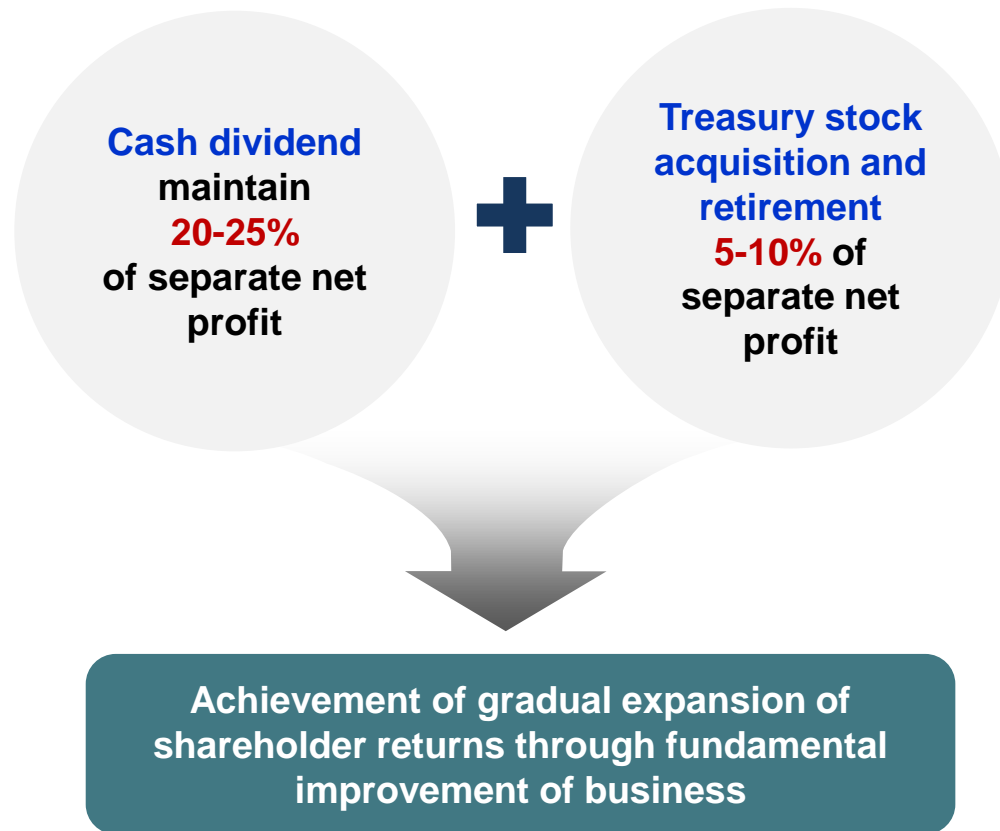
 Manufacturing process optimization	<ul style="list-style-type: none"> Utilization of waste heat in the process - prioritization of energy saving Implementation of economic-based Yeosu energy fuel conversion roadmap <ul style="list-style-type: none"> Carbon capture and liquefaction Continued expansion of biomass co-firing (short-term) → Hydrogen conversion** (long-term)
 ESG Construction of an ecosystem	<ul style="list-style-type: none"> Systematization of ESG-related business competitiveness Establishment of a flexible response system in preparation for supply chain due diligence response <ul style="list-style-type: none"> Roadmap-based carbon life cycle evaluation for each product
 ESG Advancement of execution	<ul style="list-style-type: none"> Improving objectivity/transparency of the ESG information management/disclosure system Reinforcement of the actual role of the BOD and operating System/responsibility <ul style="list-style-type: none"> Reinforcement of outside director appointment process and implementation of activity evaluation

** Based on economic feasibility/technological review, the direction and timing of fuel conversion are scheduled to be determined

Cash dividends based on the shareholder policy announced at the end of 2021, treasury stock acquisition and retirement being actively implemented

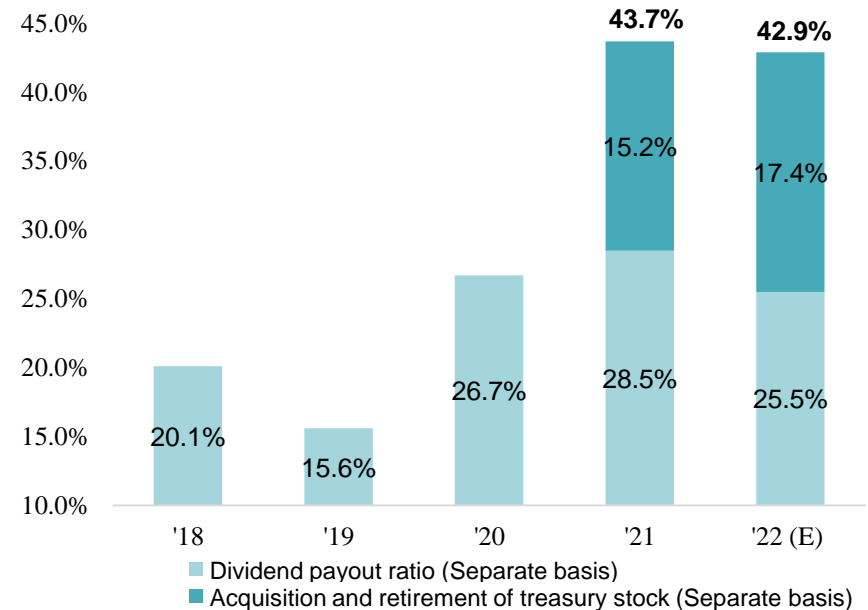
Shareholder-friendly policy*

Set **25-35%** of net profit on a separate basis for the next 2~3 years as shareholder return funds



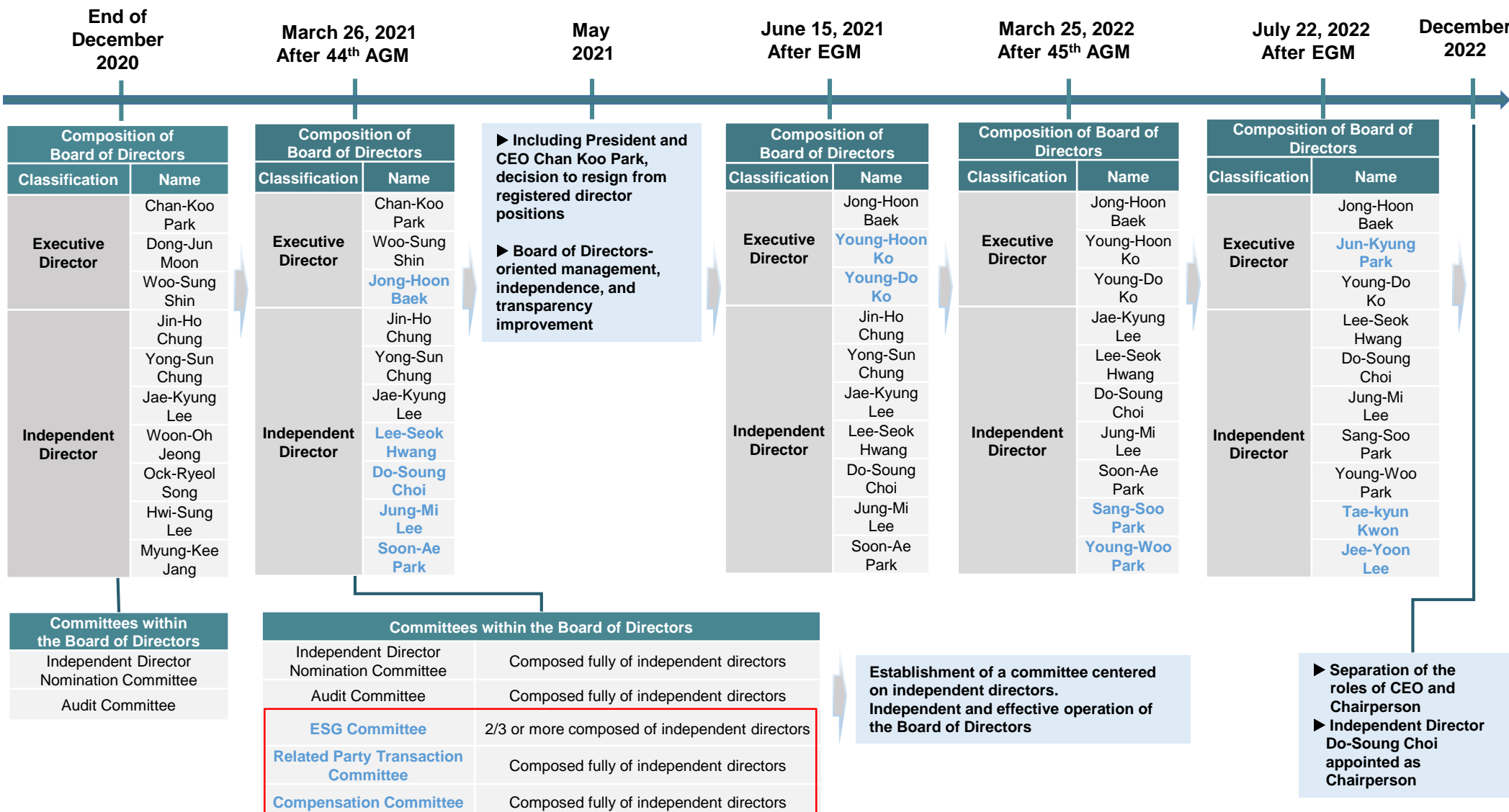
* Announced on December 15, 2021

Execution performance



Separate basis	'18	'19	'20	'21	'22(E)
Total shareholder return (100 million won)	367	409	1,158	4,309	2,464
Shareholder return funds	20.1%	15.6%	26.7%	43.7%	42.9%
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- Acquisition and retirement of treasury stock				15.2%	17.4%
DPS (KRW)	1,350	1,500	4,200	10,000	5,400

Complete renewal of the Board of Directors and establishment of a sound governance structure



BOARD SKILL MATRIX: Composing a Board of Directors with diversity and expertise

Name	Classification	Term Expiration	Management	Industry	Sales & Marketing	R&D	Financial Acumen	Trade/Procurement	Risk Management	Governance	Legal/Policy	Environment/ (Climate change)	Safety/Health
Jong-Hoon Baek	Executive	March 2024	O	O	O	O							
Young-Do Ko	Executive	June 2024	O				O		O				
Jun-Kyung Park	Executive	July 2025	O	O	O								
Lee-Seok Hwang	Independent	March 2024					O		O	O			
Do-Soung Choi	Independent	March 2024					O		O	O			
Jung-Mi Lee	Independent	March 2024							O		O		
Sang-Soo Park	Independent	March 2025					O		O		O		
Young-Woo Park	Independent	March 2025									O	O	
Tae-Kyun Kwon	Independent	July 2025					O	O			O		
Jee-Yoon Lee	Independent	July 2025									O	O	O

Composition of committees within the Board of Directors: Operation of an independent committee centered on outside directors

	Jong -Hoon Baek	Young-Do Ko	Jun-Kyung Park	Lee-Seok Hwang	Do-Soung Choi	Jung-Mi Lee	Sang-Soo Park	Young-Woo Park	Tae-Kyun Kwon	Jee-Yoon Lee
Classification	Executive	Executive	Executive	Independent	Independent	Independent	Independent	Independent	Independent	Independent
Gender	Male	Male	Male	Male	Male	Female	Male	Male	Male	Female
Independent Director Nomination Committee					◎	○			○	
Audit Committee				◎	○		○			
ESG Committee	○		○		○	○		○		◎
Related Party Transaction Committee				○		◎		◎		
Compensation Committee							◎		○	○

- ◎: Chairpersons of the committees

BOARD OVERVIEW

Classification	Proportion
Independence of Board	70%
Independence of Audit Committee	100%
Independence of Independent Director Nomination Committee	100%
Independence of Compensation Committee	100%
Gender Diversity	20%
Ongoing Legal issue	N/A
Total Number of Directors	10

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Thank you

