KOLON ENP

Empowering
New
Possibility

KOLON ENP
Sustainability Report 2023

Reporting Scope

KOLON ENP operates a manufacturing division that produces industrial POM (Polyoxymethylene), compounds, and composite materials. This report covers operations at our headquarter (Gimcheon 1), as well as four domestic business sites (Gimcheon 2, Gwacheon, Yeongnam and Gumi). Data from overseas subsidiaries is also included in some categories.

Reporting Period

This report encompasses activities from January 1 to December 31, 2023, and includes notable qualitative achievements from the first half of 2024. To illustrate year-over-year trends, it provides quantitative data spanning the last three years (2021-2023).

Reporting Principles

This report aligns with the Global Reporting Initiative (GRI) Standards 2021 and the UN Sustainable Development Goals (SDGs). Our financial performance is reported in accordance with K-IFRS (Korean International Financial Reporting Standards).

Third-Party Assurance

This report was verified by the Korea Management Registrar (KMR), a third-party assurance agency. The results of this verification can be found in the assurance statement on page 79.

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INTERACTIVE USER GUIDE

This report has been published as an interactive PDF and includes features such as shortcuts to related pages and websites.

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CEO MESSAGE

**Dear Stakeholders of KOLON ENP,
KOLON ENP is proud to present our first-ever Sustainability Report this year. This report aims to disclose our process and achievements in sustainable management, and we will continue publishing this report annually to actively communicate with our stakeholders.**

KOLON ENP = Empowering New Possibility.

KOLON Plastics has changed its name to "KOLON ENP," which stands for "Empowering," "New," "Possibility." The new name reflects the company's vision to create new possibilities for a sustainable future through advanced technology in products, customer relations, and environmental stewardship.
Although KOLON ENP's engineering plastic products have high mechanical strength, rigidity, and creep resistance, the term "plastic" evoked a negative image of single-use products. This led to numerous suggestions from stakeholders, including shareholders and employees, to reconsider the company's name.
Therefore, KOLON ENP has adopted its new name to better represent its values, potential, and vision for future growth. With the new name, KOLON ENP aims to contribute to a sustainable future that encompasses products, customers, the environment, and humanity.

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CEO MESSAGE

SUSTAINABILITY = **License to operate.**

The year 2023 has been a significant year, with the rise of the generative AI technology and transformational shifts of the mobility, powered by rechargeable batteries. However, it has also witnessed humanitarian crises, including ongoing wars and natural disasters, which led to global insecurity.

As the world struggles with the climate crisis, multinational corporations are enhancing their portfolio aligning with the customers' strong sustainability demands. Concurrently, cross-border climate regulations as trade barriers by certain countries and regions is emerging as a significant challenge to competitiveness in export.

To overcome these challenges, KOLON ENP has embraced "Sustainability is license to operate" as the core value. We are committed to sustainable management, fostering growth, innovation, collaboration, and leadership to navigate global uncertainties. Beginning in 2023, we will continue to implement sustainable business practices.

Sustainable solution for the future.

KOLON ENP is dedicated to achieving the vision of "Sustainable solution for the future," centered around the three pillars (3P) of sustainable management.

Planet : Pursuing Environment Sustainability

Companies have an obligation to minimize or eliminate their impact on the environment, ensuring a sustainable future for future generations. KOLON ENP recognizes this responsibility and is committed to reducing greenhouse gas emissions by 40% by 2030 and achieving Net Zero by 2050. Furthermore, KOLON ENP and our suppliers are dedicated to engaging in ocean and river cleanup activities to preserve biodiversity linked to our business activities.

People : Pursuing Sustainability for Employees and Local Communities

Through the operation of ISO45001 (Safety and Health Management System), KOLON ENP practices "First, Safety" and prioritizes the safety of employees and local communities. We uphold core values of human rights, ethical management, diversity, and compliance within the community through initiatives like the "Dream Partners" volunteer program, enhancing sustainability for both employees and local communities.

Profit : Pursuing Sustainability in KOLON ENP's Business

From a financial perspective, KOLON ENP strives to grow and innovate to ensure long-term sustainability. We will build a green portfolio using renewable energy, bio-based materials, and recycled materials and quantitatively assess the environmental impact that our products make throughout life cycle assessment (LCA). We also seek to expand new revenues and earnings in the medical products and new mobility sectors. Furthermore, we will continuously seek to foster mutual growth through technological and capital cooperation with start-ups and SMEs within the sustainable supply chain.

Dear customers and stakeholders,
KOLON ENP is dedicated to provide solutions that transform industries with our specialty materials solutions and technological leadership. As we further strengthen our commitment to sustainable management, we sincerely ask for your continued encouragement and support on KOLON ENP's journey.

2024. 06.

Sung Huh, CEO, KOLON ENP

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OVERVIEW

COMPANY PROFILE

KOLON ENP specializes in engineering plastics (EP) and offers the largest engineering plastic portfolio in South Korea, ranging from POM (Polyoxymethylene), PA (Polyamide), and PBT(Poly-Butylene Terephthalate) to reinforced composites materials. We supply high-quality EP materials to over 90 countries worldwide.

After establishing KOLON BASF innoPOM, Inc., a joint venture with global chemical company BASF for domestic POM production, KOLON ENP has emerged as the world's largest single-site POM production complex. KOLON ENP will lead the advanced materials sector by proactively responding to global industry trends such as eco-friendly materials, core components for next-generation mobility, and composites, thereby meeting the demands of our global customers.

The POM business includes manufacturing base and compound resins, covering other services related to the production and operation process of subsidiaries. KOLON ENP also maintains its own POM polymerization facilities.
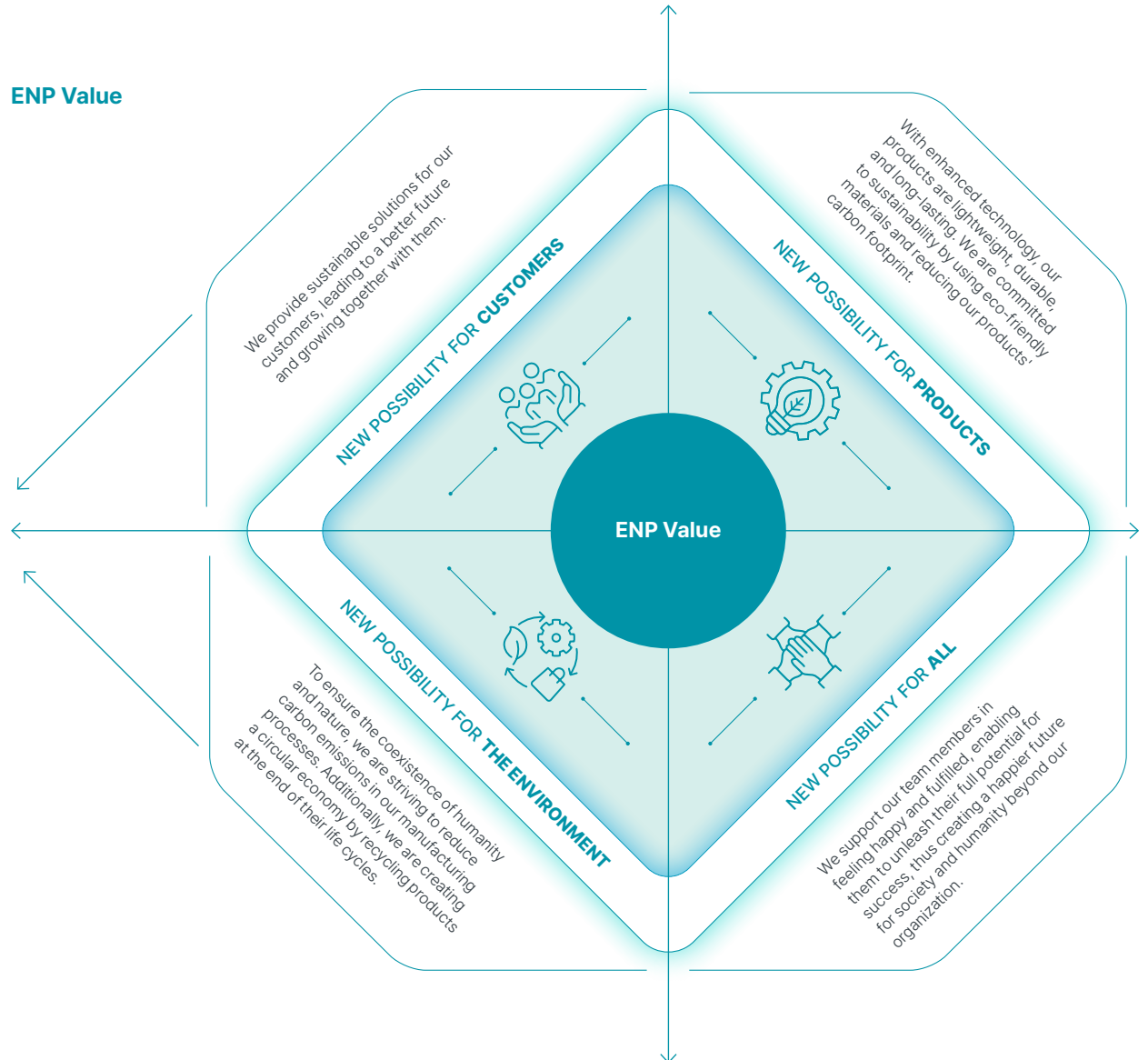
Company Name	KOLON ENP
Headquarter	64 Gongdan 3-gil, Gimcheon-si, Gyeongsangbuk-do, South Korea
CEO	Sung Huh
Date of Establishment	March 15, 1996
Number of Employees	388 (as of 2023)
Date of IPO	June 15, 2011 (KOSPI 138490)
Official Website	KOLON ENP(kolonenp.com)

Financial Overview

(Unit: million KRW, based on the 2023 consolidated business report)

	2021	2022	2023
Revenue	405,272	518,076	456,198
Operating Profit	27,682	46,042	33,814
Net Income	21,757	35,695	32,835

ENP Value

NEW POSSIBILITY FOR CUSTOMERS — We provide sustainable solutions for our customers, leading to a better future and growing together with them.

NEW POSSIBILITY FOR PRODUCTS — With enhanced technology, our products are lightweight, durable, and long-lasting. We are committed to sustainability by using eco-friendly materials and reducing our products' carbon footprint.

NEW POSSIBILITY FOR THE ENVIRONMENT — To ensure the coexistence of humanity and nature, we are striving to reduce carbon emissions in our manufacturing processes. Additionally, we are creating a circular economy by recycling products at the end of their life cycles.

NEW POSSIBILITY FOR ALL — We support our team members in feeling happy and fulfilled, enabling them to unleash their full potential for success, thus creating a happier future for society and humanity beyond our organization.

ENP Value

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MARKET & BUSINESS OVERVIEW

MARKET OVERVIEW

Korea

The automotive industry, a major consumer of engineering plastics, continues to grow, with domestic manufacturers emerging as global leaders. The demand for advanced production technologies such as flame retardant, high voltage, laser welding/marking, and materials in the E&E (Electronics & Electrical) business, including automotive batteries, motors, sensors, and connectors, continues to grow. Customers which were initially based on domestic car manufacturers, are now securing orders from global OEMs due to their technological capabilities, contributing to the industry's growth.

Europe

In 2023, the economic slowdown in Europe reduced demand from our primary customer, the automotive industry. For 2024, concerns about supply security, spurred by geopolitical issue of the Suez Canal, are anticipated to trigger stockpiling, which may temporarily surge market prices in Europe. Despite this, the European market is projected to see modest growth, with continued delayed in inflation easing and persistent weakness in the construction and automotive sectors. While the economy in Germany continues to struggle, signs of recovery are emerging in France, Italy, and Spain. In contrast, growth is expected in the Turkish economy.

India

India's automotive sector, accounting for 7.1% of its GDP, saw sales of 4.1 million vehicles in 2023, averaging 340 thousand units per month. There is particularly high demand for SUVs and crossover vehicles.The sector is expected to become the third largest in the world by 2027, as the electric vehicle market is expected to expand in 2024 through the launch of over 20 new models. Strategies such as PLI (Production Linked Incentives) and BIS (Bureau of Indian Standards) certification are being emphasized to promote local production.

Japan

In 2023, Japan's automotive market sold approximately 4.25 million vehicles, slipping to the fourth largest globally, yet remaining relatively stable. Despite an anticipated decline in sales due to the Daihatsu Motor's scandal over fraudulent vehicle tests, demand for new vehicles remains strong. However, the pace of orders for some models has begun to slow.

China

The Chinese market has strong demands for basic materials due to the growth of electric car markets. Excluding BYD, over ten local EV manufacturers has engaged in intense competitions. In addition, China is significantly expanding its POM market capacity (CAPA) under its policy of supporting domestic manufacturing of basic petrochemical materials, with plans to increase the concurrent capacity of 430 thousand tons by an additional 570 thousand tons. Continued anti-dumping duties are supporting the market dominance of new local entrants.

Singapore

Singapore is fostering its biomedical sector by creating specialized clusters that encompass research, clinical development, and production. This includes Biopolis, Tuas Biomedical Park in One-North, and Singapore JTC Medtech Hub. Despite high labor costs and population aging, Singapore has been focused its manufacturing efforts on high-value sectors such as healthcare, biotechnology, and medical devices since 2000. Sunningdale and Forefront Medical are investing in injection molding of medical pen components as part of these efforts.

Americas

The COVID-19 pandemic caused a market downturn, followed by a brief rebound in 2024. However, the escalating US-China trade war has moderated the previously optimistic economic forecasts. Despite these challenges, the trade war has inadvertently favored emerging markets such as Mexico and South America. Major companies, including BYD and Tesla, are establishing manufacturing facilities in Mexico, which is bringing economic benefits to the region from global firms, including those from China.
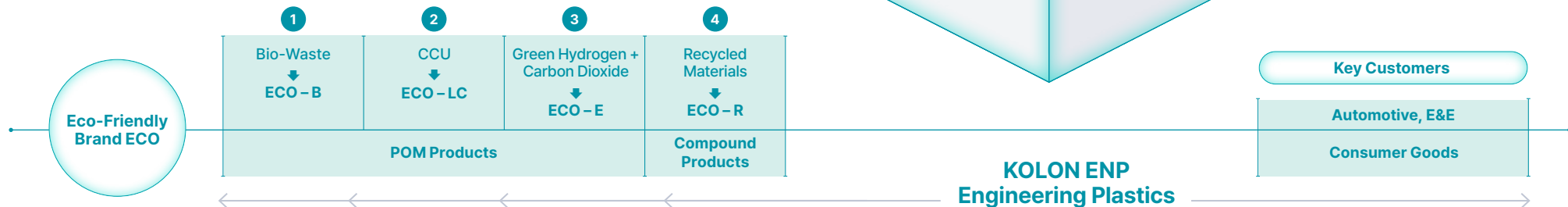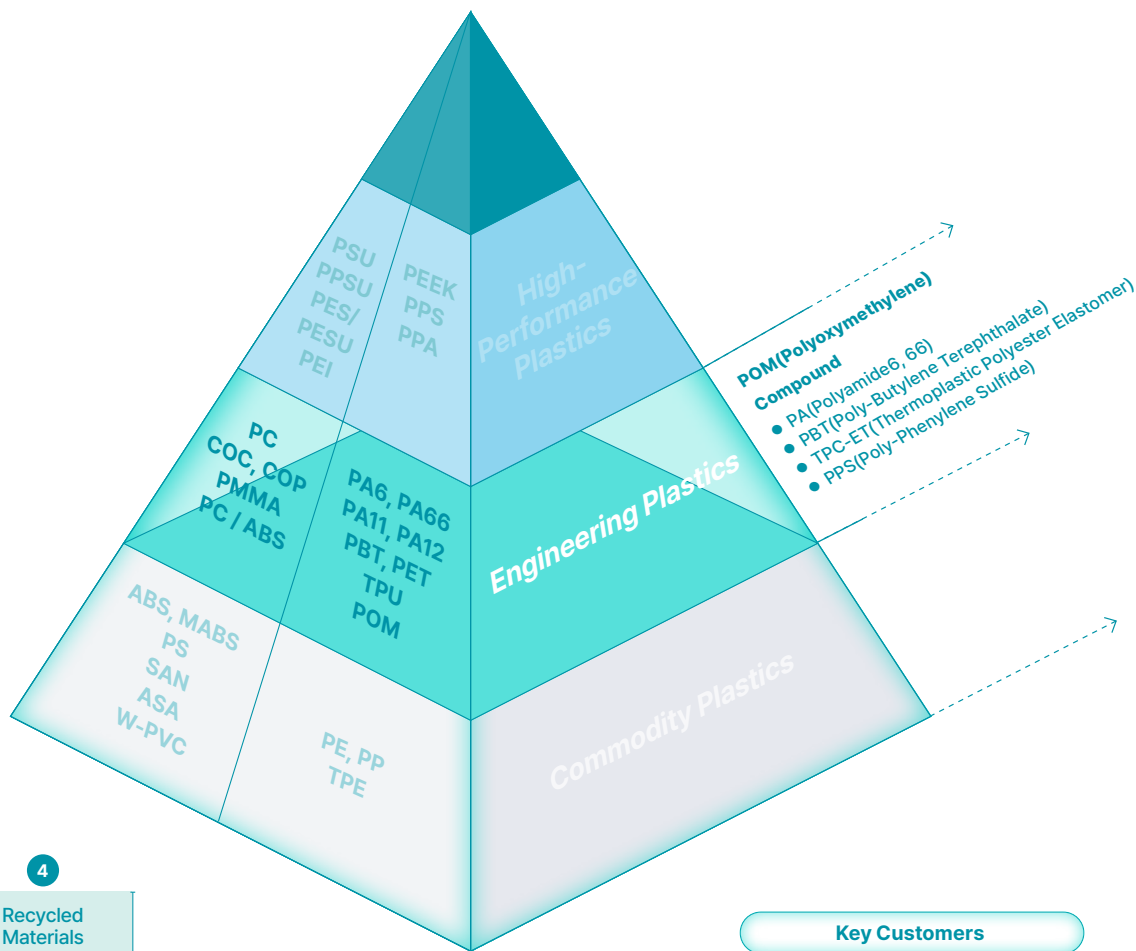
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MARKET & BUSINESS OVERVIEW

BUSINESS OVERVIEW

KOLON ENP specializes in the manufacturing, processing, and distribution of engineering plastic materials, focusing on a single business segment that includes POM (Polyoxymethylene) and Compounds. Among the five major engineering plastics, KOLON ENP produces and sells POM products and compound products such as PA (Polyamide6,66), PBT (Poly-Butylene Tere-phthalate), TPC-ET (Thermoplastic Polyester Elastomer), PEL (Polyether-ester Elastomer), and PPS (Poly-Phenylene Sulfide) etc.
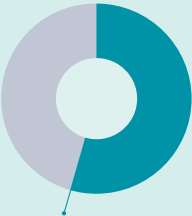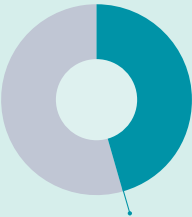
KOLON ENP caters to global clients in the automotive, electrical, electronics, and consumer goods sectors, across both domestic and international markets. Beyond our sales operations, we have specialized units focused on exploring new markets. KOLON ENP is actively expanding our market reach by establishing subsidiaries in Europe, India, the United States, and China.

As the demand for high-performance, value-added materials increases in the automotive, medical products, KOLON ENP is actively developing strategies to enter these competitive markets and expand its market share. As part of these efforts, we have launched an eco-friendly brand, "ECO," which focuses on reducing carbon emissions. The "ECO" brand features POM products derived from bio-waste, Carbon Capture & Utilization (CCU) technology, green hydrogen, and carbon dioxide, along with compound products made from recycled materials.

Pyramid diagram

High-Performance Plastics
- PSU, PPSU, PES/PESU, PEI
- PEEK, PPS, PPA

Engineering Plastics
- PC, COC, COP, PMMA, PC / ABS
- PA6, PA66, PA11, PA12, PBT, PET, TPU, POM

Commodity Plastics
- ABS, MABS, PS, SAN, ASA, W-PVC
- PE, PP, TPE

POM(Polyoxymethylene)
Compound
- PA(Polyamide6, 66)
- PBT(Poly-Butylene Terephthalate)
- TPC-ET(Thermoplastic Polyester Elastomer)
- PPS(Poly-Phenylene Sulfide)

Bottom flow diagram

Eco-Friendly Brand ECO

1	2	3	4
Bio-Waste ↓ ECO – B	CCU ↓ ECO – LC	Green Hydrogen + Carbon Dioxide ↓ ECO – E	Recycled Materials ↓ ECO – R

POM Products	Compound Products

KOLON ENP Engineering Plastics

Key Customers
- Automotive, E&E
- Consumer Goods

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MARKET & BUSINESS OVERVIEW

BUSINESS OVERVIEW

POM Business

KOLON ENP's POM, a polyacetal copolymer resin with high crystallinity, is an engineering plastic material with low friction and abrasion properties, chemical resistance, and excellent moldability. During manufacturing, POM typically emits significant amounts of formaldehyde gas, which continues to be released in smaller quantities during usage. Addressing this, KOLON ENP has innovated its production methods to significantly reduce these emissions, ensuring compliance with relevant environmental regulations.

Sales Proportion

54.4%
(as of 2023)

Sales by Sector (Unit: million KRW)

Year	Value
2021	229,178
2022	303,194
2023	247,988

Based on the 2023 business report (consolidated)

Future Strategy

The market for medical-grade POM is expected to grow from $124 million in 2023 to $229 million by 2032. This growth is fueled by the rise in chronic diseases such as diabetes and obesity which is increasing the demand for medical equipment. Additionally, heightened environmental consciousness and tighter regulations are driving demand for sustainable materials. In response, KOLON ENP is expanding its product range by acquiring certifications for Good Manufacturing Practice (GMP), biocompatibility, food contact, and medical product applications.

Compound Business

KOLON ENP's compound business enhances the physical properties of base materials, such as PA, PBT, PEL, and PET, by blending them with specific additives. By maintaining in-house production facilities, KOLON ENP ensures stability in raw material supply and cost competitiveness, thereby securing profitability. Furthermore, we are strengthening our competitiveness by investing in the construction of new facilities.

KOLON ENP caters to global clients in the automotive, electrical, electronics, and consumer goods sectors, operating across both domestic and international markets. Beyond our sales operations, we have specialized units focused on exploring new markets. KOLON ENP is actively expanding our market reach by establishing subsidiaries in Europe, India, the United States, and China.

Sales Proportion

45.6%
(as of 2023)

Sales by Sector (Unit: million KRW)

Year	Value
2021	176,094
2022	214,882
2023	208,210

Based on the 2023 business report (consolidated)

Future Strategy

As the EU End-of-Life Vehicles (ELV) Directive takes full effect in 2031, 25% of automotive plastics for sales in Europe will be required to use PCR and ELV plastics. KOLON ENP is strategically securing supplies of PCR (Post-Consumer Recycled)[1] and PIR (Post-Industrial Recycled)[2] materials and is in the process of registering automotive specifications of products using such materials. After registration, we plan to start selling these recycled products in 2025, well ahead of the 2028 mandate. Additionally, in response to the fire risks associated with electric vehicle batteries, KOLON ENP is at the forefront of developing flame-retardant materials that meet the required properties of components, collaborating closely with its customers in the process.

1) PCR: Raw materials are recycled from the products that have reached the end of their life cycle after consumer use.
2) PIR: Raw materials obtained from industrial scrap

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GLOBAL NETWORK

Germany (Frankfurt)
China (Shanghai)
China (Guangzhou)
India (Chennai)
Gwacheon Office
Yeongnam Office
Gimcheon Plant 1 (Headquarter and Plant)
Gimcheon Plant 2
Gumi Plant
USA (Michigan)
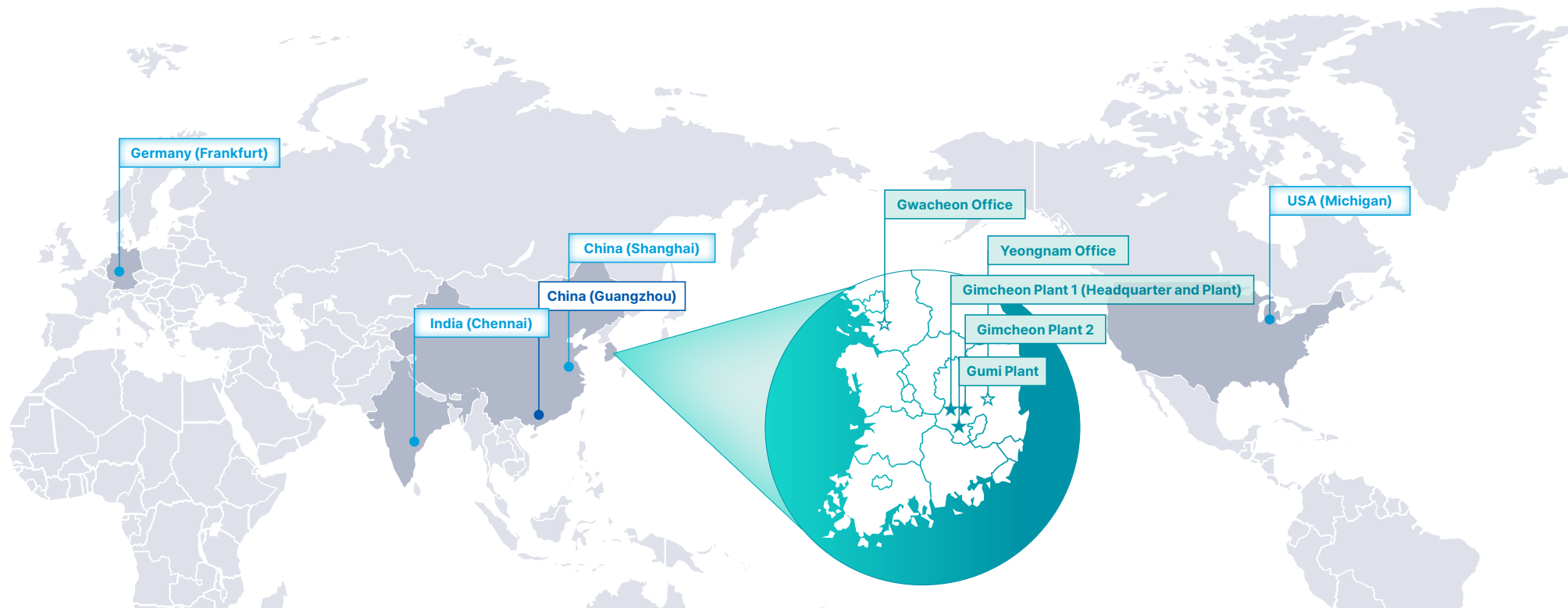
★ Domestic Headquarter and Plants   ☆ Domestic Offices
● Overseas Subsidiaries   ● Overseas Branches

Facility Locations

Domestic Headquarter and Plants	Gimcheon Plant 1 (Headquarter and Plant), Gimcheon Plant 2, Gumi Plant
Domestic Offices	Gwacheon Office, Yeongnam Office
Overseas Subsidiaries	China (Shanghai), Germany (Frankfurt), India (Chennai), USA (Michigan)
Overseas Branches	China (Guangzhou)

Description of Facilities

Gimcheon Plant 1	Designed with proprietary technology, Gimcheon Plant 1 is recognized as the world's largest POM production facility in terms of capacity at a single factory.
Gimcheon Plant 2	Based on the Connected Factory system, Gimcheon Plant 2 operates a fully automated system across all processes, producing compound products with the highest quality and optimal cost competitiveness through the development of advanced-performance materials.
Gumi Plant	Leveraging 40 years of expertise in polymer technology, we manufacture PBT solid-state polymerization products and PEL polymerization products.
Gwacheon Office	The Gwacheon office provides management and oversees the sales of POM and compound products to over 90 countries, spanning the Americas, Europe, Asia, the Middle East, and Southeast Asia. This office is committed to delivering outstanding technical services.
Overseas Subsidiaries	We are accelerating our expansion into the global market by conducting various marketing activities focused on domestic automotive and parts manufacturers established abroad. Through our overseas subsidiaries in the United States, India, Europe, and China, we are enhancing market development and improving customer technical support.

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SUSTAINABLE MANAGEMENT SYSTEM

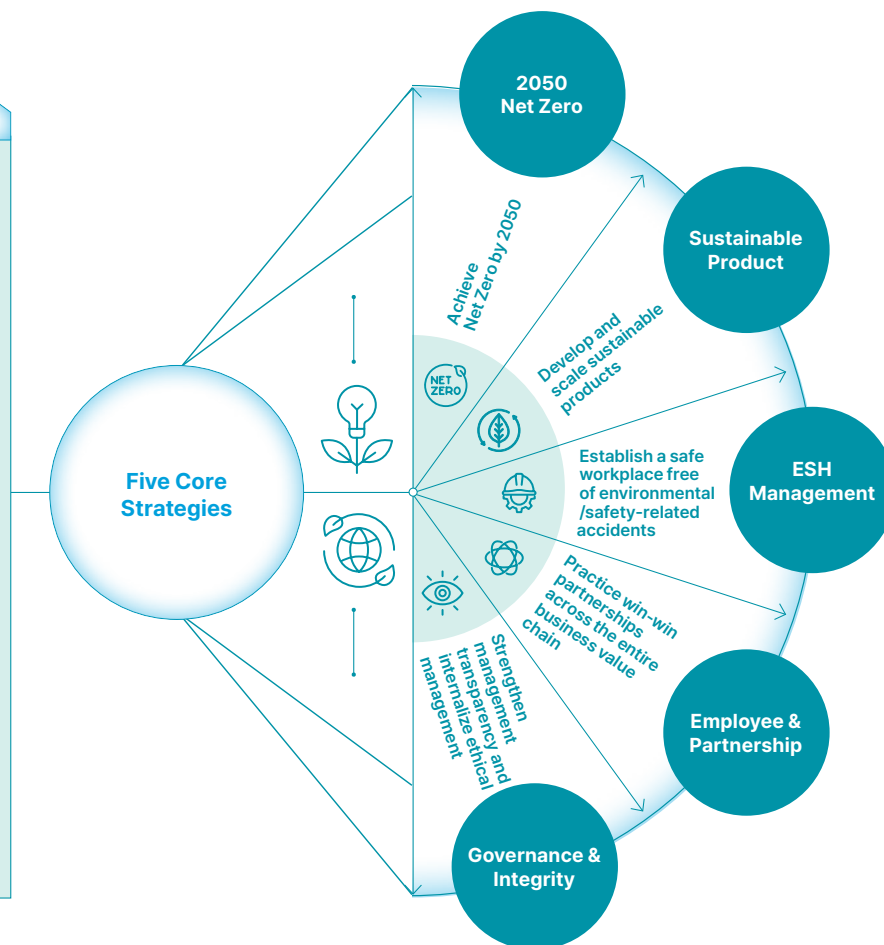**Sustainable Management Policy**

KOLON ENP has established five strategic initiatives for sustainable management, based on the sustainable management policy of our parent company, KOLON Industries. These strategies harness ESG principles to explore new business opportunities and enhance competitiveness. Each initiative is operationalized through tasks assigned to appropriate departments. We will transparently share the progress of each initiative to openly engage with our stakeholders about the future direction of KOLON ENP.

Sustainable Management Policy and Five Core Strategies

Sustainable Management Policy

KOLON ENP is committed to humanity's journey towards a sustainable future, driven by a strong sense of mission.
We practice reliable sustainable management by incorporating ESG (environment, society, and governance) principles into our business operations.

1. We pursue sustainable management by responding to climate crisis including greenhouse gas emission issues and establishing a cleaner production mechanism by thorough management of hazardous chemicals.

2. We expand the eco-friendly materials business through R&D innovation to lay the groundwork for future sustainable growth business.

3. We create a company we want to work for by complying with human rights management principles and creating a safe workplace through an accident-free management system.

4. We contribute to the sustainable development of society by communicating with customers, suppliers, and local communities.

5. We seek to maximize stakeholder value by securing the soundness and transparency of the governance structure.

6. We establish an ethical management system through good governance and anti-corruption standards.

Five Core Strategies

- 2050 Net Zero — Achieve Net Zero by 2050
- Sustainable Product — Develop and scale sustainable products
- ESH Management — Establish a safe workplace free of environmental /safety-related accidents
- Employee & Partnership — Practice win-win partnerships across the entire business value chain
- Governance & Integrity — Strengthen management transparency and internalize ethical management

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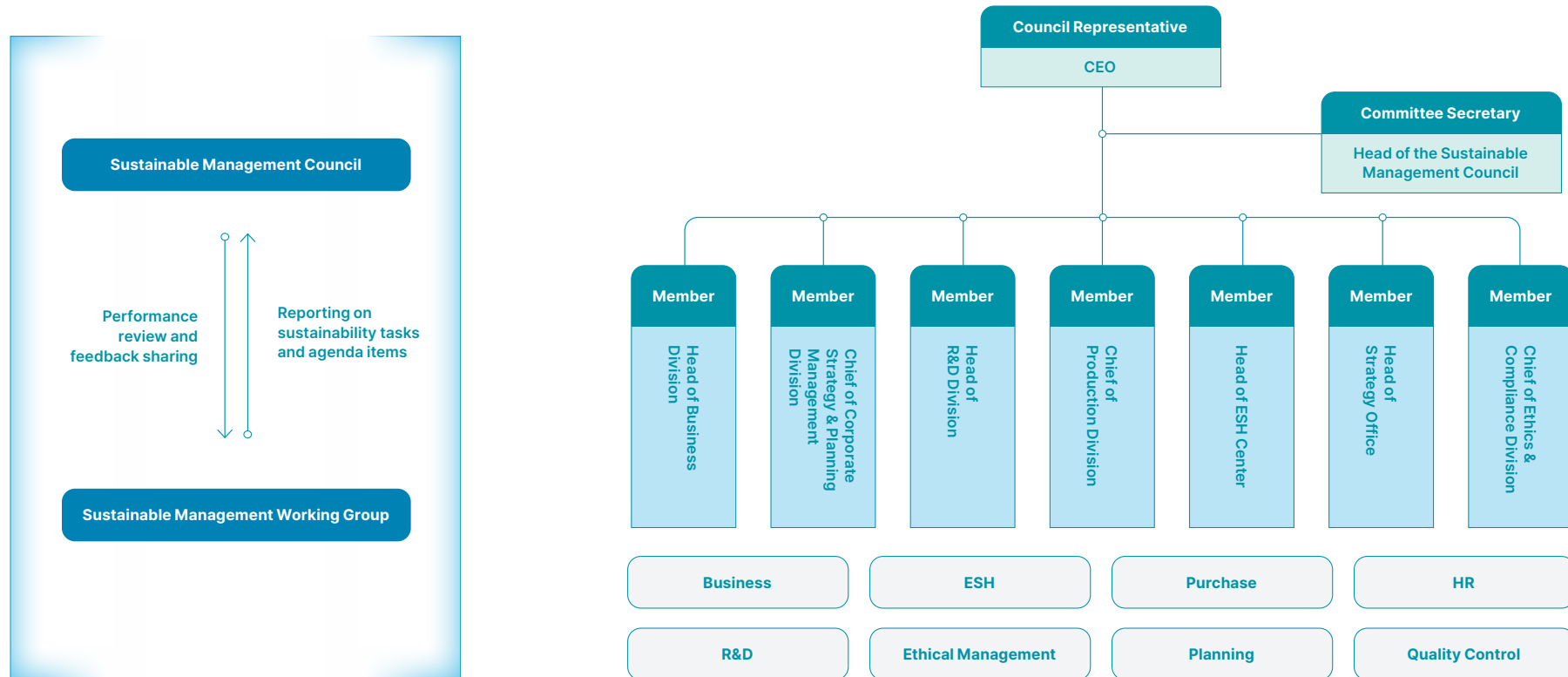
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SUSTAINABLE MANAGEMENT SYSTEM

Governance of Sustainable Management Initiatives

Since 2024, KOLON ENP has been proactively advancing sustainable business by establishing the Sustainable Management Council and Sustainable Management Working Group. These bodies ensure that sustainable practices are a core focus across the company. Guided by our CEO, the Sustainable Management Committee gathers quarterly to discuss major sustainability initiatives, assess the progress of KOLON Group's carbon neutrality efforts through Cross-Functional Communication (CFC) activities, and plan for the future. The Sustainable Management Working Group, comprised of key representatives from headquarter and each business site, addresses sustainable management tasks that demand cross-departmental collaboration. This group also supports the implementation of these practices to fully integrate them throughout the company. We plan to present key topics from the Council at board meetings to enhance the transparency of our sustainability efforts and to incorporate diverse perspectives.

Structure of the Sustainable Management Council

Sustainable Management Council

Performance review and feedback sharing

Reporting on sustainability tasks and agenda items

Sustainable Management Working Group

Council Representative — CEO

Committee Secretary — Head of the Sustainable Management Council

Member	Member	Member	Member	Member	Member	Member
Head of Business Division	Chief of Corporate Strategy & Planning Management Division	Head of R&D Division	Chief of Production Division	Head of ESH Center	Head of Strategy Office	Chief of Ethics & Compliance Division

Business	ESH	Purchase	HR
R&D	Ethical Management	Planning	Quality Control

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DOUBLE MATERIALITY ASSESSMENT

Materiality Assessment Overview

In publishing KOLON ENP's first sustainability report, we have identified key issues by integrating materiality assessment frameworks from the GRI (Global Reporting Initiative), IFRS (International Financial Reporting Standards), and the EU CSRD (European Union Corporate Sustainability Reporting Directive) frameworks. We adopted the double materiality approach, taking into account both impact and financial materiality. We will continue to enhance our sustainability strategies by identifying key materiality issues and transparently communicating the outcomes through annual materiality assessments.
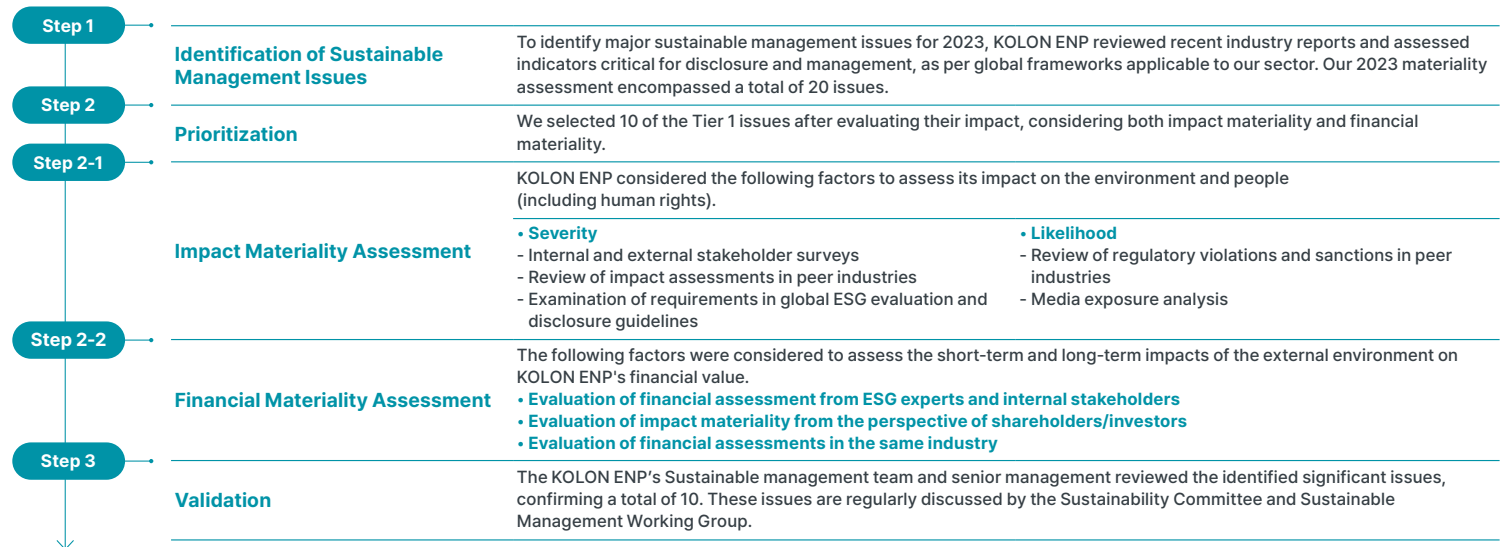
Materiality Assessment Results

KOLON ENP has selected ten material issues for 2023, with environment, safety, health (ESH) at our business sites emerging as top priorities. Other material issues include product-related concerns, ethics and compliance, as well as talent acquisition and development. In particular, 'Climate Change Response' and 'Sustainable Product/Service Development' were highlighted as the most critical issues. This reflects KOLON ENP's commitment to leading the engineering materials industry in sustainable product development and expansion amid the global decarbonization trend.

Materiality Assessment Process

Step 1

Identification of Sustainable Management Issues

To identify major sustainable management issues for 2023, KOLON ENP reviewed recent industry reports and assessed indicators critical for disclosure and management, as per global frameworks applicable to our sector. Our 2023 materiality assessment encompassed a total of 20 issues.

Step 2

Prioritization

We selected 10 of the Tier 1 issues after evaluating their impact, considering both impact materiality and financial materiality.

Step 2-1

Impact Materiality Assessment

KOLON ENP considered the following factors to assess its impact on the environment and people (including human rights).

- **Severity**
  - Internal and external stakeholder surveys
  - Review of impact assessments in peer industries
  - Examination of requirements in global ESG evaluation and disclosure guidelines

- **Likelihood**
  - Review of regulatory violations and sanctions in peer industries
  - Media exposure analysis

Step 2-2

Financial Materiality Assessment

The following factors were considered to assess the short-term and long-term impacts of the external environment on KOLON ENP's financial value.
- **Evaluation of financial assessment from ESG experts and internal stakeholders**
- **Evaluation of impact materiality from the perspective of shareholders/investors**
- **Evaluation of financial assessments in the same industry**

Step 3

Validation

The KOLON ENP's Sustainable management team and senior management reviewed the identified significant issues, confirming a total of 10. These issues are regularly discussed by the Sustainability Committee and Sustainable Management Working Group.

●●● High　●●○ Medium　●○○ Low

KOLON ENP's 10 Materiality Issues	Impact Materiality	Financial Materiality	Double Materiality	Pages	GRI
❶ Climate Change Response	●●●	●●●	●●●	P.20-24,60-61	GRI 302, 305
❷ Sustainable Product/Service Development	●●●	●●●	●●●	P.25-29	Non-GRI
❸ Workplace and Process Safety Assurance	●●●	●●●	●●●	P.30-33,65-68	GRI 403
❹ Improving Circularity and Waste Management	●●●	●●○	●●●	P.50-52,62	GRI 306
❺ Reducing Pollutant Emissions	●●●	●●●	●●●	P.51,61	GRI 303, 305
❻ Strengthening Management of Hazardous Substances	●●○	●●●	●●●	P.52	Non-GRI
❼ Product Quality and Consumer Safety	●●○	●●●	●●●	P.53	GRI 416
❽ Product Considering Environmental/Social Impact within the Life Cycle	●●●	●●●	●●●	P.28	Non-GRI
❾ Ethics/Compliance Enhancement	●●○	●●○	●●○	P.45-46	GRI 205
❿ Talent Acquisition and Development	●○○	●●○	●●○	P.37-38	GRI 401, 404

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DOUBLE MATERIALITY ASSESSMENT

Management Plan for Materiality Issues

Rank	Materiality Issues	Details	Impact	Positive/ Negative	Actual/ Potential	Stakeholder Impact Assessment Area	Major Risks and Opportunities	Page	GRI
1	Climate Change Response	Energy Efficiency	Reducing environmental impact by adopting renewable energy and enhancing energy efficiency in processes and buildings	Positive	Potential	Environment, Employees, Consumers, Local Community	(Risk) Cost associated with transitioning to renewable energy (Opportunity) Enhancement of operational efficiency and profitability through energy efficiency improvement measures	P.20-24, 60-61	GRI 302, 305
		GHG Emission Reduction	Contributing to domestic carbon neutrality implementation and enhancing national competitiveness by reducing GHG emissions	Positive	Actual	Environment, Employees, Consumers, Local Community	(Risk) Increased transition risk such as carbon credit costs due to failure to reduce GHG emissions (Opportunity) Increased competitiveness through the development of low-carbon products		
		Scope-based GHG emissions Management	Mitigating climate change by reducing greenhouse gas emissions throughout the entire value chain	Positive	Actual	Environment, Employees, Consumers, Local Community	(Risk) Financial and non-financial losses due to non-compliance with domestic and international GHG disclosure regulations (Opportunity) Improvement of customer trust through transparent GHG emissions disclosure and management		
2	Sustainable Product/Service Development	Product Innovation	Addressing consumer demands for sustainable and eco-friendly solutions	Positive	Actual	Environment, Consumers	(Risk) Increased R&D costs and product cost (Opportunity) Revenue growth due to increased demand for eco-friendly products	P.25-29	Non-GRI
3	Workplace and Process Safety Assurance	Safety and health management for employees and partner workers	Negative effects on employee health, family's well-being, and local community due to deficient safety and health management	Negative	Actual	Employees, Suppliers	(Risk) Business delays and reputational damage caused by loss of workforce from safety accidents (Opportunity) Enhancing work productivity by maintaining a safe working environment	P.30-33, 65-68	GRI 403
4	Improving Circularity and Waste Management	Non-Hazardous/ Hazardous Waste Management	Environmental degradation (environmental pollution, reduction of ecosystem services) and associated damages due to improper management of non-hazardous/hazardous waste (e.g., waste disposal or abandonment, legal violations)	Negative	Potential	Environment	(Risk) Increased costs and reputational damage due to improper waste management (Opportunity) Mitigation of regulatory risks related to waste management	P.50-52, 62	GRI 306
5	Reducing Pollutant Emissions	Reduction and Management of Air/Water/Soil Pollutants	Continuous monitoring and improvement programs to reduce pollutant emissions and prevent accidental incidents and uncontrolled leaks	Positive	Actual	Environment	(Risk) Negative impacts on the environment and society, such as environmental diseases and effects on ecosystems, caused by pollutants (Opportunity) Minimization of operating costs and regulatory compliance costs related to pollutants	P.51,61	GRI 303, 305
6	Strengthening Management of Hazardous Materials	Chemical Safety Management	Health deterioration of employees and suppliers and damage to nearby communities in the event of a hazardous chemical spill	Negative	Potential	Environment, Employees, Local Community	(Risk) Increased costs and reputational damage due to improper management of hazardous chemicals and violations of environmental regulations (Opportunity) Mitigation of regulatory risks through systematic management of hazardous chemicals	P.52	Non-GRI
7	Product Quality and Consumer Safety	Product Impact Management	Inadequate efforts to manage the safety issues of chemicals contained in products and quality control can cause direct and indirect harm to the health and safety of related industries and end consumers	Negative	Potential	Suppliers, Consumers	(Risk) Decrease in revenue due to lower customer retention and satisfaction caused by poor quality service (Opportunity) Ensuring business stability through securing product quality and safety	P.53	GRI 416
8	Product Considering Environmental/ Social Impact within the Life Cycle	Expanding LCA (Life Cycle Assessment) Product Range	Seeking ways to reduce greenhouse gas emissions for each product through LCA.	Positive	Actual	Environment, Consumers	(Risk) Non-compliance with LCA regulations may result in fines, sales bans, and damage to brand image (Opportunity) Contributing to the development of products that reduce environmental impact through LCA	P.28	Non-GRI
9	Ethics/Compliance Enhancement	Obtaining Anti-Corruption Compliance Certification	Enhancing stakeholder trust by fostering a culture of rigorous compliance management.	Positive	Actual	Employees, Suppliers	(Risk) Financial losses and reputational damage can result from legal violations. (Opportunity) Enhancing stakeholder trust through compliance management.	P.45-46	GRI 205
10	Talent Acquisition and Development	Providing employment and diverse training opportunities, Supporting capacity building	Strengthening organizational expertise and market competitiveness	Positive	Actual	Employees	(Risk) Workforce turnover leads to increased costs and reduced organizational competitiveness (Opportunity) Enhancing organizational competitiveness through strategic talent acquisition	P.37-38	GRI 401, 404

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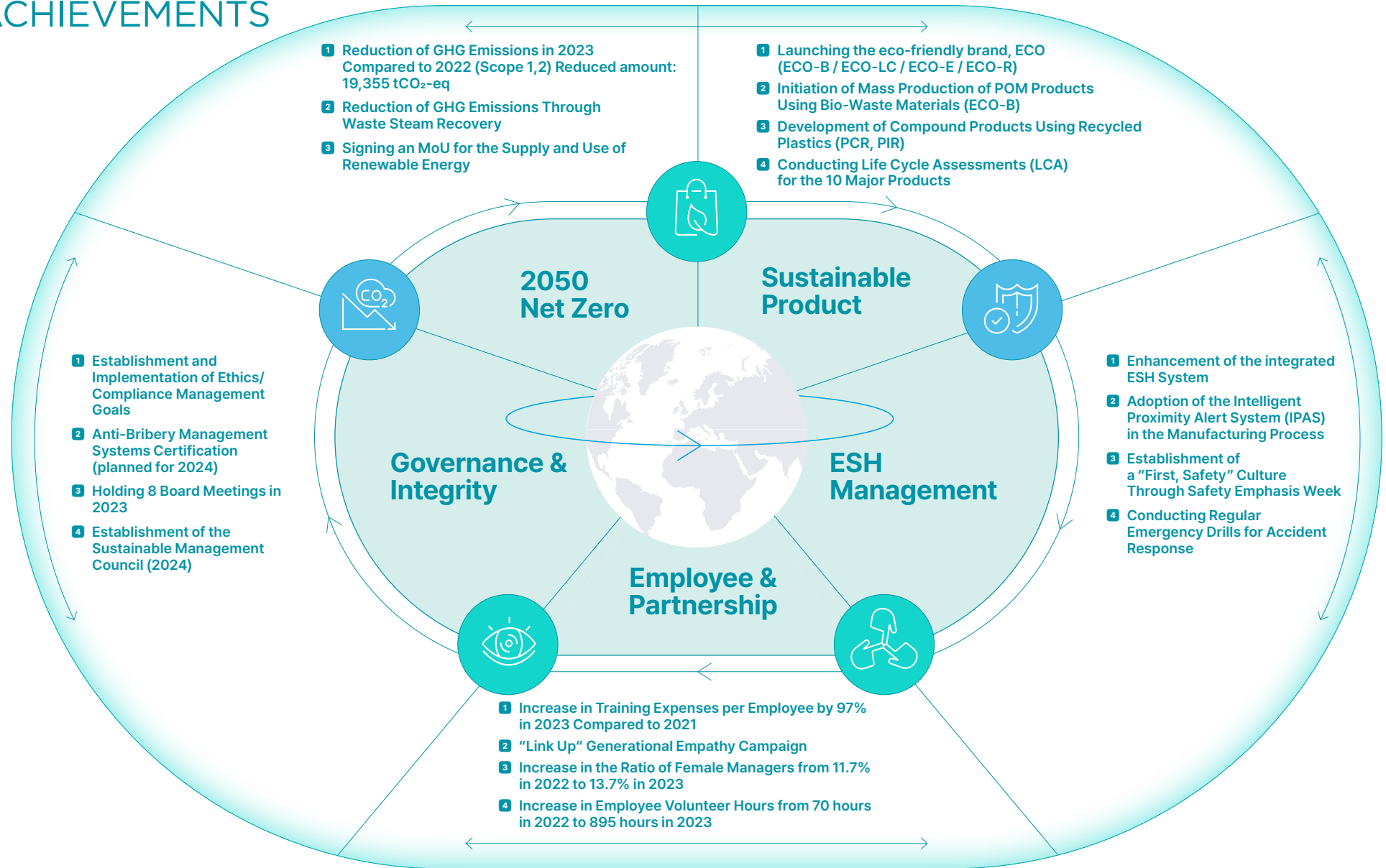
STAKEHOLDER ENGAGEMENT

Stakeholder Engagement

KOLON ENP recognizes the vital role of ongoing communication and collaboration with stakeholders in creating shared value and meeting our social and environmental responsibilities. We engage with our stakeholders through various channels, ensuring we understand their needs and concerns. This engagement drives us to develop innovative solutions tailored to these insights. Committed to transparency, we actively incorporate key issues and expectations identified from these interactions into our management practices. We disclose these commitments clearly in our sustainability reports and during our annual meetings. Through this process, we aim to build trust with stakeholders and create shared value for mutual growth.

Stakeholder Groups	Customers	Employees	Partners	Local Communities	Government	Shareholders/Investors
Relevant Key Issues	• Development of products with consideration for environmental and social impacts • Enhancement of product quality and safety • Carbon reduction targets and policies • Industry/safety/health policies • Sustainability of the supply chain	• Development of employee skills and capabilities • Enhancement of workplace safety and health management • Employment opportunities, welfare benefits, and corporate culture	• Advocating for a culture of fair trade • Initiatives to enhance the ESG capabilities of partners • Enhancing information sharing and communication	• Business sites and local communities • Management of environment and safety • Implementing social contribution activities	• Compliance/fair trade • Safety/health, and environmental policies/regulations response	• Ensuring a Stable and Sound Governance Structure • Incorporating ESG factors into the decision-making process for systematic governance • Establishment of Climate Change Response System
Communication Channels	• Feedback from customers • Customer satisfaction surveys	• Labor Management Council • Meetings (townhall meetings, etc.) • Employee surveys • Newsletters • Intranet • Company magazine • Occupational Safety and Health Committee	• Newsletters • Purchasing management system • Partner company meetings • Joint analysis evaluation and exchange meetings with partner companies	• Local community contribution programs • Employee volunteer groups • Community committee near the business site	• Policy meetings • Industry associations • Press releases	• General Meeting of Shareholders • Earnings announcement • Management Briefings Session • Disclosure of financial information and credit evaluation

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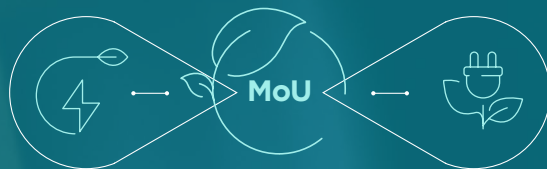
SUSTAINABILITY ACHIEVEMENTS

2050 Net Zero

1. Reduction of GHG Emissions in 2023 Compared to 2022 (Scope 1,2) Reduced amount: 19,355 tCO_2-eq
2. Reduction of GHG Emissions Through Waste Steam Recovery
3. Signing an MoU for the Supply and Use of Renewable Energy

Sustainable Product

1. Launching the eco-friendly brand, ECO (ECO-B / ECO-LC / ECO-E / ECO-R)
2. Initiation of Mass Production of POM Products Using Bio-Waste Materials (ECO-B)
3. Development of Compound Products Using Recycled Plastics (PCR, PIR)
4. Conducting Life Cycle Assessments (LCA) for the 10 Major Products

Governance & Integrity

1. Establishment and Implementation of Ethics/ Compliance Management Goals
2. Anti-Bribery Management Systems Certification (planned for 2024)
3. Holding 8 Board Meetings in 2023
4. Establishment of the Sustainable Management Council (2024)

ESH Management

1. Enhancement of the integrated ESH System
2. Adoption of the Intelligent Proximity Alert System (IPAS) in the Manufacturing Process
3. Establishment of a "First, Safety" Culture Through Safety Emphasis Week
4. Conducting Regular Emergency Drills for Accident Response

Employee & Partnership

1. Increase in Training Expenses per Employee by 97% in 2023 Compared to 2021
2. "Link Up" Generational Empathy Campaign
3. Increase in the Ratio of Female Managers from 11.7% in 2022 to 13.7% in 2023
4. Increase in Employee Volunteer Hours from 70 hours in 2022 to 895 hours in 2023

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SUSTAINABLE PERFORMANCE

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⊨ Key Achievements ⊨

Reduction of GHG Emissions in 2023 Compared to 2022
(Scope 1,2)

Reduced amount

19,355

tCO₂-eq

Reduction of GHG Emissions Through Waste Steam Recovery

CO₂

Signing an MoU for the Supply and Use of Renewable Energy

MoU

2050 NET ZERO

With climate crisis deepening worldwide, international organizations are calling for decisive climate action. In response, major nations have established Nationally Determined Contributions (NDCs) to address these challenges. In line with these efforts, KOLON ENP is proactively aiming for NET ZERO by 2050 by increasing the use of renewable energy and improving waste steam recovery methods. We are also committed to managing the environmental impact of our products throughout their lifecycle, refining development and production processes to ensure sustainability.

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

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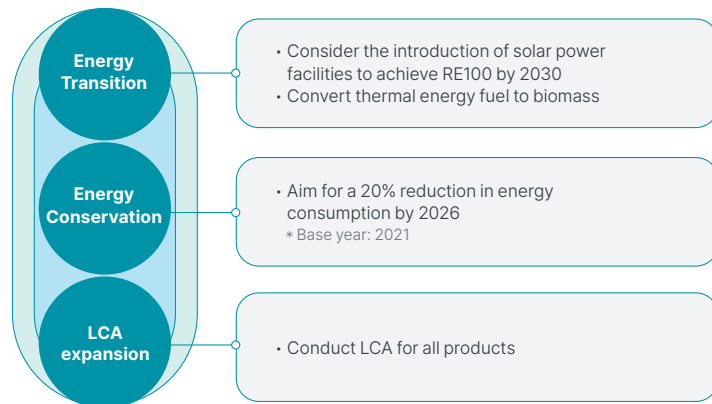
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2050 NET ZERO
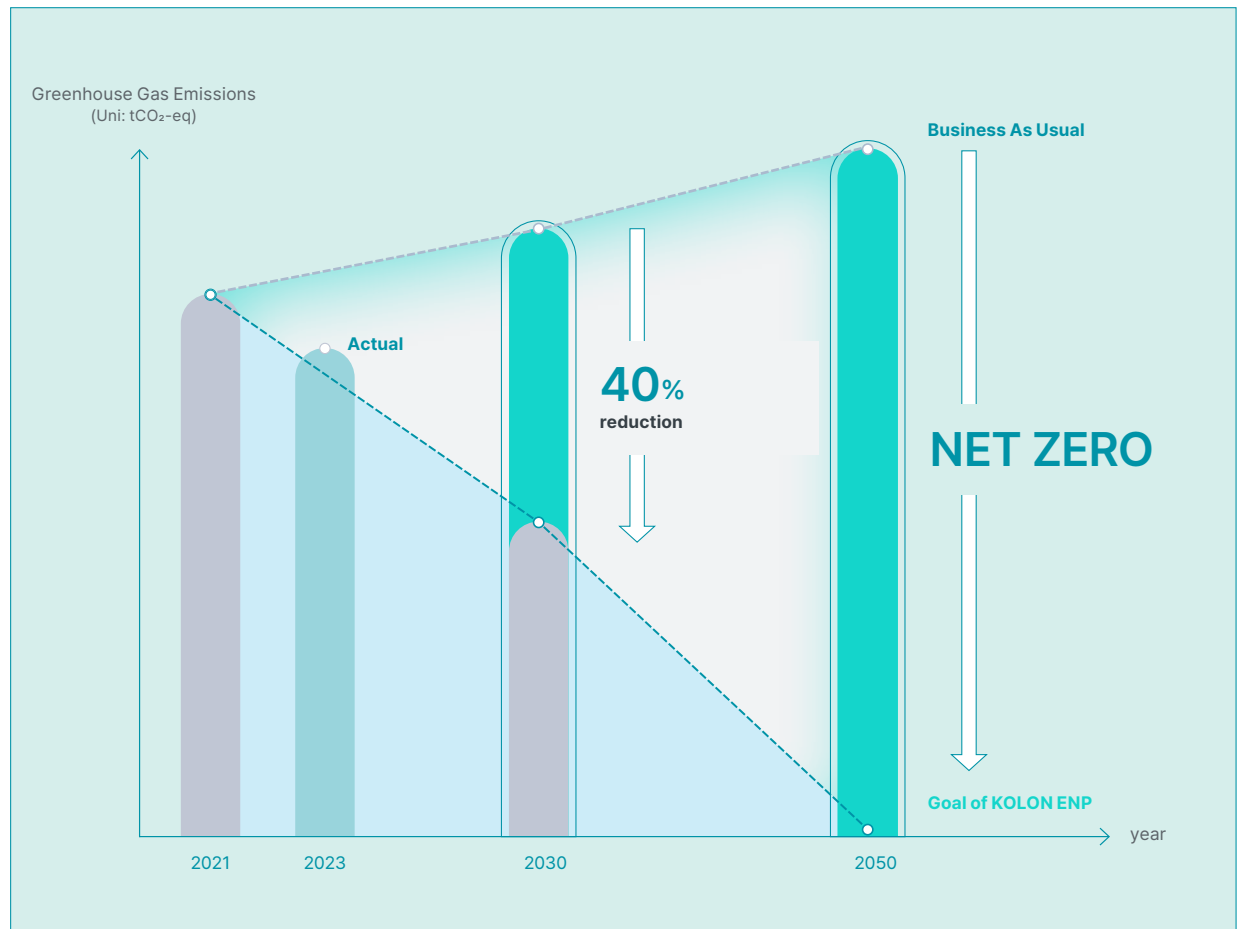## CLIMATE CHANGE RESPONSE

Climate Change Response Strategy

KOLON ENP has declared a commitment to carbon neutrality by 2050 and has set medium- and long-term goals to combat climate change. Our immediate target is to reduce emissions by 40% by 2030 from 2021 levels. Aligned with our parent company's strategy, we developed detailed plans to reach carbon neutrality and have collaborated in the parent company's process of joining the Science Based Targets initiative (SBTi) to calculate Scope 3 greenhouse gas emissions. We are also establishing systems to track greenhouse gas emissions across our international operations.

KOLON ENP has established a Sustainable Management Council responsible for enhancing and coordinating environmental performance across the company. Monthly management meetings with internal directors and senior executives focus on ESG agendas to enhance sustainable business strategies. To achieve carbon neutrality, we plan to transition to renewable energy, change the source of the steam energy and improve energy efficiency in material production. We also aim to expand the use of bio-based materials, Carbon Capture and Utilization (CCU) technology, and recycled raw materials.

▲▲▲ 3 Major Goals

Energy Transition	• Consider the introduction of solar power facilities to achieve RE100 by 2030 • Convert thermal energy fuel to biomass
Energy Conservation	• Aim for a 20% reduction in energy consumption by 2026 ✻ Base year: 2021
LCA expansion	• Conduct LCA for all products

▲▲▲ Carbon Neutrality Roadmap

Greenhouse Gas Emissions (Uni: tCO₂-eq)

Business As Usual

Actual

40% reduction

NET ZERO

Goal of KOLON ENP

2021 2023 2030 2050 year

Base year: 2021
Base Year Emissions: 176,836 tCO₂-eq
BAU(Business As Usual): Projected Emissions

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2050 NET ZERO
CLIMATE CHANGE RESPONSE

Climate Change Response Activities

Greenhouse Gas Emissions Management

KOLON ENP participates in the greenhouse gas emission trading system, enabling us to sell excess emissions allowances or purchase additional ones. Over the past five years, we have set and achieved greenhouse gas reduction targets to comply with government-allocated allowances by improving operational efficiency and upgrading our facilities. Additionally, our greenhouse gas emissions have been verified by a third party under the emission trading system. In 2023, we received independent verification of our greenhouse gas inventory and energy usage from the Korea Standards Association, ensuring meticulous compliance with emissions regulations.

Carbon Neutrality Campaign and Environmental Education

KOLON ENP actively promotes climate awareness by conducting quarterly environmental education sessions and publishing a monthly newsletter. To assist our customers in achieving their carbon neutrality goals, we have developed a data monitoring and integrated environmental management system. This initiative promotes cross-departmental collaboration among our production, procurement, and accounting teams. Information regarding KOLON ENP's carbon neutrality achievements are available on the Ministry of Environment's Greenhouse Gas Inventory and Research Center of Korea website, the Environmental Information Disclosure System, and the DART (Data Analysis, Retrieval and Transfer System). In 2024, we plan to review our participation in the Carbon Disclosure Project (CDP).

Greenhouse Gas Reduction Achievements

In 2023, KOLON ENP successfully achieved a significant reduction in its Scope 1 and 2 greenhouse gas emissions, lowering them by 19,355 tCO2-eq compared to 2022. This success was largely driven by increased investment in equipment and enhancements in process efficiency. Notably, the installation of a Thermal Vapor Recompressor

(TVR) facility played a crucial role in optimizing the mix of low-pressure and high-pressure steam. This technology not only met the necessary pressure requirements but also enhanced energy efficiency by recovering low-pressure steam.

At Gimcheon Plant 1, KOLON ENP has reduced steam usage by improving the trays in the distillation silo and enhancing operational methods. An investment of 40 million KRW was made to optimize the reflux of the distillation silo's first tray, contributing to better energy efficiency.

Similarly, Gimcheon Plant 2 improved the extrusion process by optimizing the operation of nine facilities, including vibrators, blowers, wipers, and pelletizers, reducing power consumption during product changeovers. In 2023, we have executed 93% of the environmental investment target amount, and we will continue improving our facilities to further reduce greenhouse gas emissions.

Renewable Energy Supply

KOLON ENP has signed a Memorandum of Understanding (MoU) with RWE Renewables Korea, a subsidiary of the global energy company RWE, for the supply of renewable energy power. Moving forward, we will engage in active discussions with our parent company to expand the use of renewable energy.

The MoU outlines a comprehensive collaboration focused on developing new renewable energy projects, securing and utilizing renewable energy sources, and achieving carbon neutrality in our production processes.
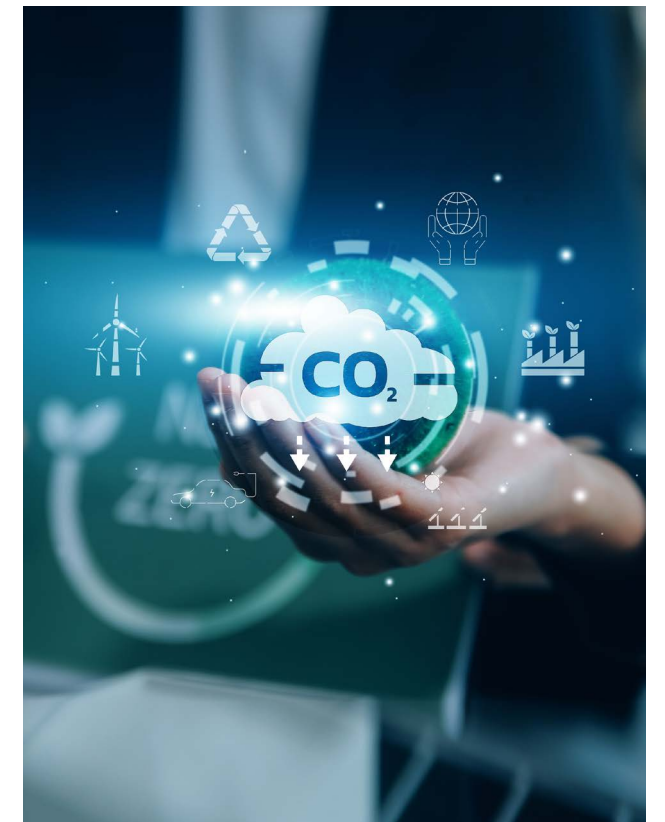
▲▲▲ Greenhouse Gas Emissions
(Unit: tCO$_2$-eq)

	2021	2022	2023
Direct Emissions (Scope 1)	17,461	19,220	16,296
Indirect Emissions (Scope 2)	159,375	151,627	135,197
Total Emissions[1]	176,836	170,845	151,491

1) Decimal places are rounded down to the nearest whole number at each site before being summed up, which may result in differences from the total emissions by scope.

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2050 NET ZERO

BIODIVERSITY PROTECTION

Establishing Biodiversity Protection Policy

Biodiversity is crucial for sustaining healthy ecosystems and providing essential resources and services to humanity. KOLON ENP is dedicated to protecting biodiversity, not only to safeguard our living environment but also to preserve all other ecosystems on the planet. We will continue to support projects that conserve species and habitats near our sites and in local communities.

In 2024, KOLON ENP established a biodiversity protection policy based on the International Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and the International Union for Conservation of Nature's guidelines. We adhere to biological diversity-related laws on which our manufacturing plants are based and incorporate conservation of biodiversity into our business activities. With the approval of the Sustainable Management Council and Sustainable management team, we are establishing the policy and planning for beach clean-up activities.

Biodiversity Protection Activities

Every year, 8 million tons of plastic waste enters the oceans, significantly harming marine life and the entire human ecosystem. On May 3, 2024, KOLON ENP employees teamed up with ITA Seoul, a non-profit beach cleanup organization, to clean up Yongyu Beach on the west coast of Incheon. Through this effort, 652kg of marine debris were collected, preventing 530 million mg of plastic from polluting the ocean and reducing its impact on marine life and human ecosystem.

The cleanup activities at Yongyu Beach have successfully removed significant amounts of debris, preventing the formation of microplastics. This effort holds social value by mitigating secondary environmental damage and reducing restoration costs. The total amount of waste collected was equivalent to 44,515 disposable PET bottles or

106,836 plastic bags. This activity prevented 4,911 green sea turtles (Chelonia mydas), a species listed as vulnerable by the International Union for Conservation of Nature (IUCN), from ingesting microplastics and contributed to their conservation.

KOLON ENP meticulously records and manages data on marine waste composition to inform future beach waste management strategies. During the May 3 cleanup, we primarily found fishing nets and Styrofoam buoys, both by-products of fishing activities. Plastics comprised 82% of the waste, emphasizing the ongoing need for community collaboration to tackle this environmental challenge. [1]

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1) Source: ITA Seoul

Waste Composition Data from Yongyu Beach Cleanup
(Unit: kg)

- Wood: 62.8 — 9.63%
- Styrofoam buoys: 25.5 — 3.91%
- Others: 70.5 — 10.81%
- Fishing nets and ropes: 493.2 — 75.64%
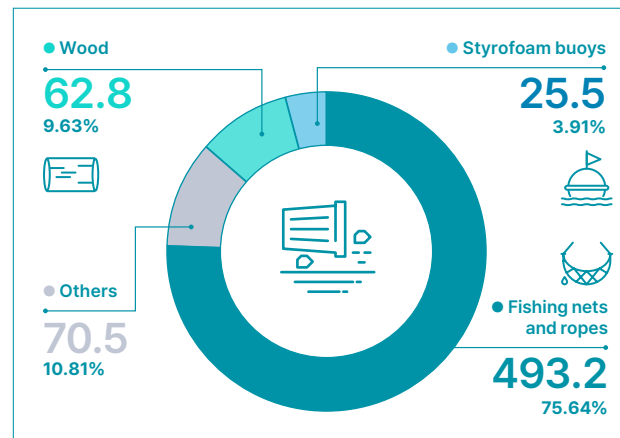
KOLON ENP also promotes biodiversity protection through local plogging activities involving employees from two Gimcheon plants 1 and 2 and the Gwacheon office. Participants use biodegradable bags to collect litter from nearby rivers and parks. This waste is then processed by a company contracted for the Gimcheon plants, with the cooperation of local governments for the Gwacheon office. We will continue our efforts to protect local rivers and ecosystems.

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INTERVIEW

Employee Interview

Q1 Please introduce your team's responsibilities.

In 2023, 'Sustainability' became the pivotal theme in the plastics industry, seen as both a significant opportunity and a major risk due to stringent global regulations.

Established in the same year, the Sustainable Management Team is responsible for consolidating and overseeing various sustainability initiatives that were previously dispersed across different divisions. Our responsibilities include developing the sustainable management system, drafting policies, and formulating detailed action plans. Key focus areas are carbon reduction strategies for 2050 NET ZERO, developing sustainable products, sourcing sustainable materials, managing ESG evaluations, and the emissions trading system.

Q2 What do you think is the biggest challenge for our company in practicing sustainable management?

The biggest challenge for our company in implementing sustainable management, as I see it, is the absence of an incentive system aligned with sustainability goals. Although the importance of sustainable management is recognized at the company level, translating it into daily operations remains challenging due to a lack of integration with departmental and individual objectives. Establishing a robust system that connects sustainability efforts to specific departmental and personal KPIs would greatly enhance our efficiency in achieving our goals, including NET ZERO, which is crucial for maintaining our competitiveness.

Q3 What is the mindset or determination of the Sustainable Management Team?

I believe the key to driving sustainable management is an indomitable spirit. In sustainability-related tasks, we often need to coordinate with various divisions. Everyone understands the importance of mitigating climate change, protecting human rights, ensuring worker safety, and preserving biodiversity. However, institutionalizing these concepts and creating changes in business activities takes time as they impact many areas. Personally, I sometimes feel anxious when I see other companies making significant changes while we still have much to do. However, I remind myself that 'Even if it is not possible today, we are making changes little by little.' It's important to stay determined and focus on small changes that leads to bigger ones. We work with the mindset of valuing small actions and never giving up.

Q4 What difficulties do you face in achieving the Net Zero goal?

As we release our first Sustainability Report, I am pleased to announce our goal of achieving NET ZERO by 2050. Setting our targets—a 40% reduction by 2030 and NET ZERO by 2050—seems easy, but achieving them presents significant challenges beyond the declaration. We've outlined a broad net-zero strategy and are now developing detailed plans in cooperation with all our teams. A major challenge is reducing Scope 2 and Scope 3 emissions, over which are beyond our control. Building a sustainable society requires joint action and addressing common challenges with a variety of stakeholders.

Sustainable Management Team, Hyerin An

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I← Key Achievements →I

Launching the eco-friendly brand
(ECO-B / ECO-LC / ECO-E / ECO-R)

Initiation of Mass Production of POM Products Using Bio-Waste Materials
(ECO-B)

Development of Compound Products Using Recycled Plastics (PCR, PIR)
(ECO-R)

Conducting Life Cycle Assessments (LCA) for the 10 Major Products
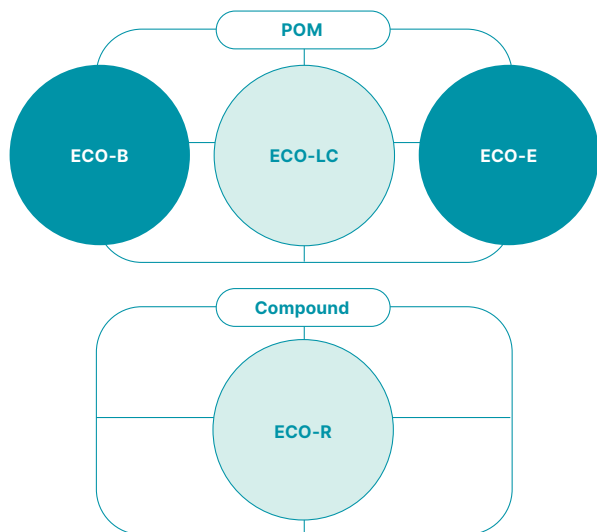
SUSTAINABLE PRODUCT

Sustainable products have become crucial in contemporary business paradigms. In alignment with this trend, we are actively expanding development of sustainable products and diversifying our portfolio. We focus on sustainable materials and technologies to minimize environmental impact throughout the product lifecycle, providing sustainable alternatives to our customers and enhancing market competitiveness. We will also strive to use more renewable materials, improve energy efficiency and research and develop methods to reduce the hazardous substances. These efforts are central to our sustainable growth and fulfilling our social responsibilities.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

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SUSTAINABLE PRODUCT

SUSTAINABLE PRODUCT DEVELOPMENT AND EXPANSION

Development of 'ECO' Brand Product Line

POM

ECO-B   ECO-LC   ECO-E

Compound

ECO-R

In 2020, KOLON ENP became the first in Korea to obtain ISCC PLUS (International Sustainability & Carbon Certification) for POM products produced at Gimcheon Plant 1. Following this, Gimcheon Plant 2 also received the certification, and the Gwacheon office obtained ISCC PLUS TRADER certification, preparing all sites to produce and distribute sustainable products.

KOLON ENP's "ECO" brand was created to reflect our commitment to the environment (ECO) and bring a fresh echo (ECHO) to the industry through our products. We plan to research, develop, and mass-produce ECO brand products to reduce carbon emissions at the raw material stage. Furthermore, we are committed to expand our portfolio.

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1) The sustainable products mentioned in the report refer to ECO-B, ECO-LC, ECO-E, and ECO-R.

POM Products

KOLON ENP produces 'KOCETAL,' an industrial material widely utilized across diverse sectors—from automotive components, such as seat belt parts, to household appliances, including refrigerator and air conditioner components, as well as everyday items like buckles and zippers. 'KOCETAL' is renowned for its balanced mechanical properties, low friction coefficient, exceptional wear resistance, outstanding fuel resistance, and minimal moisture absorption. These attributes ensure that the polymer maintains consistent dimensions under varied environmental conditions. Additionally, we effectively control formaldehyde emissions to ensure our products that meet all applicable formaldehyde standards.

'ECO-B' Using Bio-Waste Materials

Since 2020, KOLON ENP has been producing ECO-B products, which substitute petrochemical raw materials with bio-based waste materials. In 2023, we initiated the mass production and sales of these products to European manufacturers of household goods, thereby expanding our sustainable supply chain.

'ECO-LC (Low Carbon)' Using Carbon Captured Raw Materials

KOLON ENP is developing low-carbon products to meet the growing demand from customers for reduced carbon emissions. One of these products, ECO-LC, employs Carbon Capture and Utilization (CCU) technology, which captures carbon dioxide from industrial processes or the atmosphere and converts it into raw materials for industrial products. KOLON ENP is collaborating with various domestic and international suppliers to scale up ECO-LC for mass production, with plans to start manufacturing in 2024.

'ECO-E (Electrified)' Using Green Hydrogen and Renewable Carbon

KOLON ENP is developing ECO-E products using green hydrogen and renewable carbon, achieving a 98-100% reduction in carbon emissions. Green hydrogen is sourced from renewable energy and bio-based materials, while renewable carbon is obtained through CCU technology from atmospheric CO_2 or bio-based materials. To ensure a reliable supply of raw materials, we are studying international precedents and collaborating with various suppliers and research institutions. In 2023, KOLON ENP joined the Green Methanol Initiative by the Presidential Commission on Carbon Neutrality and Green Growth.

CASE   **Joining the Green Methanol Initiative**

KOLON ENP has signed a multilateral MoU with 12 organizations to establish green methanol production bases and secure market presence. This MoU, part of the Green Methanol Initiative, represents the first commercialization project involving private companies. The initiative aims to produce 200,000 tons of green methanol annually in Korea by 2027. KOLON ENP plans to use this green methanol to produce POM products to meet the rising demand.

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SUSTAINABLE PRODUCT

SUSTAINABLE PRODUCT DEVELOPMENT AND EXPANSION

Compound Products Using Recycled Materials, 'ECO-R (Recycled)'

KOLON ENP's compound materials include product lines such as KOPA6, KOPA66, SEPSIN, and KOPEL. We enhance these materials by extruding various reinforcements and additives with the base polymers. Prioritizing environmental considerations, we comply with global standards and aim to increase added value. To reduce carbon emissions, we use recycled materials like PCR (Post-Consumer Recycled)[1] and PIR (Post-Industrial Recycled)[2] instead of petrochemical materials. We also ensure stable quality management by collaborating with suppliers from the plastic waste collection stage.

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1) PCR: Raw materials recycled from the products that have reached the end of their life cycle after consumer use.

2) PIR: Raw materials obtained from industrial scrap

Product	Recycled Materials	Recycling Methods
KOPA6® ECO-R	Waste Fishing Nets, Waste Ropes	Mechanical Recycling
KOPA66® ECO-R	Waste Airbags, Waste Carpets	
SPESIN® ECO-R	Waste Lamp Bezels	
KOPEL® ECO-R	Recycled Monomers	Chemical Recycling

CASE   **Chinaplas 2024**

KOLON ENP participated in Chinaplas 2024, one of the top three global plastics and rubber exhibitions, showcasing our eco-friendly brand, "ECO." As the largest exhibition in Asia, with around 3,900 companies participating, KOLON ENP presented five types of engineering plastic (EP) products, including sustainable materials, core materials for next-generation mobility, and composite materials.

CASE   **Fakuma 2023**

KOLON ENP participated in Fakuma 2023, an international plastics industry exhibition held in Germany, themed "Digital meets Circular Economy." We presented our next-generation material solutions and set up our exhibition booth around the core concept of "sustainability." The booth included a space where customers could directly compare conventional raw materials with sustainable raw materials.

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SUSTAINABLE PRODUCT

PRODUCT CONSIDERING ENVIRONMENTAL IMPACT WITHIN THE LIFE CYCLE

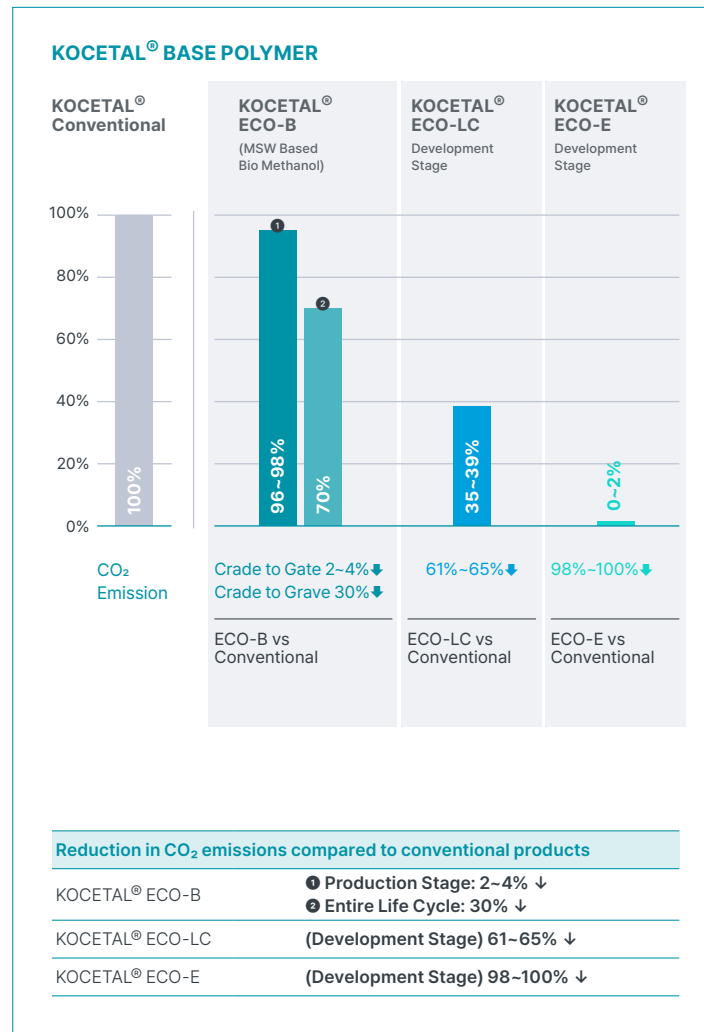### Product Impact Management Activities

Life Cycle Assessment Implementation

KOLON ENP conducts Life Cycle Assessment (LCA) to analyze environmental impacts and ensure our products are sustainable.
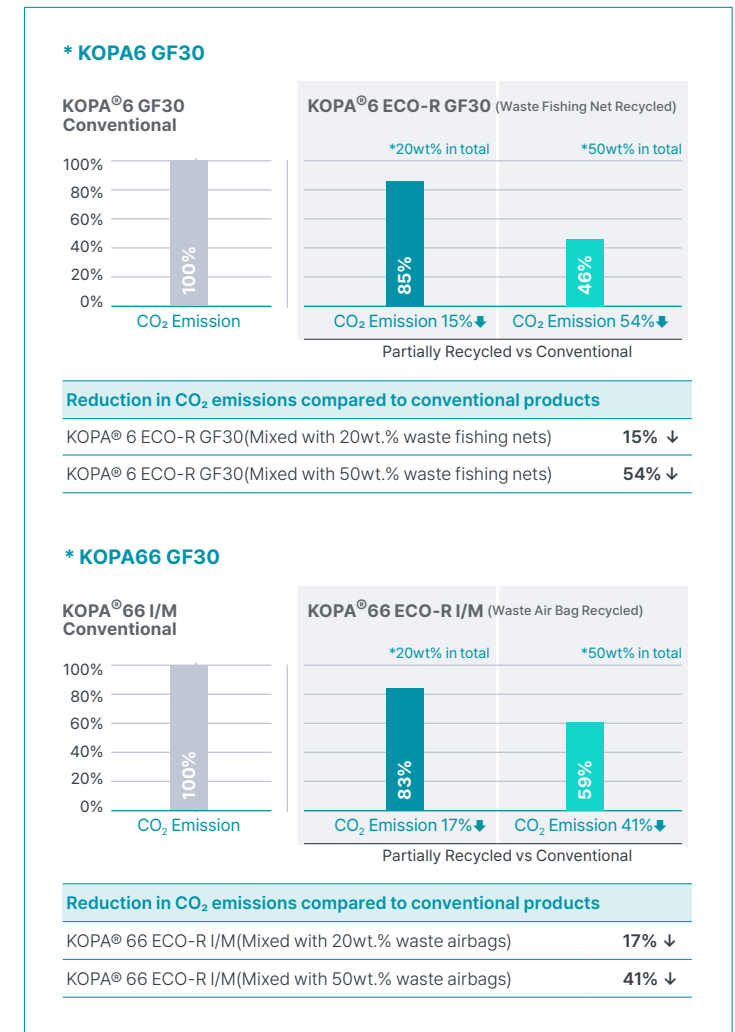
In 2023, KOLON ENP adopted LCA practices according to ISO 14040 standards, evaluating six environmental impact categories: global warming, resource depletion, ozone depletion, acidification, eutrophication, and photochemical smog. Life Cycle Assessment was completed for key products and materials, including KOCETAL, KOPA6, and KOPA66, comparing fossil fuel-based products with those made from sustainable materials. By 2023, LCA was performed on ten products, and KOLON ENP aims to complete assessments for major products by 2024.

We will continue to expand the range of products and impact categories for LCA, enhancing our ability to thoroughly assess the environmental impacts of previously unexamined materials and additives. The insights from these evaluations will help us develop better eco-friendly products and optimize our process technologies.

▲▲▲ LCA Results for POM Products (KOCETAL)

KOCETAL® BASE POLYMER

	KOCETAL® Conventional	KOCETAL® ECO-B (MSW Based Bio Methanol)	KOCETAL® ECO-LC (Development Stage)	KOCETAL® ECO-E (Development Stage)

CO₂ Emission: 100%; ECO-B ❶ 96~98% ❷ 70%; ECO-LC 35~39%; ECO-E 0~2%

ECO-B vs Conventional	ECO-LC vs Conventional	ECO-E vs Conventional
Crade to Gate 2~4% ↓ / Crade to Grave 30% ↓	61%~65% ↓	98%~100% ↓

Reduction in CO₂ emissions compared to conventional products

KOCETAL® ECO-B	❶ Production Stage: 2~4% ↓ / ❷ Entire Life Cycle: 30% ↓
KOCETAL® ECO-LC	(Development Stage) 61~65% ↓
KOCETAL® ECO-E	(Development Stage) 98~100% ↓

▲▲▲ LCA Results for Compound Products (KOPA66, KOPA6)

* KOPA6 GF30

KOPA®6 GF30 Conventional — CO₂ Emission 100%

KOPA®6 ECO-R GF30 (Waste Fishing Net Recycled)
- *20wt% in total — 85% — CO₂ Emission 15% ↓
- *50wt% in total — 46% — CO₂ Emission 54% ↓

Partially Recycled vs Conventional

Reduction in CO₂ emissions compared to conventional products

KOPA® 6 ECO-R GF30(Mixed with 20wt.% waste fishing nets)	15% ↓
KOPA® 6 ECO-R GF30(Mixed with 50wt.% waste fishing nets)	54% ↓

* KOPA66 GF30

KOPA®66 I/M Conventional — CO₂ Emission 100%

KOPA®66 ECO-R I/M (Waste Air Bag Recycled)
- *20wt% in total — 83% — CO₂ Emission 17% ↓
- *50wt% in total — 59% — CO₂ Emission 41% ↓

Partially Recycled vs Conventional

Reduction in CO₂ emissions compared to conventional products

KOPA® 66 ECO-R I/M(Mixed with 20wt.% waste airbags)	17% ↓
KOPA® 66 ECO-R I/M(Mixed with 50wt.% waste airbags)	41% ↓

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INTERVIEW — Employee Interview

Q1 Please introduce your team's responsibilities.

Our Business Planning Team analyzes the business opportunities, formulates, and revises business strategies for our division. Additionally, we evaluate business performance to enhance sales activities, explore market opportunities thorough research, coordinate internal division meetings, and manage lifecycle processes. I used to think ESG was solely focused on environmental aspects. However, after learning about ESG, I now recognize its broader significance, encompassing social responsibility and transparent governance, in addition to environmental concerns.

Q2 What do you think is the biggest challenge for our company in practicing sustainable management?

In fact, I believe the materials we handle can be a challenge because chemicals are not inherently eco-friendly. However, engineering plastics offer advantages such as ease of processing compared to metals and can exhibit sufficient strength characteristics for certain part requirements, thus contributing to the lightweighting of automobiles. By developing eco-friendly raw materials and low carbon emission materials, we can evolve into a business with a more positive environmental impact.

Q3 Do you have any habits for living a more sustainable lifestyle?

I avoid using my car unless absolutely necessary. I try to walk whenever possible and use public transportation for longer distances. Partially it is because public transport can be more convenient, but the major reason is that seeing congested roads full of cars got me concerned about the pollution from car emissions. So I make efforts to practice these small daily activities.

Q4 What do you consider an eco-friendly product?

I believe eco-friendly products are those that can be recycled. Moreover, when these products are recycled, they should deliver better performance to contribute positively to the environment. As the first step, our company is collaborating with clients to develop components using materials like PCR and PIR. Additionally, I consider eco-friendly products to be carbon-neutral products with zero carbon emissions. While it is challenging to achieve carbon neutrality, our company is making efforts through diversifying raw materials and improving processes to gradually reduce carbon emissions.

Q5 Among our company's many strengths in eco-friendly products, what would you say is the most important one?

I would like to emphasize our expertise in sourcing sustainable raw materials. With the current demand exceeding supply, having a stable sourcing strategy is getting crucial. —and our company excels in this area. Many manufacturers of sustainable raw materials through mechanical recycling are small-scale and require significant improvements in production and quality. By leveraging our extensive experience in compounding materials like PA and PBT, we share our expertise in production and quality management with these suppliers. This collaboration not only enhances their quality but also ensures a stable supply of eco-friendly raw materials, establishing a robust and cooperative sourcing system.

Interview with Seungje Woo, Business Planning Team

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I← Key Achievements →I

Enhancement of the integrated ESH System

Adoption of the Intelligent Proximity Alert System (IPAS) in the Manufacturing Process

Establishment of a "First, Safety" Culture Through the Implementation of Safety Emphasis Week

Conducting Regular Emergency Drills for Accident Response

ESH MANAGEMENT

KOLON ENP is committed to enhancing ESH (Environment, Safety and Health) management to ensure a safe working environment for all employees. We conduct risk assessments and regular safety audits of the workplace to identify potential hazards and implement improvement measures. Additionally, we provide all employees with various safety training and emergency response drills to prevent accidents and improve safety in the workplace.

3 GOOD HEALTH AND WELL-BEING

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ESH MANAGEMENT

ENSURING WORKPLACE AND PROCESS SAFETY

Safety and Health Management Strategies and Systems

▲▲▲ "ESH is everybody's business"

❶ **Establishment of a Safety System for Zero Accidents**
- Establishing Behavior Based Safety (BBS) culture to reduce unsafe behaviors among workers, ultimately achieving "ZERO" disasters and accidents

❷ **Gradual Improvement of PSM (Process Safety Management)**
- Ensuring fundamental process safety through PSM

❸ **Implementing Health Programs to Promote Employee's Well-being**
- Establishing and implementing various healthcare programs for employees

❹ **Advancing ESH Management Practices**
- Advancing ESH management efficiency through the application of the ESH System
- Declaring and implementing a safety and health management policy to form a safety culture based on the principle of human respect

Under the slogan "ESH is everybody's business." established by the CEO as the ESH action policy, KOLON ENP actively promotes safety and health activities, reinforcing the idea that safety and health are everyone's responsibility.

At KOLON ENP, operational teams at each business site conduct risk assessments and various improvement activities under the guidance of designated safety and health management managers. To enhance the effectiveness of these safety and health activities, we have established the ESH Center, led by senior executives (Head of ESH Center, executive level). Additionally, we collaborate with external experts who bring diverse knowledge to proactively identify and immediately mitigate potential risks. Through our Environment Safety and Health Implementation Policy, everyone at KOLON ENP is committed to safeguarding the environment, and striving for an accident-free workplace.

▲▲▲ ESH Center Organization

Production Division
— ESH Center
—— ESH
——— Environment Unit | Safety Unit
—— ESH2G
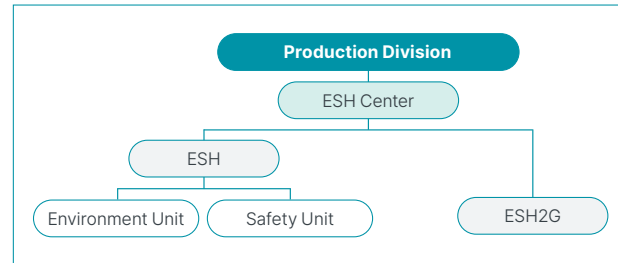
▲▲▲ Environment Safety and Health Management Policy

Environment Safety and Health Management Policy

KOLON ENP considers Environment Safety and Health (ESH) as the top priority in our business activities and adheres to an uncompromising philosophy. All employees are committed to enhancing an ESH culture, protecting the environment, and cultivating an accident-free workplace by committing to the following principles.

① All employees must comply with domestic and international laws, agreements, and company regulations related to Environment Safety and Health.
② We prioritize Environment Safety and Health to minimize the loss of life and property, striving to establish an accident-free workplace.
③ We set goals for Environment Safety and Health in our corporate activities, conduct impact assessments, and continually strive for improvement.
④ All employees and suppliers ensure the effective operation of the Environment Safety and Health system and guarantee transparency by disclosing this policy upon stakeholder request.
⑤ We establish a culture of compliance with process safety and ensure ultimate occupational safety through the Process Safety Management (PSM) system.

CEO
Sung Huh
✿ **KOLON ENP**

Employee Representatives
Sanghyun Kang   Kyunggeun Jang
KOLON BASF innoPOM

Workplace and Occupational Safety and Health Management Activities

KOLON ENP actively implements a range of activities to manage workplace safety and health. These include identifying and mitigating risk factors, conducting emergency response drills, fostering a safety culture, enhancing safety and health technologies (such as optimizing safety devices for machinery and equipment), and providing ongoing safety and health education. We have established a systematic safety and health management organization to regularly monitor the implementation status and key performance of our safety and health activities. Furthermore, we conduct evaluations of department-specific objectives and integrate them into systematic performance management to ensure cohesive operations.

Identification and Mitigation of Risk Factors

KOLON ENP conducts workplace risk assessments and implements activities to identify and mitigate risk factors based on the assessments, systems, and results. Each plant performs Job Risk Assessments (JRA), the Korea Risk Assessment System (KRAS), and Job Safety Analysis (JSA). Immediate corrective actions are taken for any identified risks. In 2023, Plant 1 achieved a 100% action rate of corrective actions for identified risks, ensuring a proactive approach to workplace safety.

Safety Monitoring

KOLON ENP employs a safety monitoring system to ensure workplace safety. Twice a month, the safety and health management manager, supervisor, and the ESH team conduct manager patrol and ESH team patrol. In addition, monthly safety inspections are carried out with subcontractors, quarterly joint patrols with partner companies, and daily safety checks by production shifts. Following each patrol, we implement appropriate measures and report the results.

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ESH MANAGEMENT
ENSURING WORKPLACE AND PROCESS SAFETY

Emergency Response System and Drills

KOLON ENP conducts emergency response trainings for leaks, explosions, fires, and asphyxiation accidents in confined spaces. In addition, we have established a comprehensive response system by providing drills on fire suppression and evacuation tailored to specific roles during dust explosion accidents, fires and other emergencies.

Emergency response drill

Operation of a Safety Culture System

KOLON ENP regards safety as a core element of its sustainable management and implements various activities to foster a safety culture. Under our Safety Culture Leadership Program, we organize innovative campaigns like firefighting competitions based on Behavior-Based Safety (BBS). Supervisors lead safety inspections, and we acknowledge employees who demonstrate exemplary safety practices or propose accident prevention ideas through our "Open It" initiative. Furthermore, the ESH Upgrade Committee is committed to continuously enhance our safety and health standards.

Adoption of Enhanced Safety Technologies: Intelligent Proximity Alert System (IPAS)

To prevent serious forklift accidents, KOLON ENP has adopted the Intelligent Proximity Alert System (IPAS), which employs ultra-wide-band (UWB) technology known for its precision and dependability. IPAS enables bidirectional communication of danger signals to both forklift drivers and pedestrians, preventing collisions. This advanced wireless frequency technology precisely measures the distance between vehicles and pedestrians, providing highly reliable alerts for collision avoidance. The IPAS system comprises vehicle tags, pedestrian tags, zone tags, flashlight zone tags, and crossway zone tags. It is currently under trial at all our manufacturing plants (Gimcheon Plant 1, Gimcheon Plant 2, and Gumi Plant), with plans for wider deployment based on the outcomes of these pilots.

▲▲▲ Types of IPAS

	Pedestrian Tag	Vehicle Tag	Flashlight Zone Tag	Crossway Zone Tag
Application Method	Alerts pedestrians when approaching vehicles or entering hazardous zones	Detects pedestrian tags, Flashlight Zone tags, Crossway Zone tags, and vehicle tags and alerts the driver	Alerts of approaching vehicles entering blind spots	Alerts of multiple vehicles entering an intersection
Installation Location	Carried by pedestrians (helmet-mounted or armband)	Installed on the exterior and interior of the forklift	Installed on internal/external doors and corners	Installed on ceilings at intersections or crossroads

Safety and Health Education

KOLON ENP conducts regular safety and health training, along with specialized training for new employees and when employees are assigned new jobs.

To enhance the level of Process Safety Management (PSM), we provide PSM training to new employees and key personnel.
In addition, we offer first aid training, including CPR (Cardiopulmonary Resuscitation) and AED (Automated External Defibrillator) use, to enhance emergency response capabilities. As part of this commitment, we provide tetanus vaccinations, have installed additional CCTV cameras to promptly identify safety and fire hazards, and have developed Guidelines for handling Safety Work in Extreme Temperatures.

VR Safety Training

▲▲▲ Safety Emphasis Week   (November 6-24, 2023)

During Safety Emphasis Week, various programs were conducted at Gimcheon Plants 1 and 2, as well as for in-house partner companies, to raise awareness about safety in the workplace. Outstanding employees and teams were rewarded, fostering heightened awareness of safety.

Programs	Details
Fire hydrant deployment competition*	Group competition format (5 people per group)
Safety poster contest	Display of all posters throughout the company
Safety catchphrase contest	Promotion of selected catchphrase and installation of signs within the facility
VR safety training	Conducting VR safety training in collaboration with the Occupational Safety and Health Agency

* Held individually at Gimcheon Plant 1

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INTERVIEW

Employee Interview

Q1 Please introduce your team's responsibilities.

ESH team prioritizes environment, safety, and health following our management policy, aiming to lead in sustainable business practices. We have established the ESH Center to ensure workplace safety, conducting various safety and health management activities across all sites and introducing advanced ESH technologies. With strong commitment from our CEO, we have declared "ESH is everybody's business" as a clear ESH policy across all operations. This has fostered an environmental safety and health management system where all employees actively participate and adhere to. Additionally, we are enhancing the circular use of resources by identifying new partners to expand waste recycling in processes.

Q2 What is the ESH team's approach to promoting sustainable management?

Our team is committed to achieving an accident-free workplace, reducing near miss incidents by 50% in 2024 compared to the previous year, and attaining a 'P' grade in PSM by 2027. We collaborate closely with the Sustainable Management Team to manage integrated data and implement detailed ESG strategies. We engage employees and their families through ESH safety pledges, and we are planning to establish a system for sharing and rewarding the best ESH practices. Additionally, we enhance employee awareness of safety and health by hosting an annual safety and health catchphrase and poster competition. And we encourage active participation through a quarterly outstanding employee reward system. Committed to ongoing investment, we strive to create and sustain a safe workplace environment.

Q3 What recent changes have there been to safety and health management tasks?

In line with the newly enacted Serious Accidents Punishment Act, the following changes have been made to in business site management.

One. Enhancement of Safety Professionals

At KOLON ENP, we have clearly defined roles and responsibilities of our safety professionals, including safety manager and health manager. These experts identify workplace hazards, conduct safety and health training, and develop accident investigation and prevention measures. By expanding our team of safety professionals, we proactively identify and mitigate potential risks in our workplace. This systematic approach to safety and health management aims to prevent serious accidents and ensures a safer environment for all.

Two. Pre-Risk Assessment and Preventive Measures

ESH team applies a hazard assessment process to conduct risk evaluations prior to any changes in the workplace environment, such as equipment modifications or the introduction of new processes. While risk assessments were conducted before the enforcement of the Serious Accident Punishment Act, we have since enhanced and strengthened our procedures.

Following the assessment, if a risk is identified as unacceptable, we implement risk reduction measures by eliminating hazardous tasks, finding solutions through both engineering and administrative approaches.

Through these solutions, we are more effectively preventing serious accidents and proactively identifying and mitigating potential hazards in the workplace.

Interview with Daeun Kim, ESH Team

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⊢← **Key Achievements** →⊣

Employee Training

1 Increase in Training Expenses
per Employee by 97%
in 2023 Compared to 2021

97% ↑

2 Development of New Courses

Organizational Culture Activation

"Link Up"
Generational Empathy Campaign

Link Up

Increase in Female Managers

Increase in the Ratio of
Female Managers
from 11.7% in 2022 to 13.7% in 2023

2022
11.7%

2023
13.7%

Increase

Employee Volunteer Hours

Increase in Employee
Volunteer Hours
from 70 hours in 2022 to 895 hours in 2023

2022
70 hours

2023
895 hours

Increase

EMPLOYEE & PARTNERSHIP

Human resource management and building stable partnerships in supply chains are foundational to corporate growth. We prioritize responsible sourcing process, expecting our suppliers to adhere to applicable regulations regarding human rights and the environment. We also provide training to our employees for self-development. Additionally, we support initiatives that promote diversity and inclusion and strive to nurture a supportive corporate culture. Furthermore, we will enhance our engagement with local communities to establish win-win management practices.

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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EMPLOYEE & PARTNERSHIP

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Supply Chain Management Policy

Establishment of Supplier Code of Conduct

We have established our Code of Conduct for suplliers, which outlines the ESG expectations for those with whom we do business. We have developed the Pledge of Supplier Code of Conduct and Pledge of Integrity Contracts Performance, which will be incorporated into our contracts. In case of violations, corrective actions will be mandated. Failure to implement these improvements may result in sanctions, up to and including termination of business relations.

Key Suppliers Management

KOLON ENP has identified key raw material suppliers that are strategically essential to the operation. These key suppliers primarily provide compounding and POM materials and are selected based on high purchase volumes according to internal criteria. In 2023, out of 126 raw material suppliers, 24 (19%) were designated as key suppliers, accounting for 78.3% of the total purchase amount for the year.

▲▲▲ Status of key suppliers

	Units	2021	2022	2023
Total number of suppliers	Number	131	132	126
Number of key suppliers	Number	20	22	24
Proportion of key suppliers	%	15.3	16.7	19.0

▲▲▲ Purchasing amount of key suppliers
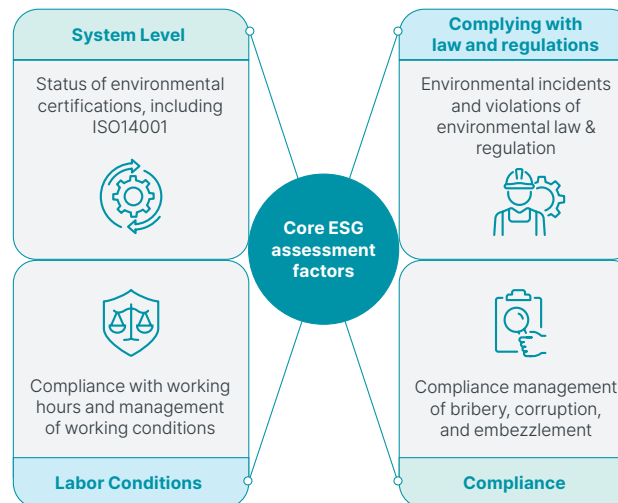
	Units	2021	2022	2023
Total purchase amount from all suppliers	Amount (100 Million KRW)	2,086	2,269	1,887
Purchase amount from key suppliers	Amount (100 Million KRW)	1,616	1,759	1,477
Proportion of purchase amount from key suppliers	%	77.5	77.5	78.3

Supply chain management activities

Supply Chain Risk Assessment

We expect our suppliers to adhere to environmental, social, and governance (ESG) standards and make efforts to improve their ESG performance. Currently, key suppliers are evaluated annually based on the Quality Management System. From the second half of 2024, these evaluations will also incorporate ESG factors such as compliance with human rights/labor, environment/safety and health, and fair operations, as stipulated in the Supplier Code of Conduct. There are four rating grades, from A to D, and these results influence future contracts and evaluations. Suppliers who receive a grade of C will have discussions to address areas of concerns. Those receiving a grade of D must take immediate corrective actions and undergo additional reviews. Repeated D grades may lead to the termination of business relationships.

▲▲▲ Core ESG assessment factors

System Level

Status of environmental certifications, including ISO14001

Complying with law and regulations

Environmental incidents and violations of environmental law & regulation

Core ESG assessment factors

Labor Conditions

Compliance with working hours and management of working conditions

Compliance

Compliance management of bribery, corruption, and embezzlement

Sustainable sourcing activities

Sourcing plan for eco-friendly raw materials

KOLON ENP provides eco-friendly products to customers, produced using bio-based materials derived from plant and urban solid waste, as well as recycled materials from marine waste and manufacturing byproducts. Eco-friendly raw materials will be managed by checking whether suppliers have obtained various eco-friendly certifications such as ISCC and OP certifications.

Sourcing management of conflict minerals

KOLON ENP recognizes that there are conflict minerals that are unethically mined and distributed, including human rights violations and environmental destruction, in conflict zones, and prohibits use of conflict minerals (tin, tantalum, tungsten, gold) that are unethically mined in conflict areas. Through the Code of Conduct for Suppliers, we prohibit our suppliers from using conflict minerals.

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INTERVIEW

Employee Interview

Q1 Please introduce your team's responsibilities.

The Purchasing Team at KOLON ENP ensures a stable supply of raw materials for smooth production. We foster effective communication with suppliers to identify and address key issues, creating a win-win relationship. With the rise of ESG management, coordination with suppliers is crucial for mutual benefits. As the team responsible for raw material procurement, it is our job to prevent supply disruptions by encouraging sustainable management among our suppliers. We have integrated risk assessment into our KPIs to manage and mitigate potential risks effectively.

Q2 What is the Purchasing Team doing to promote sustainable management?

KOLON ENP's supply chain includes a diverse range of suppliers, from global corporations to small-scale manufacturers, both domestic and overseas. In many cases, global corporations are already setting strategic sustainability initiatives. However, small businesses still face challenges in managing these priorities effectively. Moreover, since we source most of our raw materials globally, not all countries share the same expectations or business practices regarding sustainability. To maintain collaborative partnerships of all sizes, we support our suppliers in improving their sustainability practices.

Q3 What efforts are you making to manage non-financial risks in the supply chain?

Traditionally, competitive pricing and high quality have been the keys to success in manufacturing. However, rising emphasis on sustainability, even the highest-quality products may not meet expectations without ESG practices. Our team is now prioritizing ESG readiness along with supply stability and quality. Starting this year, we aim to finalize and fully implement the evaluation guidelines to assess risks based on our Code of Conduct for Suppliers.

In addition, it is essential to strengthen the capabilities of each team member to identify and evaluate the non-financial risks of our suppliers. Accordingly, we are actively participating in internal and external training related to the sustainable sourcing process. Through effective communication and sharing up-to-date information on ESG trends within the team, we aim to strengthen our non-financial risk management capabilities.

Q4 Do you have any habits for living a more sustainable lifestyle?

I use reusable items like tumblers to minimize single-use products and try to reduce my water consumption. I also participate in social donation activities. I believe that these ongoing efforts, no matter how small, are key to building a sustainable future for the next generations.

Interview with Euncheol Son, Purchasing Team

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EMPLOYEE & PARTNERSHIP

HUMAN CAPITAL MANAGEMENT

Talent Recruitment

Ideal employee of KOLON (core values)

'One & Only Way' is KOLON's core value that should be given top priority by all KOLON people. 3 Ways forms the standards for all the decisions and actions of KOLON people and the strengths we ultimately aim to gain. The 9 Practices stimulate the specific actions needed to bring One & Only Way into reality through daily activities.

▲▲▲ 3 Ways & 9 Practices

First Choice of Customers	• Start with the customer. • Provide value beyond expectations. • Contribute to the customer's success.
Uniqueness	• Anticipate and act ahead of the market. • Collaborate beyond boundaries. • Challenge new things.
Individual Excellence	• Set high goals. • Prepare thoroughly. • Execute until successful.

Fair Recruitment

KOLON ENP ensures equal opportunity to compete fairly for all applicants , regardless of their background. We uphold strict, fair recruitment principles, prohibiting any form of preferential treatment or discrimination against any candidate throughout the hiring process. Training on fair recruitment principles and obligations is provided to executives, hiring departments, and final interview candidates, who are required to sign a pledge. Additionally, We have implemented AI competency tests to ensure objective and fair recruitment based on transparent results and criteria.

Onboarding program

KOLON ENP ensures a successful onboarding process by clearly communicating our core values and culture. Our program helps new employees understand these values, introduces them to different perspectives, and outlines potential career paths. After training, each new employee is paired with a buddy for three months. This 1:1 buddy system guides new hires through workshops and activities, ensuring they integrate seamlessly into the organization.

Job Posting System

KOLON ENP operates a Job Posting system to find suitable internal candidates for vacancies. This system allows employees to apply for
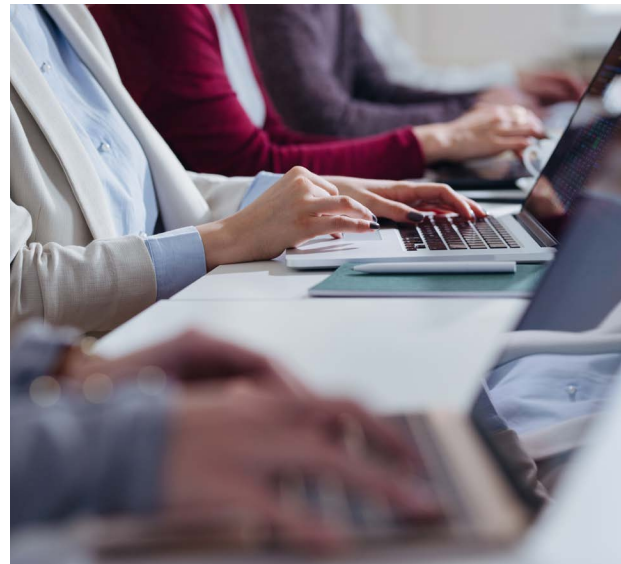
transfers, offering opportunities for career development and growth. Candidates are selected through document reviews and interviews. This approach provides diverse job experiences, enhances employee motivation, and invigorates the organization.

Technical Skill Enhancement Program

KOLON ENP provides regular technology training about engineering plastics, including material properties, production processes, and quality inspections. In 2023, we conducted training specifically for sales personnel of the business division, covering practical exercises in material properties, injection molding, and physical property evaluations. Reflecting employees' feedback from 2022, we changed the list of the training participants and schedule and developed new courses to enhance employee satisfaction. Approximately 48 hours of training were conducted, and the results are utilized for employee competency assessments.

Competency Development

KOLON ENP runs a variety of programs to develop employee competencies. New employees undergo an introductory course and common job training. Furthermore, all employees participate in annual training sessions on equipment technology and material properties, conducted by our parent company, KOLON Industries. To cultivate future leaders, KOLON ENP provides specialized leadership programs tailored to specific roles. We are committed to providing a support for the continuous growth and development of our employees going forward.

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EMPLOYEE & PARTNERSHIP
HUMAN CAPITAL MANAGEMENT

Performance evaluation and compensation

Performance evaluation
KOLON ENP operates a performance evaluation system based on principles of objective goal management, performance-based assessment, competency evaluation, field emphasis, and transparency. To enhance fairness, the company continuously refines the system, incorporating multifaceted evaluations such as peer and team leader assessments. An evaluation committee has been established to regularly review the committee's reports, ensuring fair evaluations.

Compensation
KOLON ENP aligns performance evaluations with compensation to reinforce a performance-driven organizational culture. Employees receive annual bonuses based on their performance reviews, and managers in our performance-based salary system receive raises that reflect their contributions. In addition to regular salary increments, the company operates PS (Profit Sharing) and PI (Productivity Incentive) systems to distribute excess profits and productivity bonuses to all employees, sharing company success and enhancing motivation.

Employee Benefits

Flexible Working System
KOLON ENP operates a flexible working system to promote work-life balance for employees. This includes flexible start and end times for office staff, allowing them to set their own working hours. We also offer remote work options for employees during pregnancy or when family care is necessary. Furthermore, employees who need to focus on pregnancy, childcare, or family care can opt for reduced working hours.

Work-Family Balance Policy
KOLON ENP provides comprehensive programs to support work-family balance, including pregnancy and childcare support. We extend reduced working hours for pregnant women by an additional four weeks beyond legal requirements. To further support and protect pregnant employees, we offer congratulatory gifts and designated parking spaces. To minimize career breaks due to childcare, we provide reduced working hours during the childcare period, family care leave, and an in-house daycare center. Additionally, we enhance employee welfare through children's tuition assistance and health check-ups for couples.
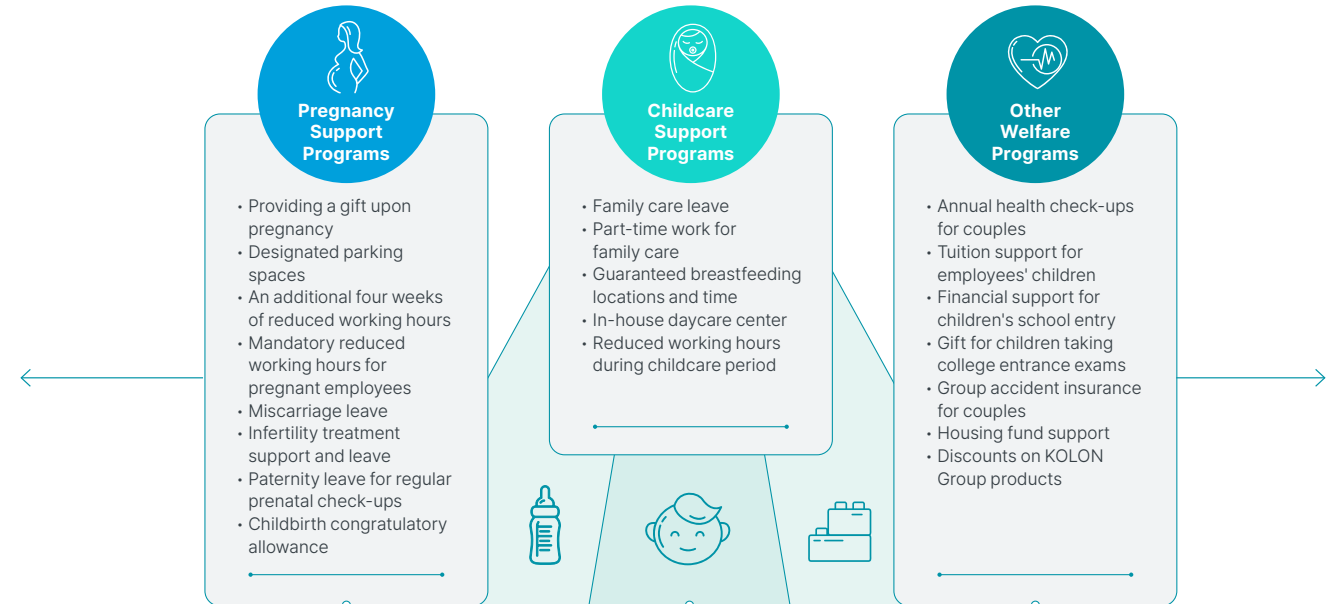
Self-Development Programs
KOLON ENP offers self-development programs to support the continuous growth of employees. We provide subsidies for external language courses, including monthly allowances and support for multi-campus programs. Furthermore, we encourage and subsidize various sports and self-development activities through internal clubs.

▲▲▲ Work-Family Balance Policy

Pregnancy Support Programs
• Providing a gift upon pregnancy
• Designated parking spaces
• An additional four weeks of reduced working hours
• Mandatory reduced working hours for pregnant employees
• Miscarriage leave
• Infertility treatment support and leave
• Paternity leave for regular prenatal check-ups
• Childbirth congratulatory allowance

Childcare Support Programs
• Family care leave
• Part-time work for family care
• Guaranteed breastfeeding locations and time
• In-house daycare center
• Reduced working hours during childcare period

Other Welfare Programs
• Annual health check-ups for couples
• Tuition support for employees' children
• Financial support for children's school entry
• Gift for children taking college entrance exams
• Group accident insurance for couples
• Housing fund support
• Discounts on KOLON Group products

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EMPLOYEE & PARTNERSHIP
HUMAN CAPITAL MANAGEMENT

Organizational Culture

Diagnosing and Changing Organizational Culture
The Link Up campaign, initiated by KOLON Group, aims to bridge generational gaps by sharing moments of perceived generational differences through videos and web dramas and fostering a culture of mutual respect. Additionally, KOLON ENP conducts regular organizational diagnostics through employee surveys to continuously improve its culture. These diagnostics evaluate the effectiveness of new systems, perceptions of HR policies, and approaches to increase employee satisfaction. We use the results to compare with past feedback and plan new initiatives to enhance our organizational culture.

Town Hall Meetings
Since 2023, KOLON ENP has held quarterly town hall meetings to foster a culture of respect and shared opinions. These meetings serve as a platform to discuss the company's vision, objectives, key issues, and business progress. The Q&A sessions encourage all employees to participate, promoting a collaborative environment. The goal is to align company and employee objectives, driving mutual growth and engagement.

Labor-Management Coexistence Activities

KOLON ENP's labor union, established in 2021, has quickly built on the longstanding trust previously developed with the representative organization of employees. The company maintains a single-union structure to promote and sustain a harmonious labor-management relationship. Quarterly meetings between labor and management provide a crucial communication channel for employees. In the 2024 wage agreement, both parties, relying on their established trust, achieved amicable settlements despite challenging external conditions. Looking ahead, we are committed to advancing our labor culture and strengthening trust with the union for mutual development and a strong future.

▲▲▲ Town Hall Meetings

Quarterly News
- Major news and congratulations from each division

Best Practice (Team/Employee)
- Sharing awards and achievements

Town Hall Meetings

Sharing Management Performance
- Review of quarterly performance and goals

KENP Talk
- Sharing topics related to the theme
- Open questions and idea sharing on the theme

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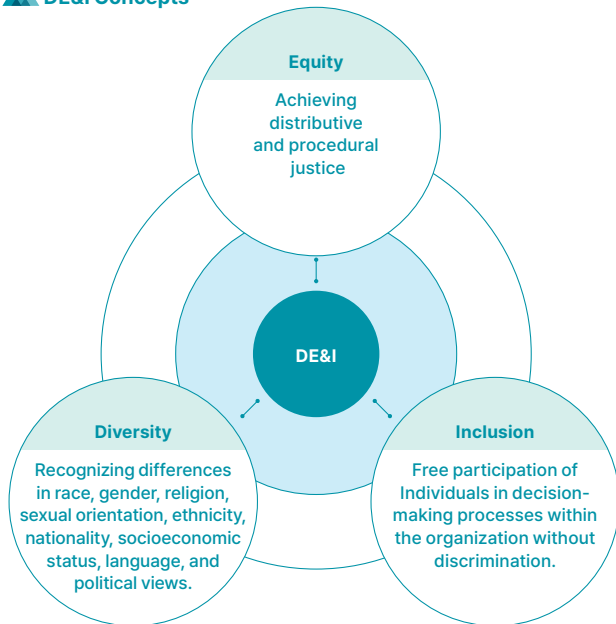
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EMPLOYEE & PARTNERSHIP

STRENGTHENING DIVERSITY, EQUITY, AND INCLUSION

Diversity, Equity, and Inclusion (DE&I) Policy

DE&I Policy

Managing and utilizing employees' diverse experiences, values, attitudes, and perspectives is essential for fostering creativity and innovation and thereby enhancing diversity and equity within an organization. We are committed to promoting Diversity, Equity, and Inclusion (DE&I) to create a workplace where everyone feels valued and included. We are gradually enhancing diversity, starting with gender and nationality.

▲▲▲ DE&I Concepts

Equity
Achieving distributive and procedural justice

DE&I

Diversity
Recognizing differences in race, gender, religion, sexual orientation, ethnicity, nationality, socioeconomic status, language, and political views.

Inclusion
Free participation of Individuals in decision-making processes within the organization without discrimination.

Enhancing Diversity, Equity, and Inclusion Activities

Efforts to Promote Female Managers

As part of our initiative to enhance diversity within the organization, we are implementing the Women's Human Resources Development Policy and Work-Family Balance Policy aimed at developing and retaining female talent. We offer a flexible part-time system to help women avoid career breaks due to childcare responsibilities. In addition, we are planning a mentoring system for fostering female leaders to achieve our goal of having 30% female managers by 2030. Despite the characteristics of the manufacturing sector, our efforts have consistently increased the proportion of female managers within our organization.

▲▲▲ Key DE&I Promotion Activities

Organization with diverse talent	Creating an inclusive organization
• Mentoring for female leaders • Managing female leadership candidates • Regular part-time system	• Recruitment of foreign students • Ongoing recruitment of global talent

▲▲▲ Ratio of Female Managers

(Units: %)

2021	9.91
2022	11.67
2023	13.71

0%   3%   6%   9%   12%   15%

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EMPLOYEE & PARTNERSHIP

COMMUNITY IMPACT

Community Contribution Programs

Under the vision of "Lifestyle Innovator," KOLON ENP participates in social contribution programs that promote Eco-life, Future-life, and Share-life. During the COVID-19 period, many external social activities were restricted, resulting fewer volunteer hours. However, we plan to log over 1,000 hours of volunteer work starting in 2023 engaging all employees. By encouraging each employee to volunteer at least 10 hours and organizing diverse community programs, we aim to increase our community involvement and social contributions.

▲▲▲ Employee Volunteer Hours   (Unit: Hours)

	2021	2022	2023
Employee Volunteer Hours	106	70	895

▲▲▲ Social Contribution Implementation System

VISION	→	Lifestyle Innovator
SLOGAN	→	"Stepping Stone to Dreams, Dream Partners"
VALUES	→	Change + Volunteer + Communication

Eco-life
Pursuing eco-friendly lifestyle for a sustainable society

Future-life
Nurturing the next generation of talent and providing opportunities for growth

Share-life
Improving the welfare of the underprivileged and creating an inclusive world

Social Contribution Programs

- Plogging
- One Site, One Stream
- Beach Clean-up

- Financial support for Elementary School Children's Newspaper

- Sponsorship of Love House
- Support for Village Activities
- Special Activity Support for Low-Income Children
- Blood Donation Campaign
- Samnam-gil Tracking for Dreams

Community Impact Activities

Eco-life promotes a sustainable society through organizing activities like plogging, the "One Site, One Stream" initiative, and beach cleanups. Future-life nurtures the next generation by offering growth opportunities through programs like "Hello Dream" and supporting children's newspapers in local elementary schools. Share-life aids marginalized groups with activities such as Samnam-gil Tracking for Dreams, blood donation campaigns, the Dream Pack Donation Angel campaign, and various community events for holidays, Parents' Day, and Senior Citizens' Day.

▲▲▲ Major Social Contribution Activities

Community flower path project

Love sharing blood donation campaign

CASE   **CEO's 'Zero Single-Use Plastic Challenge'**

▶ Youtube

CEO Sung Huh participated in the 'Zero Single-Use Plastic Challenge' and shared the video on the group's social media to encourage all employees to reduce the use of single-use plastic products. Employees are encouraged to use personal tumblers, conduct digital meetings, and adopt eco-friendly business cards.

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INTERVIEW — Employee Interview

Interview with Hongsun Choi, Human Resources Team

Q1 Please introduce your team's responsibilities.

The Human resource team is responsible for reviewing and planning various personnel systems, as well as managing HR policies and welfare programs.

Q2 What is the Human Resource team considering regarding sustainable management?

Participating in the report publication process prompted us reflect on how our roles contribute to sustainable management. We identified "human rights education" and "DE&I" as key focus areas. As our department oversees company-wide training, we plan to expand our programs to cover human rights topics beyond generational conflicts, workplace harassment, and sexual harassment issues. We are aiming to cultivate a more diverse and inclusive corporate culture by exploring ways to increase the representation of women in the company and the employment of people with disabilities.

Q3 What do you think is the biggest challenge for our company in practicing sustainable management?

I see the main challenge as the varying levels of understanding and commitment among our employees regarding the significance of sustainable management. It's essential that everyone not only recognizes its present importance but also considers its future impact on our teams and the company. When all members fully comprehend its significance and can engage in meaningful discussions, this collective awareness and dialogue will become a powerful driving force for implementing sustainable management practices.

Q4 What efforts should the company make to ensure new employees stay with the company for a long time?

Long before the MZ(Millennials and Generation Z) generation became a major focus, decreasing tenure and frequent job changes were significant concerns for HR professionals. We implemented initiatives like group-wide onboarding programs, welcome kits, and buddy activities to help new employees blend smoothly. To retain employees long-term, providing ongoing support beyond the initial adaptation period is crucial. Therefore, we plan to extend our onboarding programs from the initial months to quarterly or annual.

Q5 What type of specialized talent do you think is necessary for our company's future growth?

Given the rapid and extensive changes occurring not only in technology but across society, our company needs individuals who can adapt to new trends and changes and develop them further. The ability to learn and evolve is crucial. We need talent that does not merely stay current but can also transform changes into opportunities for growth. I believe individuals with such capabilities will thrive and grow with KOLON ENP.

Q6 What do you consider to be an ideal organizational culture?

The ideal culture I envision is built on mutual respect, consideration, and inclusiveness. While many companies aim for a flat hierarchy, achieving this can be challenging in our national context. I believe in aspiring towards a culture where opinions are freely expressed, yet it is crucial that it rests on a foundation of mutual respect, where everyone feels considered, and diverse opinions are embraced. To achieve this, we have restructured job titles and levels and standardized the terms of address. I view each of these actions as steps towards fostering genuine mutual respect and realizing a truly horizontal culture. These efforts are among the various aspects that shape the evolving corporate culture at KOLON ENP. These efforts are integral to shaping the evolving corporate culture at KOLON ENP.

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↢ Key Achievements ↣

Establishment and Implementation of Ethics/ Compliance Management Goals

Anti-Bribery Management Systems Certification
(planned for 2024)

Holding 8 Board Meetings
(in 2023)

Establishment of the Sustainable Management Council
(2024)

GOVERNANCE & INTEGRITY

KOLON ENP is committed to strengthening responsible management through its board of directors and strictly adhering to ethics and compliance. We ensure effective governance and oversight by the board, which helps establish a transparent decision-making process and maintains high ethical standards across all business activities. To support this, KOLON ENP conducts regular board meetings and ethics training programs. These initiatives ensure that our executives and employees possess a comprehensive understanding of legal requirements and adhere to ethical norms. Additionally, the company continuously reinforces its internal compliance system to support ethical decision-making throughout all business operations.

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GOVERNANCE & INTEGRITY

STRENGTHENING RESPONSIBLE MANAGEMENT OF BOARD OF DIRECTORS

Composition of the Board of Directors

Our board of directors consists of four members: one CEO, two inside directors, and one outside director. This strategic composition ensures a balanced mix of expertise, competence, and independence. Each member brings extensive knowledge and experience in finance/accounting, production, and environmental issues, providing diverse perspectives on crucial company decisions. We currently operate a single committee (the Management Committee) within the Board of Directors, but we plan to establish additional committees, such as an Audit Committee and a Outside Director Candidate Recommendation Committee, as the company grows. Going forward, we will continue to enhance our policies and systems to ensure the board can supervise management activities more independently with a diverse perspective.

Operation of the Board of Directors

The board meetings are held quarterly, and interim meetings are convened as needed. Following the Articles of Incorporation, the CEO convenes the board and notifies each director of the date, location, and agendas at least one week prior to the convening date. Directors unable to attend in person are permitted to participate in a vote through telecommunication that allows all directors to simultaneously transmit and receive their voices. To prevent conflicts of interest, directors with a vested interest in a specific agenda are restricted from voting. In 2023, KOLON ENP held a total of 8 board meetings and processed a total of 32 agenda items (16 approvals, 16 reports) with a 100% approval rate from 2023 to the end of May 2024.

▲▲▲ BOD composition status

(as of June 2024)

	Name	Gender	Position	Reappointment	Tenure	Expertise	Career history
Chair	Sung Huh	Male	CEO/Chairman	New	2023.03.28 ~ 2026.03.28	Corporate Management	Former Chief Strategy Officer (CSO) of KOLON Industries, Inc. Former Chief Operating Officer (COO) of AirFirst
Inside Director	Mintae Kim	Male	Chief of Corporate Strategy & Planning Management Division (CFO)/ Vice President	New	2022.03.29 ~ 2025.03.29	Finance/ Accounting	Former Chief of Corporate Strategy & Planning Management Division, FnC Division of KOLON Industries, Inc. Former Chief of Ethics & Compliance Division of KOLON, Inc.
Inside Director	Eunha Park	Male	Chief Head of Production Division/ Director	New	2023.03.28 ~ 2026.03.28	Production/R&D	Head of Gimcheon Plant 2 of KOLON ENP, Inc. Head of Development Center of KOLON ENP, Inc.
Outside director	Hakjin Kim	Male	Outside Director	New	2023.03.28 ~ 2026.03.28	Environmental Management	Current Professor of Urban Engineering at Hongik University Former Vice Mayor of Seoul Metropolitan City

CASE   **Operations of the Management Committee**

❶ KOLON ENP has established a Management Committee within the Board to enhance management efficiency. The committee is chaired by CEO Sung Huh, with director Mintae Kim as a committee member.

❷ The Management Committee oversees general management and financial matters below a specified scale. It does not handle issues that require approval from the general shareholders' meeting, nor does it deal with the appointment and dismissal of the CEO, the establishment and appointment/dismissal of committee members, or other matters specified in the Articles of Incorporation.

❸ In 2023, the Management Committee held a total of 6 meetings and resolved 7 agenda items, including the approval of credit agreements with financial institutions.

Board of Directors Evaluation and Compensation

Inside directors are compensated based on performance assessment in accordance with the executive remuneration payment regulations. According to the Commercial Act and Articles of Incorporation, compensation for outside directors is determined within the total amount approved at general shareholders' meetings. Monthly compensation covers basic salary and actual business expenses, excluding separate bonuses. Details of compensation for outside directors are disclosed annually in the business report, based on employee numbers and total payments. The Articles of Incorporation allow stock options for all executives and employees, including outside directors, through a special resolution at the annual shareholders' meeting. Currently, directors do not receive separate stock options.

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GOVERNANCE & INTEGRITY

ETHICS AND COMPLIANCE MANAGEMENT

Enhancement of Ethics & Compliance Management System

KOLON ENP is committed to honest and transparent management based on KOLON's ethical management policy. Starting in 2024, we plan to enhance our framework by seeking certifications for Anti-Bribery and Compliance Management Systems (ISO 37001 and ISO 37301). To internalize ethical norms and guidelines for employee behavior, we operate an "Ethical Management Team" directly under the CEO. This team oversees compliance and ensures operational efficiency, including the reliability of financial reporting. Additionally, they identify corruption and compliance risks, develop and execute plans, and report outcomes to the board of directors. Through activities such as risk assessments, whistleblower responses, internal audits, and the establishment of ethical management metrics, KOLON ENP maintains a framework aligned with international standards.

▲▲ Ethics & Compliance Management Goals

2024 Goals	2025 Goals	2030 Goals
Establish anti-corruption & compliance management system	Enhance anti-corruption & compliance management system	Expand anti-corruption & compliance management system
Action Plans	**Action Plans**	**Action Plans**
• Obtain ISO 37001 & 37301 certifications • Strengthen internal and external promotion of reporting procedures • Report corruption & compliance risk assessment results to the Board	• Achieve 100% response rate to reports • Conduct internal audits on major ethical management risks (at least four times per year)	• Strengthen ethical management capabilities for overseas sites, suppliers, and other stakeholders • Integrate ethical management indicators into company-wide KPIs

▲▲ Anti-Corruption Management System: Organization and Roles

	Roles
Board of Directors	Approve Anti-Corruption Policy CEO
CEO	Document and communicate Anti-Corruption Policy and goals to employees Establish criteria for anti-corruption risk assessments and conduct at least one assessment annually
Anti-Corruption Officer	Operate and supervise the Anti-Corruption Management System Report the performance of the Anti-Corruption Management System annually to the Board and top management Review and report internal audit plans and results
Ethical Management Team	Identify, analyze, and assess corruption risks at least once a year Implement activities to mitigate and prevent corruption risks and monitor related issues Plan and execute training on Anti-Corruption Policy and the Anti-Corruption Management System

Ethics & Compliance Policy

The KOLON Code of Ethics is founded on the belief that adherence to fundamental principles and transparent, ethical management will uphold KOLON's core value of 'One & Only.' All members of KOLON ENP follow this code and the ethical principles as the basis for their decisions and actions.

▲▲ Code of Ethics and Regulations

The Code of Ethics embodies the spirit of our core value, 'One & Only,' through transparent and ethical management that adheres to fundamental principles. All executives and employees are expected to follow the standard for their decisions and actions.

Code of Ethics			
Respect for customers	Compliance with laws and fair competition	Fair trade	Respect for shareholders

Major Regulations			
Responsibilities and obligations to the country and society	Responsibilities to employees	Basic ethics of employees	Compliance with the Code of Ethics

• Employees Code of Conduct
• Principles for Whistleblower Protection and Reward

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ETHICS AND COMPLIANCE MANAGEMENT

Strengthening Ethics and Compliance Activities

Enhance Employees' Ethical Mindset

Employee Ethics Training
KOLON ENP believes that transparent and ethical management can realize KOLON's core values. Through biennial company-wide ethics training, employees internalize the 'Employee Code of Ethics' and 'Ethical Principles'. KOLON ENP plans to continue offering various themed training programs to spread ethical management awareness.

Pledge for Ethical Management
To internalize corporate ethics, KOLON ENP requires all employees to sign an ethical management pledge using the company's training system. Additionally, the company is also building a process obtaining pledge of supplier code of conduct from stakeholders(raw material, outsourcing production, intermediary sales) and plans to implement this starting in 2025. This aims to foster a culture of transparent corporate management and fair business practices, maintaining cooperative relationships.

Reporting/Whistleblowing Center Operation
KOLON ENP operates an online reporting center and a dedicated Ethics/Anti-Corruption Reporting Center, where reports can be submitted through a suggestion box, email, and telephone. We guarantee a 100% response rate and strictly adhere Whistleblower Protection Principles, safeguarding the anonymity of reporters and protecting them from retaliation. During holidays, a specialized center handles corruption, fraud, sexual harassment, and workplace bullying cases. KOLON ENP promotes open reporting by outlining Principles for Whistleblower Protection and Reward/Exemption from Responsibility. We also support employee communication through the Issue Raising Anonymous Bulletin Board (Open-it), phone, mail, and email across all KOLON Group companies.

▲▲▲ Main Reporting/Whistleblowing Channels

Official website online reporting center	Ethics/Anti-Corruption Reporting Center	Suggestion box	Email	Phone
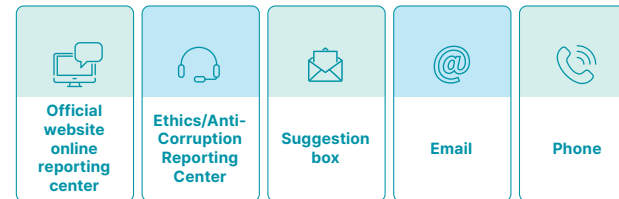
Compliance

Compliance Activities
KOLON ENP actively manages compliance by identifying key risks across various business areas and continually enhancing its compliance programs by getting advice and preemptive measures from third-party organizations. Additionally, the company disseminates knowledge on topics such as fair trade and data protection to its employees through monthly ethics management newsletters and seminars.

Ethical Management Newsletter

Security seminars

Internal Control System
KOLON ENP has an internal accounting control system to ensure employees comply with regulations and operational procedures. We aim to maintain the reliability and transparency of financial statements and prevent fraud in financial accounting. Recently, we implemented Process Level Controls (PLC) and cash controls for corporate cards to reduce fraud risks within each department. We are committed to advancing Entity Level Controls (ELC) and PLC, continuously evaluating their effectiveness. Additionally, to maintain objectivity, we also undergo comprehensive audits by external auditors.

Internal Audits
To uphold compliance management, KOLON ENP carries out regular, routine, and special audits. The internal audit system oversees significant risks, enabling quick identification and correction of issues related to procedural appropriateness, employee integrity, and corporate culture.

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RISK MANAGEMENT

Risk Management System

Recently, non-financial factors have had significant financial impacts on corporate management. KOLON ENP systematically manages both financial and non-financial risks. Financial risk management involves monitoring and responding to risks associated with exchange rates, credit, liquidity, and interest rates. Meanwhile, non-financial risks are managed across five critical areas: environment, safety and health, ethics, supply chain, and information security. Each area is supervised by specialized departments dedicated to these domains.

▲▲▲ Risk Types and Responsible Departments

Risk Types		Responsible Department
Financial Risk	Exchange rate, Credit, Liquidity, Interest rate	Finance Team
Non-Financial Risk	Environment	ESH Team
	Safety and Health	ESH Team
	Ethics	Ethical Management Team
	Supply Chain	Purchasing Team
	Information Security	Ethical Management Team

Risk Management Activities

Financial Risk Management

KOLON ENP identifies and addresses financial risks related to exchange rates, credit, liquidity, and interest rates. The company establishes appropriate control measures to minimize these risks.

▲▲▲ Potential Risks by Type and Management Strategies

	Exchange rate	Credit	Liquidity	Interest rate
Potential risks	Fluctuations in currency exchange rates may affect the fair value of financial products (exchange rate risk).	KOLON ENP faces credit risk from its operational activities, such as account receivables and loans, as well as from its financial activities, including deposits with financial institutions, foreign exchange transactions, and other financial products.	KOLON ENP is exposed to risks associated with cash shortages.	Exposure to fluctuating market interest rates can impact the cost of variable-rate borrowings. Fluctuations in market interest rates can affect the cost of variable-rate borrowings, influencing financial expenses and profitability.
Management Strategies	Internally, KOLON ENP regularly monitors the exchange rate risk associated with fluctuations in the Korean won. The company has implemented exchange rate risk management policies to control these risks.	To manage credit risk, the company exclusively engages with counterparties that meet a specified credit rating threshold. Furthermore, KOLON ENP has established and implemented policies and procedures to enhance the credit of its financial assets.	The company has established and implemented liquidity strategies and plans. KOLON ENP manages the timing of financial assets and liabilities to match the terms of financial products and expected cash flows from operations.	KOLON ENP conducts regular assessments of interest rate trends to ensure a strategic balance between fixed-rate and variable-rate debt. Our goal is to optimize financial returns while managing and controlling our exposure to market interest rate fluctuations within acceptable limits.

Non-Financial Risk

KOLON ENP conducts evaluations to minimize non-financial risks associated with the environment, safety and health, ethics, supply chain, and information security. Environmental risks are assessed through impact evaluations across all operational sites. For safety and health, risk assessments at each site lead to the development and implementation of measures to reduce identified hazards. Ethical and compliance risks are managed following ISO 37001 (Anti-Bribery Management System) standards, including regular internal audits. Information security risks are controlled through both regular and continuous monitoring audits at each site. While supply chain risks have traditionally focused on product quality beginning in the second half of 2024, assessments will expand to include non-financial aspects such as human rights, environmental impact, and safety and health risks.

▲▲▲ Non-Financial Risks and Management Measures

Non-Financial Risks	Management Measures
Environment	Environmental Risk Assessment
Safety and health	Safety and Health Risk assessment
Ethics	Internal Audit
Supply chain	Suppliers ESG evaluation (Planned)
Information Security	Monitoring (Internal System), Workplace Security Diagnosis, Information Security Risk Assessment

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INTERVIEW
Employee Interview

Q1 Please introduce your team's responsibilities.

The Ethical Management Team plays a crucial role in ensuring KOLON ENP's sustainability and trustworthiness. Our team focuses on three main areas: "Compliance," ensuring compliance with laws and regulations; "Internal Audit," inspecting and improving processes; and "Security," protecting the company's information assets. We also address reports of unethical behavior to promote an ethical corporate culture within the company.

We believe ethical management is a prerequisite for sustainable business. As corporate social responsibility gains importance, a company's reputation can suffer greatly from unethical practices or non-compliance, making it challenging to restore trust. To mitigate such risks, we conduct regular assessments of compliance risks and implement rigorous control measures. By ensuring all employees uphold ethical standards, we enhance our corporate image and build stakeholder trust, contributing to KOLON ENP's robust and sustainable business environment.

Q2 What stands out to you from the first publication of the sustainability report?

Publishing our first sustainability report was an eye-opening experience. It was remarkable to see our efforts quantified and tangible—showing how the initiatives driven by the Ethical Management Team support sustainable management. It was not only a proud moment personally but also motivated me to engage more collaboratively in various projects with our colleagues.

Q3 What area is your team more focused on to promote sustainable management?

This year, we are preparing to obtain Anti-Bribery and Compliance Management Certification. To achieve this, we are aligning KOLON ENP with the ethical standards required by multinational corporations. We are evaluating our practices against international criteria in anti-corruption, security, human rights, and environmental protection. This effort underlines our commitment to being a safe and trustworthy business partner.

While securing international certification is important, sustainable management really begins with the awareness of our team members. Enhancing this awareness is a key responsibility of the Ethical Management Team. We believe that enhancing our team's expertise is crucial. To this end, we plan to continuously participate in internal and external training and conduct studies to stay updated on the latest developments and trends in relevant fields.

Q4 Do you have any personal sustainable management projects you want to pursue?

My goal is to enhance the promotion of our 'Internal Reporting System and Procedures.' Our online/offline reporting center is accessible 24/7 to employees and stakeholders. We want everyone to know that our company is here to listen and address any issues that employees face. We are dedicated to making sure everyone knows their reports will be treated seriously and will result in tangible improvements.

Interview with Jinhee Jeong, Ethical Management Team

Q5 What other activities does KOLON ENP need to strength ethics compliance?

First, we need to create educational programs that enable employees to internalize KOLON ENP's ethical values and code of conduct. Then, we need to systematize our compliance programs. This involves the Ethical Management Team spearheading efforts across all departments to identify specific compliance issues and establish robust control procedures. By consolidating these initiatives, I envision that all team members will enhance their ethical mindset and apply these ethical principles in their daily tasks. We aim to foster a culture where employees not only comply with regulations but are also empowered to make ethical decisions and openly discuss any unforeseen issues.
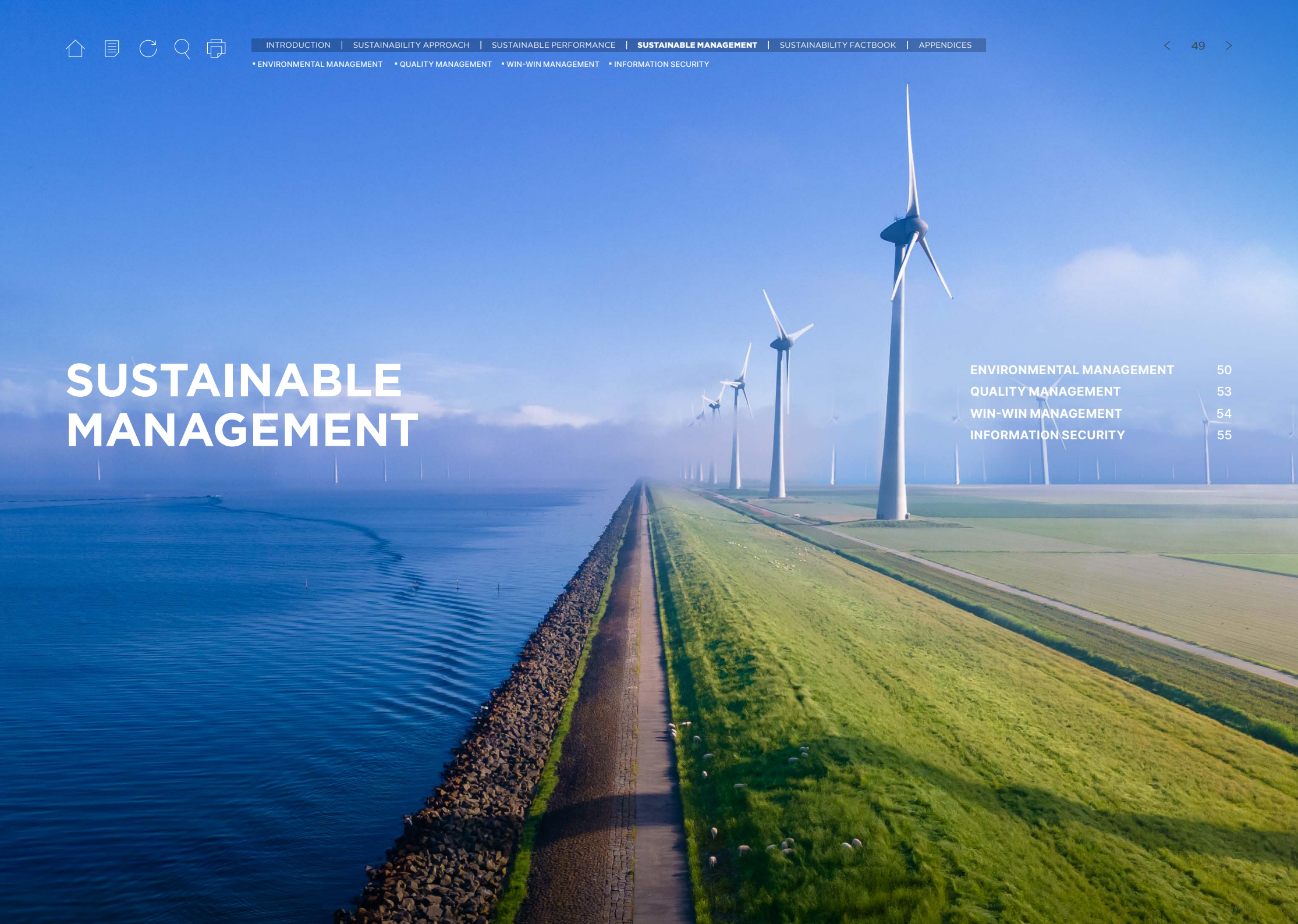
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SUSTAINABLE MANAGEMENT

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ENVIRONMENTAL MANAGEMENT

Environmental Management System

Environmental Management Policy

KOLON ENP fulfills our corporate social responsibility and strives for sustainable development. We have established and disseminated our own Security Guidelines and implementation policy to emphasize responsible environmental management practices. All members of our organization are expected to adhere to these guidelines. Under the principle that "ESH is everybody's business.", we strive to foster a healthy culture of environmental safety and health.

Environmental Management Organization

KOLON ENP has an ESH Center that collects environmental issues from each department and reports them directly to the CEO. The Board of Directors receives regular updates on significant environmental achievements, key risks, and ongoing improvements to support sustainable management strategies. Additionally, an annual review of the environmental management process and key achievements are presented to the CEO. This ensures that environmental strategies and investments are thoroughly reviewed and approved as critical parts of our corporate agenda.

Building the Environmental Management System

KOLON ENP has established an operational environmental management system to proactively adopt global eco-friendly practices. To secure objective evidence, we have achieved external certifications and conducted audits, revising our standards and streamlining processes to align with international requirements. All our manufacturing plants are ISO 14001 certified by third-party organizations, ensuring enhanced reliability and credibility. These facilities undergo annual audits, with necessary corrective actions taken based on the findings. Recertification happens every three years, and our internal auditors regularly check to ensure the system functions properly.

Water and Wastewater Management

Water Management Strategy

KOLON ENP is committed to sustainable management by optimizing water usage in manufacturing processes and maximizing recycling. We continuously identify and utilize points within our processes for water recycling, thereby precisely managing optimal water quantities. Furthermore, we annually devise strategies aimed at minimizing wastewater production and enhancing recycling efforts, which in turn helps reduce overall water consumption.

These strategies not only enhance our water use efficiency but also reduce operational costs, strengthening our competitiveness. Through these water management initiatives, we fulfill our environmental obligations and promotes sustainable resource use, securing a leading position in the industry. We regularly review our water management and recycling practices, making continuous improvements to protect the environment and increase resource efficiency.

Water Management Activities

KOLON ENP has implemented advanced systems to recycle industrial water and optimize water management. These systems effectively purify and recycle contaminated water from manufacturing processes. At Plant 1, we utilize biological and chemical treatments before coordinating with public sewage facilities for discharge. At Plant 2, physical purification allows us to treat and reuse water within our processes. This approach not only cuts water consumption but also prevents environmental pollution and reduces operating costs. Our sustainable model maintains high efficiency while meeting strict environmental standards, and we are committed to continuously improving our reuse processes.

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Waste Management

Waste Recycling Strategy

KOLON ENP has consistently surpassed our waste recycling target and final disposal rate targets for three consecutive years since 2020 through the Resource Circulation Performance Management System. To meet these resource circulation objectives, we diversified our waste management contractors, adopting measures to recycle wastewater treatment sludge instead of disposing of it in landfills.

Pollutant Emissions Reduction

Air Pollution Management

Air Pollutants Management

KOLON ENP manages air pollutants by establishing internal standards that are stricter than legal requirements. We aggregate monthly emissions data from each facility, promptly identifying issues in processes and taking corrective measures.

KOLON ENP ensures that updates to the Clean Air Conservation Act are promptly reflected in company-wide regulations and plant-specific guidelines. We regularly monitor air pollutants at each emission point and analyze the results to ensure compliance with emission standards. This data is systematically reported through the Stack Emission Management System (SEMS), maintaining ongoing adherence to these standards. Furthermore, we continuously invest in upgrading our incineration boilers with low NOx burners, which significantly reduces NOx emissions and minimizes air pollution.

Furthermore, KOLON ENP has implemented a Leak Detection and Repair System (LDAR) to reduce emissions of hazardous air pollutants (HAPs) and other fugitive emissions. This system quickly identifies leak points in facilities and promptly carries out repairs to mitigate the release of pollutants.

Each KOLON ENP facility uses specialized equipment to handle specific air pollutants. This includes bag filters, incinerators (TCU), and wet scrubbers, which are highly effective in capturing and removing particulates, odors, and absorbable gases.

Current status of air pollutant emission (Unit: kg)

Category	2021	2022	2023
NOx	8,141	8,577	6,448
SOx	489	462	337

Water Pollution Management

KOLON ENP enforces internal wastewater discharge standards that are stricter than national regulations. Our treatment processes, which include physical and biochemical treatment methods, reduce pollutants in the wastewater by over 90% according to Total Organic Carbon (TOC) standards. These rigorous practices are part of our commitment to sustainable environmental protection and contribute to protect local aquatic ecosystems. To ensure continuous monitoring of water quality, we have implemented various automatic wastewater monitoring systems, such as TOC Automatic Analysis Devices. Additionally, we have adopted the Anaerobic Microorganism Treatment Method (Expanded Granular Sludge Bed) technology for anaerobic microbial treatment, enhancing the stability of our wastewater management.

KOLON ENP minimizes the impact on aquatic environments by ensuring that treated wastewater from our facilities is not directly released into water bodies. Instead, this wastewater is processed further at national sewage treatment facilities before discharge, contributing to the prevention of water pollution and the protection of aquatic life. In

addition, to reduce the damage from flush—a non-point source of pollution—we channel it into nationally managed buffer storage facilities. Through these practices, KOLON ENP upholds stringent environmental protection standards and is committed to sustainable management.

Water Pollutants Emissions Status (Unit: kg)

Category	2021	2022	2023
Biological Oxygen Demand (BOD)	7,537	4,140	3,841
Total Organic Carbon (TOC)	14,790	7,817	6,027
Suspended Solids (SS)	10,443	7,266	5,377

Other Environmental Pollution Management

Soil

KOLON ENP has implemented regulations to periodically assess soil contamination and ensure it does not exceed permissible limits. We use scientific methods to monitor for any signs of anomalies. If any issues are detected, we swiftly identify the cause and take immediate corrective actions.

Noise and Vibration

KOLON ENP has established regulations governing noise and vibration management and performs regular self-monitoring to ensure levels stay below the legally permissible noise and vibration standards. If noise and vibration exceed these standards, the affected processes are designated as noise management areas, and hearing protection equipment is readily provided to employees. This proactive approach helps prevent occupational hearing damage and ensures a comfortable working environment for employees.

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Hazardous Chemicals Management

Hazardous Chemicals Management Policy

KOLON ENP has established and follows comprehensive management processes for all stages, from procurement to the sale of chemical substances. For hazardous chemicals, the company has set safety work standards and hazardous material handling guidelines to ensure safe transport. We also have designated a Hazardous Chemical Substances-related Risk Response Manager distributed pre-awareness guidelines and managed working plans.

KOLON ENP rigorously adheres to both domestic and international regulations on hazardous chemicals. We operate under the Korean Act on Registration and Evaluation of Chemicals and the Chemical Substances Control Act, handling the registration, evaluation, and management of hazardous chemicals. Since 2021, KOLON ENP has followed internal management processes that meet the requirements for Material Safety Data Sheets (MSDS) as mandated by the Occupational Safety And Health Act. MSDS provides comprehensive information on hazardous chemicals, including their names, components, toxicity, hazards, handling precautions, necessary safety gear, and emergency response measures. KOLON ENP ensures a robust management system for hazardous chemicals by fully addressing these requirements.

Moreover, we maintain ongoing registration and management of chemical substances in accordance with the EU's REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) and provide Safety Data Sheets (SDS). Each facility also issues compliance certificates for the Restriction of Hazardous Substances (RoHS) directives and verifies compliance with the SVHC (Substances of Very High Concern) Candidate List to demonstrate the safety of the substances used.

Hazardous Chemicals Management Organization

KOLON ENP has established the "ESH Upgrade Committee" to enhance safety management and share best practices in handling hazardous chemicals among employees. The committee, comprising members from production, facility management, and ESH practices, convenes monthly. These meetings focus on sharing updates on chemical handling and management standards and regulations. They also focus on discussing and implementing support measures for the practical application of these practices and technologies in the field.

Hazardous Chemicals Management and Reduction Activities

Substitution and Reduction of Hazardous Chemicals

KOLON ENP is actively working towards reducing chemical emissions by 2024 through Chemical Emission Reduction Act. Our commitment includes eliminating the use of harmful substances in production processes and substituting them with safer alternatives. This initiative not only promotes the safety of all stakeholders but also emphasizes sustainability through the adoption of advanced recovery processes and recycling technologies. By minimizing the use of hazardous materials, KOLON ENP contributes to efficient resource utilization. Furthermore, we collaborate with other local enterprises to share best practices for managing chemicals safely and enhancing awareness about chemical safety, thus leading and fostering a culture of chemical safety within the community.

Employee Training on Hazardous Chemicals

KOLON ENP places a strong emphasis on raising awareness about the importance of managing hazardous chemicals by conducting regular training for all employees. Those who directly handle these substances undergo 16 hours of specialized training every two years, while employees at handling facilities receive 4 hours of training annually. This education is designed to increase vigilance regarding hazardous chemicals and encourage active employee involvement in reducing their use.

Through this rigorous training program, KOLON ENP is dedicated to creating a safe working environment and promoting responsible chemical handling practices.
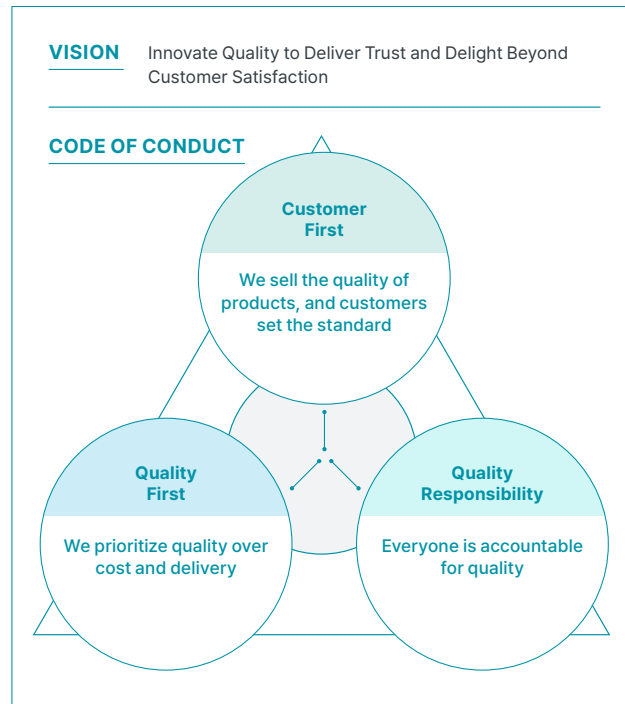
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QUALITY MANAGEMENT

Product Quality Management Activities

Quality Management System Operation

KOLON ENP, as a 'Global Major Player' in the engineering plastics field, continuously improves product and process quality to reduce variability and enhance effectiveness. By providing reliable global sourcing, we elevate customer satisfaction and foster win-win growth with suppliers and partners through innovative quality management activities.

▲▲▲ Quality Vision and Code of Conduct

VISION — Innovate Quality to Deliver Trust and Delight Beyond Customer Satisfaction

CODE OF CONDUCT

Customer First
We sell the quality of products, and customers set the standard

Quality First
We prioritize quality over cost and delivery

Quality Responsibility
Everyone is accountable for quality

Establishment of Quality Management System

KOLON ENP ensures stringent quality control at every step—from material development and process operation to preliminary mass production and final production—to meet diverse quality and safety requirements. Our operations at five domestic and international facilities adhere to the ISO 9001 Quality Management System and the IATF 16949 Automotive Industry Quality Management System standards. These certifications are regularly updated to remain current with evolving standards. We conduct quality inspections at all stages, including design, material management, delivery, production management, and process management, to detect and address defects.

▲▲▲ Quality Management System Certifications

Consumer Safety Management Activities

KOLON ENP has established clear roles across departments to systematically and swiftly address quality issues reported by customers. We analyze the cause of the issues and implement effective improvement measures. In 2023, the number of incidents attributable to our faults decreased by 8.6% to 32, down from 35 in the previous year.

Each month, we provide management with reports on the number of Customer Complaints and Countermeasure (C&C) cases, completed actions, and associated costs. Our primary goal is to identify and resolve the root causes of recurring C&C issues by implementing effective improvement measures and enhancing verification processes. Additionally, our production division is committed to continuous process quality improvement, conducting self-inspections, and adhering to import inspection procedures that are tailored to the specific characteristics of each product.

Quality Mindset Training

KOLON ENP conducts quality mindset education training for employees working in the production sites. In 2024, a total of 109 employees, including managers, attended the training. The program covers quality standards due to environmental changes, adherence to basic principles, the need for a quality mindset shift, and the importance of inter-departmental communication. Going forward, we plan to diversify both the content and audience, fostering an environment that encourages interdepartmental dialogue about quality mindset.

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WIN-WIN MANAGEMENT

Fair Trade with Suppliers

Fair Trade Practices with Suppliers (Agencies)

We organize various activities and training sessions to ensure fair trade practices and establish win-win growth and trust with our suppliers (agencies). We hold an annual Success Partner Meeting (SPM) to communicate with our suppliers. We also provide fair trade training (including the Agent Law and the Subcontracting Act) to our employees at least once a year to prevent compliance risks and rein-force our commitment to fair trade practices. Starting in 2025, we will introduce a new procedure requiring all stakeholders, including raw material suppliers, outsourced producers, and intermediary sellers, to sign a Pledge of Supplier Code of Conduct. This initiative aims to promote transparent business practices and ethical governance throughout our supply chain. By fostering a culture of integrity and fair cooperation among all suppliers, we aim to ensure sustainable and ethical business operations.

Win-Win Growth

Support for Supplier R&D

KOLON ENP builds stable and trusting relationships with its suppliers through comprehensive technical support to help commercialize their products. We educate suppliers on critical quality factors, process integration and analytical methods. Additionally, we provide data on the physical property test of raw materials and their performance post-processing, assisting our partners in improving their product standards.

Since 2023, KOLON ENP has participated in three national projects managed by the Ministry of Trade, Industry, and Energy in collaboration with startup suppliers. We provided essential financial and technical support needed for suppliers. Additionally, we have facilitated the expansion of our suppliers' outreach by showcasing their materials at both domestic and international exhibitions like Fakuma, Chinaplas, and 'H2 MEET (Mobility Energy Environmental Technology)' in 2023.

▲▲▲ The Number of Supplier Materials Exhibited   (as of 2023)

Chinaplas	H2 Meet	Fakuma
5	8	8

Support for Toll Processing Partners

Since 2018, KOLON ENP has been conducting monthly technical meetings with toll-processing partners. These meetings focus on sharing best practices in polymer processing technologies and equipment improvements. This collaboration fosters technical growth and enhances our suppliers' business competitiveness, creating a virtuous cycle.

FAKUMA 2023, International Plastics Industry Exhibition

MoU with Netspa, a startup providing pre-processing solutions for marine waste

MoU with Foresys, an Intelligent Marine Waste Management Solution Company

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INFORMATION SECURITY

Information Security Policy

KOLON ENP has established a comprehensive set of internal regulations to protect information assets and ensure business continuity. These include security policies as well as administrative, technical, and physical security guidelines. We have streamlined our security structure by appointing the Ethical Management Team to oversee company-wide security, and designating security officers at each site. This approach ensures that security measures are integrated into all our operations.

Information Security Activities

Key Activities for Security Activities

KOLON ENP operates a Security Council to enhance IT infrastructure and systems through organized security activities and discussions. We have appointed a Chief Information Security Officer (CISO) to protect personal information. We allocate about 6% of its IT expenditures to security solutions to strengthen its security measures.

▲▲▲ Information Security Risk Management

Preventing Security Risks	Online Security Training	Security Audits
• Document Organization Campaign (Biannual) • Simulated Malicious Email Training (Biannual) • Security Council Operations (Monthly) • IT-based Security Monitoring • Security Review Processes[1]	• Conducting Security Training (Biannual) • Providing Security Training for New Employees • Sending Security Newsletters (Monthly) • Collecting Confidentiality Agreements from Employees and Suppliers	• Industrial Security Inspections (Gimcheon Plant 1 and 2) (Annual) • Information Security Risk Assessments (Annual) • Physical Security Inspections (Biannual) • Corrective Actions taken for Regulation Violations (2023: 100%)

1) Security Review Processes for New IT/DT Services (Vulnerability Assessments)

Information Security Solution Operation

KOLON ENP employs a range of security solutions to safeguard against information leaks and external attacks. The company utilizes a comprehensive security monitoring system that integrates security log management. This system is supported by technologies such as Firewall, Intrusion Prevention Systems (IPS), and Network Access Control (NAC) to prevent unauthorized access. Additionally, protective measures include secure management of printouts and electronic documents, media controls, and the use of antivirus software, all aimed at ensuring the integrity and confidentiality of internal information.

Security Incident Response System

Any identified or suspected security incident must be reported immediately. KOLON ENP has established a security incident response system. Upon receiving a report of a security incident, we analyze the damage and develop appropriate countermeasures. The results are reported to management and disseminated internally. To ensure a structured response, we have established response guidelines tailored to the severity of incidents, aiming to minimize the impact through rapid reporting and effective response procedures.

▲▲▲ Security Incident Severity Levels

Attention	• No impact on services, but there is concern about the spread of the security incident internally and externally.
Caution	• Attempted breaches or disruptions affecting some services.
Warning	• In case of multiple service intrusion attempts and disruptions
Crisis	• Security incidents affecting all services, requiring company-wide response

Security Declaration

KOLON ENP invests significant efforts and resources to ensure compliance with security regulations. All members maintain strong security awareness to understand and adhere to the established security guidelines.

▲▲▲ Security Declaration Statement

1. Prioritize the protection of customer information.

2. Adhere strictly to security regulations to protect company assets and ensure business continuity.

3. Recognize the importance of security, fulfilling all related duties and responsibilities.

4. Protect the company's human, material, and intangible assets from illegal access and leakage.

5. Strive to comply with security practices that adhere to laws related to information security and personal data protection.

6. Make every effort to avoid infringing on the rights of third parties, including intellectual property and business rights.

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SUSTAINABILITY POLICIES

Sustainable Management Policy

Biodiversity Protection Policy

Supplier Code of Conduct

Safety and Health Management Policy

Ethical Principles

Anti-Corruption and Compliance Policy

Employees Code of Ethics

KOLON ENP has established various policies and guidelines to internalize sustainable management.

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Consolidated Financial Statement

Classification		Unit	2021	2022	2023
Assets	Current Assets	KRW	170,890,933,839	197,680,588,957	177,844,921,522
	Non-Current Assets	KRW	198,203,577,199	189,362,914,804	185,135,289,527
	Total Assets	KRW	369,094,511,038	387,043,503,761	362,980,211,049
Liabilities	Current Liabilities	KRW	118,051,663,142	121,467,185,041	68,485,192,849
	Non-Current Liabilities	KRW	30,493,022,855	9,842,922,958	12,742,313,750
	Total Liabilities	KRW	148,544,685,997	131,310,107,999	81,227,506,599
Equity	Non-Controlling Interest Equity	KRW	42,326,160	67,815,079	97,751,143
	Total Equity	KRW	220,549,825,041	255,733,395,762	281,752,704,450
	Non-Controlling Interests	KRW	42,326,160	67,815,079	97,751,143
	Total Number of Shares	Share	38,000,000	38,000,000	38,000,000
	Equity of the owner of the parent company	%	66.68	66.68	66.68
	Total share ratio of controlling shareholders and their relatives	%	66.68	66.68	66.68
	Total share ratio of registered executives excluding controlling shareholders and their relatives	%	0.03	0.04	0.05

Consolidated Statements of Comprehensive Income

Classification	Unit	2021	2022	2023
Net sales	KRW	405,272,224,855	518,075,861,606	456,198,067,019
Sales (Consolidated)	KRW	405,272,224,855	518,075,861,606	456,198,067,019
Cost of sales	KRW	329,844,108,674	417,278,246,149	376,809,188,663
Gross profit	KRW	75,428,116,181	100,797,615,457	79,388,878,356
Operating Profit	KRW	27,681,571,470	46,041,896,346	33,813,729,102
Net profit before tax	KRW	26,852,883,934	45,082,747,593	41,927,175,261
Net profit	KRW	21,756,914,883	35,694,788,945	32,835,471,745
Other comprehensive income	KRW	541,772,632	4,998,781,777	23,836,943

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ECONOMY

Distribution of Economic Value (based on separate financial statements)

Classification		Unit	2021	2022	2023
Company	Selling and administrative expenses	KRW	47,746,544,711	54,755,719,111	45,575,149,254
	Employee salary	KRW	19,777,312,049	33,455,518,365	30,853,316,801
	Welfare benefits	KRW	1,963,011,993	2,172,886,898	2,254,260,239
	Investment in local communities	KRW	3,000,000	3,000,000	0
Government	Corporate Tax[1]	KRW	5,116,092,656	9,559,591,808	8,425,636,690
Shareholders	Dividends	KRW	5,510,000,000	6,840,000,000	6,080,000,000

1) Based on the separate financial statements in the business report.

Market Position

Classification		Unit	2021	2022	2023
Wage of new employee to legal minimum wage	Minimum wage	KRW	21,869,760	22,973,280	24,126,960
	Starting wage of male employees	KRW	35,120,450	33,121,600	42,445,964
	Starting wage of female employees	KRW	31,250,400	41,812,000	47,607,600
	Average starting wage	KRW	34,534,079	33,990,640	43,552,029
Ratio of starting wage to minimum wage	Ratio of male starting wage to minimum wage	%	161	144	176
	Ratio of female starting wage to minimum wage	%	143	182	197
	Ratio of average starting wage to minimum wage	%	158	148	181
Ratio of Employees Earning Below Living Wage[1]	Permanent Employees	%	0	0	0
	Temporary Employees	%	0	0	0

1) Based on the Gyeonggi-do living wage standard. Calculated exclusively for domestic employees.

R&D Investment

Classification		Unit	2021	2022	2023
R&D Investment		million KRW	6,796	7,434	6,719
R&D Investment Target		million KRW	7,023	8,461	6,308
Domestic Patent	Registered	Cases	105	111	111
	Applied	Cases	109	47	31
Domestic Trademark	Registered	Cases	12	16	15
	Applied	Cases	1	0	0
Overseas Patent	Registered	Cases	29	27	39
	Applied	Cases	56	63	62
Overseas Trademark	Registered	Cases	116	126	124
	Applied	Cases	4	3	8

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Environmental Investment

Classification		Unit	2021	2022	2023
Environmental Investment	Goal	thousand KRW	340,000	90,000	145,000
	Executed	thousand KRW	142,900	49,900	136,400
	Execution Rate	%	42	55	94

Water

Classification		Unit	2021	2022	2023
Water Withdrawals	Industrial Water	m³	735,590	709,540	637,166
	Surface Water	m³	30,222	32,253	28,773
	Groundwater	m³	10,441	9,696	4,836
	Total Water Withdrawal	m³	776,252	751,489	670,775
Water Usage	Total Water Usage	m³	729,596	706,566	600,660
	Water Usage Reduction Performance	m³	(160,881)	30,226	116,431
	Water Usage Reduction Rate	%	(29.0)	11.8	60.6
Water Usage in Water-Stressed Areas	Total Water Usage in Water-Stressed Areas	m³	0	0	0
	Rate of Total Water Usage in Water-Stressed Areas	%	0	0	0

Wastewater

Classification		Unit	2021	2022	2023
Wastewater Discharge	Total Wastewater Discharge	m³	498,490	520,847	466,542
	Wastewater Discharge - Other Organisation and Recyclers	m³	498,490	520,847	466,542
	Wastewater Reuse	m³	97,424	28,870	66,667
	Wastewater Reuse Rate	%	19.5	5.5	14.3
	Wastewater Discharge Intensity	ton/ billion KRW	1,230	1,017	1,044

Energy

Classification		Unit	2021	2022	2023
Energy Consumption	Power Consumption	GJ	779,867	884,086	871,981
	Steam Consumption	GJ	1,406,190	1,232,923	978,466
	Total Fuel Consumption	GJ	7,471	7,426	8,055
	Fuel Consumption - Oil	GJ	3,844	4,017	4,040
	Fuel Consumption - LNG	GJ	3,627	3,408	4,014
Total Energy Consumption	Total Energy Consumption[1]	GJ	2,193,527	2,124,435	1,858,502
Reduction in Energy Consumption	Reduction in Energy Consumption	GJ	(369,679)	69,092	265,933
Intensity	Energy Consumption Intensity	GJ/ billion KRW	5,413	4,147	4,157

* Energy consumption by type may slightly differ from total energy consumption due to rounding at the site level.
1) Renewable energy consumption is currently zero.

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ESG DATA
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GHG Management

Classification		Unit	2021	2022	2023
GHG Emissions	Total direct GHG emissions (Scope 1)	tCO₂-eq	17,461	19,220	16,296
	Total indirect GHG emissions (Scope 2)-region based	tCO₂-eq	159,375	151,627	135,197
	Total GHG emissions (Scope 3)[1]	tCO₂-eq	-	550,865	-
	Total GHG Emissions (Scope 1&2)	tCO₂-eq	176,836	170,845	151,491
GHG Emission Performance	GHG Emission Intensity	tCO₂-eq/ billion KRW	436	334	339
GHG Emission Reduction	GHG reduction (Scope 1)	tCO₂-eq	(4,290)	(1,759)	2,925
	GHG reduction (Scope 2)	tCO₂-eq	(59,797)	7,748	16,430
	GHG reduction (Scope 1&2)	tCO₂-eq	(64,087)	5,989	19,355

* Note: Total emissions are summed after truncating decimal places at each business site.
1) The Scope 3 emissions for 2022 include only eight categories, with plans to expand the category range.
   The Scope 3 emissions for 2023 will be calculated in the second half of 2024.

Air Pollutants

Classification		Unit	2021	2022	2023
Air Pollutant emissions	NOx emissions	kg	8,141	8,577	6,448
	SOx emissions	kg	489	462	337
	Persistent organic pollutants (POPs) emissions	kg	0	0	0
	Volatile organic compounds (VOCs) emissions	kg	0	0	0
	Particulate matter (PM) emissions	kg	1,714	1,628	1,628
	Perfluorocarbons (PFC) emissions	ton	0	0	0
	Other air pollutant emissions	kg	7,495	51,342	78,529
Air Pollutant Emission Concentrations	NOx emission concentration	ppm	5.5	15.0	20.0
	SOx emission concentration	ppm	0.2	0.6	0.5
Ozone-Depleting Substances (ODS)	Production	kg	0	0	0
	Import	kg	0	0	0
	Export	kg	0	0	0

Water Pollutants

Classification		Unit	2021	2022	2023
Water Pollutant Emissions	Total water pollutant emissions from the company[1]	kg	57,883	32,050	24,620
	Biochemical Oxygen Demand (BOD)	kg	7,537	4,140	3,841
	Total Organic Carbon(TOC)[2]	kg	14,790	7,817	6,027
	Suspended Solids (SS)	kg	10,443	7,266	5,377

1) All pollutants according to the pollution source investigation measures.
2) Measured using Chemical Oxygen Demand (COD) Indicator in 2021.

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Waste

Classification		Unit	2021	2022	2023
Waste generated	Total	ton	5,846	6,410	6,564
	General waste generated	ton	1,679	1,791	2,269
	Designated waste generated	ton	4,167	4,619	4,295
	Construction waste generated	ton	0	0	0
Waste treated[1]	Total	ton	3,924	4,236	3,782
	General waste treated	ton	0	0	0
	Designated waste treated	ton	3,924	4,236	3,782
	Construction waste treated	ton	0	0	0
Total amount of waste recycled		ton	1,284	1,467	1,947
Total waste recycling rate		%	22	23	32
General waste recycling amount		ton	1,222	1,369	1,820
Designated waste recycling amount		ton	62	98	126
Designated waste recycling rate		%	2	2	3

1) Self-treated waste amount.

Chemical Substance

Classification	Unit	2021	2022	2023
Chemical discharge	ton	12	14	13
Reduction of chemical discharge	ton	(9)	(2)	1
Number of chemical spill accidents	Cases	0	1	0
Amount of leaked chemicals	ton	0	0	0

Environmental Management System Certification (ISO 14001)

Classification		Unit	2021	2022	2023
ISO 14001	Certified business sites	Site	3	3	3
	Certification rate[1]	%	100	100	100

1) Calculated based on domestic manufacturing plants only.

Violation of Environmental Regulations

Classification		Unit	2021	2022	2023
Environmental law violations	Number of Cases	Cases	0	2	0
Civil complaints and response	Number of Cases	Cases	0	0	0
Arrears of emission charges	Number of Cases	Cases	0	0	0
Violation of water resource-related laws and regulations	Sanctions	Cases	0	0	0
Violation of water resource-related laws and regulations	Fine	KRW	0	0	0
Sites that conducted environmental risk assessments	Domestic	Site	3	3	3
Ratio of sites that conducted environmental risk assessments[1]	Domestic	%	100	100	100

1) Calculated based on domestic manufacturing plants only.

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Employment Status

Classification		Unit	2021	2022	2023
Number of Employees	Total number of employees[1]	Male	Persons	315	321	327
		Female	Persons	55	58	61
		Total	Persons	370	379	388
Employees by employment type	Permanent employees	Male	Persons	309	315	320
		Female	Persons	54	57	60
		Total	Persons	363	372	380
	Temporary employees	Male	Persons	6	6	7
		Female	Persons	1	1	1
		Total	Persons	7	7	8
Employees by working hours	Part-time employees	Male	Persons	0	3	3
		Female	Persons	0	1	1
		Total	Persons	0	4	4
	Full-time employees	Male	Persons	315	318	324
		Female	Persons	55	57	60
		Total	Persons	370	375	384
Employees by region	Region	Domestic	Persons	367	376	385
		Overseas	Persons	3	3	3
Employees by age	Age	Under 30	Persons	49	61	77
		30 to 50	Persons	263	265	265
		Over 50	Persons	58	53	46
Employees by job title	Executives	Male	Persons	9	11	10
		Female	Persons	0	0	0
		Total	Persons	9	11	10
	Managers[2]	Male	Persons	100	106	107
		Female	Persons	11	14	17
		Total	Persons	111	120	124
		Disabled	Persons	0	0	0
	Non-managers	Male	Persons	202	206	210
		Female	Persons	44	43	44
		Total	Persons	246	249	254
		Ratio of female	%	17.9	17.3	17.3

1) Total number of employees: Permanent employees + Temporary employees / Part-time employees + Full-time employees.
   * From 2022 onwards, the number of registered executives is excluded (based on the business report).
2) Managers are the employees of PM, GM, and EM grades, which are at the senior level or above,
   before the change in rank system.

Employee Diversity

Classification		Unit	2021	2022	2023
Ratio of female employees	Ratio of female employees	%	14.9	15.3	15.7
	Ratio of female managers	%	9.9	11.7	13.7
R&D employees		Persons	40	38	40
Ratio of employees with disabilities[1]		%	1.4	1.6	1.6
Veterans		Persons	2	2	2
Employed vulnerable groups of employees	Employees with disabilities	Persons	5	6	6
	Female employees	Persons	55	58	61
	Total	Persons	60	64	67
	Ratio of vulnerable groups of employees	%	16.2	16.9	17.3

1) The ratio of employees with disabilities is calculated based on the total number of employees

New Recruitment

Classification		Unit	2021	2022	2023
Recruitment of local talents		Persons	31	34	21
Recruitment by region	Domestic	Persons	55	59	38
	Overseas	Persons	0	0	0
Recruitment by gender	Male	Persons	49	50	30
	Female	Persons	6	6	8
	Total	Persons	55	56	38
	Ratio of newly hired male employees	%	89.1	89.3	79.0
	Ratio of newly hired female employees	%	10.9	10.7	21.1

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Turnover

Classification	Unit	2021	2022	2023
Voluntary turnover[1]	Persons	33	44	31

1) The Voluntary turnover is limited to domestic business sites

Employee Compensation

Classification	Unit	2021	2022	2023
Total annual compensation to the CEO	KRW	361,517,200	462,477,400	482,570,000
Median value of total annual compensation to employees	KRW	74,800,900	79,401,700	66,892,816
CEO-employee wage ratio	Times	4.8	5.8	7.6
Minimum wage	KRW	21,869,760	22,973,280	24,126,960
Average starting wage	KRW	34,534,079	33,990,640	43,552,029
The ratio of the average wage to legal minimum wage	%	158	148	181

Diversity and Inclusion[1]

Classification	Unit	2021	2022	2023
Average wage gap between genders	KRW	19,336,508	22,091,095	22,991,176
Average wage for male employees	KRW	81,936,508	87,470,405	74,122,324
Average wage for female employees	KRW	62,600,000	65,379,310	51,131,148
Average wage of female employees to male employees	Times	0.76	0.75	0.69

1) Diversity and inclusion indicators are limited to domestic employees

Flexible Working System

Classification		Unit	2021	2022	2023
Flexible working hours	Male	Persons	64	67	82
	Female	Persons	40	48	42
	Total	Persons	104	115	124

Maternity and Childcare Leave

Classification		Unit	2021	2022	2023
Number of employees who used maternity leave	Male	Persons	16	10	7
	Female	Persons	4	4	2
	Total	Persons	20	14	9
Number of employees who used childcare leave	Male	Persons	2	1	2
	Female	Persons	6	2	6
	Total	Persons	8	3	8
Ratio of Employees who returned to work after childcare leave	Male	%	100	–	50
	Female	%	0	83	100
	Total	%	67	83	80
Rate of employees with over 12 months tenure after return	Male	%	–	100	–
	Female	%	100	–	100
	Total	%	100	100	100

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Investment in Training and Education

Classification		Unit	2021	2022	2023
Environmental training	Number of participants[1]	Persons	127	142	152
	Total training hours	Hours	508	568	608
Safety and health training	Number of participants	Persons	232	248	258
	Number of residing supplier employees subject to training	Persons	96	97	102
	Number of residing suppliers participants	Persons	96	97	102
	Ratio of training completion rate of residing suppliers	%	100	100	100
	Emergency response drill	Numbers	24	24	24
Anti-corruption training	Number of participants[2]	Persons	0	284	0
Human rights training	Number of participants	Persons	363	369	383
	Total training hours	Hours	726	1,084	1,136
Information security - training for new and experienced employees	Employees subject to training	Persons	16	15	18
	Number of participants	Persons	0	13	3
Total training hours		Hours	15,315	20,480	20,886
Average training costs per employee		KRW	182,888	242,110	359,936
Average annual training hours per employee		Hours/Persons	57.3	74.7	75.8

1) For domestic employees
2) The ethics management education organized by the holding company is conducted biennially.

Whistleblowing System

Classification		Unit	2021	2022	2023
Whistleblowing System	Number of internal reports	Cases	0	1	1
	Number of cases treated	Cases	0	1	1
	Treatment rate	%	0	100	100

Performance and Career Development

Classification		Unit	2021	2022	2023
Employees who received regular performance evaluation and career development at all sites	Number of employees	Persons	166	177	171
	Ratio	%	44.9	46.7	44.1

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Collective Agreement

Classification		Unit	2021	2022	2023
Collective agreement	Number of labor union workers	Persons	142	142	150
	Number of employees eligible for labor union	Persons	146	150	153
	Labor union membership rate	%	38.4	37.5	39.2
	Membership rate among eligible employees for labor union	%	97.3	94.7	99.3
	Number of employees subject to collective agreement	Persons	146	150	153
	Ratio of employees subject to collective agreement	%	39.5	39.6	39.4

Human Rights Management

Classification		Unit	2021	2022	2023
Child labor	Number of child laborers in Korea	Persons	0	0	0
	Number of child laborers overseas	Persons	0	0	0
	Total	Persons	0	0	0

Status of Health Checkup Support

Classification	Unit	2021	2022	2023
Ratio of Employees who received health checkups	%	91.1	90.5	94.6

Occupational Safety and Health Management System

Classification		Unit	2021	2022	2023
Workplaces subject to occupational safety and health management system	Total number of workplaces certified with ISO 45001	Sites	0	0	3
	Ratio of workplaces certified with ISO 45001[1]	%	0	0	100
Employees subject to occupational safety and health management system	Ratio of employees subject to the system with external evaluation and verification	%	0	0	100
	Ratio of employees subject to the system with internal audits	%	100	100	100
	Ratio of applying the entire system	%	100	100	100
Supplier employees subject to occupational safety and health management system	Ratio of supplier employees subject to the system with external evaluation and verification	%	0	0	100
	Ratio of supplier employees subject to the system with internal audits	%	100	100	0

1) Calculated for domestic manufacturing plants only

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Health and Safety Performance

Classification		Unit	2021	2022	2023
Work-related fatalities	Total employee working hours	Hours	447,296	474,176	497,424
	Work-related fatalities	Persons	0	0	0
Work-related serious injuries	Number of serious injuries	Persons	1	1	0
Work-related injuries	Number of recorded disasters	Cases	2	1	1
	TRIR (Total Recordable Incidents Rate)	Rate	4	2	2
Fatalities due to work-related diseases		Persons	0	0	0
Occurrence of work-related disease		Cases	0	0	0
Suppliers' work-related fatalities	Total number of supplier employees	Persons	96	97	102
	Total working hours of suppliers	Hours	186,840	187,232	198,504
	Work-related fatalities	Persons	0	0	0
Suppliers' Work-related serious injuries	Number of work-related serious injuries	Persons	0	0	0
Suppliers' work-related injuries	Number of recorded disasters	Cases	0	0	0
	TRIR (Total Recordable Incidents Rate)	Rate	0	0	0
Suppliers' fatalities due to work-related diseases		Persons	0	0	0
Suppliers' occurrence of work-related disease		Cases	0	0	0

Consumer Protection

Classification		Unit	2021	2022	2023
Information protection	Ratio of information security investment to total IT budget	%	9.1	5.2	6.3
Number of complaints that proved the violation of customer privacy protection	Complaints on privacy violation presented by external stakeholders and confirmed by the organization	Cases	0	0	0
	Complaints on privacy violation presented by regulatory institutions	Cases	0	0	0
	Number of customer data breaches	Cases	0	0	0
	Number of customer data thefts	Cases	0	0	0
	Number of lost customer data	Cases	0	0	0

Lost Time Incident Rate of Direct Employees

Classification		Unit	2021	2022	2023
Lost time incident	Lost working days – employee	Days	78	46	25
LTIFR	Lost Time Injury Frequency Rate	Rate	0.89	0.42	0.40
LTISR	Lost Time Injury Severity Rate	Rate	34.88	19.40	10.05

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Lost Time Incident Rate of Suppliers

Classification		Unit	2021	2022	2023
LTIFR of suppliers	Lost Time Injury Frequency Rate	Rate	0	0	0
LTISR of suppliers	Lost Time Injury Severity Rate	Rate	0	0	0

Product Liability

Classification		Unit	2021	2022	2023
Product/service liability activities	Recalls due to safety issues	Cases	32	7	8

Social Contribution

Classification	Unit	2021	2022	2023
Cash donations	KRW	222,149,000	245,000,000	220,000,000
Total social contribution expenses[1]	KRW	228,358,510	248,722,860	245,548,965
Employees' volunteering hours	Hours	106	70	895

1) Total social contribution expenses include cash donations, employee donations (payroll deductions), in-kind contributions, expenses related to social contribution projects, and employee volunteer hours multiplied by the average hourly wage.

KOLON Social Volunteer Group Activities

Classification		Unit	2021	2022	2023
KOLON Social Volunteer Group activities	Number of activities	Times	5	4	5
	Number of participants	Persons	41	24	294
	Activity hours	Hours	106	70	895

Investment in Safety

Classification		Unit	2021	2022	2023
Investment in safety	Goal	thousand KRW	322,176	925,762	717,769
	Performance	thousand KRW	368,874	878,599	623,664
	Achievement rate	%	114	95	87

Suppliers

Classification		Unit	2021	2022	2023
Total number of suppliers	Number	Entities	131	132	126
Number of key suppliers	Number	Entities	20	22	24
	Ratio	%	15.3	16.7	19.0
Total purchase amount from all suppliers		100 million KRW	2,086	2,269	1,887
Purchase amount from key suppliers		100 million KRW	1,616	1,759	1,477
Percentage of Key Suppliers Purchases		%	77.5	77.5	78.3

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Board of Directors Operation

Classification		Unit	2021	2022	2023
BOD meetings held	Ordinary Meetings	Times	4	4	4
	Extraordinary meetings	Times	3	4	4
	Total number of the BOD meetings	Times	7	8	8
Agendas deliberated	Total agenda items deliberated at the BOD meeting	Times	10	18	9
BOD efficiency	Average number of concurrent positions of the BOD Members*	Cases	0	0	0
	Reports of material matters to the BOD	Times	0	0	0
	Number of agendas on which outside directors presented opposition or amended opinions	Cases	0	0	0
BOD remuneration	Remuneration per executive director[1]	KRW	191,095,747	233,083,800	323,797,067
	Variable salary (including performance pay, stock-based compensation, bonuses, stock options, or restricted stock units)	KRW	137,225,000	138,492,000	30,480,000
	Retirement benefit	KRW	0	705,114,188	2,502,583,880

* Subsidiaries are not included in the count of concurrent positions.
1) Excludes cases when retirement benefits occur.

Internal Audit on Ethics and Risk Assessment

Classification		Unit	2021	2022	2023
Business sites assessed for corruption risk	Number of business sites assessed	Sites	0	0	0
	Ratio	%	0	0	0

Board of Directors Composition and Attendance Rate

Classification		Unit	2021	2022	2023
Outside Directors	Number of outside directors	Persons	1	1	1
	Ratio of outside directors	%	25	25	25
	Attendance rate	%	100	100	100
Inside director	Number of inside directors	Persons	3	3	3
	Attendance rate	%	100	100	100
Average tenure of BOD members (plan)		years	3	3	3
Board composition	Male	Persons	4	4	4
	Female	Persons	0	0	0
	Foreigners	Persons	1	1	1

Ethics/Compliance Activities and Performance

Classification		Unit	2021	2022	2023
Anti-Corruption	Employees notified of anti-corruption policies and procedures	Persons	370	379	388
	Employees who received anti-corruption training (domestic)[1]	Persons	0	284	0
	Ratio of Employees who received anti-corruption training (domestic)	%	0	75	0
Environmental compliance	Violation of environmental laws and regulations	Cases	0	2	0

1) The ethics management training organized by the holding company is conducted biennially.

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Response to Irregularities and Corruption by Stakeholder

Classification		Unit	2021	2022	2023
Customers	Report	Cases	0	0	0
	Consulting	Cases	0	0	0
	Dissatisfaction	Cases	0	0	0
	Punishment	Cases	0	0	0
Suppliers	Report	Cases	0	0	0
	Consulting	Cases	0	0	0
	Dissatisfaction	Cases	0	0	0
	Punishment	Cases	0	0	0
Employees	Report	Cases	0	0	0
	Consulting	Cases	0	0	0
	Dissatisfaction	Cases	0	0	0
	Punishment	Cases	0	0	0
Total	Report	Cases	0	0	0
	Consulting	Cases	0	0	0
	Dissatisfaction	Cases	0	0	0
	Punishment	Cases	0	0	0

Discipline for Violation of Ethical Management

Classification		Unit	2021	2022	2023
Bribery, embezzlement and malpractice	Report	Cases	0	0	0
	Investigation	Cases	0	0	1
	Punishment	Cases	0	0	0
Violation of arbitrary decision regulation	Report	Cases	0	0	0
	Investigation	Cases	0	0	0
	Punishment	Cases	0	0	0
Violation of environment and safety rule	Report	Cases	0	0	0
	Investigation	Cases	7	12	5
	Punishment	Cases	0	0	0
Sexual harassment, workplace harassment, etc.	Report	Cases	0	1	0
	Investigation	Cases	0	1	0
	Punishment	Cases	0	1	0
Others	Report	Cases	0	0	1
	Investigation	Cases	0	0	1
	Punishment	Cases	0	0	0

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GRI STANDARDS

● : Linked to a major issue, Reasons for omission - Ⓐ Not applicable, Ⓑ Legal prohibition, Ⓒ Confidentiality constraints, Ⓓ Incomplete information

GRI Standards_General	
Statement of Use	KOLON ENP has reported in accordance with the GRI Standards for the period [January 1 to December 31, 2023]
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	At the time of publication of the report, no specific GRI Sector Standard applicable to KOLON ENP's sector had been released, so no separate Sector Standard was applied.

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Note
GRI 2: **General Disclosures** **2021**	2-1	Organizational details	P.7	
	2-2	Entities included in the organization's sustainability reporting	P.2	
	2-3	Reporting period, frequency, and contact point	P.2,85	
	2-4	Restatements of information		Ⓐ Not applicable
	2-5	External assurance	P.79	
	2-6	Activities, value chain, and other business relationships	P.7-11,17,35	
	2-7	Employees	P.63	
	2-8	Workers who are not employees	P.63	
	2-9	Governance structure and composition	P.44	
	2-10	Nomination and election of the highest governance body		Ⓓ Incomplete information
	2-11	Chair of the highest governance body	P.44	
	2-12	Role of the highest governance body in overseeing the management of impacts	P.14	
	2-13	Delegation of responsibility for managing impacts	P.14	
	2-15	Conflicts of interest	P.44	
	2-16	Communication of critical concerns	P.15	
	2-17	Collective knowledge of the highest governance body		Ⓓ Incomplete information
	2-18	Evaluation of the performance of the highest governance body	P.44	
	2-21	Annual total compensation ratio	P.64	
	2-22	Statement on sustainability development strategy	P.5	
	2-23	Policy commitments	P.45-46,57	
	2-25	Processes to remediate negative impacts	P.40	
	2-26	Mechanisms for seeking advice and raising concerns	P.46	
	2-27	Compliance with laws and regulations	P.62	
	2-28	Membership associations	P.83	
	2-29	Approach to stakeholder engagement	P.17	
	2-30	Collective bargaining agreements	P.39,66	

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GRI Standards_General				
GRI Standard	**Disclosure No.**	**Disclosure Indicators**	**Page**	**Note**
GRI 3: **Material Topics 2021**	3-1	Process to determine material topics	P.15	
	3-2	List of material topics	P.15	
	3-3	Management of material topics	P.16	

GRI Standards_Economic				
GRI Standard	**Disclosure No.**	**Disclosure Indicators**	**Page**	**Note**
GRI 201	201-1	Direct economic value generated and distributed	P.58-59	
	201-2	Financial implications and other risks and opportunities due to climate change	P.16	
	201-3	Defined benefit plan obligations and other retirement plans		© Confidentiality constraints
	201-4	Financial assistance received from government		© Confidentiality constraints
GRI 202	202-1	Ratios of standard entry level wage by gender at significant locations of operation compared to local minimum wage	P.59	
●GRI 205	205-1	Total number and percentage of operations assessed for risks related to corruption	P.69	
	205-2	Communication and training about anti-corruption policies and procedures	P.69	
	205-3	Confirmed incidents of corruption and actions taken	P.70	

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GRI Standards_Environment				
GRI Standard	**Disclosure No.**	**Disclosure Indicators**	**Page**	**Note**
●**GRI 302**	302-1	Energy consumption within the organization	P.60	
	302-2	Energy consumption outside of the organization		◎ Incomplete information
	302-3	Energy intensity	P.60	
	302-4	Reduction of energy consumption	P.60	
	302-5	Reductions in energy requirements of products and services	P.28	
●**GRI 303**	303-1	Water management	P.50-51	
	303-2	Management of wastewater discharge-related impacts	P.51,60	
	303-3	Total volume and percentage of water reused and recycled	P.50,60	
	303-4	Wastewater discharge	P.60	
	303-5	Water consumption	P.60	
●**GRI 305**	305-1	Direct (Scope 1) GHG emissions	P.61	
	305-2	Energy indirect (Scope 2) GHG emissions	P.61	
	305-3	Other indirect (Scope 3) GHG emissions	P.61	
	305-4	GHG emissions intensity	P.61	
	305-5	Reduction of GHG emissions	P.61	
	305-6	Emissions of ozone-depleting substances (ODS)	P.61	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P.61	
●**GRI 306**	306-1	Waste generation and significant waste-related impacts	P.51	
	306-2	Management of significant waste-related impacts	P.51	
	306-3	Waste generated	P.62	
	306-4	Waste diverted from disposal	P.62	
	306-5	Waste directed to disposal	P.62	

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GRI STANDARDS

GRI Standards_Environment				
GRI Standard	**Disclosure No.**	**Disclosure Indicators**	**Page**	**Note**
●**GRI 401**	401-1	New employee hires and employee turnover	P.37,63-64	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P.38	
	401-3	Parental leave	P.38,64	
●**GRI 403**	403-1	Occupational health and safety management system	P.31, 66	
	403-2	Hazard identification, risk assessment, and incident investigation	P.31-32	
	403-3	Occupational safety programs	P.31-32	
	403-4	Worker participation, consultation, and communication on occupational health and safety	P.31-32	
	403-5	Worker Training on occupational health and safety	P.31-32	
	403-6	Worker health		◎ Incomplete information
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P.31-32	
	403-8	Workers covered by an occupational health and safety management system	P.66	
	403-9	Work-related injuries	P.67	
	403-10	Work-related ill health	P.67	
●**GRI 404**	404-1	Average hours of training per year per employee	P.65	
	404-2	Programs for upgrading employee skills and transition assistance programs	P.65	
	404-3	Percentage of employees receiving regular performance and career development reviews	P.65	
GRI 405	405-1	Diversity of governance bodies and employees	P.44,63-69	
	405-2	Ratio of basic salary and remuneration of women to men	P.64	
●**GRI 416**	416-2	Assessment of the health and safety impacts of product and service categories		◎ Incomplete information
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P.53	
GRI 418	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P.67	

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SASB

Topic	SASB code	Accounting metric	Page and Comment
Greenhouse gas emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	P.61
	RT-CH-110a.2	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	P.21
Air quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOx (2) SOx, (3) volatile organic compounds (VOCs)	P.61
		Hazardous Air Pollutants (HAPs) emissions	Inspection results for fugitive emission facilities in 2023: 1 facility with a leak
Energy management	RT-CH-130a.1	Total energy consumed	P.60
		Percentage renewable	0%
		Total self-generated energy	0 MWH
Water management	RT-CH-140a.1	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress in 2023: 0
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number of incidents of non-compliance associated with water quality permits, standards, and regulations in 2023: 0
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	KOLON ENP has implemented advanced systems to recycle industrial water and optimize water management. These systems effectively purify and recycle contaminated water from manufacturing processes. At Plant 1, we utilize biological and chemical treatments before coordinating with public sewage facilities for discharge. At Plant 2, physical purification allows us to treat and reuse water within our processes. This approach not only cuts water consumption but also prevents environmental pollution and reduces operating costs. Our sustainable model maintains high efficiency while meeting strict environmental standards, and we are committed to continuously improving our reuse processes.
Hazardous waste management	RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	P.62
Community relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Under the vision of "Lifestyle Innovator," KOLON ENP participates in social contribution programs that promote Eco-life, Future-life, and Share-life. Despite restrictions on social activities due to the COVID-19 pandemic, we plan to log over 1,000 hours of volunteer work starting in 2023 involving all employees. By encouraging each employee to volunteer at least 10 hours and organizing diverse community programs, we aim to increase our community involvement and social contributions.
	RT-CH-320a.1	Total recordable incident rate (TRIR) and fatality rate for direct employees and contract employees	TRIR of Contract Employees in 2023: 0 TRIR of Direct Employees in 2023: 2 Ratios of Employee Fatalities Due to Work-related Injuries in 2023: 0

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SASB

Topic	SASB code	Accounting metric	Page and Comment
Workforce health and safety	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	We collaborate with local governments to develop and implement various health and wellness programs aimed at promoting employee health. These programs contribute to maintaining healthy lifestyle habits among employees and creating a healthy work environment.
Safety and environmental stewardship of chemicals	RT-CH-410.b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) Percentage of such products that have undergone a hazard assessment	Approximately 8 out of 170 specifications (about 4.7%) contain hazardous substances. We comply with European Union's REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation, and manage internal rules by continuously managing chemical substances, and providing Safety Data Sheets (SDS).
	RT-CH-410b.2	Discussion of strategy to manage chemicals of concern	KOLON ENP has established and follows comprehensive management processes for all stages, from procurement to the sale of chemical substances. For hazardous chemicals, the company has set safety work standards and hazardous material handling guidelines to ensure also transport and handling. We also have designated a Hazardous Chemical Substances-related Risk Response Manager distributed pre-awareness guidelines and managed working plans.
		Discussion of strategy to develop alternatives with reduced human and/or environmental impact	KOLON ENP produces 'KOCETAL,' an industrial material widely utilized across diverse sectors—from automotive components, such as seat belt parts, to household appliances, including refrigerator and air conditioner components, as well as everyday items like buckles and zippers. 'KOCETAL' is renowned for its balanced mechanical properties, low friction coefficient, exceptional wear resistance, outstanding fuel resistance, and minimal moisture absorption. These attributes ensure that the polymer maintains consistent dimensions under varied environmental conditions. Additionally, we effectively control formaldehyde emissions to ensure our products that meet all applicable formaldehyde standards.
Management of the legal and regulatory environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	KOLON ENP rigorously adheres to both domestic and international regulations on hazardous chemicals. We operate under the Korean Act on Registration and Evaluation of Chemicals and the Chemical Substances Control Act, handling the registration, evaluation, and management of hazardous chemicals. Since 2021, KOLON ENP has followed internal management processes that meet the requirements for Material Safety Data Sheets (MSDS) as mandated by the Occupational Safety And Health Act. MSDS provides comprehensive information on hazardous chemicals, including their names, components, toxicity, hazards, handling precautions, necessary safety gear, and emergency response measures. KOLON ENP ensures a robust management system for hazardous chemicals by fully addressing these requirements. KOLON ENP ensures that updates to the Clean Air Conservation Act are promptly reflected in company-wide regulations and plant-specific guidelines. We regularly monitor air pollutants at each emission point and analyze the results to ensure compliance with emission standards.
Operational safety, emergency preparedness and response	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	KOLON ENP plans to input data, following the establishment of standards for the respective indicators.
-	RT-CH-000.A	Production by reportable segment5	KOLON ENP manages production volumes as part of its production performance management, as detailed in the business report on page 16.

* RT-CH-410a.1 indicator is unmanged.

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UN SDGs

UN SDGs		KOLON ENP Major Activities	Report Page
3 GOOD HEALTH AND WELL-BEING / **Good Health and Well-being**	Ensuring healthy lives and promoting well-being for all ages	• Work-family balance programs • Ensuring workplace and process safety • Reducing pollutant emissions and managing hazardous chemicals	P.38 P.31-32 P.51-52
4 QUALITY EDUCATION / **Quality Education**	Ensuring inclusive, equitable quality education and lifelong learning opportunities for all	• Technical skills enhancement programs and competency training • Diversity, equity, and inclusion policies • Community contribution programs	P.37 P.40 P.41
5 GENDER EQUALITY / **Gender Equality**	Achieving gender equality and empowering all women and girls	• Work-family balance policies • Efforts to increase women in managerial positions	P.38 P.40
6 CLEAN WATER AND SANITATION / **Clean Water And Sanitation**	Ensuring availability and sustainable management of water and sanitation for all	• Water and wastewater management • Water pollution control	P.50 P.51
7 AFFORDABLE AND CLEAN ENERGY / **Affordable and Clean Energy**	Ensuring Access to Affordable, Reliable, Sustainable, and Modern Energy for All	• Agreement on Renewable Energy Power Supply	P.22

UN SDGs		KOLON ENP Major Activities	Report Page
8 DECENT WORK AND ECONOMIC GROWTH / **Decent Work and Economic Growth**	Promoting inclusive and sustainable economic growth, full and productive employment, and decent work for all	• Development and Expansion of Sustainable Products • Support for Suppliers' R&D	P.26-27 P.54
12 RESPONSIBLE CONSUMPTION AND PRODUCTION / **Responsible Consumption and Production**	Ensuring sustainable consumption and production patterns	• Establishment and compliance with the Code of Conduct for Suppliers • Management of key suppliers	P.35
13 CLIMATE ACTION / **Climate Action**	Urgent action to combat climate change and its impacts	• Greenhouse gas emission management, use of low-pressure steam recovery • Carbon neutrality campaigns and environmental education	P.22
16 PEACE, JUSTICE AND STRONG INSTITUTIONS / **Peace, Justice and Strong Institutions**	Promoting peaceful and inclusive societies for sustainable development, ensuring justice for all, and building effective, accountable, and inclusive institutions at all levels	• Board performance evaluation and compensation • Enhancement of ethical and compliance management system • Ethical and compliance risk assessment	P.44 P.45 P.47
17 PARTNERSHIPS FOR THE GOALS / **Partnerships for the Goals**	Strengthening Implementation Means and Revitalizing the Global Partnership for Sustainable Development	• Joining the Green Methanol Initiative	P.26

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THIRD-PARTY ASSURANCE STATEMENT

To readers of KOLON ENP Sustainability Report 2023

Introduction

Korea Management Registrar (KMR) was commissioned by KOLON ENP to conduct an independent assurance of its Sustainability Report 2023 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of KOLON ENP. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with KOLON ENP and issue an assurance statement.

Scope and Standards

KOLON ENP described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
- GRI 205 : Anti-Corruption
- GRI 302 : Energy
- GRI 303 : Water and Effluents
- GRI 305 : Emissions
- GRI 306 : Waste
- GRI 401 : Employment
- GRI 403 : Occupational Health and Safety

- GRI 404 : Training and Education
- GRI 416 : Customer Health and Safety

As for the reporting boundary, the engagement excludes the data and information of KOLON ENP' partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART (Data Analysis, Retrieval and Transfer System) and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by KOLON ENP to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

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THIRD-PARTY ASSURANCE STATEMENT

To readers of KOLON ENP Sustainability Report 2023

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with KOLON ENP on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

KOLON ENP has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

KOLON ENP has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

KOLON ENP prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of KOLON ENP' actions.

Impact

KOLON ENP identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.
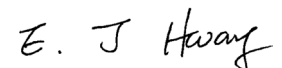
Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021·2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with KOLON ENP and did not provide any services to KOLON ENP that could compromise the independence of our work.

June 2024 Seoul, Korea
CEO

E. J Hwang

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VERIFICATION STATEMENT ON GREENHOUSE GAS EMISSION

GHG Emission Verification Opinion
KOLON ENP

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by KOLON ENP which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
- For matters not specitied in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

KOLON ENP's GHG emissions satisfies the under Reasonable Assurance (less than 5.0% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2023 Emissions (Scope1, Scope2)   (Unit: tCO_2eq)

Year	Scope1	Scope2	Total
Year	16,296.031	135,197.351	151,491

* Decimal places are rounded down to the nearest whole number at each site before being summed up, which may result in differences from the total emissions by scope.
* This emission is based on the March 2024 and the final emission value is subject to change.
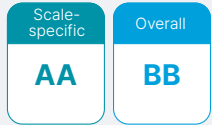
April 25, 2024
KOREAN STANDARDS ASSOCIATION

KSA KOREAN STANDARDS ASSOCIATION   Myyng Soo Kang

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ESG RATINGS

KOLON ENP has advanced its sustainable management and ESG initiatives to become a global leader in the materials market, achieving the following results from external evaluation agencies. We plan to continuously engage with global initiatives and external ESG evaluations, including joining the CDP by 2025.

ecovadis

- Voluntary Participation Evaluation: Conducted for voluntarily participating companies (required by clients such as Aptar and Ensinger).
- Results are shared with clients and used for business promotion
  ※ It is extremely rare to win a medal in the first evaluation

Evaluation Results
Top 31%
Bronze Medal

BRONZE | Top 35%
ecovadis
Sustainability Rating
JAN 2024

한국ESG기준원
Korea Institute of Corporate
Governance and Sustainability

- Evaluation Conducted for all companies listed on the stock market.
- Utilized in KRX's ESG thematic indices and investment decision-making

Evaluation Results
Grade B

Overall grade

ENVIRONMENTAL SOCIAL GOVERNANCE
B
KCGS
2023

SUSTINVEST

- Approximately 1,270 companies (including listed and unlisted companies)
- Disclosure of ESG information to investment institutions

Evaluation Results
Scale-specific **AA**   Overall **BB**

Scale-specific
AA
Overall
BB

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MEMBERSHIPS

Association Name	Department	Year of Membership
Fair Competition Federation	Ethical Management Team	2024
Korea Industrial Safety Association	ESH / ESH2G	1998 / 2017
Gimcheon Environmental and Safety Management Council	ESH / ESH2G	2002 / 2017
Gimcheon Fire Safety Management Council	ESH / ESH2G	2002 / 2017
Korea Fire Safety Institute	ESH / ESH2G	1998 / 2017
Korea Energy Engineers Association	Facility Technical Team	1998
Daegu-Gyeongbuk PSM(Process Safety Management) Safety Management Council of PSM	ESH	2012
West Gyeongbuk Environmental Engineers Association	ESH	2013
Gimcheon Chemical Safety Community	ESH	2017
Federation of Korean Industries	Accounting Team	1996
Korea Economic Research Institute	Accounting Team	1996
The Korean Institute of Chemical Engineers	HR Team (CEO)	2017
Korea International Trade Association	Management Planning Team	2005
Korea Exchange	Management Planning Team	2011
Korea Listed Companies Association	Management Planning Team	2011
'Win-Win Joint plastic training center project' hosted by Human Resources Development Service of Korea	Tech Center	2021
Korea Plant Industries Association	HR Team	2022
Korea Automotive Technology Institute Industrial Skills Council (KATECH)	HR Team	2022
Korea Industrial Technology Association	R&D	2010
Korea Management Association	Common	2010
Korean Standards Association	Common	2010
Korea Productivity Center	Common	2010
Korea Personal Improvement Association	Common	2010
Listed Companies Audit Committee	Management Planning Team	2022
Korea Exchange Emissions Market Association	Sustainable Management Team	2015

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AWARDS AND RECOGNITIONS

Best Strategic Customer

2017

Awarding Institution	Recipient
BLUESTAR	KOLON ENP

Long term partnership

2016

Awarding Institution	Recipient
METHANEX	KOLON ENP

BEST Emissions Trading Pilot Project Award

2013

Awarding Institution	Recipient
Ministry of Trade, Industry and Energy (Minister)	KOLON ENP

Europe Innovation Awards

2012

Awarding Institution	Recipient
JEC Europe	KOLON ENP

2016 Outstanding public disclosure corporation in the Stock Market

2017

Awarding Institution	Recipient
Korea Exchange	KOLON ENP

Fulfillment of Sincere Tax Payment Obligations

2020

Awarding Institution	Recipient
Ministry of Economy and Finance	KOLON ENP

100 Million Dollar Export Tower

2023

Awarding Institution	Recipient
Korea International Trade Association	KOLON ENP

Commendation for Outstanding public disclosure corporation

2017

Awarding Institution	Recipient
Korea Exchange	KOLON ENP

JEC innovation awards seoul

2019

Awarding Institution	Recipient
JEC Europe	KOLON ENP

Gyeonggi Province Best Company to Work

2012

Awarding Institution	Recipient
Gyeonggi-do	KOLON ENP

Korea Electrical safety grand prize (minister award)

2016

Awarding Institution	Recipient
Ministry of Trade, Industry and Energy	KOLON ENP

Prime Minister's Commendation on Foreign Company Day

2017

Awarding Institution	Recipient
Ministry of Trade, Industry and Energy	KOLON ENP

Deputy Prime Minister's Commendation in the Customs Sector on the 54th Taxpayer's Day

2020

Awarding Institution	Recipient
Ministry of Economy and Finance	KOLON ENP

Fire Commissioner's Commendation on the 58th Fire Fighting Day

2020

Awarding Institution	Recipient
National Fire Agency	KOLON ENP

Governor's Commendation at the Gyeongsangbuk-do Energy Awards

2021

Awarding Institution	Recipient
Gyeongsangbuk-do	KOLON ENP

Regional Employment and Labor Office Director's Commendation

2023

Awarding Institution	Recipient
Gumi Regional Employment and Labor Administration	KOLON ENP

Gimcheon City Small and Medium Business Outstanding Product Fair

2023

Awarding Institution	Recipient
Gimcheon City Hall	KOLON ENP

Empowering New Possibility

KOLON ENP
Sustainability Report 2023

KOLON ENP