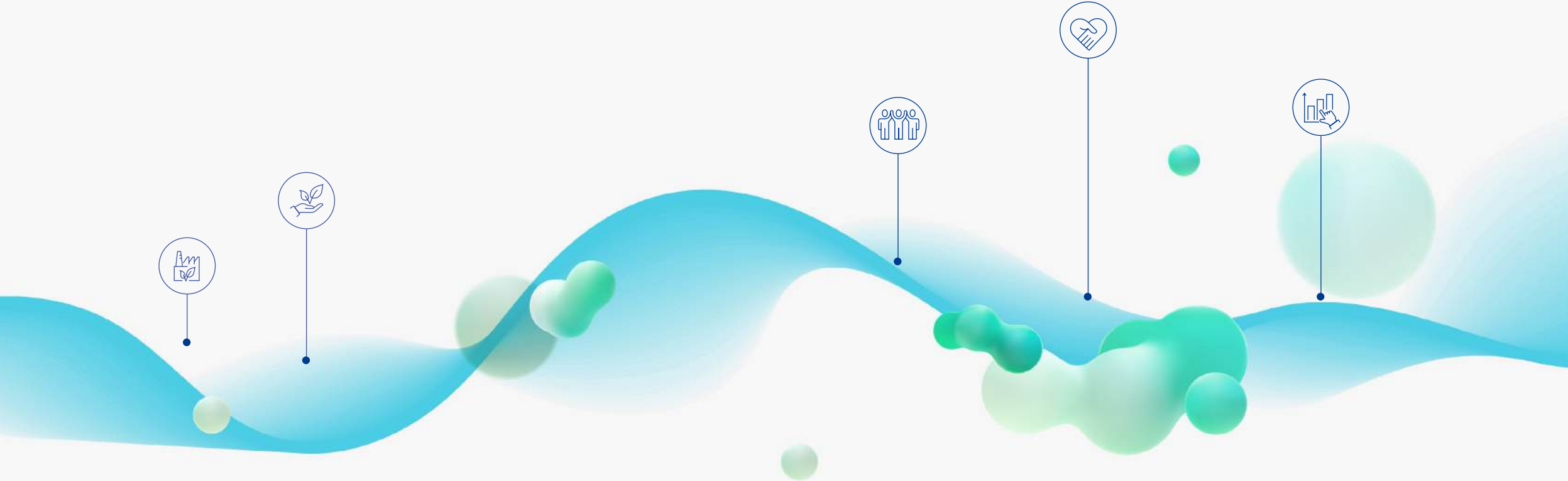


Respectable Partner for Your Innovation through Chemistry

2024 Aekyung Chemical Sustainability Report



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Report Overview

Aekyung Chemical publishes its third sustainability report in June 2025 under the slogan, "Creating a Better World with Unique Chemical Solutions." We plan to continue publishing this report annually to transparently share our sustainability performance and future plans with stakeholders.

Reporting Period

This report covers Aekyung Chemical's sustainability activities and performance from January 1 to December 31, 2024. To enhance comparability, we have included data from the past three years (2022–2024) for quantitative performance. In cases where the scope differs from the previous year, we have provided relevant footnotes and annotations within the report. Additionally, selected qualitative performance data deemed meaningful have been included up to the first half of 2025.

Reporting Principles and Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and the Sustainability Accounting Standards Board (SASB) standards, which are globally recognized guidelines for sustainability reporting. Financial information is prepared based on the consolidated financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS), while non-financial information is based on separate standards applicable to our domestic business sites. However, for the Daejeon R&D Center, only greenhouse gas and energy consumption data have been included.

Assurance of the Report

To enhance the credibility and quality of this report, we underwent third-party assurance conducted by the Korea Management Registrar Inc. (KMR), an independent assurance provider. The assurance was carried out in accordance with AA1000 Assurance Standard (AA1000AS) v3, at Type 1, Moderate level, and covers the entirety of our ESG data. Details of the assurance can be found in the Independent Assurance Statement on page 100.

Report Access and Inquiries

Aekyung Chemical's sustainability report is available for viewing and downloading on our website ([link]). For further information or inquiries, please contact us using the details below.

Website	www.aekyungchemical.co.kr
Address	9-10F, 188, Yanghwa-ro, Mapo-gu, Seoul, Republic of Korea
Responsible Department	Sustainability Management Team, Aekyung Chemical Co., Ltd.
Email	esg_ca@aekyung.kr



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CEO Message

Dear Valued Stakeholders,

I would like to extend my deepest gratitude to all stakeholders who have generously supported Aekyung Chemical's growth and development. Over the past year, despite challenging business conditions, we have remained committed to enhancing our business competitiveness and internalizing ESG management across our operations. Looking ahead, we anticipate a sharp rise in uncertainty across all sectors. As a result, the importance of building a sustainable management system will continue to grow as we work to navigate an increasingly complex and demanding environment. We take this situation more seriously than ever and, in alignment with our ESG management policy "THE! Aekyung Chemical," we will continue to pursue sustainable growth and responsible management.

Environment – Transition to Eco-friendly Business and Expansion of Carbon Reduction

Aekyung Chemical has designated climate change response as a top priority and is continuing efforts to expand eco-friendly products and reduce carbon emissions. We are working to increase the share of eco-friendly products and raw materials to over 50% by 2030, focusing on recyclable, biodegradable, and low-toxicity products. At the same time, we are actively promoting the use of bio-based and recycled raw materials. Furthermore, we are targeting a 50% reduction in carbon emissions per unit of output by 2030 compared to 2021 levels. To achieve this, we are pursuing a range of strategies including minimizing energy loss in processes, introducing high-efficiency equipment, and expanding the use of renewable energy. We will incorporate IT and artificial intelligence technologies to maximize productivity and establish a sustainable production system.

Society – Inclusive Shared Growth and Sustainable Value Creation

Under the principle that "growth must be shared," Aekyung Chemical is building a culture of diversity and inclusion that fosters growth through mutual respect. From 2023 to 2024, we conducted open recruitment of global talent and hired outstanding individuals from countries such as China, Vietnam, Thailand, Kazakhstan, and Colombia. These talents have been assigned to key roles in HR, strategy, overseas sales, and R&D, generating both operational and cultural synergies. We have also established and supported a sports team for employees with disabilities, while building an inclusive environment where everyone—regardless of gender, region, background, or disability—can be recognized based on their capabilities and grow together with the company. In addition, we pursue shared growth with

Respectable Partner for Your Innovation through Chemistry



our partners through fair and transparent business practices and are actively engaged in diverse contribution activities to establish a co-prosperity system with the local community. Aekyung Chemical continues to collaborate with employees, partners, local communities, and various stakeholders to promote inclusive shared growth and generate sustainable value, and we will continue expanding these efforts to contribute to and grow with society.

Governance – Transparent Management and Enhancement of Shareholder Value

Aekyung Chemical strives to transparently communicate ESG management performance through various channels and engage with stakeholders openly. We are also strengthening the independence and expertise of the Board of Directors while advancing our ethical management and compliance system to continuously earn stakeholders' trust and support.

As stated in the Value-up Plan disclosed in December 2024, we will do our utmost to maximize shareholder value by maintaining a return on equity (ROE) of over 8% and a dividend payout ratio of over 35% by 2027.

Aekyung Chemical remains committed to practicing ESG management with sincerity, fulfilling our environmental and social responsibilities, and striving for sustainable growth. We sincerely ask for your continued interest and support. With heartfelt love and respect!

We love you! We respect you! Let's work together!

Aekyung Chemical Co., Ltd.
Kyoungwon Pyo, CEO



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Company Overview

Company Name	AEKYUNG CHEMICAL CO., LTD.
Headquarters Location	9-10F, 188, Yanghwa-ro, Mapo-gu, Seoul, Republic of Korea
Establishment Date	September 3, 2012
Date of Merger	November 1, 2021
CEO	Kyoungwon Pyo
Business Type	Basic Chemical Manufacturing
Company Classification	KOSPI-listed (Stock Code: 161000)
Number of Employees	752 (as of December 31, 2024)
Issued Shares	48,648,709 shares

Main Products

Plasticizers, phthalic anhydride, resins for composite materials, resins for coatings, pressure-sensitive and structural adhesives, isocyanate-based hardeners, polyester polyols, polyurethane systems, surfactants, refined glycerin, biodiesel, bio heavy oil, hard carbon, and others

[Reference] Domestic and Overseas Subsidiaries

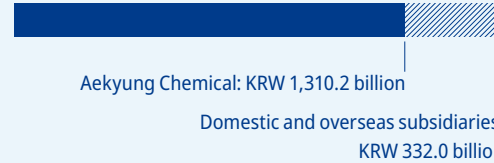
- 1) Domestic: Aekyung Specialty & Paint Co., Ltd., Aekyung BioPharm, Jungbu Country Club
- 2) Overseas: Aekyung (Shanghai) Investment & Trading Co., Ltd., Aekyung (Ningbo) Chemical Co., Ltd., AK VINA Co., Ltd., Aekyung Hong Kong Co., Ltd., VINA Plasticizers Chemicals Company Limited

Key Financial Information

(As of December 31, 2024, consolidated basis)

Revenue

KRW **1,642.2** billion



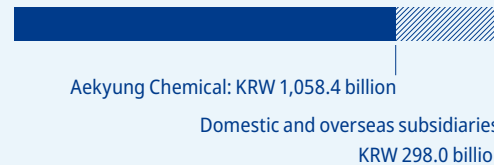
Operating Profit

KRW **15.5** billion



Total Assets

KRW **1,356.4** billion



UNICHE [juni k]: **AEKYUNG CHEMICAL**

Aekyung Chemical: Combining "Uni" and "Chemi" into One

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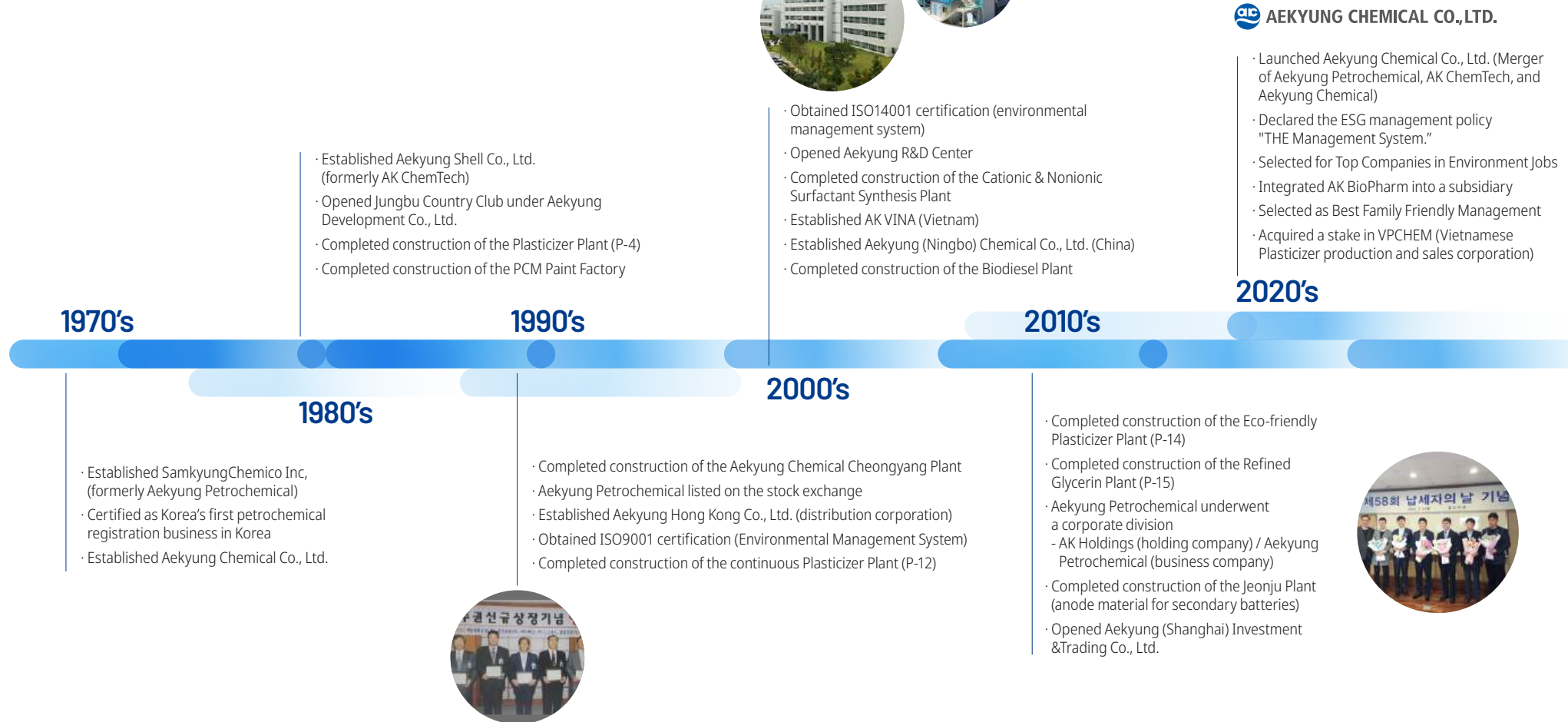
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History

Aekyung Chemical is a newly launched company formed through the integration of the capabilities of Aekyung Chemical, AK ChemTech, and Aekyung Petrochemical, which has grown alongside the history of South Korea's petrochemical industry. We continue our journey to create a new chapter in Aekyung Chemical's history.



ae AEKYUNG CHEMICAL CO., LTD.

- Launched Aekyung Chemical Co., Ltd. (Merger of Aekyung Petrochemical, AK ChemTech, and Aekyung Chemical)
- Declared the ESG management policy "THE Management System."
- Selected for Top Companies in Environment Jobs
- Integrated AK BioPharm into a subsidiary
- Selected as Best Family Friendly Management
- Acquired a stake in VPCHEM (Vietnamese Plasticizer production and sales corporation)



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Vision

Respectable Partner for Your Innovation through Chemistry



Respectable Partner

- We aspire to be strategic partners for mutual growth in the long run.
- Embracing an ESG management system, we aim to transform the structure and essence of our business to become a respected company from customers.



Your Innovation

- Our mission is to provide optimal solutions for our customers' innovation.
- Through innovative products and services, we contribute to better quality of life for everyone.

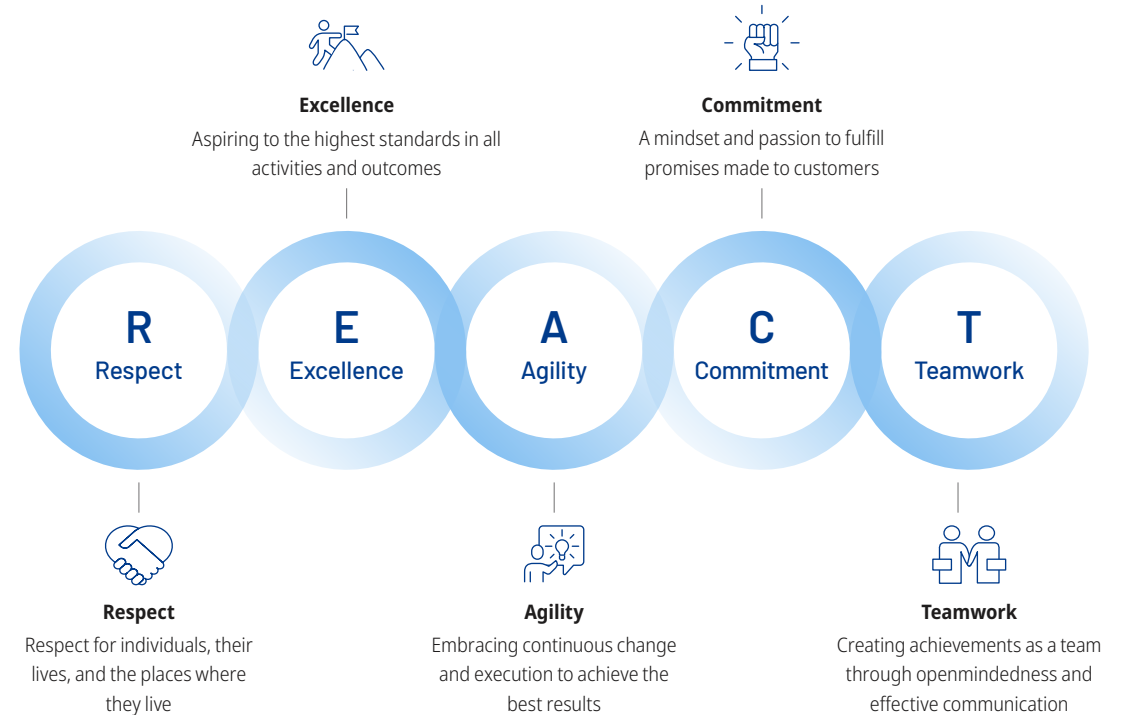


Through Chemistry

- Building upon 50 years of history and tradition in the chemical industry, we continue to progress and evolve.
- We expand and strengthen R&D in the field of chemistry to take it to the next level.

Core Values

These are the core values that Aekyung Chemical employees prioritize to achieve our vision.



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Mid- to Long-Term Goals and Strategies

Goal

Revenue of KRW **4** trillion and operating profit of KRW **300** billion by 2030.

Revenue



KRW **4** trillion

Operating Profit



KRW **300** billion

Sales Volume



2.34 million tons

Number of Employees

(separate basis)



1,300

Strategy

Establish a high-growth, high-profit sustainable business structure to achieve mid-to-long-term goals



Maximize the competitiveness of existing businesses



Actively pursue eco-friendly new businesses



Establish an ESG management system



Enhance R&D capabilities and expand investments



Establish local business systems in key countries



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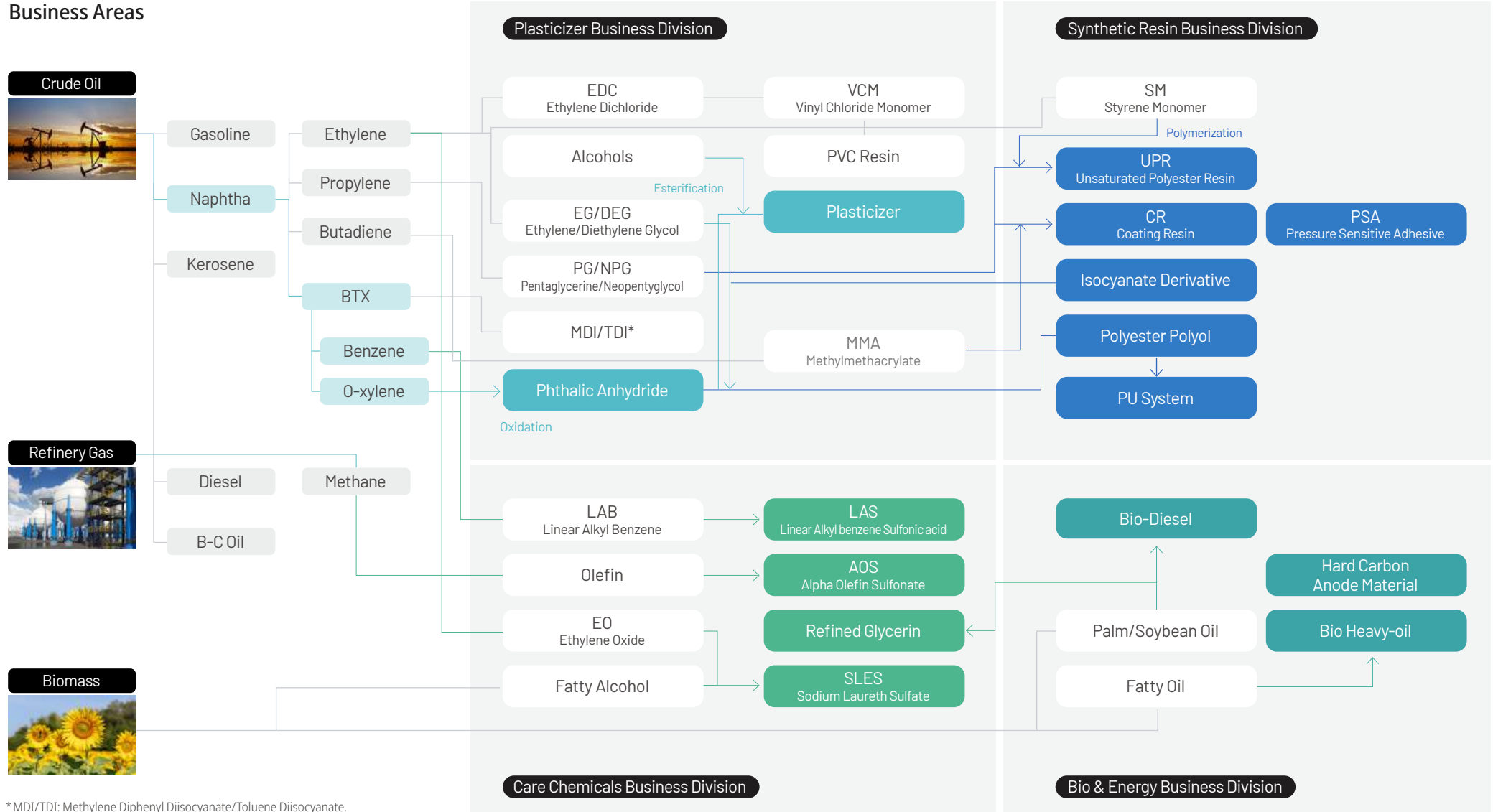
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Business Areas



*MDI/TDI: Methylene Diphenyl Diisocyanate/Toluene Diisocyanate.

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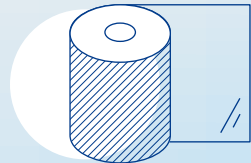
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Business Division Overview

Aekyung Chemical is building a happier world through our unique chemistry.

Plasticizer Business Division

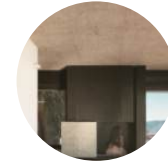
The Plasticizer Division encompasses the production of phthalic anhydride and the downstream processes that manufacture various plasticizers using it as a raw material. As a core material industry, our products are widely used across various sectors including consumer goods, construction, and electrical applications.



Plasticizers

Plasticizers are additives used in plastics such as PVC to enhance flexibility and other physical properties. They are extensively used in wallpapers, flooring materials, wires and cables, and synthetic leather.

Aekyung Chemical offers a broad product lineup ranging from general-purpose to functional and eco-friendly plasticizers, supported by world-class production capacity and technological expertise.



Flooring



Wallpapers



Cable Coatings

Ester Lubricant Base Oil

Ester lubricant base oils are fatty acid ester compounds used as high-performance base oils and additives in industrial and specialty lubricants, particularly in the Group V category. Our AKLUB-Series delivers world-class production capacity and specialized solutions.



Refrigeration Oil



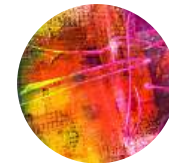
Hydraulic Fluid



Insulating Oil

Phthalic Anhydride, Maleic Anhydride, Itaconic Acid

Basic compounds including Phthalic Anhydride (PA), Maleic Anhydride (MA), and Itaconic Acid (ITA) are used as main raw materials and synthetic intermediates for various resins. Aekyung Chemical was the first company in Korea to commercialize PA and has since continued to expand production and develop advanced technology, currently achieving an annual production capacity of 210,000 tons.



Paints



UPR



Polyol



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Synthetic Resin Business Division

The Synthetic Resin Division is an industry that produces a variety of materials through chemical synthesis using basic feedstock derived from naphtha and natural gas. Key products include unsaturated polyester resin, coating resins and hardeners, acrylic pressure-sensitive adhesives, urethane adhesives, and polyester polyols, which serve as key raw materials in polyurethane systems.

Resin Solution Products

Unsaturated polyester resins are widely used across industries due to their excellent formability, workability, and mechanical properties. Vinyl ester resins offer superior chemical resistance and mechanical performance.

Coating Solution Products

Coating solutions include solvent-based acrylic and alkyd resins as well as water-based acrylic and polyurethane resins. These materials are widely used as essential raw ingredients in paints, inks, and other coating agents.

Hardeners

Hardeners are isocyanate-based raw materials that undergo urethane chemical reactions to form cross-links and cure the substrate, enhancing its chemical properties. We offer a wide range of hardener solutions optimized for various industrial applications.

Pressure-Sensitive and Structural Adhesives

Pressure-sensitive and structural adhesives adhere to surfaces with minimal pressure. They are characterized by strong cohesion and elasticity, exhibiting either removability—where the adhesive can be peeled off cleanly without damaging the substrate—or permanence, where detachment causes substrate destruction.

These adhesives maintain permanent tackiness at room temperature, do not require solvents or heat to activate, and remain physically stable. They are widely used in industries such as automotive, electronics, construction, printing, and paper manufacturing, and their applications are rapidly expanding to include semiconductors, electronic materials, mobile devices, displays, secondary batteries, and medical devices.

PU Solution Products

We supply polyurethane systems featuring aromatic polyester polyols with excellent insulation and flame-retardant properties.



Artificial Marble



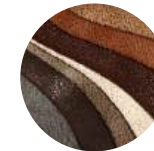
Pipes



Paints



Adhesives for Electronic Materials



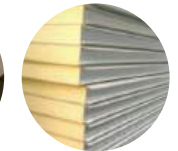
Synthetic Leather



Adhesives



Insulating Materials for LNG Vessels



Urethane Insulation



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Care Chemicals Business Division

The Consumer Chemicals Division is an industry that produces a variety of basic chemical materials—including surfactants—using raw materials derived from naphtha and biomass.



Surfactants

Surfactants are substances that lower surface tension by adsorbing at interfaces in aqueous solutions. With excellent foaming and cleansing properties, they are widely used as key raw materials in personal care products, detergents, and household and industrial cleaners. They are typically classified into anionic, cationic, amphoteric, and nonionic surfactants. Aekyung Chemical possesses the largest domestic production capacity for anionic surfactants, manufactured through a continuous gas-liquid process.

Low-Irritation Surfactants

Low-irritation surfactants are designed to minimize skin irritation during cleansing and support moisturization and skin barrier improvement. Aekyung Chemical's mild surfactants are sulfate-free and exhibit excellent biodegradability, making them eco-friendly products that provide safe and sustainable solutions for both people and the environment.

Refined Glycerin

Refined glycerin is used across various sectors, ranging from cosmetics and food additives to industrial raw materials such as polypropylene glycol (PPG).

Cosmetic Ingredients

These are used as functional additives in makeup, skincare, and personal care products, offering properties such as soft-focus effects and improved dispersibility. We offer control over particle size and shape—including spherical, wrinkled, and hemispherical forms—while delivering a wide range of physical characteristics.

Industrial Ingredients

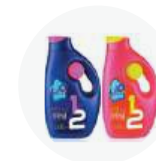
Used as functional additives in agrochemicals, water treatment agents, and construction materials, these ingredients provide specialized performance features tailored to consumer chemical products.



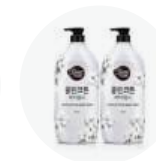
Shampoo



Hand Wash



Laundry Detergent



Body Wash



Industrial Cleaners



Emulsifiers



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Bio & Energy Business Division

The Bio & Energy Division produces and supplies eco-friendly alternative fuels and energy sources derived from biomass-based feedstock, designed to reduce emissions of environmental pollutants. Biodiesel and bio heavy oil are renewable alternative fuels manufactured using animal and vegetable oils, waste oils, and oleochemical by-products.

With the implementation of government mandates such as the Renewable Fuel Standard (RFS) and the Renewable Portfolio Standard (RPS), demand for these fuels is rising. In addition to regulatory demand, voluntary adoption in the transportation and power generation sectors for greenhouse gas reduction is further driving market growth.

Biodiesel

Biodiesel is produced using animal and vegetable oils or waste cooking oils and can be blended with diesel fuel without modifying existing diesel engines. As a sustainable fuel for transportation, it reduces greenhouse gas emissions and offers economic advantages due to its compatibility with current infrastructure.

It delivers fuel performance comparable to conventional diesel, while reducing CO₂ emissions, particulate matter, and exhibiting excellent biodegradability. According to the Enforcement Decree of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy, the mandatory blending ratio of biodiesel is being expanded, and demand is expected to increase further.

Bio Heavy Oil

Bio heavy oil is an eco-friendly fuel for power generation, manufactured by processing animal and vegetable oils and by-products of biodiesel to meet fuel specifications. It can be used directly in equipment that currently uses B-C oil or heavy oil, and helps reduce the emission of air pollutants such as sulfur oxides (SO_x), nitrogen oxides (NO_x), and fine dust. With the rollout of the Renewable Portfolio Standard (RPS), it is gaining attention as a key energy source for meeting mandatory renewable supply targets for power generators.

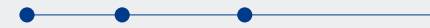


Renewable Fuel for
Power Generation



Fuel for Industrial
Boilers

Biodiesel Bio Heavy Oil Hard Carbon



Hard carbon Project Dept.

The HC Project Office is actively developing new hard carbon materials used as anode materials for secondary batteries, as demand continues to rise in electric vehicles (EVs), energy storage systems (ESS), and small devices.

Hard Carbon

Hard carbon is an amorphous carbon material used as an anode material for secondary batteries. It is suitable for both lithium-ion and sodium-ion batteries, and is drawing increasing attention as battery markets diversify. Compared to graphite, hard carbon offers a larger interlayer spacing, enabling fast charge/discharge, high output, and excellent performance even in low-temperature environments. Its low volume change during charging and discharging also contributes to longer battery life.

As the secondary battery market rapidly expands—spanning electric vehicles (EVs), ESS, IT devices, and more—demand for hard carbon is expected to grow significantly, particularly with the emerging commercialization of sodium-ion batteries.

Aekyung Chemical has developed new hard carbon materials based on bio-derived feedstock, and is strengthening performance and process competitiveness to support the industrialization of sodium-ion battery technology.



ESS



Two-/Three-
Wheel Vehicles



EV



Others
(e.g., Auto Stop
systems)



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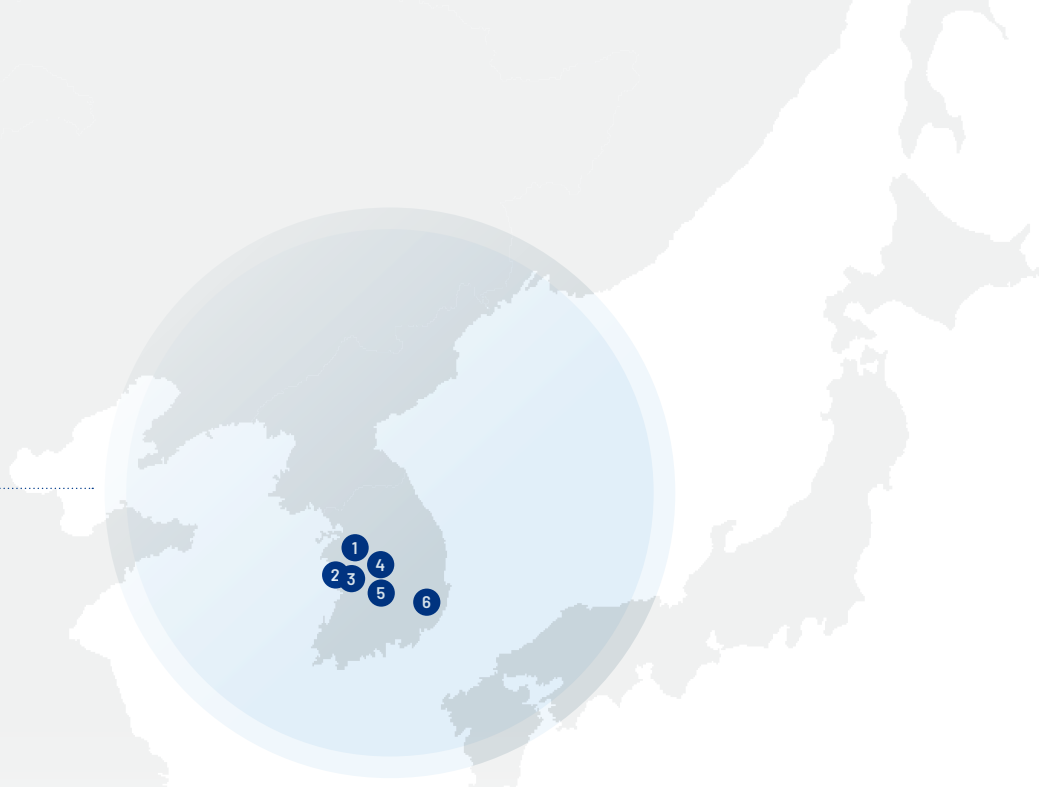
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Business Overview

Domestic Business Sites

6 Locations across 5 Cities



1

Headquarters

9-10F, 188, Yanghwa-ro,
Mapo-gu, Seoul, Republic of
Korea



2

Cheongyang Plant 1

1547-64, Chungui-ro,
Jeongsan-myeon, Cheongyang-
gun, Chungcheongnam-do,
Republic of Korea

Main Products: Resins for
composite materials, coating
resins, adhesives, isocyanate-
based hardeners



3

Cheongyang Plant 2

1547-95, Chungui-ro,
Jeongsan-myeon, Cheongyang-
gun, Chungcheongnam-do,
Republic of Korea

Main Products: Surfactants, etc.



4

Daejeon R&D Center

120, Sinseongnam-ro,
Yuseong-gu, Daejeon,
Republic of Korea



5

Jeonju Plant

283, Wanjusandan 6-ro,
Bongdong-eup, Wanju-gun,
Jeonbuk-do, Republic of Korea

Main Products: Hard carbon etc.



6

Ulsan Plant

81, Sanggae-ro, Nam-gu, Ulsan,
Republic of Korea

Main Products: Plasticizers,
phthalic anhydride, biodiesel,
bio heavy oil, refined glycerin,
polyester polyols, polyurethane
systems



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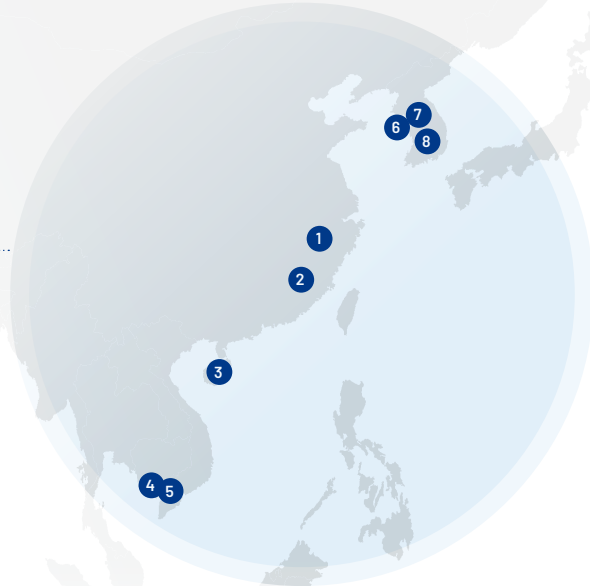
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Domestic & Overseas Affiliates

8 Companies in 3 Countries



6
Aekyung Speciality

169, Okgucheonseo-ro, Siheung-si, Gyeonggi-do, Republic of Korea

Main Products: Inorganic slurry, surface treatment agents, paints



7
AK BioPharm

81, Sanggae-ro, Nam-gu, Ulsan, Republic of Korea

Main Products: OMEGA-3, OMEGA-7, API, dietary supplements, etc.



8
Jungbu Country Club

451, Gyeongchung-daero, Gonjjam-eup, Gwangju-si, Gyeonggi-do, Republic of Korea

Main Business: Golf course operation



1
Aekyung Shanghai Investment & Trading

Shanghai Mart Tower No.2299 Yan an West Road, Shanghai, China

Main Business: Trading



2
Aekyung (Ningbo) Chemical

Tai Xing Lu, Zhenhai Qu, Ningbo Shi, Zhejiang Sheng, China

Main Products: Plasticizers, polyester polyol, etc.



3
Aekyung Hong Kong

Kai Tak Commercial Building 161 Connaught Road Central, Hongkong

Main Business: Trading



4
AK VINA

Go Dau Industrial Zone, Long Thanh District, Dong Nai Province, Vietnam

Main Products: Surfactants, resins for composite materials, PCM coatings



5
VINA Plasticizers Chemical Company

Go Dau Industrial Zone, Long Thanh District, Dong Nai Province, Vietnam

Main Products: Plasticizers

THE Management System

THE ! Aekyung Chemical Management Policy

THE! stands for "Together," "Happy," and "Equitable." Aekyung Chemical's management policy encapsulates our commitment to creating a better world. This slogan declares our goals of coexisting with the environment, building a happy society, and establishing fair governance through various ESG-centered strategies.

Together with Environment

We live in harmony with the environment.



Aekyung Chemical aligns with the global carbon neutrality movement by working to internalize EHS management, raise environmental awareness, and establish a resource circulation system. Under our ESG management policy, we are continuously investing in the research and development of eco-friendly technologies and products to strengthen a sustainable product portfolio. We also focus on minimizing pollutant emissions and reducing energy consumption through investment in energy-saving technologies—actively practicing eco-friendly management for carbon reduction.

Environmental Policy



- EHS management internalization
- Expanding environmental investments
- Strengthening environmental awareness

Eco-friendly Solutions



- Strengthening R&D for eco-friendly technologies
- Fostering eco-friendly products and business expansion
- Increasing the proportion of eco-friendly raw materials

Green Operation



- Managing greenhouse gas emissions
- Minimizing pollutant emissions
- Reducing energy consumption

Happy Society

We build a society where everyone can thrive.



Aekyung Chemical is working to create a society where everyone is happy. We ensure diversity so that all employees can demonstrate their capabilities and pursue a fair organizational culture without discrimination. We are also strengthening safety and health activities with the goal of "building a sustainable safe business site," and have established an ethical and human rights management system to prevent human rights violations and fulfill our social responsibility. Along with this, we continue local community contributions, support for various social groups, and ongoing environmental protection activities, and are building a corporate culture where all employees voluntarily participate.

Social Contribution



- LOVE TOGETHER: Coexistence with the Local Community
- DIVERSE TOGETHER: Supporting Diverse Communities
- GREEN TOGETHER: Sustained Environmental Protection

Building a Safe Workplace



- Strengthening safety and health management, prevention of major industrial accidents
- Strengthening chemical management activities
- Collaboration on safety management with partners

Happy Workplace



- Expanding human rights management, promotion of diversity and mutual respect
- Work-life balance through various welfare programs
- Recruitment of top talent, ensuring fair evaluations

Equitable Governance

Building Fair Governance



To ensure sustainable management, Aekyung Chemical continues to build a transparent and fair governance structure. Based on a system of ethical management and compliance, we provide reliable management information and reduce the risk of legal violations by establishing a strong compliance management framework, thereby enhancing external trust. We also strive to protect stakeholder rights through mechanisms such as shareholder participation systems and continue to improve the balance and stability of our governance through sound operational practices.

Transparent Management



- Strengthening ethical management and compliance
- Establishing a compliance management system
- Building an internal control system

Board of Directors



- Strengthening board independence
- Forming and operating diverse specialized committees

Respecting Shareholders



- Providing clear and reliable management information
- Engaging in shareholder rights protection activities
- Implementing shareholder return policies

ESG Governance

Reinforcement of Sustainability Management Framework

Aekyung Chemical places ESG management as the highest priority in our corporate operations. Under the ESG policy of “Together with Environment,” “Happy Society,” and “Equitable Governance,” we are continuously advancing our sustainability management system.

We recognize the importance of seamless company-wide coordination to ensure the agile and effective execution of ESG strategies. To this end, we have established and operate a governance structure that includes the Board of Directors as the highest decision-making body, the Sustainability Management Committee as an ESG council, and the ESG Leading Group as the working-level organization.

The committee was newly formed with experts in various fields such as environment, finance, and accounting, following a board resolution in February 2024. The committee deliberates on major matters of overall ESG management activities including ESG strategy and policy formulation, implementation plans and execution management, responses to important issues, and enactment and revision of related regulations, and performs the role of reporting to the Board of Directors.

The ESG Leading Group, which is the working organization, consists of team leaders and team members in charge of each field of environment, society, and governance, and substantially supports the operation of the Sustainable Management Committee by sharing activity status through monthly regular meetings and closely cooperating between related teams.

2024 Board of Directors and Sustainable Management Committee ESG-Related Agenda Items

Category	Date	Agenda Items
Board of Directors	January 30, 2024	Approving the Occupational Health and Safety Plan for 2024
	February 19, 2024	Approving Sustainability Management Committee establishment
		Appointing Sustainable Management Committee members
		Approving Sustainable Management Committee Operating Regulations
	August 12, 2024	Reporting on progress of 2024 occupational health and safety plans
November 11, 2024	Reporting on 2024 KCGS ESG rating results	
Sustainability Management Committee	February 19, 2024	Selecting the Chairperson of the Sustainability Management Committee
	August 12, 2024	2024 first half ESG activities (Report on 2024 materiality assessment results)
	November 11, 2024	Reporting on 2024 KCGS ESG rating results



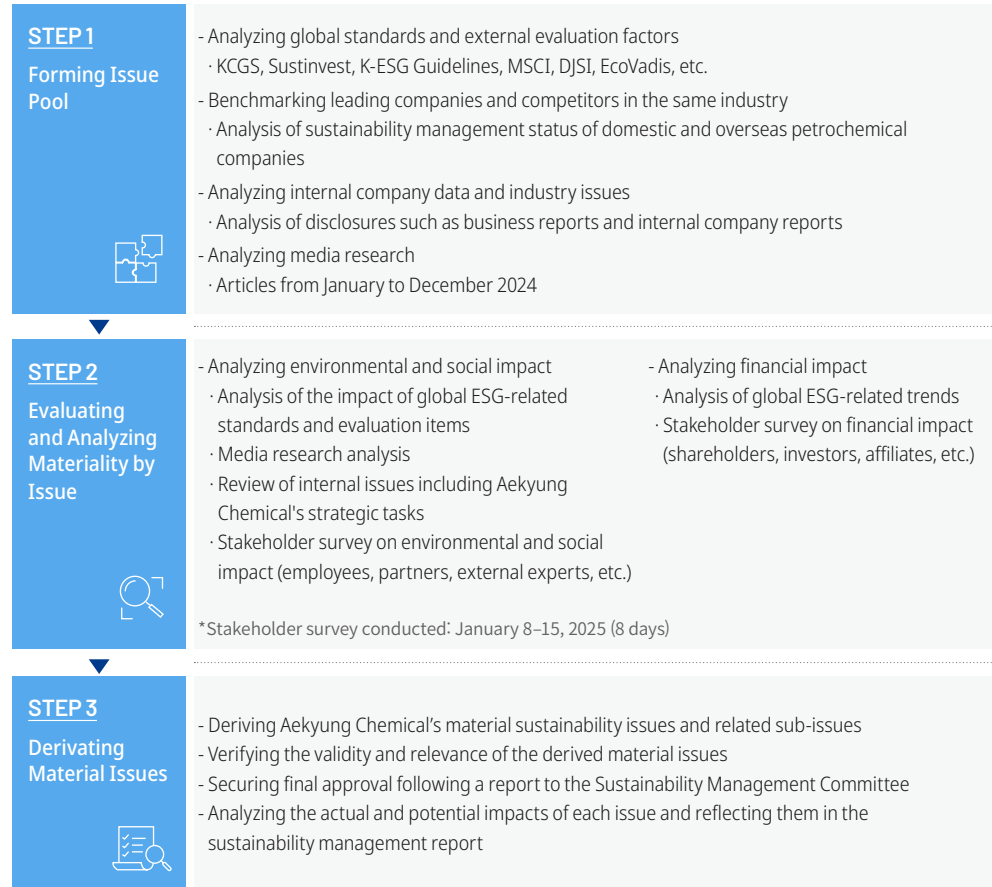
Annual ESG Governance Timeline



Materiality Assessment

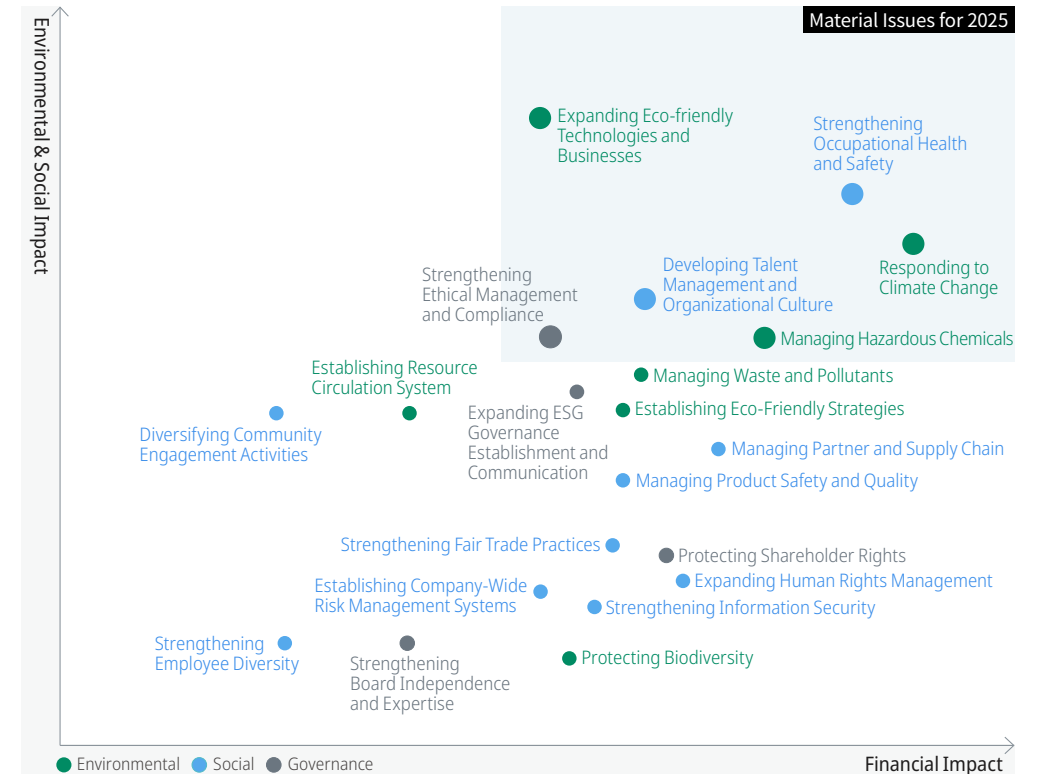
Aekyung Chemical conducts an annual materiality assessment to identify and manage key issues that must be prioritized in promoting sustainability management. In 2025, we implemented a double materiality assessment, which evaluates not only the non-financial impacts of our business operations, but also external environmental and social factors that may affect our financial performance. Through this process, we analyzed stakeholder expectations as well as ESG-related regulations, evaluation indicators, and peer industry trends—both domestic and international. We carried out quantitative assessments and, with the review of the Sustainability Management Committee and approval by senior management, identified six material issues to be addressed as top priorities. These selected material issues will be actively integrated into our management activities and aligned with Aekyung Chemical's sustainability strategy and goals.

Materiality Assessment Process



Materiality Assessment Results

Aekyung Chemical selected six material issues by considering both environmental and social impact (outward impact) and financial impact (inward impact).



Materiality Assessment

Material Issues Impact Assessment Results

● (Tier1): Top 7 ● (Tier2): Middle 7 ○ (Tier3): Bottom 7

Overview

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Category	Risks and Opportunities	Objectives and Strategies	Impact Level		GRI Index	Reporting Pages	
			Environmental / Social	Financial			
Environmental	Expanding Eco-friendly Technologies and Businesses Risk	<ul style="list-style-type: none"> Increased costs: Application of eco-friendly certified raw materials and technology development Weakened market competitiveness: Production suspension due to regulations banning or restricting specific substances 	<p>2030 Goal: Achieve 50% share of eco-friendly products / eco-friendly raw materials</p> <ul style="list-style-type: none"> Build a sustainable product portfolio and establish an R&D roadmap Promote reduction and elimination of toxic/hazardous substances and activate development of substitute products 	●	○	301 Raw Materials	30-33
	Responding to Climate Change Risk	<ul style="list-style-type: none"> Decreased productivity: Production suspension caused by natural disasters due to climate change Increased costs: Cost increase due to climate change regulations such as carbon emissions and fossil fuel use 	<p>2030 Goal: Reduce carbon emissions by 50% compared to 2021</p> <ul style="list-style-type: none"> Establish emissions trading scheme scenarios and introduce an optimized carbon emissions management system Secure waste heat recovery and energy-saving technologies and expand renewable energy consumption Expand products subject to Life Cycle Assessment (LCA) 	●	●	305 Emissions / 302 Energy	27-29
	Managing Hazardous Chemicals Risk	<ul style="list-style-type: none"> Increased costs: Need for substitution due to stricter chemical regulations Legal liability: Fines and penalties in case of hazardous chemical leakage 	<p>Strengthen hazardous chemical consumption management and regulatory response</p> <ul style="list-style-type: none"> Strengthen monitoring of chemicals and pollutants through the Chemical Management System (CMS) Identify potential risks and minimize accidents through chemical environmental impact assessments and enhanced MSDS management Develop and implement substitution plans for currently used hazardous chemicals 	●	●	303 Water and Waste / 306 Waste	41-42
Social	Strengthening Occupational Health and Safety Risk	<ul style="list-style-type: none"> Decreased productivity: Production disruption caused by industrial accidents Legal liability: Criminal penalties and administrative fines for violation of the Serious Accidents Punishment Act and other related laws 	<p>Risk-zero for serious accidents from the CSR perspective (EHS accident points: 12 / Incidents: 16)</p> <ul style="list-style-type: none"> Check compliance with the Serious Accidents Punishment Act, perform risk assessments, and conduct regular inspections Standardize company-wide EHS operations (establish work processes), 2024 Health: Conduct work environment measurement and general/special medical examinations 	●	●	403 Occupational Health and Safety	57-60
	Developing Talent Management and Organizational Culture Risk	<ul style="list-style-type: none"> Decreased productivity: Higher turnover and reduced trust and engagement due to lack of communication between generations/levels and insufficient psychological safety Reputational damage: Decline in corporate image in the event of diversity or discrimination issues Legal liability: Criminal penalties and fines in case of violation of the Labor Standards Act / Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities 	<p>1. Recruit top talent for key positions such as team leader candidates, PhDs, and engineers</p> <p>2. Strengthen competencies by organizational level</p> <ul style="list-style-type: none"> Conduct competency education by level (new team leader training, promotion training, etc.), secure participation rate over 90%, and maintain satisfaction level above 4.00 (out of 5; 2024 average: 4.27) <p>3. Secure talent diversity</p> <ul style="list-style-type: none"> Increase proportion of female employees (2024: 15.3% → 2025: 16%, approx. 5% increase) Maintain legal mandatory employment rate for persons with disabilities (3.1%) and hire one national merit recipient by Q3 2025 Maintain global talent employment ratio (approx. 1%) <p>4. Implement employee participation-based communication programs and foster a positive organizational culture</p> <ul style="list-style-type: none"> Conduct communication/exchange programs to overcome generational and hierarchical barriers Activate communication programs tailored to working conditions and build a positive culture 	●	●	401 Employment / 404 Education and Training / 405 Diversity and Equal Opportunity	48-55
Governance	Strengthening Ethical Management and Compliance Risk	<ul style="list-style-type: none"> Increased costs: Audit and legal advisory costs due to unethical conduct by employees Legal liability: Criminal penalties and administrative fines in case of violations of the Subcontracting Act and fair trade-related laws 	<p>System Internalization</p> <ul style="list-style-type: none"> Evaluate risks and effectiveness of fair trade-related issues and expand compliance education (for partners and overseas subsidiaries) Establish compliance management system (set compliance control standards, perform compliance support tasks, publish compliance activity reports) Report internal control activity plans and results to the Board of Directors and the Audit Committee Promote ethical management culture and operate whistleblower channels 	●	○	205 Anti-corruption / 206 Anti-Competitive Behavior	78-79



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Together with Environment

Environmental

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Expansion of Eco-Friendly Strategy

EHS (Environment, Health, Safety) Management Framework

Aekyung Chemical is continuously advancing its company-wide EHS management system with the goal of achieving “Zero EHS & Compliance Issues” to realize a sustainable future, and is establishing strategies to implement key tasks. We are also working to strengthen a practical environmental management system to create sustainable future value and emerge as a leader in the global chemical industry.

EHS Management Policy

Aekyung Chemical has established its EHS management policy as the top priority across all management activities to ensure the safety of all employees and local communities. We envision a safe and happy working environment by preemptively preventing EHS issues at the company-wide level. We also strive to respond effectively to issues related to environment, safety, and health.

Aekyung Chemical Co., Ltd. prioritizes EHS in all management activities to protect the safety and environment of all employees and local communities.

1 EHS First Management

Consider EHS as the top priority across all management activities in pursuit of sustainable management.

2 Prevention of EHS Incidents

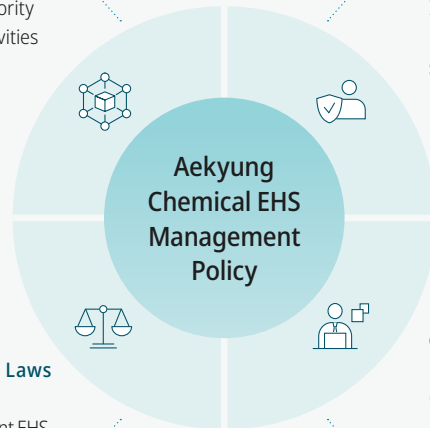
Identify and improve EHS risks inside and outside the business sites to eliminate potential issues in advance.

3 Compliance with EHS Laws and Regulations

Strictly comply with all relevant EHS laws and company regulations.

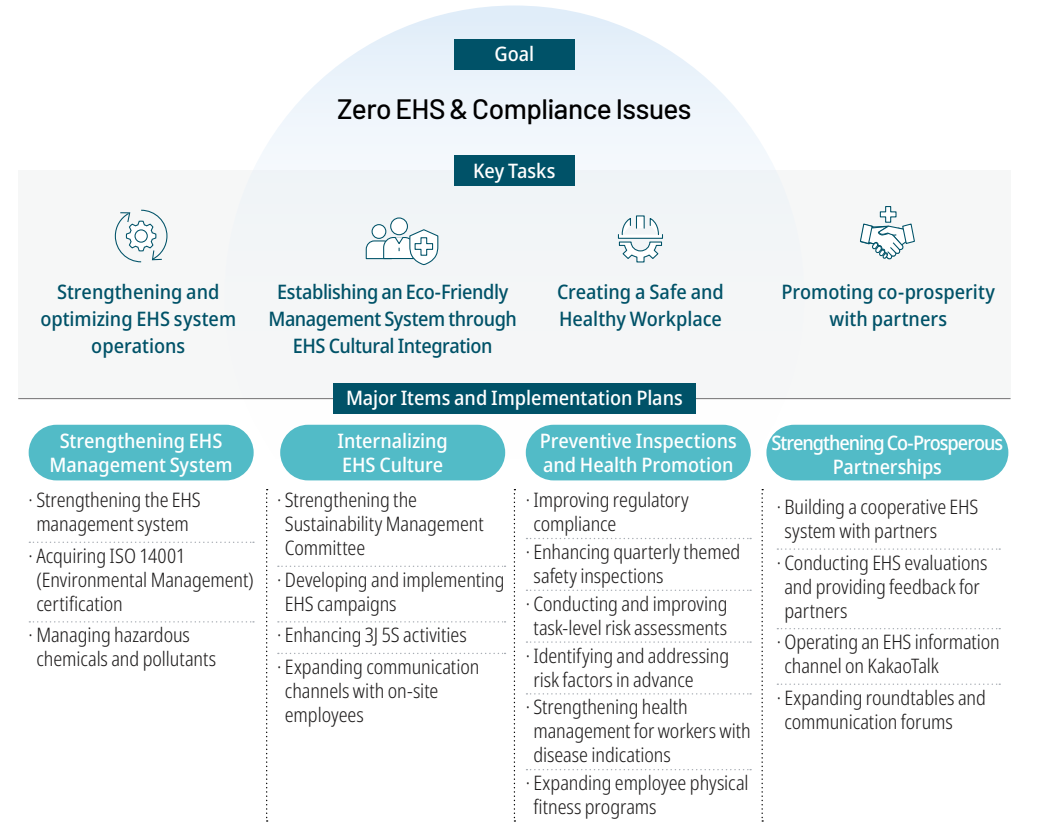
4 Establishment of EHS Environment

Create an environment for a safe and happy life for all employees and local communities.



Key EHS Focus Areas and Achievement Plans

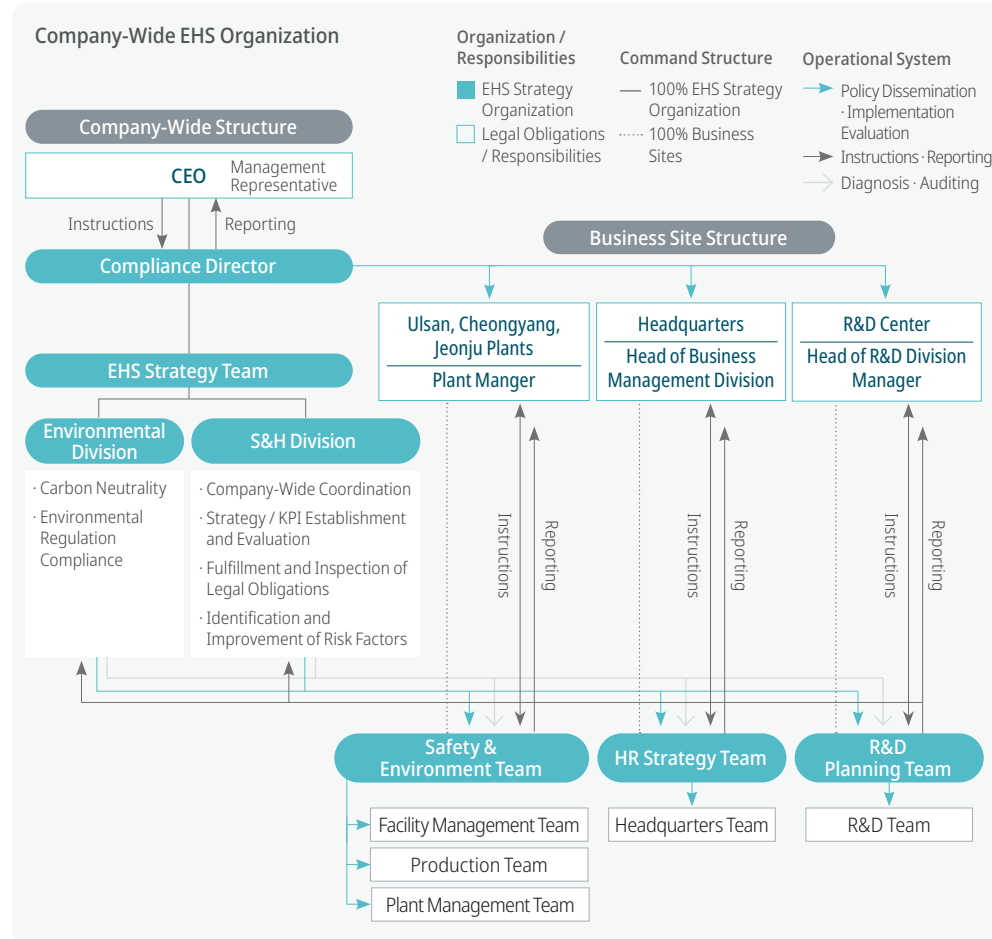
Aekyung Chemical is promoting four key EHS tasks—“Enhancing and optimizing EHS system operations,” “Establishing an eco-friendly management system through the internalization of EHS culture,” “Creating safe and healthy workplaces,” and “Promoting co-prosperity with partners”—with the ultimate goal of achieving Zero EHS & Compliance Issues.



Expansion of Eco-Friendly Strategy

EHS Organization

The EHS Strategy Team is a department under the Head of Compliance, dedicated to the environment, safety, and health sectors, and is structured to report directly to the CEO. It presents key agenda items such as greenhouse gas emissions management, energy reduction, air pollution minimization, and chemical management at management meetings, and plays a role in establishing policies for achieving zero EHS issues through a systematic decision-making process.

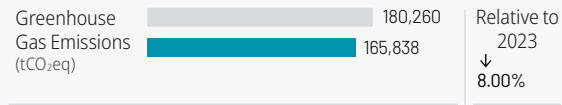


Environmental Management Goals and Performance

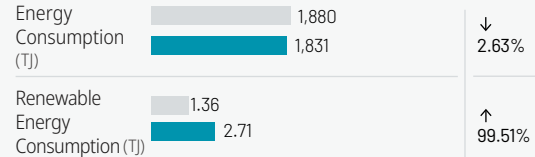
In alignment with the growing importance of environmental management, Aekyung Chemical recognizes its corporate role and responsibility, and practices company-wide environmental management to reduce greenhouse gas emissions and minimize environmental impact. Furthermore, by acquiring ISO 14001 certification, an international standard for environmental management systems, we are fulfilling our responsibility as an environmentally friendly company and practicing sustainable management.

Key Achievements by Area in 2024

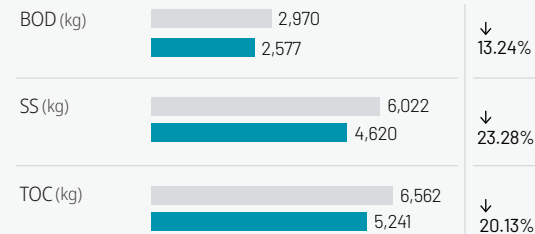
Greenhouse Gas Management



Energy Management



Water Pollutant Management



ISO 14001 is a certification from the International Organization for Standardization (ISO) for environmental management, which demonstrates that a company systematically establishes policies and objectives to minimize the environmental impact of its products and services and fulfills its environmental responsibility through environmentally conscious management activities.

Expansion of Eco-Friendly Strategy

Eco-Friendly Investments

Aekyung Chemical continuously invests in eco-friendly facilities to minimize the emission of environmental pollutants and optimize energy consumption. In 2024, we established production facilities for Eco Plant, replaced outdated equipment with high-efficiency systems, and newly installed odor control facilities. We also introduced facilities that enable the reuse of wastewater and hazardous chemicals generated during the manufacturing process. Through these efforts, we are working to simultaneously achieve resource circulation and energy efficiency by capturing HCl (hydrogen chloride) gas generated from the photochlorination reaction of Cl₂ (chlorine gas) and reproducing it into a 35% HCl aqueous solution.

Details of Eco-friendly Investments in 2024

Reduction of Environmental Pollutants
Installing odor control facilities, establishing waste acid treatment facilities, and improving hazardous chemical handling facilities

Development of Eco-friendly Technologies/Products
Investing in Eco Plant production facilities for eco-friendly products

Optimization of Energy Use
Installing high-efficiency equipment (tanks, motors, economizers, dust collectors, etc.) and investing in pressurized reaction production facilities

Recycling Hazardous Chemicals
Installing facilities for 35% HCl solution and investing in R-EG facilities



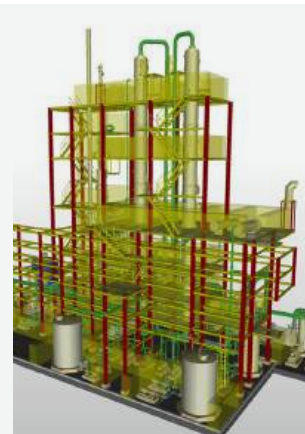
Installation of Odor Control Facilities



Installation of High-efficiency Equipment



Eco Plant Production Facilities



Modeling HCl Production Facilities

Environmental Management Campaigns

Aekyung Chemical conducts its annual “WOW! (Wonderful Acts of Love)” campaign to reduce carbon in daily life. In 2024, we carried out the 3R campaign, which encourages reducing (Reduce) energy waste, reducing and reusing (Reuse) disposable products, and recycling (Recycle) through proper waste separation. We also institutionalized the Ministry of Environment’s “Disposable Zero” campaign through our in-house “Zero Challenge Day” program, helping employees build daily habits that contribute to carbon reduction and environmental protection.




Eco-Friendly Investment Amounts
(Unit: KRW million)

Year	Environmental Investment Costs	Environmental Operating Costs
2024	20,779	3,162
2025 Plan	12,712	3,267



Expansion of Eco-Friendly Strategy

Eco-friendly Research and Development

About Our R&D Center

Aekyung Chemical's R&D Center consists of two divisions: the Development Division, which develops products used across various industries from basic chemical materials to daily-life and advanced materials, and the Research Division, which explores and incorporates mega-trends to research new processes and bio-based materials.

In the Development Division, we develop a wide range of products—from chemical materials closely related to daily life, such as plasticizers and surfactants, to industrial precision chemical materials, including coating solutions, high-performance adhesive solutions, resin solutions, curing agents, and polyester polyols. We are focused on enhancing product sustainability by applying eco-friendly and high-performance technologies. In doing so, we are working toward becoming a global R&D center by expanding product development and technical support not only in Korea but also at our overseas subsidiaries.

The Research Division concentrates on research into new processes and materials, such as hydrogenation and chlorination technologies, to advance existing products and secure core technologies for future business opportunities. In particular, in January 2025, we restructured the names of our research teams to strengthen the professionalism of our research functions. The former New Materials Research Team was renamed the New Growth Technology & Material (T&M) Research Team to focus on new technologies and material research, thereby laying the foundation for future growth. Additionally, the Bio Research Team was renamed the Bio Fuel & Chemicals (F&C) Research Team and is now conducting research on sustainable technologies, including eco-friendly pyrolysis processes, bioenergy, and fermentation/enzyme processes, to lead Aekyung Chemical's future eco-friendly businesses.

Aekyung Chemical's R&D Center will continue to lead the sustainable development of the industry through continuous innovation and eco-friendly technology development, while also strengthening our competitiveness in the global market.

R&D Areas and Development Content

Category	Types/Areas	Research & Development Content	Eco-Friendly Research Content
Plasticizers	Plasticizers, Ester Lubricant Base Oils	Conducting research on ester compounds used in plasticizers for PVC materials in wallpaper, automobiles, and synthetic leather, as well as base oils for lubricants that reduce mechanical friction	Recycled and bio-based plasticizers, base oils for lubricants
Surfactant Materials	Surfactants, Polymer Materials	Developing various ionic surfactants—such as anionic surfactants for cleaning and cationic surfactants with anti-static functions—for industrial and household products, as well as polymer-based cosmetic ingredients	Bio-based surfactants, enzyme-catalyzed cosmetic materials
Resin Solutions	Unsaturated Polyester/Vinyl Ester Resins, Prepreg, Carbon SMC	Conducting research on unsaturated polyester and vinyl ester resins used in semiconductors, construction materials, automobiles, and shipbuilding, along with lightweight and high-performance resins and eco-friendly low-SM and SM-free resins used across various industries	Unsaturated polyester resins based on recycled plastics
C&A Solutions	Acrylic/Alkyd/Polyurethane Resins, Water-based Resins, UV Resins, Adhesives	Providing materials and solutions applicable to various industries, such as automobiles, electronic materials, and paints, based on polymer synthesis technologies	Synthetic resins based on bio and recycled raw materials, waterborne resins, solvent-free adhesives
PU Solutions	Polyol Systems, Material Hardeners	Developing polyester polyols used in polyurethane insulation materials for sandwich panels and LNG vessels, and polyisocyanates used as curing agents for automotive refinishing and woodworking polyurethane coatings	Polyols based on recycled raw materials, regulation-free polyisocyanates
New Growth T&M	Securing New Core Technologies, New Product Research	Utilizing new technologies such as hydrogenation and chlorination to manufacture new products, thereby creating new business opportunities and strengthening the sustainability of existing products	New products using hydrogenation and chlorination technologies, upcycling of thermosetting resins
Bio F&C	Biofuel, white biotechnology	Developing eco-friendly bio-based materials and processes independently or in cooperation with various companies and institutions to conduct research on technologies related to biofuels and white biotechnology in alignment with global mega-trends	Bio marine fuel, bio platform compounds, bio naphtha, bio-based chemical materials

R&D Center

Development



- Plasticizer Development Team
- C&A Solution Development Team
- Surfactant Material Development Team
- Resin Solution Development Team
- PU Solution Development Team

Research



- New Growth T&M Research Team
- Bio F&C Research Team

R&D Support



- R&D Support
- R&D Planning Team

Expansion of Eco-Friendly Strategy

Eco-friendly Research and Development

Mid-to-Long-Term R&D Strategy

As global policies on carbon neutrality and the circular economy continue to strengthen in response to climate change, consumer interest in and demand for eco-friendly products are rapidly increasing. In response to these changes, Aekyung Chemical established a new mid- to long-term R&D strategy in January 2025, with the goal of laying the foundation for sustainable growth. The new strategy is structured around four key research and development themes: strengthening the global competitiveness of major products, developing naturally derived products, developing environmentally friendly products and processes, and securing new technologies as future growth drivers.

In particular, we are reinforcing our research on hydrogenation and chlorination technologies as core future growth drivers. Hydrogenation technology increases product stability by converting unsaturated and aromatic hydrocarbons into compounds with lower toxicity and reactivity. Chlorination technology enables more efficient production of target substances by introducing chlorine into organic compounds while reducing the use of hazardous chemicals and minimizing by-product generation compared to conventional processes.

Aekyung Chemical classifies products that contribute to reducing our customers' carbon emissions as eco-friendly products and is continuously expanding its eco-friendly strategy based on hydrogenation and chlorination technologies. Additionally, to advance our R&D capabilities, we have introduced a review system across all phases of the research and development process to ensure that evaluations and decision-making are systematically conducted at each level and stage gate.

Research and Development Themes and Mid- to Long-term R&D Strategy

1
Strengthening
existing business

2
Driving Eco-friendly
New Businesses

3
Establishing an ESG
Management System

4
Advancing R&D
and Expanding
Investment

Research and Development Themes

<p style="text-align: center; font-weight: bold; color: #00728f;">Enhancing Global Competitiveness for Key Products</p>	<p style="text-align: center; font-weight: bold; color: #00728f;">Enhancing and stabilizing core technologies</p> <ul style="list-style-type: none"> · Securing cost competitiveness and stabilizing quality · Differentiating new products and exploring new applications
<p style="text-align: center; font-weight: bold; color: #00728f;">Developing Naturally Derived Products</p>	<p style="text-align: center; font-weight: bold; color: #00728f;">Expanding the application of diverse naturally derived raw materials</p> <ul style="list-style-type: none"> · Applying various natural raw materials · Developing derivatives such as glycerin and fatty acids
<p style="text-align: center; font-weight: bold; color: #00728f;">Developing Environmentally Friendly Products and Processes</p>	<p style="text-align: center; font-weight: bold; color: #00728f;">Expanding eco-friendly products and technologies</p> <ul style="list-style-type: none"> · Developing products based on recycled raw materials aligned with eco-friendly trends · Reducing wastewater, exhaust gases, energy consumption, and industrial water consumption
<p style="text-align: center; font-weight: bold; color: #00728f;">Securing New Technologies for Future Growth Engines</p>	<p style="text-align: center; font-weight: bold; color: #00728f;">Creating new businesses and conducting research on new technologies</p> <ul style="list-style-type: none"> · Securing core technologies and researching new product categories · Hydrogenation, chlorination, bio platforms, resin recycling and upcycling · Artificial intelligence (AI), open innovation, and technology conversion

Aekyung Chemical's R&D Process and Eco-friendly Technology Development Status in 2024

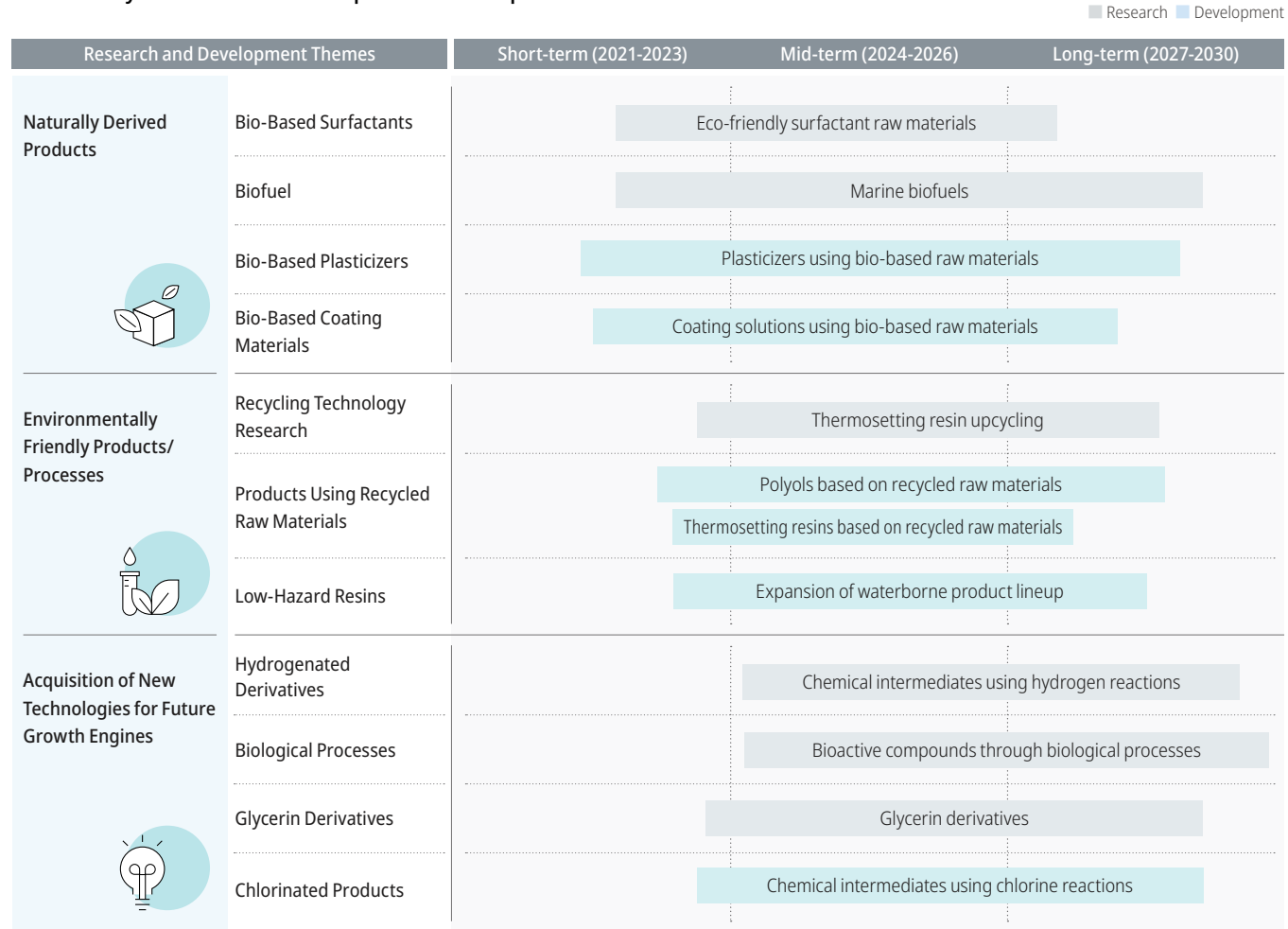
Aekyung Chemical's R&D process is composed of four stages: basic research, research and development, commercialization (pilot certification), and productization (certification). The eco-friendly items at each research and development stage in 2024 are as follows:

Level/Stage	Status of Eco-friendly Items
Basic Research	<ul style="list-style-type: none"> · Production of fatty acids derived from vegetable oil · Glycerin derivatives
R&D	<ul style="list-style-type: none"> · Raw materials for eco-friendly surfactants · Development of eco-friendly plasticizers · Production technology for marine biofuel · Development of thermosetting resins based on recycled raw materials
Commercialization (Pilot Certification)	<ul style="list-style-type: none"> · Polyol systems based on recycled raw materials · Hydrogenated PA derivatives
Productization (Certification)	<ul style="list-style-type: none"> · Solvent-free type adhesives · Productization of waterborne resins

Expansion of Eco-Friendly Strategy

Eco-friendly Research and Development

Eco-Friendly Research and Development Roadmap



Expansion of Eco-friendly Research and Development Partnerships

Aekyung Chemical is preparing for a sustainable future based on its key R&D themes. In addition to our in-house eco-friendly research and development efforts, we are strengthening intercompany collaboration to build an eco-friendly value chain through partnerships with our partner companies, Joby and POSCO International. We are also expanding open innovation efforts in collaboration with academia and research institutes. This includes joint research with the Korea Research Institute of Bioscience and Biotechnology, as well as partnerships with various external companies and organizations to develop technologies for eco-friendly bio-based materials. Through these efforts, Aekyung Chemical is enhancing its eco-friendly technology capabilities, promoting the long-term development of eco-friendly products, and expanding research areas aligned with industrial trends, ultimately driving our transition into a company committed to sustainable innovation.

▶ Media

Aekyung Chemical Partners with Joby and POSCO International to Build an Eco-friendly Value Chain

Aekyung Chemical announced the export of biodegradable controlled-release fertilizer, co-developed with Joby, to POSCO International's palm plantation (PT BIA) in Indonesia. In line with this, the three companies—Aekyung Chemical, Joby, and POSCO International—held a shipment ceremony at Joby's Ulsan plant to mark the official launch of the export. This three-party collaboration was promoted as part of efforts to build an eco-friendly value chain. The companies will continue exploring various collaboration strategies, including joint research and development of eco-friendly products and securing overseas distribution channels.



* Source: Metro, July 15, 2024

Response to Climate Change Material Issues

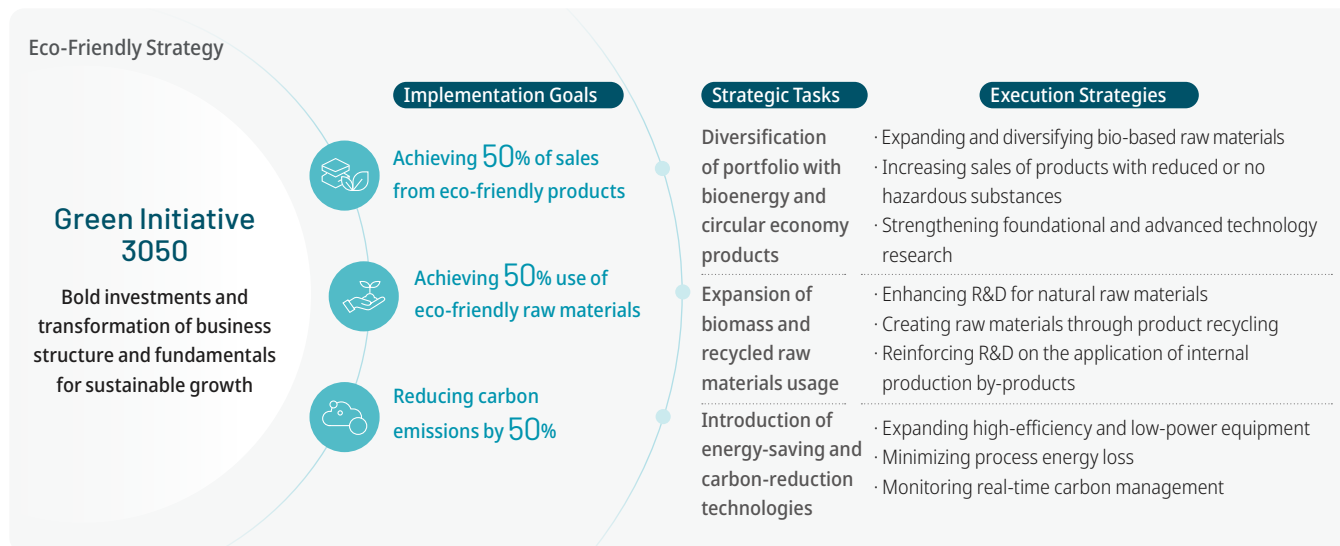
Eco-friendly Strategy: Green Initiative 3050

In alignment with our ESG management policy, Aekyung Chemical is committed to achieving our eco-friendly strategy, Green Initiative 3050, by striving to establish a sustainable business structure and transform our business fundamentals. Green Initiative 3050 targets 50% eco-friendly product sales ratio, 50% eco-friendly raw material usage ratio, and 50% carbon emission reduction (compared to 2021) by 2030, and we have established mid- to long-term implementation strategies and continue systematic performance management based on specific implementation plans each year.

First, to achieve 50% eco-friendly product sales ratio, we are diversifying our eco-friendly product portfolio including recycled, biodegradable, and low-hazardous substance-based products, and are promoting product development and market expansion through collaboration with various companies. In 2024, we expanded the sales of recycled PET-based plasticizer products designed for resource circulation and promoting the circular economy. We also developed and launched a solvent-free controlled-release fertilizer coating solution made from natural bio-based substances.

Second, to reach 50% in eco-friendly raw material use, we are continuously expanding the application of biomass and recycled raw materials. In 2024, we reintegrated by-products previously treated as waste into our raw material stream, and reused ethylene glycol (EG)—a by-product from PET chip processing—as a raw material for unsaturated polyester products, strengthening our internal resource circulation.

Third, in pursuit of a 50% reduction in carbon emissions, we are securing energy-saving technologies and steadily increasing the use of renewable energy. In 2024, by implementing waste heat energy reuse, solar power generation systems, and high-efficiency equipment, we reduced carbon emissions per unit production to 0.24 tCO₂-eq/ton produced.



Mid- to Long-Term Execution Strategy

	2023	2024	2025	2028	2030
Products (as a percentage of total sales) 	34% · Biodiesel/heavy oil, plant oil-based surfactants, glycerin	37% · Expanded use of plant oil-based surfactants, circular economy-based plasticizers, plant oil-based controlled-release fertilizer coating solutions	38% · Expansion of low-hazard products · Bio-based plasticizers	45% · Marine biofuels · Expanded portfolio of circular economy-based products	50%
Raw Materials (as a percentage of total input) 	30% · Raw materials for biofuel, glycerin, lauryl alcohol	32% · Expanded use of recycled PET chips, Recycle EG	33% · Expanded use of raw materials for biofuels · Expanded application of internal production by-products	44% · Expanded application of marine bio-based raw materials · R&D of natural raw materials · Expansion of recycled raw materials	50%
Carbon Emissions (tCO ₂ -eq/ton of production) 	0.25 · Basic operations per business site	0.24 · Reuse of waste heat energy, solar power generation, introduction of high-efficiency facilities	0.23 · Measurement of energy efficiency in existing manufacturing facilities · High-efficiency equipment introduction, installation of pressurized reactors and production equipment	0.16 · Target setting for productivity per unit · Development of emissions trading scheme scenarios · Introduction of an optimized carbon emissions management system	0.13

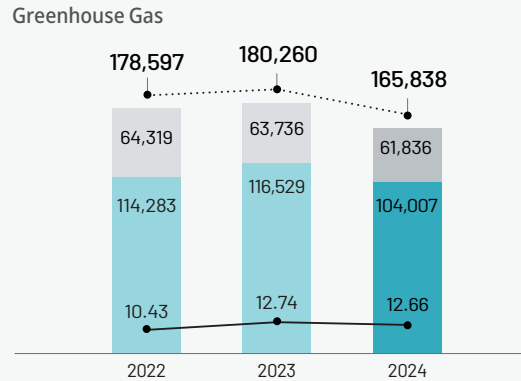
Response to Climate Change

Greenhouse Gas Management System

Minimization of Greenhouse Gases

At our Cheongyang Plant, Aekyung Chemical identified energy and greenhouse gas reduction strategies through the "Carbon Neutrality Consulting for Emissions Trading Scheme (ETS) Companies," organized by the Korea Environment Corporation in 2023. Based on the consulting results, we plan to replace existing equipment with high-efficiency waste heat boilers and inverter-type air compressors. In addition, to enhance the accuracy of greenhouse gas emissions measurement from incinerators and regenerative thermal oxidizers (RTOs), we began conducting total hydrocarbon (THC) measurements on a monthly basis, which is more frequent than the legally mandated quarterly monitoring standard. These measures will serve as the foundation for identifying high-emission processes and establishing pinpoint reduction strategies to reduce greenhouse gas emissions.

At our Ulsan Plant, we analyzed the optimal operating conditions of our RTO, an air pollutant control system, to enhance treatment efficiency and reduce carbon emissions. We also replaced LNG previously used for maintaining combustion chamber temperature with low-pressure steam heat generated within the plant, reducing LNG consumption and expecting to cut approximately 500 tons of carbon emissions annually.



Greenhouse Gas Emissions ■ Direct ■ Indirect ... Total (Unit: tCO₂-eq)
— Greenhouse Gas Intensity (Unit: tCO₂-eq/KRW 100 million in revenue, based on separate financial statements)

※ Note: There are discrepancies between the emissions by individual greenhouse gas types, the total greenhouse gas emissions, and the sum of emissions by plant. (This is due to rounding the emissions at the site level and then aggregating them at the company level)



RTO Equipment in Ulsan Plant

Reduction of Greenhouse Gas Emissions Through Equipment Installation and Replacement

At Cheongyang Plant 1, Aekyung Chemical installed a new economizer on the waste heat boiler located downstream of the incinerator to reduce LNG consumption. By installing an additional economizer upstream of the existing one, we increased feedwater temperature from 100°C to 120°C, reducing LNG consumption by approximately 3,052 Nm³ per month. This reduction is equivalent to a decrease of approximately 80 tons of carbon emissions per year. The decreased LNG use also contributed to a reduction in air pollutant emissions.

At the Ulsan Plant, we upgraded the thermal medium pump type used in the P-16 Plant to reduce electricity consumption, which resulted in a reduction of approximately 104 tons of carbon emissions per year.



Cheongyang Plant – Economizer Installation



Ulsan Plant – Thermal Medium Pump

Participation in the Biofuel Alliance

To support the commercialization of marine biofuels, which are scheduled to become mandatory in 2025, Aekyung Chemical is participating in the government-led Biofuel Alliance. Through this initiative, we are contributing to the decarbonization of marine fuels and the reduction of greenhouse gas emissions.

As part of these efforts, we obtained International Sustainability and Carbon Certification (ISCC EU), thereby securing eco-friendly competitiveness in global markets, including Europe.



Biofuel Alliance

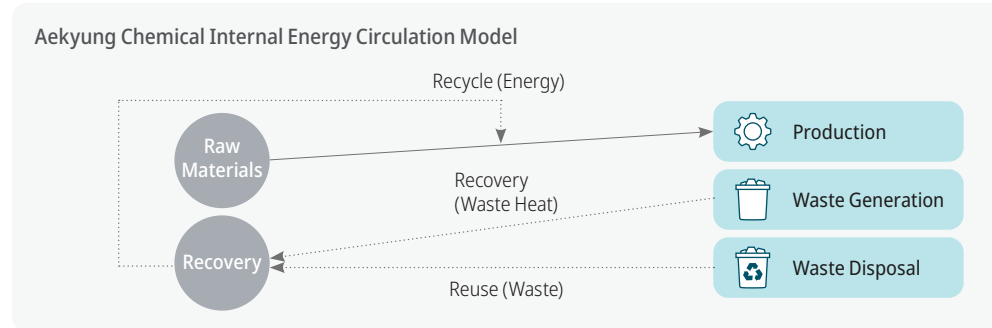
Response to Climate Change

Energy Management System

Energy Reduction Activities

Aekyung Chemical continuously seeks optimal solutions for reducing energy consumption by thoroughly analyzing our current energy usage. To this end, we are strengthening our energy management system by identifying energy-saving cases within our plants and developing efficient energy usage strategies. In manufacturing processes, we regularly analyze monthly energy consumption patterns to identify inefficiencies and optimize energy operations.

At our Ulsan Plant in particular, we significantly reduced LNG consumption by converting all steam heat generated during processes—previously sold externally—to internal use.



Expansion of Renewable Energy Use

To reduce Scope 2 emissions—emissions from purchased electricity—Aekyung Chemical has adopted renewable energy-based power at its business sites. As part of this initiative, we have installed and are operating solar power generation systems at major sites, including Ulsan Plant, Cheongyang Plants 1 and 2, Jeonju Plant, and our R&D Center.



Solar power facility at Ulsan Plant



Solar power facility at R&D Center



Solar power facility at Jeonju Plant

Replacement with High-Efficiency Equipment

To minimize heat loss during steam transportation, Aekyung Chemical has replaced outdated steam pipe insulation at all plants, contributing to reduced LNG consumption. Recognizing the importance of improving energy efficiency in rotary equipment—such as motors and fans used in 24-hour continuous processes—we have replaced these devices with premium high-efficiency motors to reduce energy consumption.

In 2024, the Ulsan Plant replaced a total of nine motors with high-efficiency models. Compared to existing motors, these offered 3–4% higher efficiency, leading to an annual reduction of approximately 129,582 kWh in electricity consumption.



Ulsan Plant: Replacement of motors including G-731A



Cheongyang Plant: Replacement of cooling tower motors



Ulsan Plant (P-5 Plant): Reinforcement of thermal insulation

At the Cheongyang Plant, we replaced an aged transformer with a 1,500 kVA unit, appropriately sized to meet on-site conditions, down from the original 1,750 kVA unit. This change contributed to electricity savings. In addition, we replaced the previous transformer, which contained polychlorinated biphenyls (PCBs)—a persistent organic pollutant used in insulating oils—with a new model free of PCBs. Upon completing the formal change notification process, the transformer was excluded from the list of regulated equipment (those containing ≥ 0.05 ppm PCBs).

* PCBs (Polychlorinated Biphenyls): Neurotoxic substances formerly used in insulating oils



Unit 1: New transformer installed



Unit 2: New transformer installed



PCB-Free Certification Report

Expansion of Eco-friendly Technologies and Businesses Material Issues

Eco-friendly Products

Aekyung Chemical is strengthening the development of eco-friendly technologies and expanding its business areas to build a sustainable management system. We have also established internal criteria and set quantitative targets to systematically manage and increase the proportion of eco-friendly products.

Use of Eco-Friendly Raw Materials

Aekyung Chemical classifies products that contain 20% or more eco-friendly raw materials as eco-friendly products. Currently, we produce biomass-based base oils for lubricants, plant-derived surfactants, biodiesel, and bio heavy oil. We are also actively developing next-generation biofuels, including MBH (marine bio heavy oil), MBD (marine biodiesel), and HVO (hydrotreated vegetable oil). In addition, we continue to expand the share of eco-friendly products through the production of polyols made from recycled by-products of waste plastic processing.

Contribution to Carbon Reduction for Customers and Our Company

Considering our B2B-focused business model, Aekyung Chemical is developing product solutions that help reduce carbon emissions in our customers' operations. Low-temperature curing and UV-curing resins reduce emissions generated during customers' manufacturing processes. The controlled-release fertilizer coating solution launched in 2024 reduces energy consumption during drying processes. Our insulation materials are applied in zero-energy buildings and passive houses, contributing to improved energy efficiency and carbon reduction in building construction.

Reduction of Hazardous and Toxic Substances

In response to increasingly stringent global safety and health standards, Aekyung Chemical is developing technologies that reduce hazardous and toxic substances, thereby enhancing both product sustainability and environmental safety. We have developed curing agents and surfactants with significantly reduced levels of isocyanates, which are inhalation toxins, and 1,4-dioxane, a known carcinogen. These technologies form the basis of our premium eco-friendly product lineup.

Substitution and Elimination of Hazardous and Toxic Substances

Demand is increasing for products that substitute harmful and toxic substances that adversely affect the environment with eco-friendly substances or do not use them at all. Aekyung Chemical is developing and selling non-phthalate plasticizers in response to phthalate regulations, and supplying water-based products that replace organic solvents with water and solvent-free adhesives for automotive and paint fields. These products can reduce volatile organic compounds (VOCs) emissions below standard levels, earning recognition for their eco-friendliness.

Key Indicators

Sales of Eco-friendly Products in 2024

266 thousand tons

KRW 377.8 billion



Expansion into the North American and European plasticizer markets through international eco-friendly certifications for recycled PET-based plasticizers

Certifications acquired:

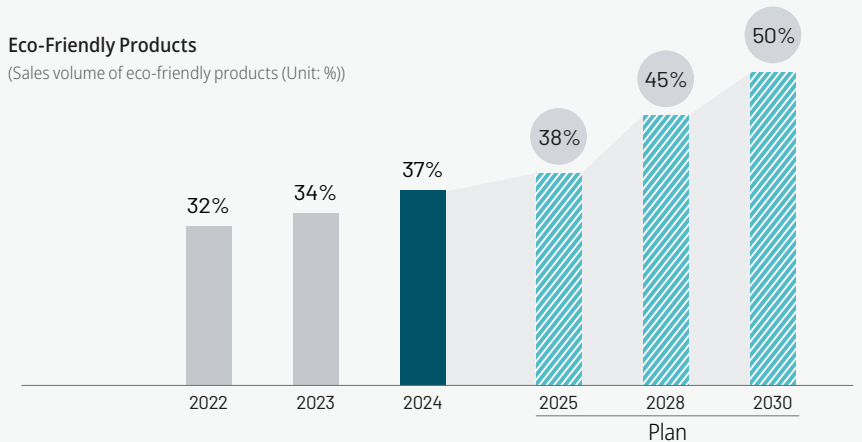
GRS, USDA, ISCC EU

- Circular plasticizers using waste plastics
- Plant oil-based controlled-release fertilizer coating materials
- Biodiesel using recovered oils



Eco-Friendly Products

(Sales volume of eco-friendly products (Unit: %))



Expansion of Eco-friendly Technologies and Businesses

Eco-friendly Raw Materials

Aekyung Chemical is committed to expanding the use of eco-friendly raw materials. We primarily use biomass-based raw materials and recycled plastic (petrochemical-based) raw materials as our key eco-friendly inputs, applying them across a wide range of products.

Biomass-Based Raw Materials

Petrochemical-based raw materials release significant amounts of carbon during their manufacturing processes, whereas biomass absorbs atmospheric carbon through photosynthesis during its growth, making it a sustainable resource with carbon-neutral potential. Aekyung Chemical actively utilizes biomass-based raw materials such as animal and plant oils for biofuel, lauryl alcohol for surfactant production, and plant-based oils. We continue to expand our sustainable product portfolio by sourcing eco-certified materials, such as RSPO (Roundtable on Sustainable Palm Oil) and ISCC (International Sustainability and Carbon Certification).

Recycled Plastic (Petrochemical) Raw Materials

Plastic waste generated across industries is recycled through both physical and chemical processes as part of the circular economy. Aekyung Chemical uses recycled raw materials recovered from plastic waste and pyrolysis and is continuously increasing the share of such materials in our production.

Internal Recycling of Process By-products

At Aekyung Chemical, we do not dispose of manufacturing by-products but instead develop technologies to reuse them in product manufacturing. By-products generated during biodiesel production are reused as bio heavy oil, or refined into glycerin, a cosmetic ingredient. In addition, R-EG (recovered ethylene glycol) generated during the production of circular plasticizers is purified and recycled. We also plan to capture HCl gas, generated during photochemical chlorination, into 35% HCl aqueous solution, and are developing process technologies to recycle NaCl without treating it as wastewater. Through such internal recycling of process by-products, we continue to improve resource efficiency and increase the share of eco-friendly raw materials used in our operations.

Aekyung Chemical's Eco-friendly Raw Materials

Biomass

Fatty Acids

- Ester lubricant base oil
- Surfactants

Fatty Oils

- Coating solutions
- Bio heavy oil

Palm Oil/Soybean Oil

- Biodiesel

Fatty Alcohols

- Surfactants



Recycled Plastic (Petrochemical)

Recycled Petrochemical

- Plasticizers
- Unsaturated polyester
- Coating solutions



Internal Recycling of Process By-products

PA Internal By-products

- Polyester polyol

Biodiesel Internal By-Products

- Bio heavy oil
- Refined glycerin



Key Indicators

Usage of Eco-friendly
Raw Materials in 2024

222 thousand tons

Use of Recycled Plastic-based
Raw Materials

GRS, GR certification

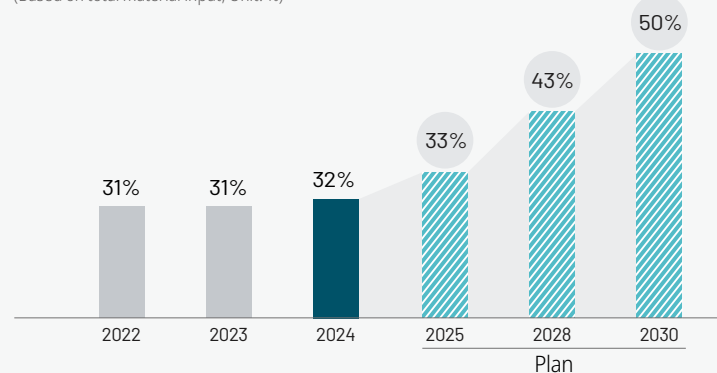
Increase in consumption of
waste PET compared to 2023

2.5 times

Use of Biomass Raw
Materials for Biofuel

174 thousand tons

Eco-Friendly Raw Materials
(Based on total material input; Unit: %)



Expansion of Eco-friendly Technologies and Businesses

Eco-friendly Certification

As market demand for ESG management continues to grow, more companies are requiring eco-friendly certifications as part of their business transaction criteria. By obtaining a variety of eco-friendly certifications, Aekyung Chemical has enhanced the credibility of its products and accelerated its entry into related markets.

Eco-Friendly Product Certifications in 2024

In line with global trends in carbon neutrality and the circular economy, Aekyung Chemical continues to obtain eco-friendly certifications for a range of products each year, thereby strengthening our sustainable management system.

Key products such as circular plasticizers, polyols, and lubricant base oils are certified under ISCC PLUS (International Sustainability and Carbon Certification PLUS), an international certification system for sustainability and carbon reduction. In 2024, we newly developed R-EG (Recycled Ethylene Glycol), a by-product of recycled plasticizers, and obtained ISCC PLUS certification for this material, expanding its commercial distribution.

Additionally, our eco-friendly plasticizers made from waste PET received GRS (Global Recycled Standard) certification, validating both the use of recycled raw materials and the sustainability of the final products. These certifications have helped Aekyung Chemical improve product competitiveness in North American and European markets, further strengthening our presence in the global eco-friendly materials sector.

For biofuels and bio-based products, we obtained ISCC EU (International Sustainability and Carbon Certification EU) certification, establishing a solid foundation for entry into the European market, where environmental standards are especially strict.



ISCC PLUS Certificate



ISCC EU Certificate

Eco-Friendly Raw Material Certifications in 2024

Aekyung Chemical uses raw materials certified by various eco-friendly standards in its product manufacturing. Plastic waste is being utilized across business sectors as part of resource circulation. In this context, Aekyung Chemical produces recycled plasticizers and other eco-friendly products using certified waste PET raw materials.

To ensure the sustainability of palm oil-based raw materials, we follow the international eco-friendly certification system RSPO (Roundtable on Sustainable Palm Oil), adhering to environmental protection and sustainability principles throughout our production and supply chain.

Since 2020, Aekyung Chemical has obtained RSPO certification for surfactant products made from palm oil-derived fatty acids, fatty alcohols, and refined glycerin, and has continuously maintained these certifications as part of our commitment to globally recognized eco-friendly management practices.



GRS Certificate for Waste PET Raw Materials



RSPO Certificate

Expansion of Eco-friendly Technologies and Businesses

Green Portfolio

Development of Sustainable Products and Technologies

As part of our green portfolio, Aekyung Chemical is consistently developing sustainable products and technologies. In 2022, we successfully localized refrigeration oil for home appliances using eco-friendly refrigerants through joint technology development with GS Caltex. In 2023, we developed synthetic resins, an essential material for glass fiber-reinforced plastic (GFRP) used in construction materials. These resins offer excellent corrosion resistance and contribute to carbon reduction. We are also collaborating with KCMT and Ecopolymer to enhance the eco-friendliness of the product by incorporating waste plastic-based raw materials. In 2024, we accelerated the execution of our green portfolio by developing products capable of utilizing hydrogenated and recycled raw materials to proactively respond to phthalate regulations. We also focused on sustainable product development, including eco-friendly bio-based plasticizers, recycled raw material-based products, and controlled-release fertilizer coating solutions.

Development of PA Hydrogenation Technology in Response to Phthalate Regulations

To address tightening phthalate regulations, Aekyung Chemical has developed proprietary PA (phthalic anhydride) hydrogenation technology and is expanding the conversion of regulated raw materials. This technology is currently in the lab development and pilot design phase, with commercialization targeted for 2028. By using hydrogenated raw materials, we plan to develop a variety of hydrogenated plasticizer grades, thereby expanding our eco-friendly product portfolio and enhancing product competitiveness.

Development of Zero Hazardous Gas Photochemical Process

Aekyung Chemical has completed the development of a photochemical process to produce terephthaloyl chloride (TPC)—a raw material for the rapidly growing super fiber aramid—and is currently building the production facility. Unlike conventional methods, this photochemical process does not generate hazardous gases such as sulfur dioxide, making it a promising sustainable manufacturing method for aramid raw materials. We are committed to applying eco-friendly processes like this to our product development efforts.



Development of Eco-Friendly Bio-Based Plasticizers

With global phthalate regulations becoming stricter, demand for bio- and recycled-based eco-friendly plasticizers is steadily increasing. In response, Aekyung Chemical is developing an eco-friendly bio-based plasticizer using soybean oil-based raw materials, capable of delivering physical properties equivalent to conventional petroleum-based plasticizers. Through this development, we aim to advance ESG management and contribute to climate change mitigation through carbon reduction.



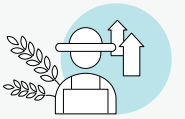
Development of Products Using Recycled Raw Materials

Aekyung Chemical is developing technology to convert waste PET into unsaturated polyester resins (UPR) via depolymerization. This technology reduces reliance on petroleum-based raw materials and promotes the circular economy by transforming waste plastics into high-value-added resources. The developed UPR can be applied in a range of products including bathtubs and glass-reinforced plastic (GRP) pipes, delivering excellent mechanical performance while reducing environmental impact compared to conventional materials. The technology is also expected to help address waste challenges, reduce carbon emissions, and promote the sustainable development of the construction and infrastructure industries.



Development of Controlled-Release Fertilizer Coating Solution

Aekyung Chemical has successfully commercialized eco-friendly controlled-release fertilizer coating resins based on plant-derived oils. The new product maintains equivalent controlled-release performance while reducing coating thickness by 50%, thereby enhancing business competitiveness. We are also conducting research to improve biodegradability, targeting composting conditions where the coating would decompose at a rate comparable to cellulose, contributing to the sustainable advancement of agriculture.



Establishment of Resource Circulation System

Resource Circulation Activities

Resource circulation refers to activities that aim to conserve resources and reduce carbon emissions by maximizing recycling instead of simply disposing of waste generated from economic activities such as production and consumption. A circular economy is an eco-friendly economic model that seeks sustainability based on such resource circulation, and many companies are adopting it as a business strategy.

Development of Eco-friendly Products for Resource Circulation Use

Aekyung Chemical is actively developing eco-friendly products using recycled plastic waste in response to the resource circulation megatrend. We are expanding the scope of plastic recycling across our operations to promote the realization of a circular economy.

Production of Recycled Plastic (Resource Circulation) Products

In 2022, we became the first in Korea to develop a plasticizer made from recycled PET. By obtaining ISCC PLUS and GRS certifications, we have secured the credibility and reliability of this product. This circular-resource plasticizer is currently applied to flooring and other products, and we are continuously increasing production volume in line with market demand.

We are also expanding the scope of plastic recycling in the field of synthetic resins. We developed a coating solution using chemically recycled MMA (Methyl Methacrylate), which has been commercialized for use in mobile coatings. This MMA is extracted by pyrolyzing artificial marble that was previously destined for landfill or disposal, and through our proprietary process, we convert it into a coating material with quality equivalent to that of conventional raw materials.

The recycled MMA has received certification as an Excellent Recycled Product from the Ministry of Trade, Industry and Energy and has been officially recognized as a high-quality recycled material under the Framework Act on Carbon Neutrality and Green Growth.

In 2024, we are conducting research to secure depolymerization-based recycling technology for thermosetting resins. We are continuously expanding our research on raw material upcycling through depolymerization, as well as the development of resource circulation technologies and products.

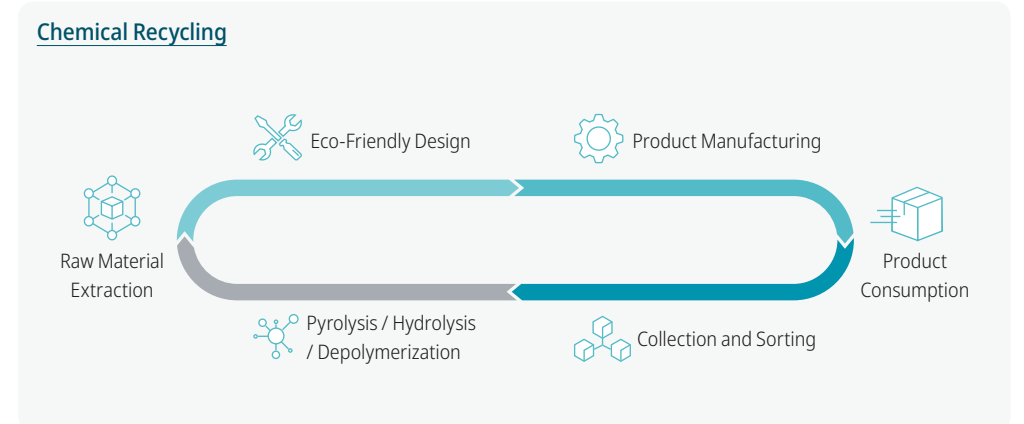


Physical Recycling vs. Chemical Recycling

Physical recycling is a method of reusing waste or turning it into new products without altering its chemical structure, through processing steps such as sorting, washing, crushing, and melting. It has the advantages of low energy consumption and cost, but involves complex waste sorting processes and may result in quality degradation with repeated recycling.

Chemical recycling refers to the process of chemically decomposing waste back into its raw material state before recycling, offering the advantage of simplifying the sorting process and utilizing contaminated waste.

Aekyung Chemical uses chemical recycling technologies such as pyrolysis, hydrolysis, and depolymerization to break down molecular structures, thereby overcoming the limitations of traditional physical recycling and contributing to resource recycling and the realization of a circular economy.



Establishment of Resource Circulation System

Resource Circulation Activities

Development of Circular Resource-Based Product Processes

Aekyung Chemical is developing product processes that support circular resource use by refining by-products generated from in-house processes and reintegrating them into our product manufacturing. This approach reduces waste generation and enhances economic efficiency.

Development of By-product Recycling Processes

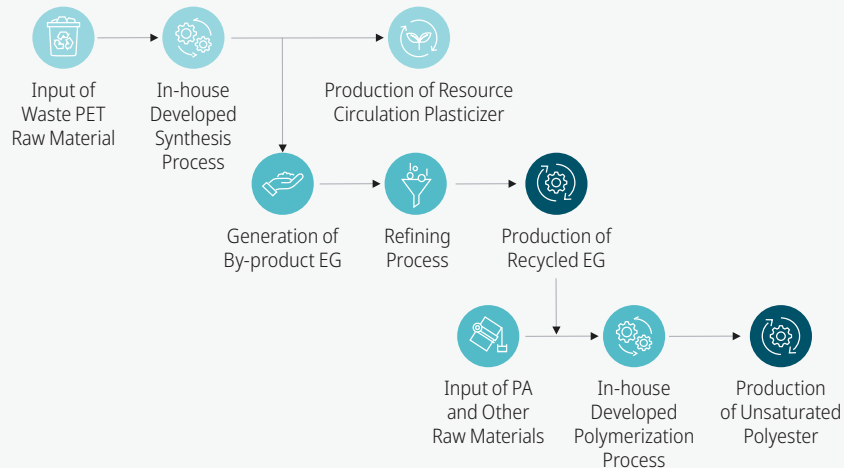
Aekyung Chemical has developed technologies that enable the reuse of reaction by-products generated during manufacturing, reinjecting them into our production processes. For instance, by-products generated during biodiesel production are either applied to bio heavy oil or refined into glycerin, a raw material used in cosmetics. Additionally, we developed a technology to utilize low-value by-products generated during the purification of phthalic anhydride, instead of discarding them, by applying them to polyester polyol—thus maximizing resource efficiency.

Expansion of Recycled EG (R-EG) Utilization

Aekyung Chemical has developed a technology to refine and recycle EG (Ethylene Glycol), a by-product of circular resource-based plasticizer production, instead of discarding it. We also invested in dedicated facilities for this purpose.

In January 2024, we completed the construction of the R-EG refining facility, and in July, the eco-friendliness of R-EG was officially recognized through ISCC PLUS certification. As a result, we produced a total of 387 tons of R-EG in 2024, of which 128 tons were consumed internally. We plan to further standardize the physical properties of R-EG to expand its application across various product categories, including unsaturated polyester resins.

Process for Applying Recycled EG



Timeline for Applying Recycled EG



Establishment of Resource Circulation System

LCA Goals and Achievements

Implementation of Life Cycle Assessment (LCA) for Products

In the global market, the importance of life cycle assessment (LCA) perspectives is growing, particularly in response to the EU Carbon Border Adjustment Mechanism (CBAM) and Scope 3 emissions regulations. As customer demand increases for products that consume fewer resources and emit fewer environmental pollutants, LCA-based product management is becoming an essential requirement.

In response to this trend, Aekyung Chemical systematically manages environmental impacts throughout the entire life cycle of its products by quantifying the resources and energy consumed, as well as the pollutants emitted during all stages of the product life cycle. This effort aims not only to minimize environmental pollution throughout production activities but also to thoroughly analyze environmental impacts across every stage, including raw material acquisition, transportation, and processing.

From 2023 to 2024, Aekyung Chemical conducted LCA for selected plasticizer products, and plans to expand the scope of assessment to synthetic resins, surfactants, and bioenergy product lines in the future.

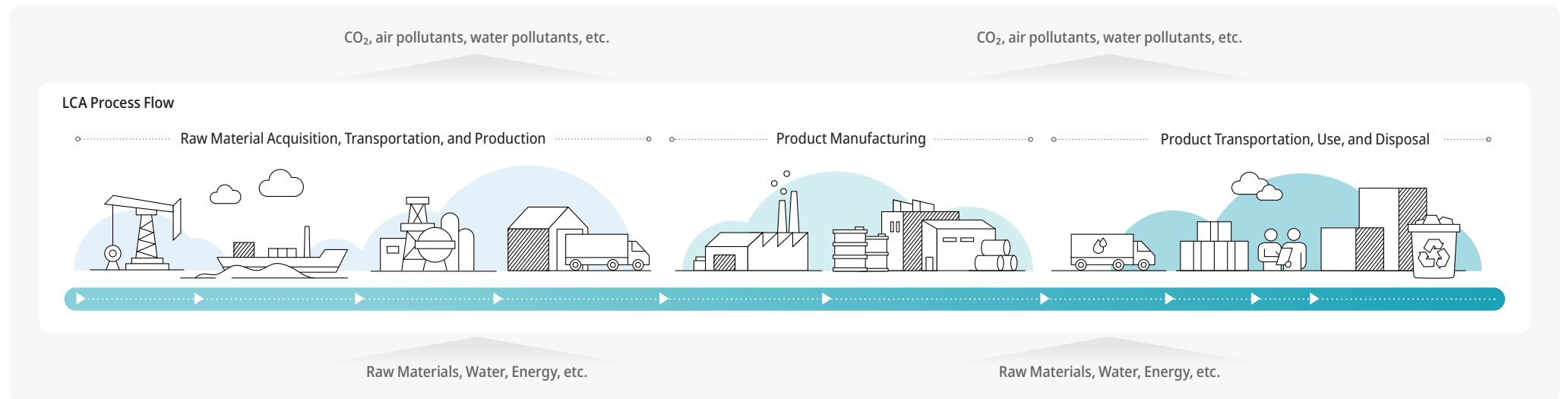
What is Life Cycle Assessment (LCA)?

- A methodology that quantifies the inputs and emissions occurring throughout the entire life cycle of a product or system and evaluates their environmental impacts
- Quantifies environmental pollutants and greenhouse gas emissions across the entire life cycle—from raw material extraction, production, and manufacturing to transportation, use, and disposal



NEO-T Life Cycle Assessment
Verification Certificate

NEO-T+ Life Cycle Assessment
Verification Certificate

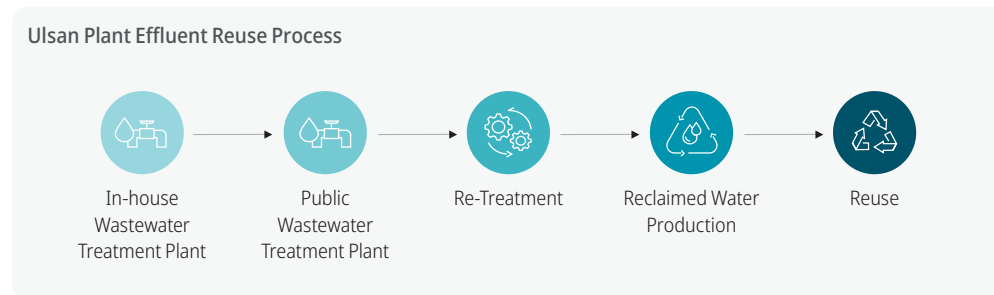


Establishment of Resource Circulation System

Water Consumption and Reuse

Aekyung Chemical continuously monitors its water consumption and reuse volume. To ensure the efficient use of water resources, we are exploring direct reduction measures while actively utilizing reusable water sources such as wastewater, process water, wash water, and firefighting water. Through these efforts, we also aim to minimize energy consumption related to water usage.

At our Ulsan Plant, we reuse effluent from a public wastewater treatment facility, saving approximately 210,000 tons of water annually—equivalent to about 15% of the plant's total water consumption. Additionally, we have a system in place that recovers condensate generated from boiler operations, helping to reduce wastewater discharge and enhance the efficiency of water resource utilization.



Wastewater Treatment Facility at Ulsan Plant



Effluent Reuse Facility at Yongam, Ulsan Petrochemical Complex

Green Purchasing

To minimize environmental impact across all stages—from research and production to sales and logistics—and to enhance the value of our supply chain through responsible purchasing, Aekyung Chemical has established and implemented the “Green Purchasing Guideline.”

This guideline applies not only to items that can be substituted with eco-friendly products—such as those related to civil engineering, architecture, electrical, chemical, equipment, MRO (office and consumable supplies), and daily necessities—but also to raw and subsidiary materials and services used in business site manufacturing activities. In accordance with the guideline, we prioritize the purchase of certified eco-friendly raw materials and products.

As of now, 40 out of Aekyung Chemical's 57 company vehicles (70.18%) are eco-friendly. In addition, office supplies such as document envelopes, business cards, and calendars used by our employees are made using eco-friendly paper. We will continue to foster a green purchasing culture across all purchasing activities and progressively increase the proportion of eco-friendly procurement.

Status of Eco-friendly Vehicle Operation in 2024

(Unit: KRW)

Category	Number of Vehicles Owned*			Amount**	
	Corporate-Owned	Leased under Corporate Name	Total		
Non-Environmentally Friendly	Gasoline	-	12	12	187,377,540
	Diesel	4	1	5	5,638,449
Eco-Friendly	LPG	-	3	3	18,346,680
	Hybrid	-	37	37	291,731,932
Total		4	53	57	503,094,601
Eco-Friendly Vehicle Ratio (%)					70.18%

* Number of vehicles excludes special-purpose vehicles such as fire trucks and forklifts

** Amount includes the total cost of services including lease and rental expenses under the company's name



Document envelopes, business cards, and calendars produced using eco-friendly paper

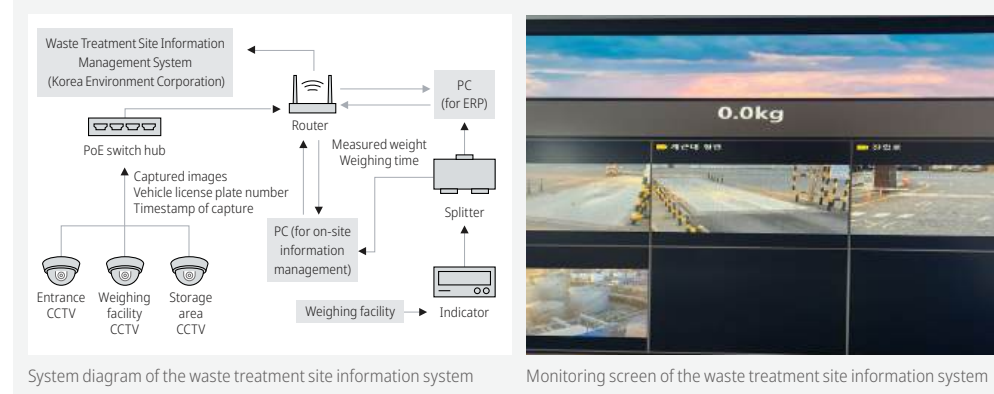
Waste and Pollutant Management

Managing Waste

Aekyung Chemical systematically manages waste generation by establishing annual waste reduction targets for each plant in an effort to minimize waste generation. We identify the processes where waste is most likely to occur and develop specific reduction measures, while monitoring waste generation volumes at least once a month to ensure continuous improvement. In particular, designated waste and general waste are stored separately in designated areas to prevent cross-contamination of hazardous substances. Designated waste is managed based on data obtained from hazardous substance analysis. When waste is transported off-site, we include precautionary guidelines along with hazard information sheets to prevent the spread of contamination. For outsourced waste treatment, we prioritize selecting recycling-capable vendors over those using landfill or incineration methods to minimize environmental impact. All waste is reported and managed through the Ministry of Environment's "Allbaro System."

Waste Management System

To ensure transparency in the waste treatment process, Aekyung Chemical's Ulsan Plant has established a Waste Treatment Site Information System in accordance with Article 18 (3) of the Waste Control Act. This system is designed to transmit real-time data, including CCTV footage (entrance, weighing facility, and storage areas), weight measurements, and time stamps, to the Korea Environment Corporation for waste cooking oil recycling operations.



Recycling Activities for Raw and Subsidiary Materials

Aekyung Chemical uses regenerated drums for deliveries of major products such as plasticizers, polyester polyols, and PU systems to its customers. This approach not only reduces waste generation and promotes material recycling, but also enables an effective response to the steadily growing demand for empty drums. Instead of using new drums, we collect used drums through drum regeneration companies and reuse them after washing, drying, and painting, contributing to both resource conservation and cost reduction.

Identifying Additional Waste Recycling Companies

The Cheongyang Plant of Aekyung Chemical has continuously sought ways to increase recycling rates based on the characteristics of each waste type. We newly identified a vendor capable of fully recycling waste organic solvents (liquid), which were previously incinerated, thereby significantly improving our recycling rate. As a result, the recycling rate for waste organic solvents increased by more than 65% year-on-year. With the ongoing identification of specialized recycling vendors, our waste recycling performance continues to improve.

Exceeding Resource Circulation Performance Management Targets (Ulsan Plant)

- In accordance with the Framework Act on the Promotion of Transition to a Circular Economy Society, companies are assigned circular economy targets by business site and implement them voluntarily.
→ Fourth implementation cycle of the system (implementation year: 2023; performance reporting year: 2024)
- Performance

Category	Description	Goal	Performance	Remarks
Final Disposal Rate	Waste Landfill Indicators	29.34%	14.01%	
Recycling Rate	Waste Recycling Indicator	40.3%	53.91%	

* Decrease in the amount of waste entrusted to landfill companies, and increase in the amount of waste entrusted to recycling companies



Waste and Pollutant Management

Managing Air Pollutant

Aekyung Chemical operates various abatement facilities to reduce emissions of air pollutants.

Low-NOx burners are installed in LNG industrial boilers to reduce nitrogen oxides and fine particulate matter. In addition, trace amounts of volatile organic compounds (VOCs) potentially emitted from storage tanks are safely incinerated using an RTO (Regenerative Thermal Oxidizer).

At the Ulsan Plant, pollutants generated from production processes undergo primary treatment in scrubbers (wet dust collectors), followed by secondary incineration in off-gas combustion facilities to further minimize environmental impact and reduce odors.

At the Cheongyang Plant, pollutants from process-specific reaction facilities are first captured using adsorption or washing methods, and then treated through the RTO. Emissions from waste/waste gas incinerators are secondarily captured through scrubbers after incineration.

To prevent fugitive micro-leaks during petrochemical manufacturing, the Cheongyang Plant manages connection points such as valves, flanges, and pressure relief devices separately and conducts leak inspections once a year using specialized measuring equipment.

Additionally, we have signed a voluntary agreement with local governments to reduce air pollutant emissions, and we strive to continuously decrease emissions and contribute to environmental improvement and public health in the local community.

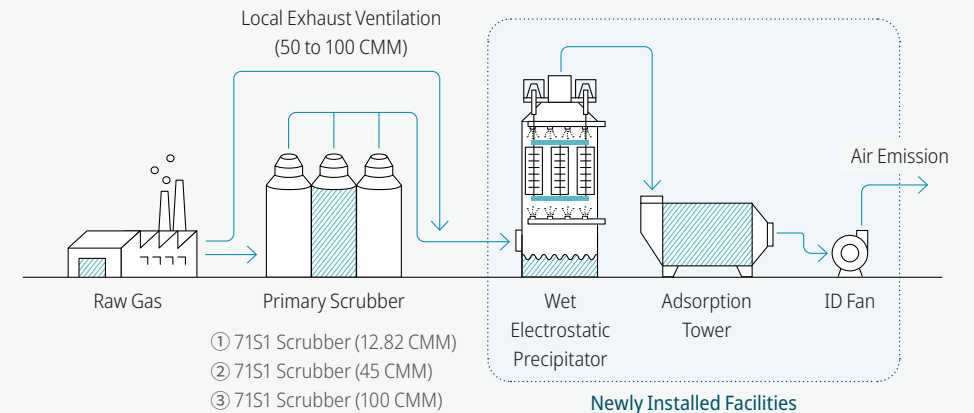
Installation of TMS (Tele-Monitoring System)

Aekyung Chemical has installed a Tele-Monitoring System (TMS) to measure air pollutants emitted from incinerators in real time and transmit the data to the Ministry of Environment. We have also established internal emission standards that are set at 70% of the legal limits, and strictly comply with them as part of our commitment to environmentally responsible operations. In accordance with Article 32 of the Clean Air Conservation Act, we have outsourced the maintenance of TMS measurement equipment to specialized management service providers to ensure systematic and legally compliant operation.

Installation of Odor Reduction Facilities

To reduce odor generated during processes, Aekyung Chemical has upgraded equipment that was previously vented directly into the atmosphere after primary abatement. We have added a secondary air abatement system—EP-AC (Wet Electrostatic Precipitator + Activated Carbon Adsorption)—at the rear end. This new system is expected to significantly reduce emissions of total hydrocarbons (THC) and dust. In addition, micro-spray odor control systems have been installed at the wastewater treatment facilities to effectively reduce odor-causing pollutants and create a more pleasant working environment.

Integrated Configuration of Abatement Facilities



Real-Time Monitoring Program



Periodic Inspections



Odor Reduction Facilities at Cheongyang Plant 2



Odor Control System at Ulsan Plant Wastewater Treatment Facility



Waste and Pollutant Management

Managing Water Pollutant

Aekyung Chemical effectively treats wastewater generated at its business sites through plant-specific wastewater treatment systems. Initially, wastewater undergoes physical, chemical, and biological treatment at on-site wastewater treatment facilities to reduce pollutants. Instead of being discharged directly, the treated water is transported to public wastewater treatment plants within the industrial complex, where it undergoes an advanced purification process before being safely discharged.

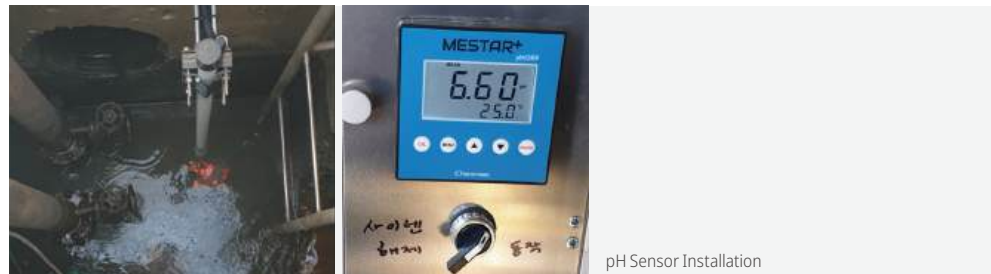
At the Ulsan Plant, to comply with legal standards for water pollutants, we commission external specialized agencies to analyze 54 different types of pollutants once per quarter. Internally, we also measure key indicators such as BOD, TOC, and SS once a day. We also work in cooperation with the public wastewater treatment plant within the industrial complex to manage pollutant concentrations at least once a week. Even when legal thresholds are met, we have pre-established treatment response measures to immediately address any unexpected pollution, thereby minimizing environmental impact.

At the Cheongyang Plant, we have invested in new facilities to reduce concentrations of water pollutants and introduced wastewater reuse measures to fundamentally decrease the sources of wastewater generation.

As a result, the unit wastewater discharge volume at the Cheongyang Plant was reduced by approximately 7% in 2024 compared to 2023 (from 0.28m³/ton to 0.26m³/ton). We have also installed cutoff valves at stormwater retention facilities to ensure that pollutants do not flow into storm drains during emergency situations, thereby establishing a robust safety system.

Installation of pH Sensors in Stormwater Retention Facilities

Aekyung Chemical has installed pH (hydrogen ion concentration) sensors in stormwater retention facilities, where incoming rainwater is temporarily held before discharge. When rainwater exceeding pH-based water quality standards is detected, discharge is immediately blocked. This enables us to respond promptly to unforeseen circumstances and helps prevent aquatic ecosystem contamination in advance.



pH Sensor Installation

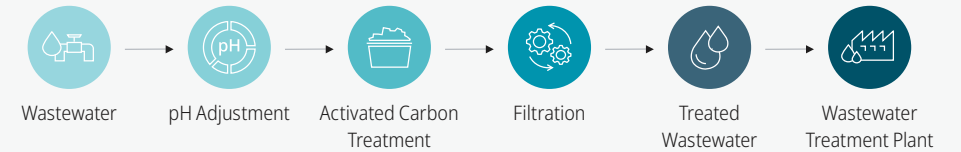
Establishment of Antimony Treatment Filtration System for NEO-T+ Wastewater

In 2024, the Ulsan Plant established a wastewater filtration system to remove antimony, a hazardous water pollutant generated during NEO-T+ production operations. As a result, antimony concentrations in the discharged water are maintained at or below 0.2 ppm and are effectively managed without issues.



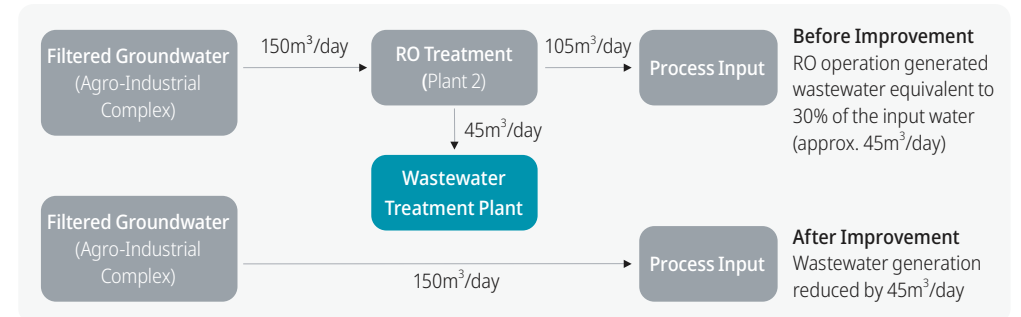
Filtration Unit

Antimony Treatment Filtration System Process



Direct Process Input of Supplied Water from Jeongsan Agro-Industrial Complex at Cheongyang Plant 2

At Cheongyang Plant 2, to protect equipment, groundwater supplied from the agro-industrial complex—already treated through RO (reverse osmosis)—had previously undergone additional purification before being introduced into processes. To improve this practice, we conducted groundwater quality analysis and direct process input testing. As a result, we concluded that additional purification was unnecessary and that direct input was feasible. This improvement led to a reduction of approximately 45m³ of wastewater generated per day.



Before Improvement
RO operation generated wastewater equivalent to 30% of the input water (approx. 45m³/day)

After Improvement
Wastewater generation reduced by 45m³/day

Hazardous Chemical Management Material Issues

CMS Monitoring System

Aekyung Chemical has implemented a Chemical Management System (CMS*) to efficiently manage information on a wide range of chemicals throughout their life cycle—from procurement to manufacturing and disposal. The system ensures that only authorized substances are handled by enforcing controlled access, and enables real-time monitoring of hazardous chemical usage by business site. This supports both regulatory compliance and risk management.

* CMS: Chemical Management System

Category	Types/Areas
Pre-Evaluation Management	<ul style="list-style-type: none"> Pre-evaluation for procurement and production (automatic MSDS generation) Control of procurement and production (purchase approval after regulatory compliance check) Regulatory information response Hazardous chemical licensing information
Inventory Management	<ul style="list-style-type: none"> Inventory of products and substances Quantities, GHS classification, regulatory information Searchable substance list by product
MSDS Management	<ul style="list-style-type: none"> MSDS management/automatic generation/substance search (Classification of hazards and risks, GHS image registration/view/print/history tracking)
Legal Regulation Management (Chemical Control Act, Act on the Registration and Evaluation, etc. of Chemical Substances)	<ul style="list-style-type: none"> Regulatory response guidance, follow-up task alerts Management of pre-notification/notification/registration/exemption Management of import/declaration/business licenses by site
Reporting/Performance Management	<ul style="list-style-type: none"> Performance reporting Statistical survey Chemical management ledger

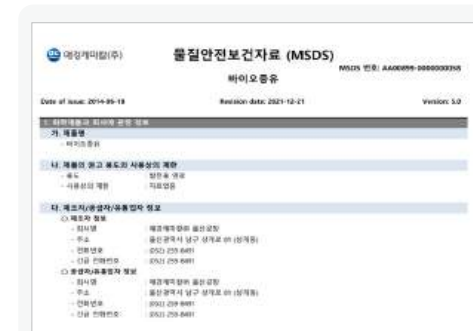
Material Safety Data Sheet (MSDS) Management

Aekyung Chemical manages the substances that make up its major products in accordance with the Material Safety Data Sheets (MSDS*). To provide safe handling information for chemicals, we comply with the obligation to supply MSDSs to both internal users and external clients. All MSDSs are finalized and revised through internal review, and any updates are promptly shared with customers.

*MSDS: Material Safety Data Sheet

MSDS Contents

· Information on the chemical product and the company	· Hazards and risks	· Names and contents of ingredients	· First aid measures
· Measures to be taken in case of explosion or fire	· Measures to be taken in case of a leakage	· Handling and storage methods	· Exposure controls and personal protection
· Physical and chemical properties	· Stability and reactivity	· Toxicological information	· Environmental impact
· Precautions for disposal	· Transportation information	· Regulatory status	· Additional references



What is MSDS?

An MSDS is a document that provides essential safety and handling information for chemical substances or products containing them during import, use, transport, or storage. It includes substance names, handling precautions from a health and safety perspective, hazard and risk identification, fire and explosion response, physical and chemical properties, carcinogenicity, and environmental impact. The goal is to prevent industrial accidents.

Importance of MSDS

Chemical safety assurance:

Prevents risks during handling



Industrial accident prevention:

Protects workers and fosters a safe work environment



Regulatory compliance:

Mandatory provision and management under applicable regulations



Hazardous Chemical Management

Establishing a Culture of Hazardous Chemical Management

Aekyung Chemical provides tailored education programs for managers, handlers, and workers to ensure the safe management of hazardous chemicals. For new employees, online pre-training is offered prior to team placement.

We also distribute facility-specific guidelines for hazardous chemical handling and conduct regular emergency drills to prepare for chemical spill incidents. These efforts aim to raise awareness among employees and strengthen the safety-oriented chemical handling culture across the company.

Hazardous Chemical Management Training

Curriculum	Hours	Participants in 2024	Target
Technical Personnel and Managers	16 hours/2 years	15	Technical staff and managers (person in charge, inspectors) for hazardous chemical handling facilities
Handlers	16 hours/2 years (8 hours in-person, 8 hours online)	215	Hazardous chemical handling personnel
Workers	2 hours/year	133	Personnel working at sites not directly handling hazardous chemicals, including regular and dispatched workers

* Online training is provided to new employees prior to team placement. In-person training is conducted as soon as possible thereafter.



Distribution of Guidelines for Hazardous Chemical Handling Facilities



Emergency response drills for chemical spill incidents

Hazardous Chemical Management Campaign

Aekyung Chemical raises employee awareness on the importance of hazardous chemical management through various campaigns:



3NO Campaign (January 2024)



Thematic Inspection – Chemical Safety and Fire Prevention (February 2024)



Valves Plus Chemical Safety Campaign (June 2024)



Chemical Spill Incident Prevention Campaign (September 2024)



Distribution of "10 Rules for Handling Chemicals" Banners (October 2024)

Biodiversity Protection

Biodiversity Protection Activities

Endangered Species Recovery Project in Cheongyang

Aekyung Chemical is expanding its eco-friendly management by participating in the “Endangered Species Recovery Project in Cheongyang,” which aims to restore endangered species and preserve the local ecosystem. In 2023, in collaboration with the Geum River Basin Environmental Office, Cheongyang County Office, Daejeon Chamber of Commerce and Industry, and Goun Botanical Garden, we planted a total of 990 individuals of seven endangered wild plant species—*Eleutherococcus senticosus*, *Lilium leichtlinii* var. *maximowiczii*, *Silene keiskei* var. *minor*, *Iris koreana*, *Adenophora triphylla* var. *japonica*, *Bupleurum latissimum*, and *Thalictrum actaeifolium*—in alternative habitats within Chilgapsan Provincial Park. We continue to monitor their growth status regularly. In 2024, we carried out maintenance activities to protect the planted species from flood damage, winter injury, and pests and diseases, supporting the stable settlement of these endangered wild plants in their habitats.

Endangered Species Recovery Project – Restoration Targets: Seven Endangered Wild Plant Species

Category	Quantity
<i>Acanthopanax senticosus</i> Hrms.	90
<i>Lilium dauricum</i> Ker Gawl.	150
<i>Lychnis wilfordii</i> (Regel) Maxim.	150
<i>Iris laevigata</i> Fischer	150
<i>Iris dichotoma</i> Pall.	150
<i>Bupleurum latissimum</i> Nakai	150
<i>Thalictrum coreanum</i> H.Lév.	150
Total	990



Acanthopanax senticosus Hrms.



Lilium dauricum Ker Gawl.



Lychnis wilfordii (Regel) Maxim.



Iris laevigata Fischer



Iris dichotoma Pall.

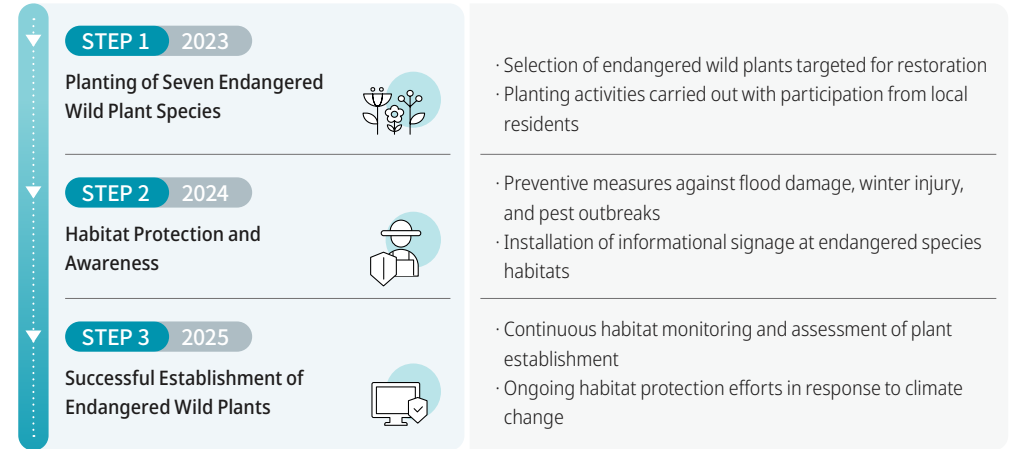


Bupleurum latissimum Nakai



Thalictrum coreanum H.Lév.

Roadmap of the Endangered Species Recovery Project in Cheongyang



Rice Husk Mulching in Endangered Species Habitat in Cheongyang

In December 2024, Aekyung Chemical employees, together with Goun Botanical Garden, conducted a rice husk mulching operation in the habitat of the seven endangered wild plant species planted in 2023, as part of ongoing conservation efforts. The rice husks were evenly spread across the entire habitat to prevent winter damage and suppress weed growth, helping the plants survive harsh winter conditions while maintaining a healthy soil environment. Aekyung Chemical will continue monitoring and protecting the habitats to ensure the stable growth of endangered species throughout seasonal changes.



Rice husk mulching operation: December 2024



Installation of endangered wild plant habitat signage: January 2025

Overview

Our Approach to ESG

ESG Performance

Social

Happy Society

Expansion of Human Rights Management

Development of Talent Management and Organizational Culture

Reinforcement of Occupational Health and Safety

Enhancement of Product Safety and Quality Management

Promotion of Community Engagement Activities

Sustainable Supply Chain Management

Reinforcement of Fair Trade Compliance

Enhancement of Information Security

ESG Facts & Figures

Appendix

Happy Society

Social

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Expansion of Human Rights Management

Human Rights Management Promotion System

Human Rights Management Policy

Aekyung Chemical places strong emphasis on respecting and protecting the human rights of various stakeholders—including employees, customers, partners, and local communities—as part of its commitment to sustainable management.

We comply with international standards and norms, such as the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises, and are continuously working to safeguard human rights and dignity across all business operations. To proactively prevent and promptly address any direct or indirect human rights violations at our business sites, we have established and strictly comply with various internal regulations, including the Rules of Employment, Safety and Health Management Regulations, Ethical Management Regulations, and the Partner Code of Conduct.

In 2024, we revised our Human Rights Management Declaration and Human Rights Management Policy to advance a more systematic approach. We reorganized the purpose, scope of application, and ten core principles of human rights management, and clarified the overall framework, including grievance handling channels. Furthermore, we established a human rights risk management system to identify and prevent potential adverse impacts of business activities on human rights in advance.

Aekyung Chemical Human Rights Management Policy

Chapter 1. General Provisions

- Purpose, scope of application, and definitions of human rights management
- Ten core principles of human rights management and compliance requirements for each principle

Chapter 2. Human Rights Management System

- Establishment of a Human Rights Management System
- Operation of grievance procedures (including whistleblower protection)
- Human rights education and awareness dissemination

Chapter 3. Human Rights Risk Management System

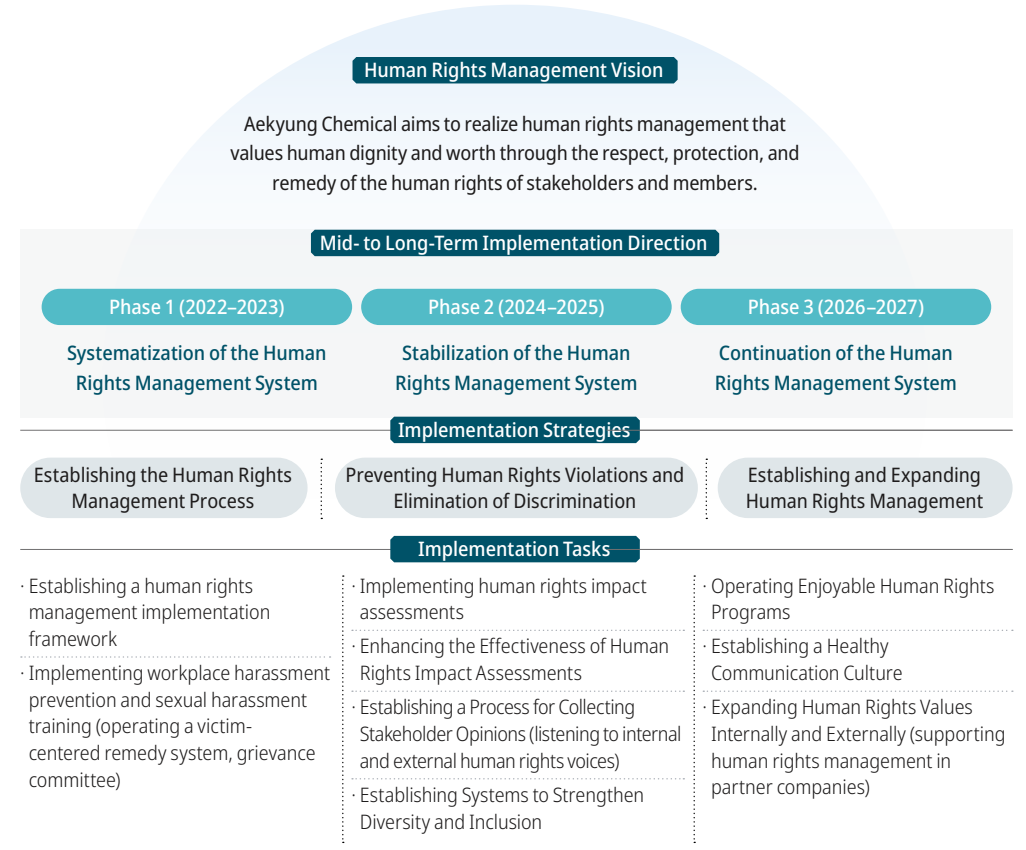
- Establishment of a human rights risk management system
- Operation of the human rights impact assessment process (assessment execution, issue identification, risk mitigation actions, monitoring, etc.)

Ten Principles of Human Rights Management

1. Prohibition of forced labor and child labor
2. Prohibition of discrimination and promotion of diversity and inclusion
3. Prohibition of workplace harassment
4. Compliance with working conditions
5. Guarantee of freedom of association and collective bargaining rights
6. Assurance of occupational safety
7. Protection of personal data and privacy protection
8. Responsible supply chain management
9. Protection of the rights of local communities and vulnerable groups
10. Responsibility for the environment

Aekyung Chemical Mid- to Long-Term Goals for Human Rights Management

Aekyung Chemical has established a mid- to long-term goal framework for advancing human rights management and is steadily implementing it. We operate this framework by incorporating an implementation direction, phased strategies, and implementation tasks. To identify and systematically respond to various potential human rights risks, we conduct human rights impact assessments. Based on the results, we are enhancing and upgrading our internal processes to prevent human rights violations and eliminate discrimination. Through these efforts, we aim to gradually strengthen our human rights management practices.





Expansion of Human Rights Management

Human Rights Risk Management

Human Rights Impact Assessment

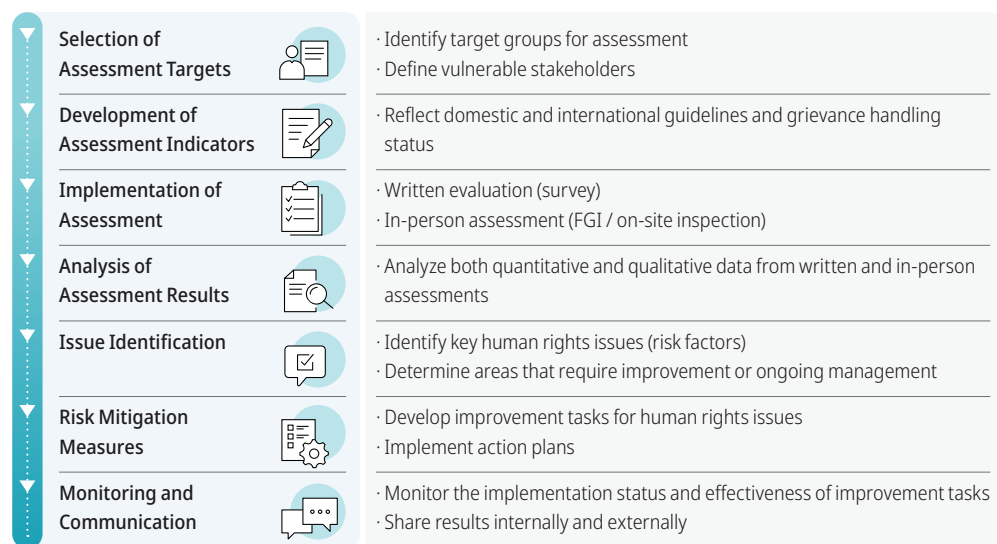
Aekyung Chemical has established and operates a human rights risk management system to identify, prevent, mitigate, and remedy both actual and potential human rights impacts across all business operations.

In 2024, we conducted a human rights impact assessment for employees at our domestic business sites to evaluate our overall level of human rights management and to identify and manage human rights issues in a systematic manner. The assessment was conducted via an anonymous online survey to ensure confidentiality. Through this process, we identified five key human rights issues and one area requiring improvement, for which we established and implemented risk mitigation measures.

In early 2025, we evaluated the effectiveness of those measures. In addition, we conducted face-to-face assessments such as Focus Group Interviews (FGIs) with vulnerable stakeholder groups and groups that showed relatively low scores in the assessment to gain deeper insights into specific risks.

We also carried out a separate human rights impact assessment for employees of our domestic subsidiaries. In the second half of 2025, based on the effectiveness evaluation results, we plan to implement additional risk mitigation actions, enhance human rights awareness, and improve our assessment indicators. We also intend to expand the scope of future assessments to include key partner companies.

Human Rights Impact Assessment Process



Scope of Human Rights Impact Assessment

The scope of Aekyung Chemical's human rights impact assessments includes all stakeholders, such as employees, partners, and local communities near business sites. We define "vulnerable stakeholders" as groups identified in international agreements as requiring special protection, as well as those determined through human rights impact assessments to need separate management. For these groups, we conduct face-to-face assessments based on Focus Group Interviews (FGIs) to identify human rights risks and implement necessary improvement measures.

Human Rights Impact Assessment Indicators

The assessment indicators are structured across 11 categories based on international guidelines, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO International Labor Standards. We plan to enhance these indicators to gain a more detailed understanding of human rights risks and to further strengthen our human rights risk management system.

Human Rights Impact Assessment Results

Area	2024		Effectiveness Evaluation Results	Human Rights Issues**	2025		
	Assessment Results*	Human Rights Issues**			Key Human Rights Issues by Vulnerable Stakeholder Group		
					Women (Pregnancy/ Childbirth Period)	Parents with Young Children (Under Age 8)	High-Risk Occupations (Field Workers)
Respect for human rights	A	●	B	●			
Prohibition of forced labor	A	●	A				
Prohibition of child labor	S		S				
Working Hours	A	●	A		○	○	○
Wages and Welfare	S		S				
Prohibition of Discrimination	A	●	A				
Freedom of Association	S	○	S				
Workplace safety and environmental conditions	S		S		○		○
Protection of personal data and privacy protection	S		S				
Prevention of sexual harassment and workplace bullying	A	●	A		○		
Protection of the human rights of local residents and vulnerable groups	S		S				

* Five-Level Evaluation Scale: S, A, B, C, D

** ● Human Rights Issues, ○ Issues identified as requiring improvement or ongoing management

Expansion of Human Rights Management

Managing Human Rights Risk

Implementing Risk Mitigation Measures for Key Human Rights Issues

Human Rights Issue	Key Assessment Indicators	Improvement Activities
Respect for Human Rights	<ul style="list-style-type: none"> Existence of a Human Rights Management Policy and Declaration Identification and response to human rights risks 	<ul style="list-style-type: none"> Enhanced human rights management system and internal communication Institutionalizing human rights impact assessments and implementation of mitigation measures, with ongoing monitoring
Prohibition of Forced Labor	<ul style="list-style-type: none"> Whether labor is forced against employees' will Freedom to resign from employment 	<ul style="list-style-type: none"> Conducting awareness campaign to foster a healthy work culture (e.g., prohibiting work instructions during leave)
Working Hours	<ul style="list-style-type: none"> Compliance with the 52-hour workweek Operation of flexible work arrangements 	<ul style="list-style-type: none"> Providing education on flexible work arrangements for new hires Encouraging the use of flexible work schedules Promoting the use of annual leave through campaigns
Prohibition of Discrimination	<ul style="list-style-type: none"> Non-discrimination in hiring and promotion processes Equal pay for work of equal value 	<ul style="list-style-type: none"> Internal announcement of hiring and promotion review procedures
Freedom of Association*	<ul style="list-style-type: none"> Guarantee of freedom of association and collective bargaining Prohibition of unfair treatment of union members Operation of labor-management council 	<ul style="list-style-type: none"> Quarterly internal announcements of labor-management council discussion outcomes
Prevention of Sexual Harassment and Workplace Bullying	<ul style="list-style-type: none"> Establishment and operation of workplace sexual harassment and bullying prevention policies Regular education implementation and grievance handling system operation 	<ul style="list-style-type: none"> Providing training on preventing workplace sexual harassment and bullying Internal notification of grievance handling committee members and processes Improving procedures to prevent secondary harm

* Issues identified as requiring improvement or continued management

Human Rights Risk Management for Stakeholders

Aekyung Chemical is committed to identifying, preventing, and resolving human rights risks to enhance the well-being and quality of life of all stakeholders. To further strengthen human rights risk management, we strictly comply with all relevant laws and regulations.

Stakeholders	Key Issues	Communication Channel	Communication Cycle
Shareholders and Investors	Business performance and management strategies	Business report	Quarterly
	Stock price and dividend policy (e.g., changes in dividends)		
Employees	Improvement of working conditions and employee welfare	CEO letter	Monthly
	Performance evaluation and compensation	Labor-Management Council	Quarterly
	Workplace harassment and sexual harassment	Grievance reporting process	As needed
Supply Chain (Key Partners)	Occupational health and safety	Safety manager meetings with partners	Monthly
	Fair contracts, co-prosperity, etc.	Educational videos	As needed
Local Communities	Expansion of social contribution programs including support for vulnerable groups	Community programs	As needed

Prevention and remedy of human rights violations

Grievance Handling and Reporting System

To prevent human rights risks and enhance awareness among our employees, Aekyung Chemical provides all employees, including new hires, with mandatory annual education on topics such as prevention of workplace harassment and sexual harassment, and improving awareness of persons with disabilities. We have established an internal reporting system to ensure that victims of human rights violations can report their grievances with confidence. Reported issues undergo a prompt and fair investigation, and are handled in strict accordance with internal regulations. We also carry out post-incident monitoring to prevent secondary harm and recurrence, and actively implement measures to protect the rights and interests of victims. If any workplace harassment, sexual harassment, discrimination, or other human rights violations are confirmed, we take necessary actions—such as disciplinary measures—through the HR Committee.

Principles for Handling Human Rights Issues Internally

Prevention

- Continuous education/inspection for prevention



Detection

- Fact-based investigation
- Protection of whistleblowers
- Protection of the perpetrator until the case expands

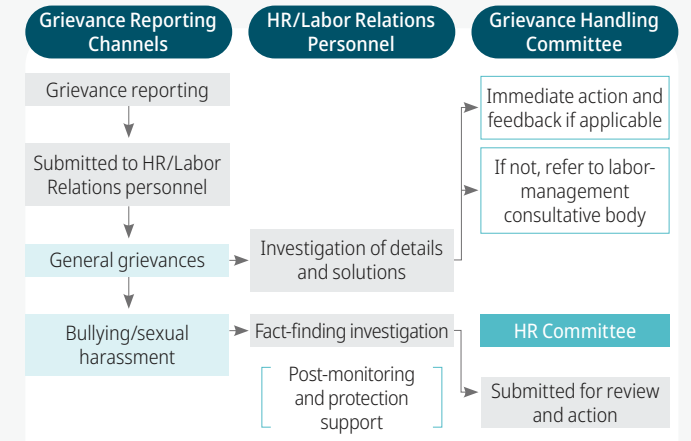


Response

- Principle-based handling
- Prevention of secondary damage and recurrence
- Post-monitoring and protection support



Internal Grievance Reporting and Handling System



Internal Grievance Handling Rate (Unit: cases)

Category	2022	2023	2024
Human Rights-Related Reports	1	1	4
Human Rights-Related Resolutions	1	1	4
Occurrence of Discrimination Incidents	0	0	0

Violations of Human Rights Regulations (Unit: cases, KRW)

Category	2022	2023	2024
Number of Violations	0	0	0
Penalties	0	0	0
Fines	0	0	0





Development of Talent Management and Organizational Culture Material Issues

HR Policy

Organizational Culture and Ideal Talent

In November 2021, Aekyung Chemical was newly launched by integrating the capabilities of Aekyung Petrochemical, Aekyung Chemical, and AK ChemTech. Through this integration, we have been reborn as a comprehensive chemical company in Korea that supplies raw materials and specialty chemicals such as plasticizers, biodiesel, synthetic resins for composite materials, and surfactants. Building upon the achievements of the past 50 years, we are now striving to take a leap forward as a Global Leading Chemical Company.

To this end, we established a new vision system in 2023, setting our vision as “A Respectable Partner for Your Innovation through Chemistry.” In addition, we adopted “R-E-A-CT (Respect, Excellence, Agility, Commitment, Teamwork)” as our core values to realize this vision.

In 2024, we defined the “AKC Approach to Work” based on these core values. This framework serves as a practical guideline for all employees to follow in performing their duties and making decisions. To help employees easily understand and embody these principles, we redefined the content in more specific terms and are promoting their internalization through various awareness campaigns, education programs, and system integration.

Aekyung Chemical operates a range of HR programs to foster a work environment where employees can fully demonstrate their professionalism and capabilities. Based on a horizontal organizational culture that encourages challenge and innovation, we nurture talent and empower individuals.

Fair Performance Evaluation and Rational Compensation

At Aekyung Chemical, we conduct performance evaluations fairly by applying a unified evaluation system for all employees. This system consists of performance evaluations based on Key Performance Indicators (KPIs) and competency evaluations according to job functions and job levels. We also reinforce leaders’ responsibility for nurturing team members and supporting their growth through continuous feedback and regular one-on-one meetings.

Performance Evaluation

Performance evaluations are conducted by setting KPIs that incorporate strategic tasks aligned with the company’s business goals and strategic direction, along with key individual tasks. These goals are established through mutual agreement with the leader and managed through mid-term reviews, ongoing feedback, and dialogue to help ensure successful goal achievement. At the end of the year, we carry out fair and objective evaluations based on pre-defined indicators, and provide feedback on the results.

Competency Evaluation

Competency evaluations are based on the expected competencies by job function and job level, as defined by the “AKC Approach to Work.” Employees are assessed on how well they meet the expected competency levels. The results are used for decisions related to promotions and talent development. Aekyung Chemical operates a rational, performance-based compensation system that reflects fair and objective evaluation results. Annual salaries are determined individually, and profits derived from business performance are distributed differentially according to each employee’s individual performance.

360-Degree Feedback for Team Leaders

To provide growth opportunities, we conduct 360-degree feedback for team leaders, collecting objective feedback from team members, peers, and supervisors. The results are used to assess leadership effectiveness, identify strengths and areas for improvement, and formulate development plans accordingly. We plan to conduct 360-degree feedback regularly to support the continuous enhancement and improvement of leadership capabilities among our team leaders.

KPI Evaluation Process

Key Performance Indicator (KPI) Setup → Mid-Term Review → Self-Evaluation → Supervisor Evaluation

Evaluation Subjects	Evaluation Targets	Evaluation Targets	Evaluators
Establishes work goals and detailed indicators	Prepares a mid-term review (progress status, notable issues, etc.)	Enters final results and conducts self-evaluation	Determines work objective scores through supervisor evaluations (team leaders, relevant executives, etc.)
Evaluators Approves the goals set by the evaluatee	Evaluators Provides feedback on mid-term review		

Completion of Evaluation ← Disclosure of Evaluation Results and Feedback ← HR Committee

Evaluation process completed	· Discloses evaluation results (scores and comments by KPI item)	· If necessary, initiates objection process	Finalizes evaluation grades
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Development of Talent Management and Organizational Culture

Policy for Recruiting Outstanding Talent

Recruitment Process

Aekyung Chemical secures outstanding talent through a fair and structured recruitment process. We conduct regular open recruitment for new graduates in the first and second half of each year, along with rolling recruitment for experienced professionals. Candidates are selected based on verification of required qualifications and competencies specific to each role.

To ensure this, we establish evaluation criteria during the recruitment process and assess candidates comprehensively through interviews conducted by working-level managers and executives. We also provide regular training for interviewers to strengthen the capabilities required for interviews and continuously enhance their expertise.

To accurately assess a candidate's suitability for the role, we conduct basic interviews along with presentation (PT) evaluations. This allows us to evaluate logical thinking, problem-solving abilities, and practical competencies in depth. For experienced hires, additional screening is conducted, including presentation evaluations and reference checks from previous employers, to assess past performance, strengths, and areas for improvement. Based on this, we determine whether the candidate possesses the appropriate experience and capabilities for the position at Aekyung Chemical.

We will continue to advance our fair and structured recruitment procedures to secure top-tier talent and strengthen our corporate competitiveness.

Talent Acquisition Policy

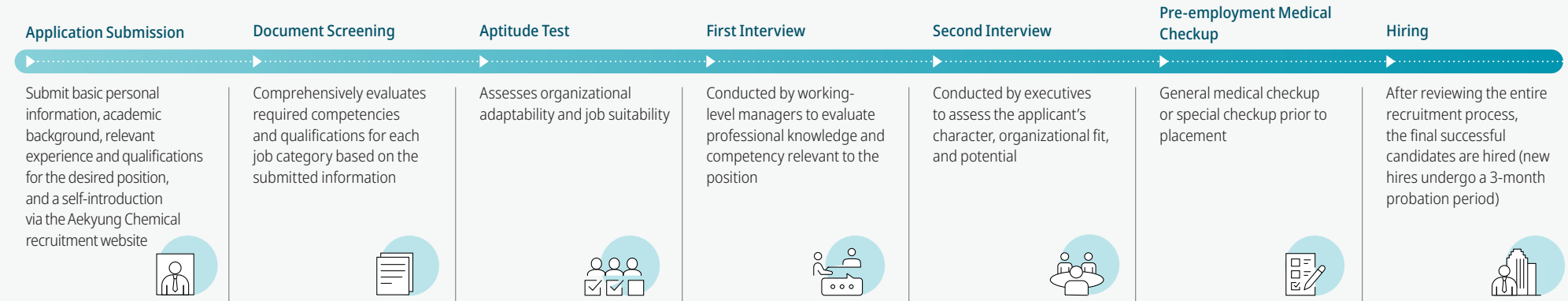
Aekyung Chemical implements diverse recruitment policies to attract outstanding talent.

In 2024, we focused on hiring experienced professionals to strengthen our organizational expertise and respond to rapidly changing business environments. In particular, to secure next-generation leaders, we recruited one team leader candidate, and to enhance our research capabilities, we hired two PhD-level professionals. To bolster our technological competitiveness and execution capabilities in core businesses, we recruited seven engineers to reinforce expertise in R&D and production sites.

To secure global capabilities, we hired two global talents from Latin America and the Arab region for overseas sales roles in early 2024. Through this effort, we are accelerating global business expansion while focusing on acquiring top global talent.

Furthermore, to create local jobs and attract regional talent, we give extra points during the document screening stage to applicants from the local areas when hiring for our Ulsan and Cheongyang plants. Starting in 2025, we plan to institutionalize the local talent priority hiring policy. This includes granting extra points at each stage of the recruitment process and selecting a certain percentage of local candidates. We also plan to actively participate in regional job fairs to further enhance local talent recruitment.

New Employee Recruitment Process





Development of Talent Management and Organizational Culture

Promoting Diversity and Prohibiting Discrimination

Expanding Diversity

Aekyung Chemical guarantees diversity to ensure that all employees can fully demonstrate their individual capabilities. We operate an HR process designed to build a fair organization free from discrimination based on gender, disability, educational background, region of origin, nationality, and other personal attributes. In accordance with relevant laws, we give hiring preference to protected groups such as persons with disabilities and veterans.

Gender

We are actively working to increase gender diversity among our employees. In 2024, out of 73 new hires, 17 were women, accounting for 23.3% of the total. We plan to continue expanding the proportion of female employees across the company. To this end, we are fostering a work environment free of gender-based discrimination and implementing a variety of family-friendly programs—including parental leave, family care leave, reduced working hours during childcare, and childbirth congratulatory allowances—to help prevent career interruptions for female talent.

Persons with Disabilities

We are faithfully fulfilling our legal obligation to hire persons with disabilities and are contributing to the promotion of disability sports and job creation by operating a team of disabled athletes. We will continue to support the team to enhance their sense of belonging and raise awareness of diversity among all employees.

Global Talent

We actively recruit global talent, and as of the end of 2024, a total of seven global employees are working with us. Following recruitment, we apply the same non-discriminatory compensation system used for domestic employees and provide various support measures to ensure a stable work environment where global employees can fully demonstrate their professional capabilities. To improve the work environment, our HR team regularly holds meetings with global employees and offers proactive support in resolving visa and other issues as they arise.

Reemployment Opportunities After Retirement

We offer reemployment opportunities to high-performing employees who have reached the statutory retirement age. We have established a post-retirement reemployment process and, through a fair procedure, rehired two retired employees. Through this initiative, we aim to create job opportunities while leveraging the valuable experience and know-how of senior employees.

Gender-Equal Compensation System

Recognizing the importance of gender equality, we apply a fair compensation system regardless of gender. As of 2024, the salary level (based on annual contract salary) of female employees compared to male employees in office positions was 100% at the associate level, 99% at the senior associate level, and 91% at the manager level. Within the same job grade, compensation is determined based on both organizational and individual performance, and salary levels are set without any gender-based discrimination.

Employee Diversity Status

(Unit: persons)

	Key Issues	2022	2023	2024	
Gender Balance	Total Female Employees	98	114	115	
	Managers	Female Executives	1	1	1
		Female Team Leaders	3	5	4
Employment of People with Disabilities	Total Employees	15	14	15	
Employment of National Veterans	Total Employees	24	21	22	
	Total Employees	4	7	7	
	China	2	2	2	
	Vietnam	0	2	1	
	Thailand	0	1	1	
Employment of Foreign Nationals	Malaysia	1	1	1	
	Kazakhstan	0	1	1	
	Philippines	1	0	0	
	Colombia	0	0	1	
	Total Number of Employees	709	750	752	

* Manager criteria: Executives and team leader-level or higher (In 2024, the proportion of female managers was 7.5%)

Ratio of Contract Salary by Gender

Female employees' salary as a percentage of male employees' salary in office positions

Entry-level (P1)

100%

Senior (P2)

99%

Manager (P3)

91%



* Based on the average annual contract salary by job level for office positions. All employees are paid at or above the statutory minimum wage.

Development of Talent Management and Organizational Culture

Employee Education System and Status

Talent Development System

Under the vision of “A Respectable Partner for Your Innovation through Chemistry,” Aekyung Chemical offers a wide range of learning opportunities to nurture talent who embody our five core values, “R.E.A.C.T.” We operate tiered educational programs tailored to each job level—from new hires to team leaders—to strengthen competencies and support employees’ professional development and proactive growth.

In 2025, we plan to implement the “AKC Approach to Work,” based on our core values, in conjunction with competency development education by organizational level. We will also focus on expanding company-wide implementation by having each team establish its own action plan.

Education System Diagram

Category	Values Education		Level-Specific Competence			Job Competency	Global	Group Education	
	Organizational Values	Social Value	Introduction to Levels	Advanced Levels	Core Talent				
Executives	Core Values	Occupational health and safety	Executive training			Internal job and product training OJT	External delegated training	Foreign Language Learning Support Training for expats	
Team Leaders		Workplace sexual harassment prevention	New team leaders	Team leader training	Next leader				Future executives
Team Members		P3	Privacy protection	P3 promoted employees	Team member competency training				SL Program
		P2	Disability awareness improvement	P2 promoted employees					IL Program
P1 (A/E)		Retirement pension							PL Program
New Hires (New & Experienced)	Prohibition of workplace harassment	New employee onboarding							

New Employee Onboarding Program

Aekyung Chemical operates a structured onboarding program to help new employees adapt to the organization and strengthen their job competencies. The program begins on the employee’s first day with an introductory training session that provides an overview of the company’s vision and business. To support early adaptation, we conduct a series of one-on-one onboarding interviews with the HR team and the employee’s direct manager. We also provide On-the-Job Training (OJT) and conduct performance evaluations over a three-month period to enhance job performance. In addition, we operate a buddy program to offer emotional support and help experienced hires build networks within the organization. These onboarding activities are carried out intensively over a 3–4 month period according to each new hire’s schedule. Once a year, we offer a business site tour to give new employees the opportunity to gain field experience and background knowledge of the chemical industry through visits to our R&D center and production sites.

	Entry Date	1st Month	3rd Month	4th Month	Annually (April)
New Hires	Introductory Training		(Regular Employment Decision)	Onboarding Interview w. HR	Business Site Tour
	Self-learning (Onboarding Guidebook, Product and Occupational Safety Training)	OJT / Probation Review			
Experienced Hires	Entry Date	1st Month	2nd Month	3rd Month	Annually (April)
	Orientation / Onboarding Interview w. Team Leader	Onboarding Interview w. Team Leader		Onboarding Interview w. HR	Business Site Tour
	Self-learning (Onboarding Guidebook, Product and Occupational Safety Training)	Buddy Program			



AKC Approach to Work



“AKC Approach to Work” promotional posters



“AKC Approach to Work” promotional webtoons



New Hire Onboarding Program: Business Site Tour

Development of Talent Management and Organizational Culture

Employee Education System and Status

Training for Leadership and Competency Development by Level

New Team Leader Training (New Team Leader Competency Development Program)

To enhance the planning and communication skills of new team leaders, we operate the New Team Leader Competency Development Program. This annual program includes live Zoom sessions that provide training on document writing and reporting skills, specifically tailored for newly appointed team leaders. In addition, participants receive personalized written feedback and engage in hands-on exercises to solidify their learning. After completing the core curriculum, participants present their final reports internally and receive individual feedback directly from the Chief Executive Officer (CEO).

Promotee Training (Promotee Mind-Set Program)

We offer a structured educational program to help promotees understand the expectations of their new roles and develop the competencies required for success. This program is designed to internalize the AKK Approach to Work and strengthen strategic thinking and collaboration skills. It is implemented by job level, using a variety of training content. The program also provides a platform for promotees to network and share experiences, fostering a sense of community and peer support.



New Team Leader Training: New Team Leader Competency Development Program



Promotee Training: Mind-Set Program

Team Leader Training (Leadership Insight Workshop)

We conduct annual leadership training for team leaders to provide insights and practical skills for overcoming common leadership challenges in the organization.

In 2024, we held a Team Leader Communication Enhancement Workshop to improve skills in document writing and interpersonal communication. The CEO personally participated in this session to share leadership insights and strengthen engagement.

We plan to continue expanding our leadership development programs to help team leaders respond flexibly to a changing business environment while enhancing both insight and execution capabilities.



Team Leader Training: Leadership Insight Workshop

- Overview
- Our Approach to ESG
- ESG Performance
- Social**
- Happy Society
- Expansion of Human Rights Management
- Development of Talent Management and Organizational Culture
- Reinforcement of Occupational Health and Safety
- Enhancement of Product Safety and Quality Management
- Promotion of Community Engagement Activities
- Sustainable Supply Chain Management
- Reinforcement of Fair Trade Compliance
- Enhancement of Information Security
- ESG Facts & Figures
- Appendix

Development of Talent Management and Organizational Culture

Employee Education System and Status

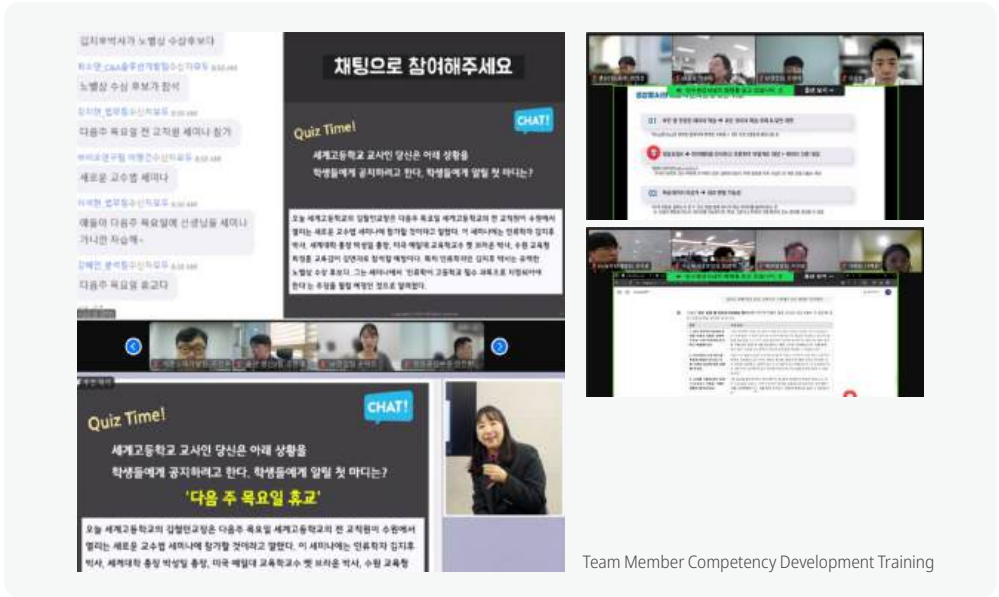
Training for Leadership and Competency Development by Level

Team Member Competency Development Training

To enhance team members' capabilities, we operate training programs aligned with the AKC Approach to Work. These programs are designed to improve practical application skills by building knowledge and techniques related to core competencies.

In 2024, we conducted a survey targeting team leaders to identify gaps between current and expected competency levels of team members, and to assess the importance of each competency area. Based on the results, execution and communication skills were selected as priority areas. Accordingly, we offered training sessions titled "Practical Use of Generative AI at Work" and "Reporting Skills that Earn Trust." These sessions were mandatory for employees eligible for promotion and recommended as optional for all other team members.

To ensure accessibility and efficiency, the courses were delivered via Zoom Live, allowing real-time participation from employees across all business sites. We will continue expanding diverse training programs to support employees' ongoing development and maximize performance outcomes.



Team Member Competency Development Training

Global Competency Enhancement Program

Foreign Language Learning Support Program

To cultivate global competencies among all employees, we offer a foreign language learning support program. Domestic employees can choose to study English, Chinese, Japanese, or Vietnamese, while international employees are supported in learning Korean. Employees may freely select the format and timing of their studies, including external language academies, one-on-one phone-based English instruction, and various courses on our in-house online learning platform.

Training for Expats

We provide global business capability training for new expatriate candidates. The program supports early adaptation to overseas roles by covering role awareness, problem-solving, communication skills, and cultural understanding of the host country. For returning expatriates, we conduct a one-month reentry training course prior to repatriation, which also includes education for accompanying family members.

Online Education Infrastructure: Learning Platform

We operate an e-learning platform to provide access to in-house-developed content, including legally mandated training and product education. This platform offers microlearning-based content across a wide range of topics, including job functions, career levels, and foreign languages, thereby supporting employees' self-directed development.





Development of Talent Management and Organizational Culture

Developing Organizational Culture

Organizational Culture Improvement Project for Field Positions

Aekyung Chemical carried out an organizational culture improvement project for employees in field positions, reflecting the characteristics of their work environment and the collaboration required among employees of various age groups. The goal was to foster a culture of mutual respect by enhancing understanding across generations.

To this end, junior (20s–30s) and senior (40s–50s) team members were selected for individual interviews. Based on the interview findings, a comprehensive survey was conducted across all field positions. We then held a communication forum to share the key issues identified and to jointly explore solutions. A total of 279 field employees—representing 94% of the target group—participated in the initiative, during which they collectively established “mutual respect ground rules” and signed a pledge to uphold them.

These rules were then printed as posters and banners and displayed throughout each business site to promote awareness of diversity and embed a culture of mutual respect among employees.



Organizational Culture Improvement Project for Field Positions



Ground Rules for Mutual Respect and Communication: Top 5

Labor-Management “Chemi-Up” Workshop: A Space for Dialogue

In 2024, Aekyung Chemical hosted a labor-management workshop to encourage constructive dialogue and build mutual trust. Participants discussed ways to establish a collaborative labor-management culture and attended a labor relations lecture on “Understanding the Labor-Management Council and Grievance Handling.” The event also included a group walk and informal conversations at a nearby tourist attraction, which served to strengthen mutual understanding. We will continue to create opportunities for open and active labor-management communication.

Activating Labor-Management Communication to Build a Company People Want to Work For

With the shared goal of becoming “a company people want to work for,” Aekyung Chemical formed a labor-management communication body called the UNIQUE Committee by electing employee representatives at each business site. The UNIQUE Committee functions as a platform where employees can propose improvements related to their work and overall company life. These proposals are reviewed through labor-management discussions, leading to actionable outcomes. One of the most actively discussed topics is improving systems to enhance work-life balance and overall job satisfaction. We are continuously advancing initiatives to improve the working environment, strengthen communication, and expand employee benefits—ultimately fostering a balanced development between work and life.



Labor-Management Chemi-Up Workshop



Labor-Management Chemi-Up Workshop



UNIQUE Committee



Development of Talent Management and Organizational Culture

Developing Organizational Culture

Work-Life Balance

Aekyung Chemical operates a variety of programs to enhance employee well-being and support a balanced life. We continuously improve the working environment to ensure employees can work happily, and we operate a flexible work arrangement system to help our people achieve a sustainable balance between work and life.

Annual Leave Promotion Program: Vacation Flex

To promote the use of annual leave, we encourage employees to create vacation plans at the beginning of the year and on a quarterly basis. We also notify employees in advance of bridge holidays and other suitable dates for taking time off, creating an environment where employees feel free to use their annual leave. This initiative actively encourages employees to take sufficient rest.

Work-Life Balance

- Flexible work arrangement for office positions
- Flexible work hours for production staff, 4-team, 2-shift work
- Promoting the use of annual leave through campaigns



Family-Friendly Policies

To support employees during pregnancy and childcare, Aekyung Chemical offers a range of family-friendly programs, including parental leave, family care leave, reduced working hours during childcare, and childbirth congratulatory payments. We also host family invitation events at each business site to show appreciation for employees' dedication and to help their families better understand and connect with the company.



Family Invitation Event (Ulsan Plant)



Family Invitation Event (Cheongyang Plant)

Healthy Competition: Championship Events

To promote physical and mental well-being and strengthen team bonds, Aekyung Chemical organizes championship events that can be enjoyed by employees of all ages, contributing to a vibrant work environment. In 2024, we held a series of championship events in two categories: table tennis and the E-sports game League of Legends. Employees participated individually or as teams, uniting around a common goal and cheering for one another, thereby enhancing communication and interaction.

ATTC – Aekyung Chemical Table Tennis Championship

Table tennis is one of the most popular leisure activities among our employees and a central event of the championship series. All business sites are equipped with table tennis tables due to the high level of interest. In February 2024, the championship brought together employees representing each site, and their spirited gameplay and enthusiastic cheering further energized the workplace.

ALC – Aekyung Chemical League of Legends Championship

In June 2024, we held a championship by adopting E-sports "League of Legends" as a sport that allows employees of various ages to narrow the generation gap and understand and interact with each other. The event featured both individual and team matches, and to enhance immersion, professional-grade equipment and live casters were arranged. The result was a high-quality tournament that was widely praised.

"Book:Marked" – Life-Changing Book Recommendation Event

To promote knowledge sharing and communication among employees, we organized the "Book:Marked" event, where employees recommended books that had a meaningful impact on their lives. The purpose of the event was to share individual preferences and foster deeper communication through literature. The final list of 33 recommended books serves as a testament to our support for personal growth through reading.



ATTC – Aekyung Chemical Table Tennis Championship



ALC – Aekyung Chemical League of Legends Championship



Book:Marked

Development of Talent Management and Organizational Culture

Employee Benefits

Aekyung Chemical supports employees' quality of life and personal development through a wide range of employee benefits programs. We offer regular health check-ups, access to company clubs, and resort memberships to promote the health and leisure of employees and their families.

Additionally, we operate various housing and living stability support programs to help employees establish a secure and stable foundation. Believing that the happiness of employees and their families is the foundation for shared growth, Aekyung Chemical will continue to expand practical benefits that truly support our people.

Housing and Living Stability Programs



- Loan support: Housing loans (for lease and purchase), livelihood stabilization loans
- Gifts for special occasions and holidays: Gifts for Labor Day, company founding anniversary, and traditional holidays such as Seollal and Chuseok
- Support for disaster relief
- Travel expenses for business assignments

Health Promotion Programs



- Expanding the scope and amount of health check-up support
- Insurance coverage for accidents and illnesses
- Coverage for quadrivalent flu vaccinations
- Health education programs: Brain/cardiovascular and heat-related illness prevention education, emergency response education, fire/disaster education, private fire brigade and joint fire training
- Health/psychological counseling support: "Healing Terrace" counseling space at headquarters

Leisure Activity Support



- Cafeteria-style welfare points system
- Support for in-house club activities
- Membership and usage benefits for resorts

Health Promotion Policies

To ensure a pleasant working environment, we have installed air quality monitors in office spaces for continuous inspection. We also provide practical emergency response training, including fire hydrant usage, fire extinguisher and evacuation equipment drills, and CPR instruction. In addition, we run campaigns to prevent cerebrovascular, cardiovascular, and heat-related illnesses.



Cerebrovascular and Cardiovascular Disease Prevention Campaign

Extinguisher Usage Practice

Evacuation Equipment Practice

Leisure Activity Support

We support club activities to help employees relieve work fatigue and stress and foster stronger connections across teams. A total of 28 clubs across 18 types of hobbies are in operation, with around 150 participants each month. In 2024, KRW 18 million was provided to support these activities.



Table Tennis Club

Futsal Club

Baseball Club



Board Game Club

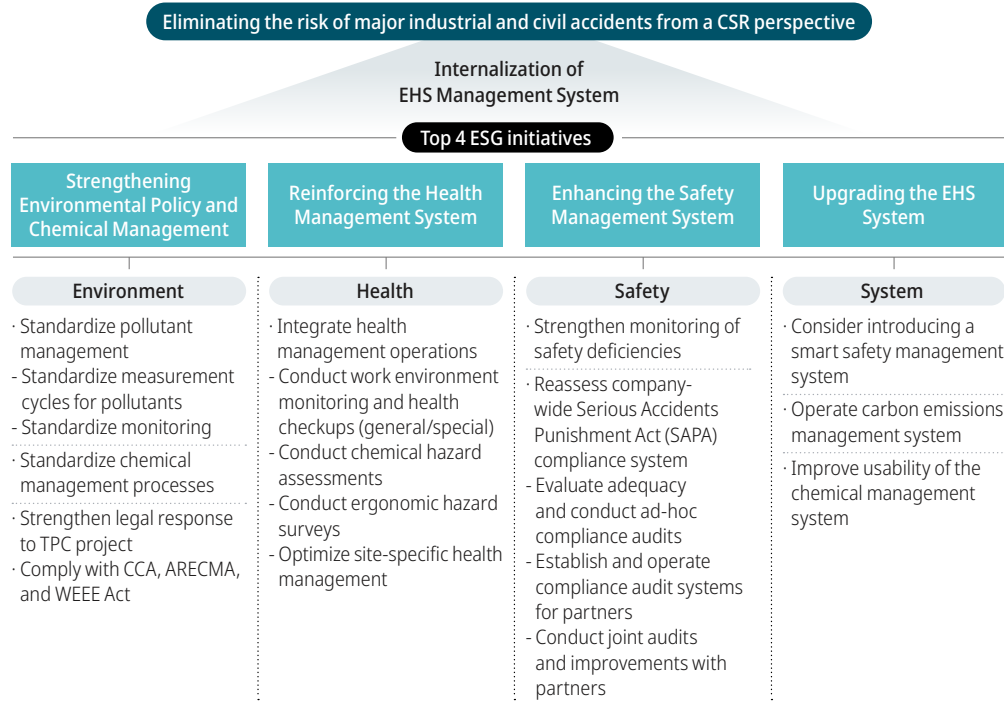
Basketball Club

Screen Golf Club

Reinforcement of Occupational Health and Safety Material Issues

Safety and Health Management System

Safety and Health Goals



Aekyung Chemical has adopted the slogan "Zero Risk of Major Industrial and Civil Accidents from a CSR Perspective" and defined four core strategic tasks to realize this goal:

- Strengthening Environmental Policy and Chemical Management
- Enhancing the Safety Management System
- Reinforcing the Health Management System
- Upgrading the EHS System

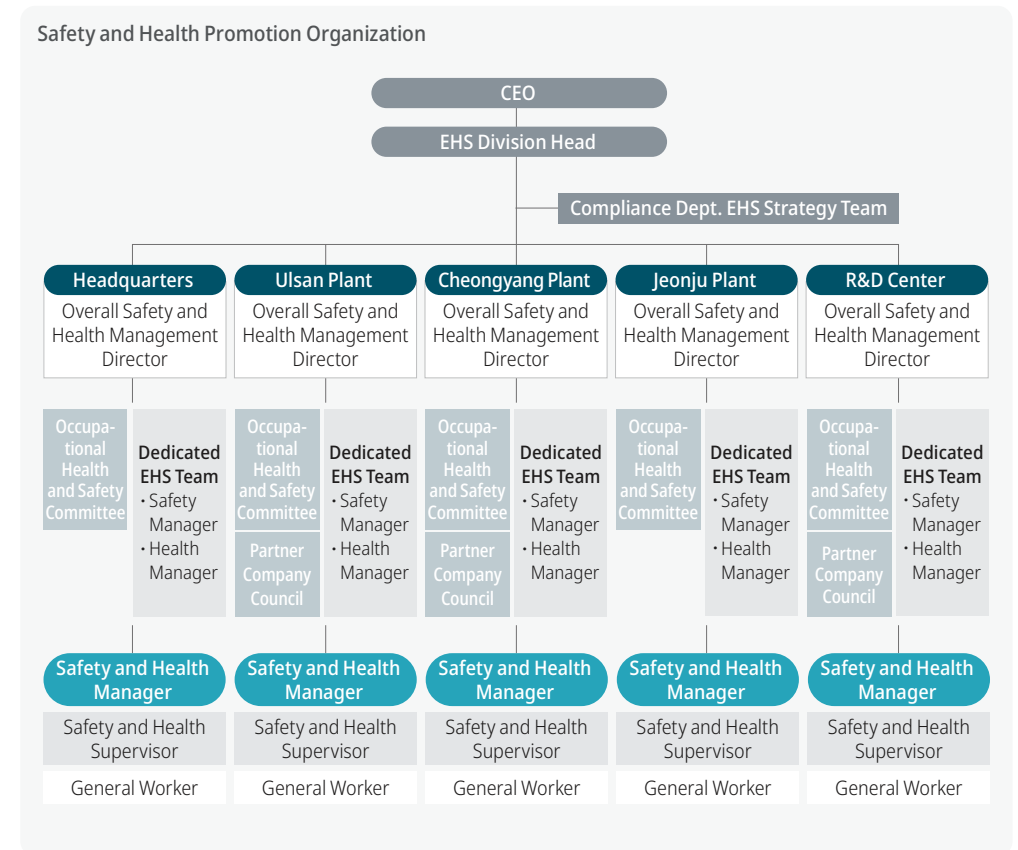
We set clear objectives using internally established incident points and promote practical, site-specific environment, health, and safety (EHS) management. In addition, we strive to build a safety-oriented corporate culture by incorporating the requirements of ISO 45001 standards.



ISO 45001

Safety and Health Promotion Organization

Aekyung Chemical has established an EHS management organization at each plant, with clearly defined roles and responsibilities (R&R) to carry out safety and health tasks. Each business site also operates an Occupational Health and Safety Committee, which regularly reviews and makes decisions on key safety and health matters, enabling systematic responses to safety and health issues occurring at each site.



Reinforcement of Occupational Health and Safety

Establishment of Safety and Health Culture

Safety and Health Education

As part of its accident prevention efforts, Aekyung Chemical mandates safety and health training for all employees by allocating required training hours each half-year. We work to prevent accidents by raising awareness of safety and health risks and conduct monthly training sessions on process safety and chemical accident prevention. In addition to regular in-house and external training sessions, we invite outside experts to deliver specialized lectures and provide safety and health education for partner companies. Through these initiatives, we aim to strengthen safety awareness among employees and partner staff and support the establishment of an autonomous safety management culture.

Activation of Safety and Health Communication

To build a shared safety network with local communities, Aekyung Chemical participates in Safety Councils. We work collaboratively with participating companies to establish regional plans for serious accident prevention and share updates on risk assessments and emerging issues. At the business site level, Occupational Health and Safety Committee meetings are held quarterly to deliberate and make decisions on major safety and health issues. In addition, monthly safety and health councils are held with partner companies to maintain close communication and cooperation.

Spreading a Safety and Health Culture

To prevent serious industrial accidents and strengthen safety and health practices, Aekyung Chemical conducts Safety Walks, safety training, and health promotion programs. We also provide regular fire suppression training to ensure all employees and partner company staff are equipped with emergency response skills. In addition, tabletop exercises (TTX) simulating chemical accidents are conducted for plant employees to improve response capabilities and enable swift action in case of an incident.

To encourage knowledge sharing across sites, we host quarterly company-wide EHS team networking sessions, where we exchange safety management best practices and discuss how to apply newly enacted or revised regulations at the site level. We collect field opinions through the installation of safety and health suggestion boxes and near-miss accident proposal contests, and strive to improve employee safety awareness through activities such as "Annual Health Management Campaign," "Accident Prevention Campaign," "Health Promotion Campaign," "Noise-induced Disease Prevention Campaign," "Visitor Safety Education Video Production," and "Safety Golden Bell."



Safety and Health Education



Spreading a Safety and Health Culture



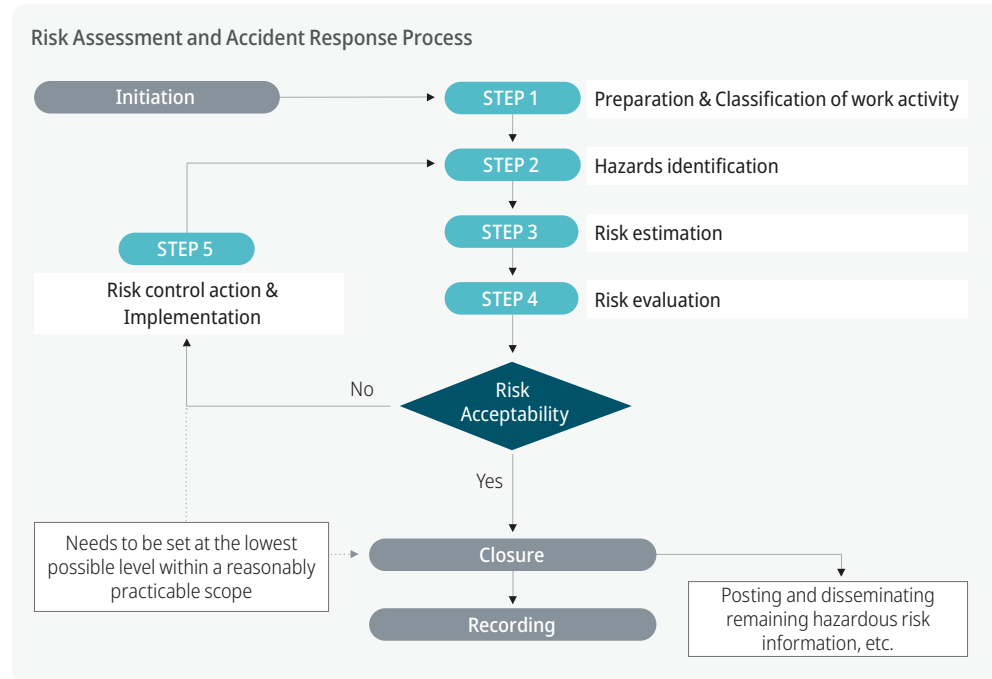
Activation of Safety and Health Communication

Reinforcement of Occupational Health and Safety

Risk Assessment and Accident Response Process

Risk Assessment

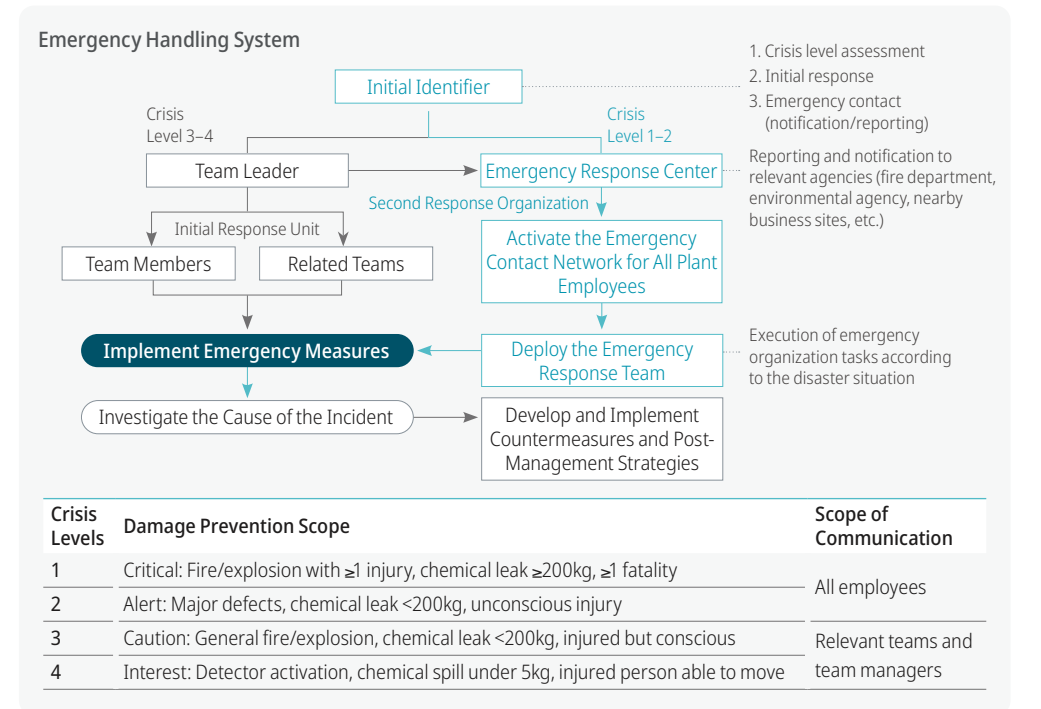
Aekyung Chemical conducts comprehensive risk assessments to identify all harmful and hazardous factors that may affect workers at our business sites. These include process risk assessments, task-based risk assessments, and chemical substance risk assessments. All plants carry out monthly Safety Walks to identify hazardous elements in the field, and near-miss incidents are also identified and reviewed on an ongoing basis. In addition, when an incident occurs, the case is shared across all sites, prompting each location to examine the presence of similar equipment. Based on this, we conduct risk assessments to prevent recurrence of similar accidents at other sites. Following each assessment, we provide related training to all workers and reinforce daily awareness of hazardous factors through pre-task safety meetings (Toolbox Meetings). In 2025, we plan to enhance the professionalism of our risk assessments by replacing supervisor training with training focused on risk assessment personnel. Through this shift, we aim to identify critical site-specific risks and focus on preventing serious accidents.



Incident Response Process

Aekyung Chemical operates a post-incident management process to ensure thorough reporting, investigation, and implementation of recurrence prevention measures for all accidents and near-miss incidents. We analyze the root causes and issues of incidents occurring both inside and outside the plant and develop and implement corrective actions to prevent recurrence of similar cases. In the event of an accident, we also notify relevant local authorities to minimize the impact on the surrounding community.

Insights and data derived from incident analysis are incorporated into our safety management operational plans to proactively prevent accidents caused by potential hazards.



Reinforcement of Occupational Health and Safety

Safety and Health Management for Partners

Partner Safety and Health Management

Aekyung Chemical is committed to strengthening the safety and health of partner company employees under the slogan "Safe Workplaces for Everyone." Through regular Partner Safety and Health Council meetings, we listen to the concerns and suggestions of our partners regarding safety and health issues and reflect them in various collaborative activities and support programs.

2024 Partner Safety and Health Council Meetings

Category	Number of Partners	Key Topics
January	12 companies	· Improvement of circuit breaker tripping caused by ground faults
February	9 companies	· Relocation of waste storage containers
March	11 companies	· Installation of level gauges on Flacker Units (5 units)
April	14 companies	· Request to bind and distribute "100 Questions and Answers on the Occupational Health and Safety Act"
May	12 companies	· Measures to prevent tripping hazards from flexible and air hoses inside plant areas
June	12 companies	· Explosion-proof issues regarding fans, vacuum cleaners, etc. in packaging areas
July	15 companies	· Compliance inspection of partner documentation for heat-related illness prevention under the Serious Accidents Punishment Act
August	13 companies	· Advance sharing of partner company meeting materials requested for future meetings
September	14 companies	· Access by partner company workers to unauthorized areas without safety measures must be controlled
October	12 companies	· Identification of multiple safety documentation deficiencies among on-site partners
November	14 companies	· Request for safety training for daily workers and new site entrants
December	12 companies	· Review of incidents that occurred in 2024

Requests from partner companies: Continuous Safety Walk and field risk factor identification, field inspection and support for document inspection in response to the Serious Accidents Punishment Act, coaching on practical safety management documents, etc.

Partner Safety and Health Activities

All partner companies of Aekyung Chemical are required to complete mandatory safety and health training. Only after completing this training are they issued a "Safety Training Certificate" sticker, which must be affixed to their safety helmets. Similarly, hazardous machinery and equipment must undergo a safety inspection before use, and they may only be operated by individuals whose helmets display the Safety Training Certificate. To prevent accidents and ensure a safe working environment, we conduct joint fire drills with partner companies and implement quarterly joint site inspections. In addition, we provide training on ISO 45001 (Occupational Health and Safety Management System) and offer guidance on compliance with the Serious Accidents Punishment Act, aiming to establish a sustainable and cooperative safety culture with our partners.



Number of Reports via Partner Companies' Safety and Health Grievance Channel

(Unit: cases)

Category	2022	2023	2024
Number of Reports Submitted	0	0	0

Enhancement of Product Safety and Quality Management

Product Quality Management System

Aekyung Chemical operates a quality management system aligned with global standards to ensure continuous quality improvement and to provide products that customers can trust and use with confidence. We comply with international quality standards by acquiring certifications such as ISO 9001 (Quality Management System) and IATF 16949 (Automotive Quality Management System). Based on our Quality Management Manual and Quality Policy, we are committed to enhancing both the safety and quality of our products.

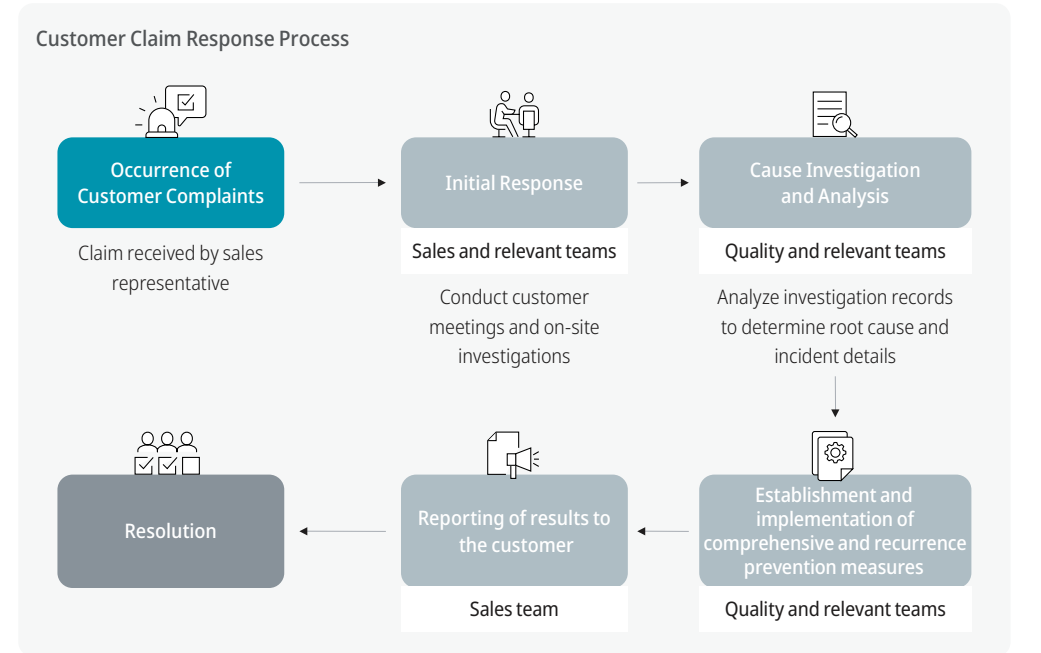
Status of Quality Management System Certifications

Certification	Certified Sites
ISO 9001	Headquarters, Daejeon R&D Center, Ulsan Plant, Cheongyang Plant 1, Cheongyang Plant 2, Jeonju Plant
IATF 16949	Cheongyang Plant 1, Cheongyang Plant 2, Jeonju Plant



Customer Response System

To promptly and systematically address customer feedback related to our products, Aekyung Chemical has established and operates a Customer Claim Response Process. Upon receiving a claim, relevant teams—including Quality, Logistics, Production, and R&D—collaborate to quickly identify the root cause. Based on the findings, we formulate comprehensive countermeasures and implement recurrence prevention actions. If the cause is clearly attributable to Aekyung Chemical, we initiate a compensation process to maintain and strengthen customer trust and satisfaction.



Enhancement of Product Safety and Quality Management

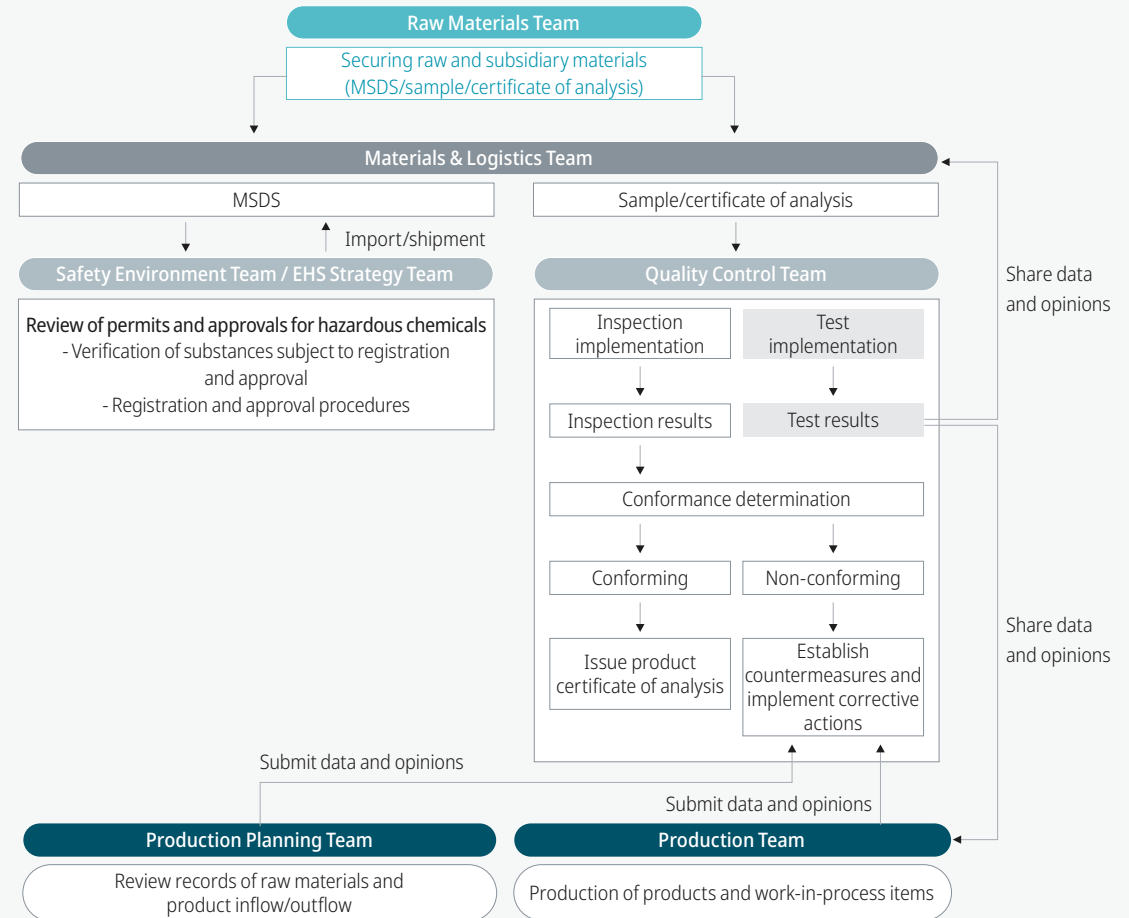
Product Safety and Quality Management System

At Aekyung Chemical, customer trust is our highest priority. We provide safe and high-quality products through the verification of hazardous chemical substances and comprehensive safety testing and inspections. As social attention on ESG continues to grow, corporate responsibility for product safety and quality is also increasing. In response, Aekyung Chemical has established a robust process that ensures strict regulatory compliance before engaging in purchasing or sales activities. We conduct hazard assessments at the raw material purchasing stage to review and manage any potential risks to product safety in advance.

For all raw and subsidiary materials that contain chemical substances, we verify potential hazards through the Material Safety Data Sheet (MSDS). Unregistered chemicals are subject to suitability assessments by the Quality Control Team before use. During the new product development phase, we perform safety inspections and testing to ensure product quality and safety from the outset.

During the manufacturing stage, we maintain strict quality control to ensure stable product performance and reliability. Through continuous improvement, we strive to deliver products that consumers can trust.

Product Safety and Quality Management Process



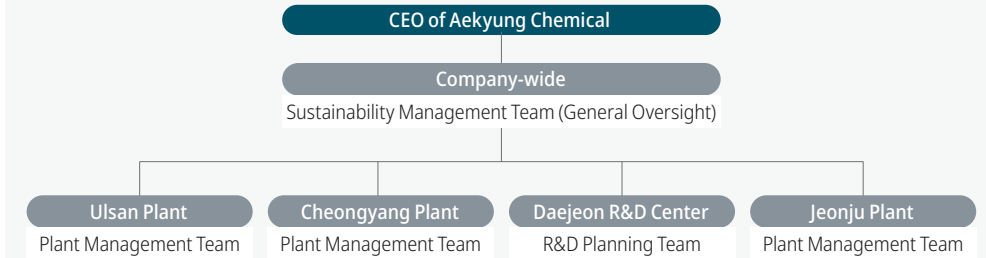
Promotion of Community Engagement Activities

Community Engagement Promotion System

At Aekyung Chemical, we carry out a wide range of community engagement activities under the slogan "Together with Aekyung Chemical," in alignment with the Group's core values of Love (LOVE) and Respect (RESPECT).

As a member of the local community, we are committed to building a community safety net grounded in a sense of solidarity and to growing together with the community. We will continue to implement and expand various donation initiatives that support underprivileged groups, as well as environmental protection activities aligned with our eco-friendly management, in order to realize sustainable community engagement.

Community Contribution Organization



Slogan

Aekyung Chemical is with You

Goals

LOVE TOGETHER
Coexistence with the local community

Share Rice, Spread Love



DIVERSE TOGETHER
Support for diverse groups

Blood Donation Campaign



GREEN TOGETHER
Sustained environmental protection

GAM.TAN.SA Campaign



Roadmap

STEP 1: 2022–2023

Establishing local community cooperation foundation

Restructured the community engagement system in response to environmental changes following the relocation of our headquarters

Strengthened communication with local institutions in the regions where our business sites are located

Promoted the hiring of local talent

STEP 2: 2024–2025

Developing beneficiary- and region-centered customized programs

Expanded the implementation of region-specific community engagement programs

Enhanced support through the identification of diverse beneficiary groups and provision of tailored assistance

Established a collaborative framework for working with the local community

STEP 3: 2026–2027

Establishing a sustainable community engagement model

Advance the region-specific social support system

Build a corporate–community cooperation governance model



Promotion of Community Engagement Activities

Community Engagement Programs

LOVE TOGETHER

Coexistence with the Local Community



Key Initiative: Share Rice, Spread Love

This is Aekyung Chemical's flagship community engagement activity, which has continued for over 20 years since its launch in 2003. We purchase rice harvested in Ulsan, where one of our business sites is located, and share it with local communities surrounding our other sites, delivering warmth and compassion.



Support for Facility Improvements at Welfare Centers for Persons with Disabilities in Ulsan

Provided funding for interior renovations to improve the resting areas of Majungmullove-Care Center, a care facility for women with severe disabilities in Ulsan

February 2024



Meal Service Volunteering at a Senior Dining Center

Employees visited a senior dining center in the Mapo district of Seoul to assist with meal distribution and cleanup for elderly guests

May 2024



Laundry Detergent Sharing by Ulsan Nam-gu Community Self-Sufficiency Center

Supported the Taehwagang Cleaning self-sufficiency workplace, aiding low-income vulnerable groups in Ulsan, with six months' worth of laundry detergent supplies

June 2024



Invitation Event for Cheongyang Elementary School Table Tennis Team

Since 2022, we have provided regular support to the table tennis team of Jeongsan Elementary School, located near the Cheongyang Plant. In 2024, we invited the team to our Seoul headquarters for a site tour and friendly table tennis match

August 2024



Kimchi of Love, Shared Joy

Employees and staff of the Mapo Welfare Foundation prepared and donated 820 kg of winter kimchi. The kimchi was delivered to meal service organizations serving elderly residents in the Mapo district of Seoul as part of a senior care initiative

November 2024



Promotion of Community Engagement Activities

Community Engagement Programs

DIVERSE TOGETHER

Support for diverse groups



Key Initiative: Blood Donation Campaign

Aekyung Chemical participates annually in a company-wide blood donation campaign. Mobile blood donation units visit our four major business sites—Seoul headquarters, Ulsan Plant, Cheongyang Plant, and Daejeon R&D Center—twice a year, in spring and fall, to encourage employee participation. In 2024, we donated a total of 133 blood donation certificates through the Blood Donation House Hongdae Center, contributing to blood supply stability and the promotion of a life-sharing culture.



Back-to-School Care Package Preparation and Donation

To support underprivileged children in the Mapo district of Seoul, employees prepared and donated 100 care packages filled with hygiene items such as toothpaste, toothbrushes, and soap

February 2024



Support for the Mapo Disability Fall Culture and Arts Festival

Provided 350 daily necessities gift sets to participants of the Mapo Disability Fall Culture and Arts Festival, which promotes cultural and artistic enjoyment for persons with disabilities and their caregivers while fostering interaction with the non-disabled community

November 2024



Book Cover Making "With" Campaign

Conducted a hands-on volunteer campaign in partnership with Holt Children's Services to support children in crisis. A total of 102 employees and their family members participated by handcrafting book covers and donating both the finished products and participation fees

November to December 2024

Interview

Community Engagement Partner –Shin Hyun-kyung , Welfare Program Officer, Mapo Welfare Foundation

"Aekyung Chemical, under the slogan 'Together with Aekyung Chemical,' has been actively carrying out a variety of community engagement initiatives. The company is attentive to those in blind spots of support and continues to expand the scope of its outreach to ensure more local residents can benefit. Through tailored welfare programs such as back-to-school care packages for underprivileged children and daily necessities for low-income families, Aekyung Chemical is helping bridge welfare gaps. One parent who received the back-to-school care package shared their gratitude, saying, 'I was feeling overwhelmed trying to prepare everything for my child's school entry, but Aekyung Chemical provided essential hygiene products, which gave me peace of mind.' We aim to continue working together with Aekyung Chemical to meet the needs of local residents and help create a Mapo district free from welfare blind spots."



Promotion of Community Engagement Activities

Community Engagement Programs

GREEN TOGETHER

Sustained environmental protection



Key Initiative: GAM.TAN.SA Campaign

GAM (減: Reduce) TAN (炭: Carbon) SA (社: Company – Aekyung Chemical)

We conduct the “GAM.TAN.SA” campaign every year to reduce excessive energy consumption and carbon emissions for a sustainable environment. The program, developed under the goal of “minimizing carbon emissions through small actions in daily life,” encourages habitual carbon-reducing practices through employee engagement events and the operation of ZERO Challenge Day on the 10th of each month.



Environmental Cleanup Activity – “Plog Together, Clean Forever!”

Every quarter, we conduct cleanup activities by picking up litter along trails, foothills, and walking paths near our five business sites— Seoul headquarters, Ulsan Plant, Cheongyang Plant, Jeonju Plant, and Daejeon R&D Center

March / June / September / November 2024



Spring Outing Plogging Photo Event

Held a spring-themed plogging photo event to normalize litter collection as a daily practice and to encourage employee participation

March to May 2024



Winter Conservation of Endangered Wild Plants

Spread rice husks to prevent winter frost damage and suppress weed growth for endangered wild plants planted in 2023 within Chilgapsan Provincial Park

December 2024



3R Eco-Friendly Bingo Game

A team-based employee engagement activity encouraging participation in nine eco-friendly actions tied to the 3R campaign: Reduce, Reuse, Recycle. A bingo game format was used to promote teamwork and daily carbon-reducing practices

July 2024



Beautiful Love Sharing Smile Campaign

A small-scale resource-sharing initiative carried out annually since 2022, in collaboration with Beautiful Store and Aekyung Chemical employees. Instead of discarding unused items, employees donate them to support the Resource Circulation.

In 2024, a total of 153 items were donated

April 2024

Sustainable Supply Chain Management

Supply Chain Sustainability Management System

Establishment of the Supply Chain Sustainability Management Policy

Aekyung Chemical has established the “Supply Chain Sustainability Management Policy” based on mutual trust with our partners. Through our Partner Code of Conduct, we have developed a process that ensures awareness and compliance with standards across key areas, including human rights and labor, safety and health, environment, responsible mineral sourcing, ethical management, and management systems. Through this, we aim to put into practice Aekyung Group’s corporate philosophy of “Love and Respect” while contributing to ESG practices across our supply chain and addressing social and environmental challenges.

Aekyung Chemical Supply Chain Sustainability Management Policy

- | | |
|---|--|
| Chapter 1. General Provisions | Purpose of the policy, scope of application, definition of terms |
| Chapter 2. Implementation Plan for Supply Chain Sustainability | <ul style="list-style-type: none"> Compliance check of the Partner Code of Conduct ESG risk assessment of the supply chain Operation of a grievance mechanism |
| Chapter 3. Supply Chain ESG Risk Management Process | <ul style="list-style-type: none"> Operation of ESG assessments for the supply chain Assessment through documentation or on-site audits Identification, improvement, and monitoring of actual and potential risks |
| Chapter 4. Partner Code of Conduct | <ul style="list-style-type: none"> Six ESG principles and detailed compliance requirements that partners must adhere to in order to ensure supply chain sustainability |

Partner Code of Conduct Compliance Pledge



Supply Chain Sustainability Management Goals

Mid- to Long-Term Supply Chain Sustainability Plan

	Phase 1 (2022–2023)	Phase 2 (2024–2025)	Phase 3 (2026–2027)
Mid- to Long-Term Implementation Direction	Establishment of supply chain management foundation	Systematization of supply chain management	Advancement of supply chain management
System	Establishment of Partner Code of Conduct and mandatory submission of compliance pledge	Enactment of Supply Chain Sustainability Management Policy	Development of shared growth framework
Implementation Tasks		<ul style="list-style-type: none"> Implementation and institutionalization of partner ESG evaluations Establishment of risk identification and classification system 	Development of management plans by risk category (improvement monitoring/support programs)

Supply Chain ESG Risk Management Process

Based on the Supply Chain Sustainability Management Policy and the Partner Code of Conduct Compliance Pledge, Aekyung Chemical conducts annual ESG evaluations of its partners to continuously manage risks within the supply chain.

New Vendor Registration → Partner Classification → Selection of Assessment Targets

Submission of Partner Code of Conduct Compliance Pledge



Identification and classification of partners based on internal criteria (e.g., purchasing volume, handling of key raw materials, sole supplier status, and location)



Selection of partners to be evaluated for the year, based on the classification system



Improvement Request and Monitoring ← On-site Inspection ← Written Evaluation

- Analysis of overall results and request for improvement plans from high-risk partner companies
- Continuous monitoring of improvement progress



Analysis of written evaluation results and on-site audits for high-risk partner companies



Self-assessment requested through a checklist based on the Partner Code of Conduct



Sustainable Supply Chain Management

Supply Chain Risk Assessment

Partner ESG Evaluation Results (2024)

In 2024, Aekyung Chemical conducted its first ESG evaluation of partners, targeting those with a high purchasing volume. The evaluation was structured around 11 areas and 13 questions based on the Partner Code of Conduct and was carried out using a three-tier scale (Level 1 to Level 3). A total of 27 partners participated in the evaluation, and all were rated at Level 1, indicating a low level of ESG risk. We plan to systematize our partner identification and classification criteria and further enhance evaluation procedures and post-assessment management based on the classification system.

Partner ESG Evaluation Indicators

Area		Key Assessment Indicators
Environmental (E)	Environment	<ul style="list-style-type: none"> Establishment of relevant regulations and standards Operation of a dedicated organization Record of legal violations
	Human Rights and Labor	<ul style="list-style-type: none"> Establishment of relevant regulations and standards Record of legal violations
Social (S)	Safety and Health	<ul style="list-style-type: none"> Establishment of policies Operation of a dedicated organization Accident rate Implementation of education and accident prevention measures
	Ethical Management	<ul style="list-style-type: none"> Establishment of policies Implementation of training programs Operation of unethical conduct reporting channels, etc.
Governance (G)	Management System	<ul style="list-style-type: none"> Establishment of a Partner Code of Conduct Operation of grievance channels

Evaluation Criteria

Category	Risk Level	Management Maturity
Level 1 (80–100 points)	Low Risk	· Excellent management; may be designated as an exemplary partner
Level 2 (30–79 points)	Medium Risk	· Adequate management; improvements may be requested as needed
Level 3 (Below 30 points)	High Risk	<ul style="list-style-type: none"> · May require confirmation of compliance and interviews via on-site audit · Due to insufficient management, improvement plans must be established and submitted

Shared Growth Support Across the Supply Chain

Support for Partner ESG Capabilities

Aekyung Chemical operates a shared growth program to build trusted relationships with partners and strengthen their competitiveness.

Category	Details
Joint Development	<ul style="list-style-type: none"> · In November 2023, we signed a joint development agreement with Joby for the co-development of biodegradable fertilizer, which is currently in progress · In November 2023, we also entered into a joint research contract with the Korea Research Institute of Bioscience and Biotechnology to co-develop plant oil-based bio-chemical materials, which is currently underway
Technical Support	<ul style="list-style-type: none"> · In 2024, we held 43 product and technology seminars for 27 partner companies
Educational Support	<ul style="list-style-type: none"> · Conducted environmental management improvement training in 2024: Focused on the Serious Accidents Punishment Act, waste management, and chemical substance control (11 companies, 2 sessions) · Provided subcontracting law training: Covered subcontractor obligations under the Subcontracting Act and Aekyung Chemical's subcontract documentation management process (28 companies)

Enhanced Communication with Partners

To strengthen relationships through continuous dialogue, Aekyung Chemical holds monthly consultative meetings with partners. We also operate an online "Reporting an Issue" channel to collect complaints and suggestions that may arise during the course of business cooperation. All reports received are investigated by the relevant teams, with follow-up actions taken accordingly and outcomes shared transparently.

Category	2022	2023	2024	Remarks
Number of Reports	0	0	0	No Reports or Cases to Handle

▶ Media

Aekyung Chemical and Joby Join Hands to Develop Eco-Friendly Controlled-Release Fertilizer

On November 15, Aekyung Chemical announced that it had signed a memorandum of understanding (MOU) on November 14 with Joby, a domestic manufacturer of controlled-release fertilizers, for the joint development of highly biodegradable coated fertilizers. Under the agreement, Aekyung Chemical will develop biodegradable coating resins, and Joby will use them to produce the finished controlled-release fertilizers.



* Source: Seoul Economic Network TV, November 15, 2023



Reinforcement of Fair Trade Compliance

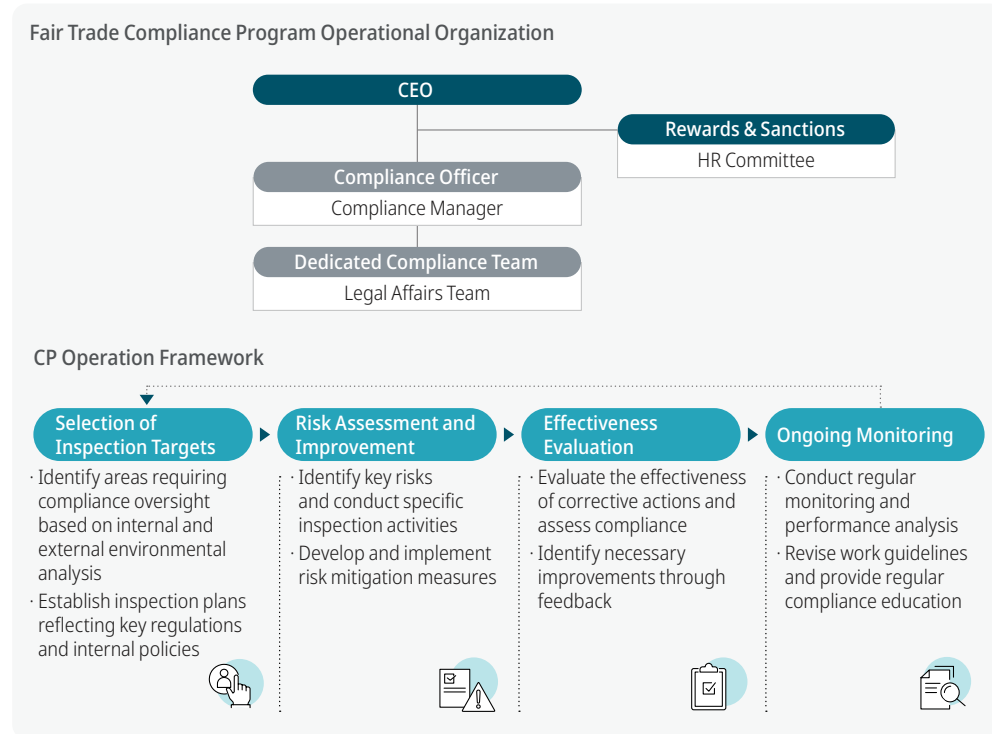
Operation Framework of the Fair Trade Compliance Program

Systematizing the Fair Trade Compliance Program

Since 2023, Aekyung Chemical has been operating a Fair Trade Compliance Program (CP) to comply with the rules of competition and to establish fair and transparent trading practices.

In 2024, the Legal Affairs Team, which oversees the practical operations of fair trade compliance, revised the operating regulations concerning employees' obligations, CP monitoring procedures, and detailed education protocols. The team also systematized preventive measures such as regular risk assessments.

Through this framework, we identified and addressed issues discovered during risk analysis and monitoring, and provided employees with up-to-date legal and policy information as well as practical guidance through CP letters, campaigns, and regular compliance education. Furthermore, we reinforced trust with our partners by offering education and practical guidelines on preventing fair trade violations not only to employees but also to our partners.



Fair Trade Compliance Program Activities

Strengthening Subcontracting Transaction Management

Execution of Standard Subcontracting Contracts and Introduction of Electronic Document Issuance System

Aekyung Chemical is reinforcing its management of subcontracting transactions and continuously monitoring the process to establish a fair subcontracting system and promote shared growth with partners.

In 2024, we revised our standard subcontracting contract and applied it to all subcontracting transactions. To fulfill the obligation of issuing key documents—including contracts, purchase orders, delivery confirmations, and inspection result notifications—we incorporated provisions recommended by the Fair Trade Commission and introduced an electronic issuance system to rigorously manage documentation.



Introduction of Electronic Document Issuance System



Revision of the Standard Subcontracting Contract

Subcontracting Act Compliance Campaign and Support for Partner Education

To enhance employee understanding of subcontracting transactions and promote voluntary legal compliance, Aekyung Chemical conducted a Subcontracting Act campaign and compliance training. We also distributed a business guide that clearly explains key topics, such as distinguishing subcontracting transactions, document issuance obligations, and the price adjustment system.



Distribution of Subcontracting Transaction Business Guide

We support partner compliance education as well. In 2024, we produced and distributed an educational video on the Subcontracting Act, which saw high engagement, with all partner representatives completing the course. In 2025, we plan to continue education on topics like the price adjustment system to reduce legal risk and foster voluntary adherence to fair trade principles.



Subcontracting Law Education for Partners

Reinforcement of Fair Trade Compliance

Fair Trade Compliance Program Activities

Inspections on Unfair Collusion (Cartels)

Assessment and Prevention of Unfair Collusion Risks

Aekyung Chemical conducted a detailed inspection and established a preventive process to strengthen its comprehensive assessment and preventive measures against the risk of unfair collusion (cartels) under the Fair Trade Act.

We conducted a survey targeting employees in Sales and Purchasing departments to evaluate their awareness of types of collusion and relevant laws under the Fair Trade Act, as well as their awareness of high-risk transaction types susceptible to collusion. Based on the survey results, we developed employee behavior guidelines and a response manual in case of collusion, and distributed practical resources such as a business guidebook summarizing types of collusion, case examples, and potential sanctions for violations, along with a self-assessment checklist and procedures for contact with competitors to help employees recognize and manage cartel risks.



Cartel Awareness Survey



Distribution of Collusion Prevention Materials

Establishing a Corporate Culture That Rejects Collusion

Aekyung Chemical has established behavioral guidelines and internal procedures aimed at eradicating collusion, and is continuously promoting improvement initiatives based on these standards. We provide regular education to help employees understand the severity of collusion and minimize legal risks. In 2025, we plan to strengthen awareness and internalize compliance culture by making it mandatory for all employees to sign an Ethics Pledge that includes specific action guidelines on the prohibition of collusion. In addition, we continue to improve internal processes through effectiveness evaluations and monitor compliance with guidelines to embed anti-collusion practices as part of our corporate culture.



Cartel Prohibition Pledge Ceremony



Fostering a Culture of Fair Trade

Fair Trade Education

Under the supervision of the Legal Affairs Team, Aekyung Chemical conducts offline and online fair trade education at least twice a year to promote a culture of fair trade. Through this, employees develop an understanding of the importance of fair trade and the essential compliance requirements in their business operations.

In 2024, we offered specialized training for those handling subcontracting transactions and provided education to all employees to enhance understanding of entrusted transactions by expanding the scope of transaction types covered. Customized education tailored to job responsibilities and transaction types led to higher employee participation and improved practical comprehension. Based on this, we will continue to develop and implement various educational programs to further internalize a fair trade culture.



Subcontracting Education for Ulsan Plant Personnel



Subcontracting Education for Cheongyang Plant Personnel

Publication of CP Letters

Aekyung Chemical continuously monitors press releases and regulatory updates from key administrative bodies and the Fair Trade Commission, and shares relevant information with employees through the Policy & Law Newsletter ("CP Letter"). This enables proactive risk prevention and timely responses to changes in legislation and policy trends.

In 2024, we enhanced employees' understanding by issuing various CP Letters in conjunction with fair trade education, focusing on practical topics such as the use of technology data provided by subcontractors. In 2025, we plan to strengthen the synergy between our CP activities and CP Letters, and continue our efforts to cultivate a fair trade culture.




▶ June	▶ September	▶ September	▶ October
Precautions When Requesting Technical Data in Entrusted Transactions	Importance of Contracts and Compliance with LSS Usage Procedures	Revisions to the Subcontracting Act and Strengthened Sanctions on Misappropriation of Technical Data	Reinforced Sanctions on Violations of the Obligation to Issue Written Documents in Subcontracting Transactions

Enhancement of Information Security

Information Security and Privacy Protection System

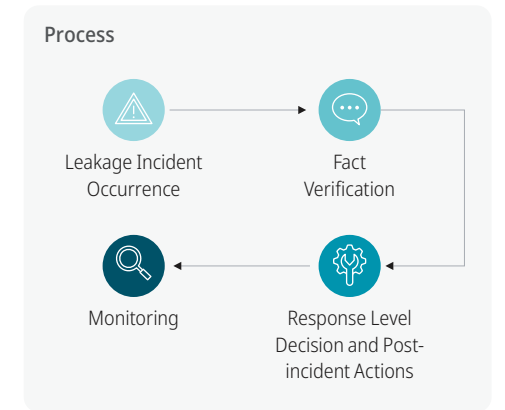
Aekyung Chemical is committed to protecting its core strategic assets—product and technology development information—and effectively blocking cybersecurity threats such as ransomware, malware, and viruses. To ensure the safe protection of corporate and personal data, we categorize our security system into three areas: human security, physical security, and IT service security, under which we conduct a wide range of information security and privacy protection activities. We comply with domestic laws and regulations related to security, including the Unfair Competition Prevention and Trade Secret Protection Act and the Personal Information Protection Act, and have established internal policies and regulations for information protection. Accordingly, we strictly enforce information security and privacy protection procedures.

To ensure systematic information protection management, Aekyung Chemical has appointed a company-wide Chief Information Security Officer (CISO). In addition, as designated under the Information and Communications Industry Promotion Act, we have been subject to mandatory information protection disclosures since 2022 and have been disclosing related information accordingly.

Category	Responsible Team	Description
Human Security (Privacy Protection) 	HR Strategy Team	We require all new hires to sign an Information Security Pledge and investigate previous employment history to determine if they handled trade secrets or were subject to non-compete agreements. All employees annually sign an Ethics Pledge that includes information security, and complete at least one privacy education session and regular security training per year. We conduct these activities—security management practices, business confidentiality status, third-party vendor and personnel security, visitor access control, and security staff training—at least once per year.
Physical Security 	HR Strategy Team Plant Management Team R&D Planning Team	Restricted and controlled areas are designated and managed to protect company secrets and specialized materials and equipment. We establish internal security plans for protected zones and enhance security based on authorized procedures.
IT Service Security 	Management RM Team	As digital transformation and remote work become more prevalent, IT service security has become increasingly important. Aekyung Chemical has introduced DLP (Data Loss Protection) solutions and AVG antivirus software to prevent data breaches in advance and manages access control for networks and application systems.

Incident Response Process

Aekyung Chemical operates an information security and data breach prevention system. In the event of a violation of information protection regulations or applicable laws, or a major data breach incident, we have established and implemented a response system to minimize potential damage.



Personal Information Breach Statistics (Unit: cases)

Category	2022	2023	2024
Personal Data Breach	0	0	0

Enhancement of Information Security

Information Security Activities

Compliance with Information Security Policies and Awareness Enhancement

As part of our commitment to sustainable management, Aekyung Chemical is continuously strengthening systematic information security management. All employees are required to sign an annual Information Protection and Confidentiality Pledge as well as a Laptop Security Compliance Pledge to ensure full understanding and adherence to our security policies. New hires receive introductory education on the company's information security framework and how to create a secure IT environment.

To enhance our capability to respond to cyber threats, we conduct annual company-wide information protection education for all employees. In addition, we raise awareness by regularly posting information security content in the form of card news on our company bulletin board every month.

Aekyung Chemical also participates in the group-wide IT security council to discuss information security strategies and policies, and to share updates on current security issues and countermeasures. Through this collaborative structure, we aim to respond swiftly to the rapidly evolving cyber threat landscape and to establish a sustainable information security environment.



Cyber Threat Response and Monitoring

To strengthen our preparedness against real-world cyber threats, Aekyung Chemical conducts regular training exercises. Once a year, we carry out mock drills simulating hacking and phishing email attacks to raise employee awareness and evaluate and improve response capabilities under near-realistic conditions. We have also established a detailed response manual to ensure prompt and systematic handling of cyber incidents. The manual clearly defines the roles and procedures for each responsible party, enabling efficient and coordinated responses.

To further enhance security, we have implemented two-factor authentication for VPN access and operate an internal information leak monitoring system using Robotic Process Automation (RPA). These measures effectively block unauthorized access to critical information and prevent the leakage of sensitive data in advance.

Aekyung Chemical will continue to strengthen its security system to build a safe information protection environment, enhance employee security awareness, and advance the level of technical security.



Overview

Our Approach to ESG

ESG Performance

Governance

Equitable
Governance

Reinforcement of
Shareholder Rights
Protection

Reinforcement of
Board Independence
and Expertise

Reinforcement of
Ethical Management
and Compliance

Company-Wide Risk
Management

ESG Facts & Figures

Appendix

Equitable Governance

Governance

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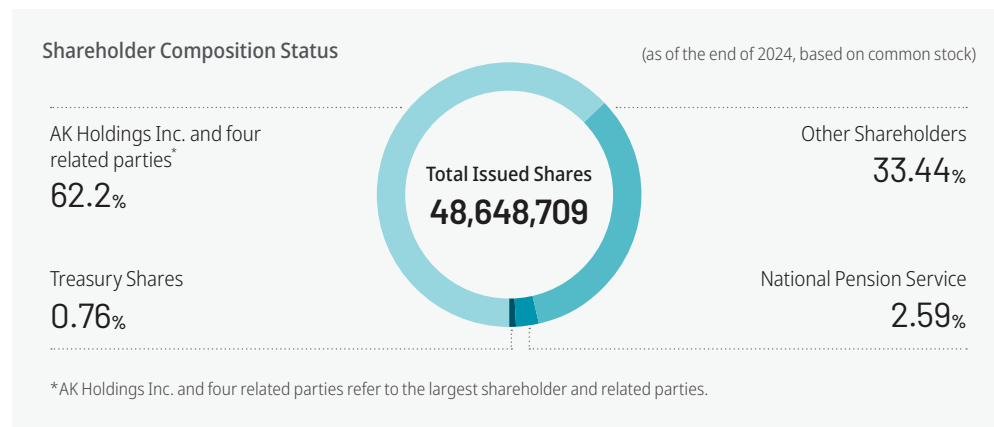


Reinforcement of Shareholder Rights Protection

Shareholder Composition

Share Ownership Status

Aekyung Chemical was established on November 1, 2021, through the merger of Aekyung Petrochemical with Aekyung Chemical and AK ChemTech. The total number of shares authorized under the Articles of Incorporation is 200,000,000, and as of the end of December 2024, the total number of issued shares is 48,648,709. Of these, 371,683 treasury shares held by the company do not carry voting rights.



Stock Ownership by the CEO and Executives

In January 2025, Aekyung Chemical's CEO and executives collectively purchased 24,000 shares of company treasury stock to demonstrate responsible management and enhance corporate value. This initiative is part of the "Value-Up Plan" announced in December 2024, aimed at improving profitability and implementing a shareholder return policy to enhance shareholder value.

Shareholder Protection Activities

Enhancing Shareholder Communication

Aekyung Chemical strives to provide accurate and timely information regarding overall company management to shareholders and stakeholders. To protect shareholder rights, we promptly disclose shareholder meeting materials, key resolutions from the Board of Directors and its committees, and other information that may affect shareholder and investor decisions via our corporate website and the electronic disclosure system. To respond to growing demands from domestic and global stakeholders for sustainability disclosures, we voluntarily publish a sustainability report and provide an English version for foreign investors on our website.

Dividend Policy

Since being listed in 2012, Aekyung Chemical has paid cash dividends once per year, for 13 consecutive years to date. Information on dividends is disclosed approximately two months prior to the annual general meeting of shareholders through the electronic disclosure system.

Our dividend policy targets a payout ratio of at least 35%, with the basic principle of stable and gradual dividend growth. When making dividend decisions, we comprehensively consider financial condition, investment plans, shareholder value enhancement, medium-term business strategy, financial structure, dividend stability, and cash flow. To improve dividend predictability, in March 2024, we amended our Articles of Incorporation to allow the Board of Directors to determine the record date after the dividend resolution. Furthermore, at the March 2025 general meeting of shareholders, we revised the provision for interim dividends to allow quarterly dividend payments. Aekyung Chemical will continue its efforts to enhance shareholder value.

Category	Stock Type	2022	2023	2024
Dividend per Share (KRW)	Common Stock	550	250	281
Dividend Yield (%)	Common Stock	5.7	1.6	3.8
Net Profit (KRW million)	Common Stock	56,305	29,058	(988)
Total Dividend Amount (KRW million)	Common Stock	26,495	12,067	13,566
Dividend Payout Ratio (%)	Common Stock	47.1	41.5	(1,373.1)

* The company has not issued any preferred shares other than common shares.

Reinforcement of Shareholder Rights Protection

Shareholder Protection Activities

General Shareholders' Meetings

Notice of the 2025 General Shareholders' Meeting Announced Four Weeks in Advance

Prior to convening the General Shareholders' Meeting, we strictly follow procedures prescribed by the Commercial Act and Articles of Incorporation to ensure shareholders have sufficient time to review the agenda. Key details—including the date, venue, and agenda—are disclosed via the electronic disclosure system and company website at least two weeks in advance.

Shareholders holding 1% or more of shares also receive individual meeting notices. For the 13th Annual General Shareholders' Meeting in 2025, the notice was posted on February 17—four weeks prior—to enhance access to information and support informed investment decisions.

Avoiding Peak Meeting Dates

To encourage greater shareholder participation, we avoid scheduling the general meeting on peak dates shared by most listed companies. The meeting date is set within three months after each fiscal year-end, considering the consolidated financial closing schedule --including subsidiaries --and the receipt date of the auditor's report.

Activities to Protect Shareholder Rights

- ① Considering peak meeting dates when scheduling the general meeting of shareholders
- ② Implementing electronic voting and electronic proxy systems
- ③ Submitting the notice of convocation four weeks in advance of the general meeting
- ④ Disclosing voting results from the general meeting of shareholders



Category	2023	2024	2025
Peak Meeting Date	2023.03.24/30/31	2024.03.22/27/29	2025.03.21/27/28
Aekyung Chemical General Meeting Date	2023.03.28	2024.03.25	2025.03.25

13th Regular General Shareholders' Meeting	Unit	Remarks
Total Number of Issued Shares	shares	48,648,709
Shares with Voting Rights	shares	48,277,026 20,388,746 shares when 3% rule applied
Shares Present	shares	31,129,778 64.48% of shares with voting rights
Shares Present (excluding major shareholders and affiliates)	shares	1,793,188
Total Number of Shareholders	persons	32,744
Number of Shareholders Present	persons	117

Implementation of Electronic Voting and Proxy System

To increase shareholder attendance at general meetings and ensure shareholders' voting rights, Aekyung Chemical has introduced and operates an electronic voting system. We also encourage proxy voting either in person or through electronic means to improve accessibility and participation. In addition, we continuously review the adoption of various systems that can enhance shareholder convenience.

Guaranteeing the Right to Propose Shareholder Resolutions

In accordance with Article 363-2 of the Commercial Act, we guarantee shareholders the right to submit proposals. Shareholders who hold 3% or more of the total issued shares, excluding non-voting shares, may submit proposals in writing or electronically up to six weeks prior to the general meeting of shareholders, within the scope permitted by relevant laws and the Articles of Incorporation. Such shareholders may also request that a summary of their proposed agenda items be included in the notice of convocation and public announcement of the general meeting.

Disclosure of Voting Results

We transparently disclose the results of voting at general meetings of shareholders on our company website, including the number of shares represented, voting results, and the breakdown of approvals and rejections by agenda item.

Category	2022	2023	2024	
Stock Ownership	Shareholding Ratio of Largest Shareholder (%)	62.23	60.30	60.30
	Shareholding Ratio of the National Pension Service (%)	1.43	3.58	2.59
	Shareholding Ratio of Owner Family (%)	4.09	1.91	1.91
	Dividend Yield (%)	5.7	1.6	3.8
Promotion of Voting Rights Exercise	Introduction of Electronic Voting System	●	●	●
	Encouragement of Proxy Voting for All Shareholders	●	●	●
	Avoidance of Peak Days for Shareholders' Meetings	●	●	●
Shareholder Rights Protection	Notice of Convocation Issued Four Weeks Before the General Meeting	X	X	●

Reinforcement of Board Independence and Expertise

Board Composition

Governance Policy

Aekyung Chemical aims to become a company that contributes to society and creates a prosperous and fulfilling life for its employees and stakeholders. Based on this vision and our management philosophy, we established the “Charter of Corporate Governance” in May 2022 to ensure fairness, independence, and transparency in our governance structure. By rigorously applying the Articles of Incorporation, Board of Directors regulations, and committee rules, we have built a balanced governance system that enables mutual checks and controls. To further enhance the independence of the Board, we are reviewing improvements such as appointing an independent director as the Chairperson of the Board.

Expertise, Independence, and Diversity of the Board

The Board of Directors at Aekyung Chemical is committed to sound and responsible management. We structure the Board to enable rational business decisions by improving standards, procedures, and methods of business activities. The Board consists of executive directors with management expertise and independent directors with specialized knowledge in various fields. To guarantee independence, any director with a conflict of interest regarding a specific resolution is prohibited from exercising voting rights. To strengthen the Board's expertise and diversity, we provide a range of educational opportunities, and in 2025, we appointed one female director with environmental expertise. We recognize that ensuring the Board's expertise, independence, and diversity contributes directly to the company's sustainable growth and innovation. We will continue to recruit talent with diverse backgrounds and areas of expertise.



Status of Independent Director Training

Training Date	Training Institution	Training Curriculum
2024.05.17	AK Holdings	1st Group Independent Director Seminar
2024.05.30	Audit Committee Forum	Seminar on “AI Adoption Strategy and Governance”
2024.06.17	Korean Accounting Association	Forum on Advancing Accounting in the Post-COVID Era
2024.07.04	Samjong KPMG	Samjong ACI Seminar
2024.09.06	Ernst & Young Han Young Corporation	EY - 5th Accounting Transparency Seminar
2024.09.27	AK Holdings	2nd Group Independent Director Seminar
2024.11.08	AK Holdings	3rd Group Independent Director Seminar
2024.11.29	Audit Committee Forum	2024 2nd Regular Forum: “Stewardship Code”

Composition of Aekyung Chemical's Board of Directors

(As of the end of March 2025)

Category	Name	Area of Expertise	Role (Field of Activity)	Major Career	Term
Executive Director	Pyo Kyoungwon	General Corporate Management	· CEO, Chairperson of the Board, Member of the Independent Director Nomination Committee	(Current) CEO, Aekyung Chemical Co., Ltd. (Former) CEO, Aekyung Chemical Co., Ltd. (Former) CEO, Hyosung TNS Inc.	2021.09.30 to 2027.03.26
Executive Director	Chang Youngshin	General Corporate Management	· Executive in Charge of All Operations	(Current) Chairperson, Aekyung Group (Former) Chairperson, Korea Women Entrepreneurs Association (Former) Vice Chairperson, Federation of Korean Industries	2012.09.03 to 2027.03.26
Executive Director	Kim Sungwan	Finance / Accounting, Business Management	· Head of Management Division (CFO) · Member of the Internal Transaction Committee, · Member of the Independent Director Nomination Committee · Member of the Sustainability Management Committee	(Current) Head of Management Division, Aekyung Chemical Co., Ltd. (Current) CEO, Aekyung Jungbu Country Club (Former) Head of Planning Division, AK ChemTech Co., Ltd. (Former) Executive, AMPLUS Asset Development Inc.	2022.03.28 to 2028.03.28
Executive Director	Lee Jonghwa	Chemistry (Research / Process)	· Ulsan Plant Manager	(Current) Ulsan Plant Division Manager, Aekyung Chemical Co., Ltd. (Former) Ulsan, Jeonju Plant Manager, Aekyung Petrochemical Co., Ltd. (Former) Director of R&D Center, Aekyung Petrochemical Co., Ltd.	2025.03.25 to 2028.03.25
Other Non-Executive Director	Min Poongki	General Corporate Management	· Support for General Management	(Current) CFO, AK Holdings Inc. (Former) Deputy Manager, Planning Team, AK Holdings Inc. (Former) Manager, GI Team, IB Division, NH Investment & Securities	2025.03.25 to 2028.03.25
Independent Director	Choi Junghyun	Environmental	· Independent Director Nomination Committee · Chair, Sustainability Management Committee · Chair, Member, Audit Committee · Member, Internal Transaction Committee	(Current) Independent Director and Audit Committee Member, Samsung E&A (Current) Member, National Land Policy Committee, Ministry of Land, Infrastructure and Transport (Current) Professor, Dept. of Environmental Engineering, Ewha Womans University (Former) Associate Professor, Dept. of Environmental Engineering, Ewha Womans University	2025.03.25 to 2028.03.25
Independent Director	Woo Yongsang	Accounting	· Chair, Internal Transaction Committee · Member (Accounting Expert), Audit Committee · Member, Sustainability Management Committee	(Current) External Auditor and Audit Committee Chair, Gaon Cable Co., Ltd. (Current) Associate Professor (Accounting), Ewha Womans University (Former) Assistant Professor (Accounting), Catholic University	2022.03.28 to 2028.03.28
Independent Director	Joo Sungdo	Financial	· Chair (Finance Expert), Audit Committee · Member, Internal Transaction Committee · Member, Independent Director Nomination Committee · Member, Sustainability Management Committee	(Current) Auditor, UBCare Co., Ltd. (Former) Audit Committee Chair, AJ Capital Co., Ltd. (Former) CEO, SCI Information Service Inc.	2022.03.28 to 2028.03.28

Reinforcement of Board Independence and Expertise

Board Operations

Board Activities

The Board of Directors at Aekyung Chemical is the highest decision-making body responsible for determining the company's management goals and strategies and for sharing views on key business execution matters across environmental, social, and economic domains. The Board diligently fulfills its duties in compliance with applicable laws and the company's Articles of Incorporation, with the goal of supervising executive management. In accordance with internal regulations, board meetings are categorized into regular and special meetings. Regular board meetings are held at least once per quarter, while special meetings are convened as necessary.

Category	Unit	2022	2023	2024
Number of Meetings Held	sessions	12	18	11
Average Attendance Rate	%	93	91	93
Number of Resolutions	cases	37	31	28
Number of Reports	cases	5	14	12

Board Evaluation and Compensation

In accordance with the Charter of Corporate Governance, Aekyung Chemical conducts regular and fair evaluations of board activities, and the results are reflected in directors' remuneration. The maximum remuneration for directors is determined through a resolution at the general meeting of shareholders in accordance with Article 388 of the Commercial Act and Article 39 of the Articles of Incorporation. Within the approved limit, remuneration for executive directors is determined based on a comprehensive evaluation of performance and competency, while independent directors receive equal fixed compensation based on their contracts signed at the time of appointment.

At the 2024 Annual General Meeting of Shareholders, the approved remuneration limit for directors was KRW 5.5 billion, while the actual total remuneration paid amounted to approximately KRW 1.269 billion. In accordance with relevant laws, we have been disclosing individual director compensation exceeding KRW 500 million and key board resolutions through the annual business report since 2013 to ensure transparency.

Director Remuneration Status

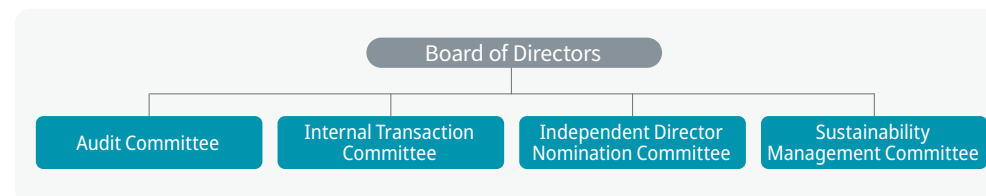
(Unit: KRW million, as of the end of December 2024)

Category	Number of Members	Total Amount Paid	Average Compensation per Person	Remarks
Registered Directors	5	1,059	212	Pyo Kyoungwon/Chang Youngshin/ Park Saenghwan/Kim Sungwan/Lee Janghwan
Audit Committee Members	3	210	70	Yeon Taejoon/ Joo Sungdo/Woo Yongsang

* Includes severance payments for directors who resigned

Board Committees

Aekyung Chemical has established the following committees under the Board of Directors: the Audit Committee, the Internal Transaction Committee, the Independent Director Nomination Committee, and the Sustainability Management Committee. Each committee operates in accordance with its respective regulations and supports the Board in making professional and efficient decisions. The Audit Committee consists solely of three independent directors. All other committees are composed of at least two or a majority of independent directors to ensure balance and clarify responsibilities.



Category	Key Roles	Number of Members	Members	Number of Meetings Held in 2024
Audit Committee	Audits the company's accounting, finance, and overall business operations in accordance with relevant laws and regulations	3	· Joo Sungdo, Independent Director (Chair) · Woo Yongsang, Independent Director · Choi Junghyun, Independent Director	8
Internal Transactions Committee	Reviews and approves transactions between the company and related parties, including special related persons, major shareholders, affiliated companies, and other stakeholders, in accordance with the Internal Transaction Committee Regulations	4	· Woo Yongsang, Independent Director (Chair) · Joo Sungdo, Independent Director · Choi Junghyun, Independent Director · Kim Sungwan, Executive Director	8
Independent Director Nomination Committee	Evaluates candidates for independent directors based on independence and competency relevant to the company, and recommends them to the Board	4	· Choi Junghyun, Independent Director (Chair) · Pyo Kyoungwon, Executive Director · Kim Sungwan, Executive Director · Joo Sungdo, Independent Director	-
Sustainability Management Committee	Newly established on February 19, 2024. Deliberates and establishes basic policies and strategies related to sustainability across all relevant fields	4	· Choi Junghyun, Independent Director (Chair) · Joo Sungdo, Independent Director · Woo Yongsang, Independent Director · Kim Sungwan, Executive Director	3

*The committee members listed above are current as of the date of submission of this report.

Reinforcement of Ethical Management and Compliance Material Issues

Principles and System of Ethical Management

Ethical Standards

Aekyung Chemical pursues ethical corporate management based on mutual trust with a wide range of stakeholders, including employees, shareholders, partners, and local communities. To this end, we established the Aekyung Chemical Ethical Management Regulations and Practice Guidelines by reflecting the characteristics and operational context of the company, based on the Aekyung Group's Charter of Ethics and Code of Ethics. The ethical standards—which include the Charter of Ethics, Code of Ethics, Ethical Management Regulations, and Ethical Management Practice Guidelines—serve to guide all employees in understanding and putting into practice the company's ethical management principles and system. They also provide decision-making criteria that enable rational and ethical judgment and behavior when facing various ethical dilemmas in the course of business activities.

Charter of Ethics

- 1 We respect the law and social norms, and do not engage in illegal or fraudulent acts.
- 2 We prioritize trust with customers and strive for their happiness.
- 3 We respect the rights of shareholders and enhance corporate value through transparent and efficient management.
- 4 We respect the diversity of employees, avoid discrimination, and build relationships based on mutual trust and cooperation.
- 5 We respect fair trade principles, establish a sound market order, and pursue the value of mutual growth.
- 6 We fulfill the social roles and responsibilities required of a company as a member of society.

Code of Ethics

Compliance with Laws	<ul style="list-style-type: none"> Comply with domestic and international laws and regulations Prohibit the use of insider information Prevent sexual harassment 	<ul style="list-style-type: none"> Make efforts to prevent fraud and misconduct Protect company property and confidential information Prohibit the receipt of bribes and improper entertainment
Commitment to Customers	<ul style="list-style-type: none"> Maintain trust with customers 	<ul style="list-style-type: none"> Strive for customer happiness
Commitment to Shareholders	<ul style="list-style-type: none"> Respect shareholders' rights Treat all shareholders equally 	<ul style="list-style-type: none"> Provide timely and accurate information
Commitment to Employees	<ul style="list-style-type: none"> Ensure fair treatment 	<ul style="list-style-type: none"> Foster a healthy working environment
Commitment to Competitors and Partners	<ul style="list-style-type: none"> Compete fairly with competitors 	<ul style="list-style-type: none"> Conduct fair transactions with partners
Fundamental Ethics for Employees	<ul style="list-style-type: none"> Establish a sound corporate culture Prevent conflicts of interest 	<ul style="list-style-type: none"> Prohibit political involvement Comply with the Code of Ethics



Promoting a Culture of Ethical Management and Raising Awareness

Ethics Pledge for Ethical Management

To reinforce ethical awareness, all employees of Aekyung Chemical annually sign an Ethics Pledge for Ethical Management, committing to ethical behavior in their daily work. This pledge fosters a heightened sense of responsibility in conducting business ethically.

Ethics Education and Campaigns

In October 2024, Aekyung Chemical conducted anti-corruption and ethical management education for all employees to strengthen ethical decision-making and ensure thorough understanding of the company's ethical standards and guidelines. More than 140 employees participated in the training. Starting in the second half of the year, we launched a participatory ethical management campaign focused on ethical issues that could impact the company's reputation and trust, aiming to further internalize ethical awareness among employees. These initiatives underscore the importance of ethical management and raise awareness of potential risks. Additionally, we use the company's internal bulletin board to share the latest domestic and global trends in ethical management each month, thereby promoting an ethical corporate culture.



Operation of Online Reporting System

Aekyung Chemical operates a "Report" channel that allows a wide range of stakeholders, including employees, to report unethical conduct. All reports are handled confidentially, and we prioritize the protection of whistleblowers to ensure they can report concerns without fear under any circumstances.

(Unit: cases)

Category	2022	2023	2024
Number of Reports	-	-	-



Reinforcement of Ethical Management and Compliance

Establishing a Compliance Management System

Compliance Management System Establishment Plan

Aekyung Chemical recognizes that legal compliance is more than a legal obligation—it is a vital element for building corporate trust and securing long-term competitiveness. Based on this understanding, we have established a company-wide compliance management system. In 2024, the Legal Affairs Team, which oversees compliance management, identified key compliance tasks such as analyzing and improving in-house subcontracting risks, risks related to subcontracting and entrusted transaction technical data, and implementing the price adjustment system. We laid the foundation for a robust compliance system through comprehensive risk assessments and improvement activities.

Appointment of Compliance Officer and Establishment of Compliance Control Standards

Aekyung Chemical designated 2025 as the year to implement its compliance management system. As the first step, we appointed a Compliance Officer through a resolution of the Board of Directors in February. We are currently working to establish the compliance control standards and procedures that will serve as the backbone of our compliance management framework. Once the system is finalized, we plan to publish the details on our internal bulletin board and corporate website for employees and stakeholders. Furthermore, we will continue to design and execute a comprehensive compliance program that includes risk prevention and remediation, compliance education, and systematic evaluation and reporting of results to the Board of Directors.

Aekyung Chemical is committed to solidifying the foundation of compliance management through management's leadership and employees' dedication. We view 2025 as a meaningful year for planting the seeds of compliance management and preparing for long-term success.

Compliance Management System Implementation Process



2025 Compliance Management Initiatives

Launch of a dedicated compliance webpage



Education on compliance internalization for employees and partners



Publication of the Compliance Activity Report



Compliance Management Activities

Compliance Internalization Education

Aekyung Chemical carries out various initiatives to enhance compliance and strengthen its compliance management system. In 2024, we conducted compliance education programs for employees, focusing on anti-corruption, trade secret protection, and contract drafting. In 2025, we followed up with education on preventing collusion. We also developed and distributed 20 additional types of standard contracts to ensure legal compliance in transaction terms and to promote a culture of fair trade that supports co-prosperity with our business partners.

Anti-Corruption and Integrity Training for Employees

- Key provisions and violations under the Improper Solicitation and Graft Act
- Requirements and case studies for bribery offenses under the Criminal Act
- Importance of compliance activities in preventing corruption



Integrity and Anti-Corruption Education

Collusion Prevention Training for Employees

- Legal requirements for constituting unfair collusion
- Case studies and preventive measures related to collusion
- Internal response procedures during Fair Trade Act violations or investigations



Anti-Collusion Education

Legal Risk Mitigation in In-House Subcontracting

Through the execution of compliance tasks related to risk analysis and improvement of in-house subcontracting, Aekyung Chemical implemented corrective actions to address practices that could be misconstrued as legal violations. We developed and distributed an in-house subcontracting operation manual and standard contract to raise compliance awareness among employees and to establish lawful subcontracting practices within the company.

2024 In-House Subcontracting Risk Improvement Initiatives

- Established in-house subcontracting operation manual
- Developed standard in-house subcontracting contract
- Held briefing sessions on internal subcontracting standards



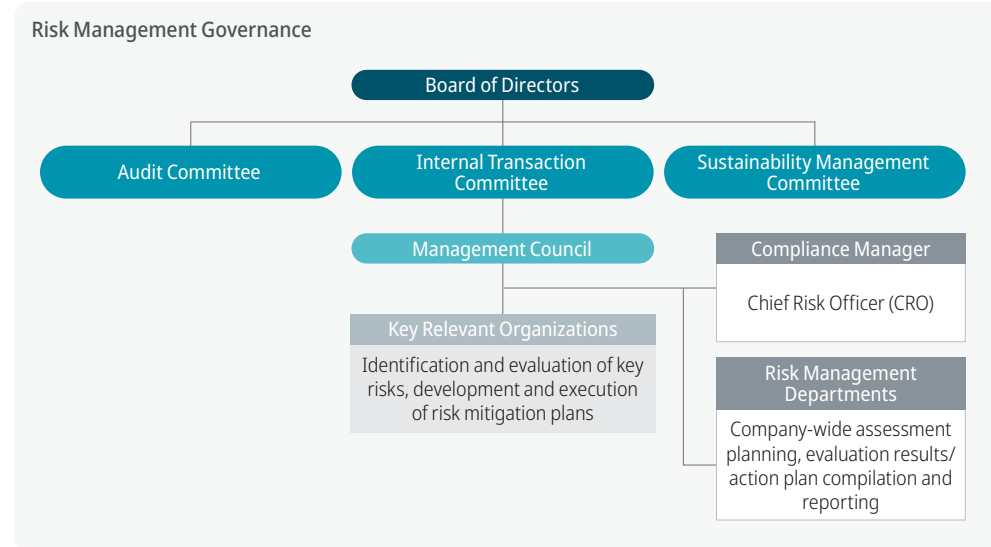
Briefing on In-House Subcontracting Standards

Company-Wide Risk Management

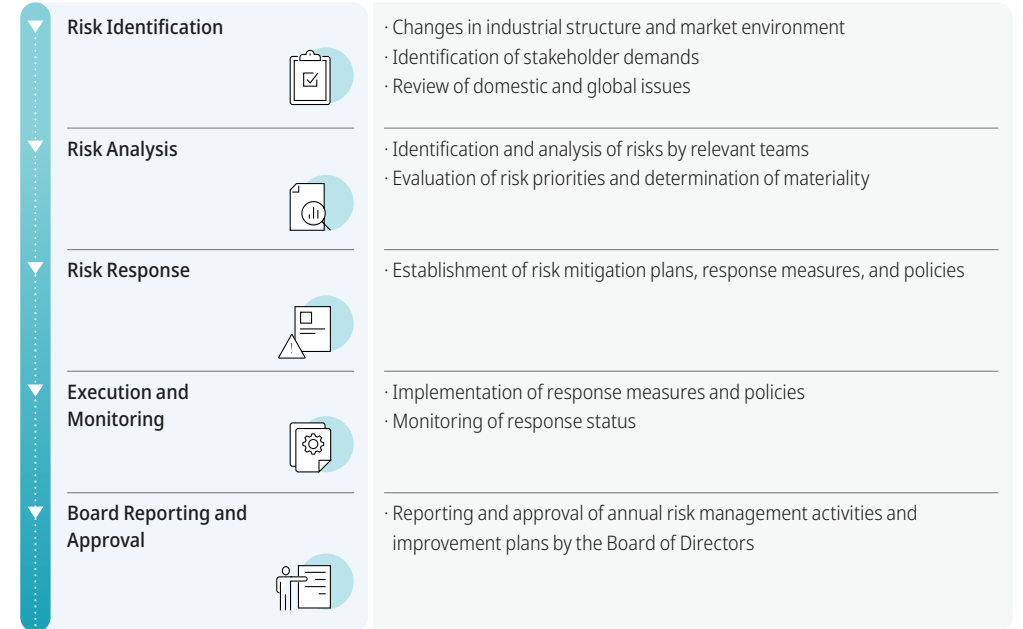
Risk Management System

Strengthening the Risk Management System

Aekyung Chemical operates a risk management governance system to identify and respond to risks that may arise across its business operations. Identified risks are assessed for financial relevance and categorized as either financial or non-financial risks. Each is managed by the relevant department to ensure an effective response. Routine risks are reported by the responsible departments to the management council. High-impact risks requiring specialized knowledge—such as those related to audits, internal transactions, or ESG—are managed by board-level committees and ultimately reported to the Board of Directors for systematic oversight. Recognizing the growing importance of risk management from a sustainability perspective, we continue to strengthen and enhance our risk management system to respond to changes in industrial structure, market dynamics, and global issues.



Risk Management Process



Governance

Equitable
Governance

Reinforcement of
Shareholder Rights
Protection

Reinforcement of
Board Independence
and Expertise

Reinforcement of
Ethical Management
and Compliance

[Company-Wide Risk
Management](#)

Company-Wide Risk Management

Risk Management System

Risk Response Measures

Aekyung Chemical classifies and defines risks as either financial risks—such as those related to the economy, finance, taxation, and raw material procurement—or non-financial risks—such as those related to the environment, waste, human rights, and ethics. We systematically manage these risks by establishing response strategies tailored to each risk category.

Category	Type	Details	Response Strategy	Responsible Department
Financial	Economical / Financial	Risk of losses from financial market fluctuations such as interest rates and exchange rates, and from oil price volatility or trade disputes	<ul style="list-style-type: none"> Monitor financial markets and engage in foreign exchange risk hedging Regularly monitor and report on international oil prices and geopolitical trends 	Purchasing Strategy Team, Purchasing Team, Finance Team
	Raw Materials	Risk of operational and production losses due to limited supply of raw materials	<ul style="list-style-type: none"> Promote long-term contracts with suppliers Diversify raw materials and sourcing regions 	Purchasing Strategy Team, Purchasing Team
	Credit	Risks arising from changes in the creditworthiness of trading partners	<ul style="list-style-type: none"> Set differentiated total credit limits based on credit assessments Operate Credit Management Council and manage high-risk accounts 	Administration Risk Management Team
	Liquidity	Risks related to the shortage of operating funds and financing processes	<ul style="list-style-type: none"> Regularly monitor and report on cash flow and liquidity status 	Finance Team
	Taxes	Risks related to tax issues arising from overall business activities	<ul style="list-style-type: none"> Fulfill tax obligations in accordance with local laws and regulations of each business site Comply with OECD transfer pricing guidelines Monitor the implementation of BEPS reports and transfer pricing documentation 	Accounting Team
Non-Financial	Environmental	<ul style="list-style-type: none"> Risk of violating environmental regulations Cost increases due to insufficient carbon emissions allowances Possible production restrictions due to environmental pollution 	<ul style="list-style-type: none"> Acquire ISO 14001 (Environmental Management System) certification Establish EHS management structure Manage emissions of greenhouse gases and pollutants Expand production of eco-friendly products and purchase of eco-friendly raw materials 	EHS Strategy Team
	Waste	Potential environmental pollution incidents due to waste	<ul style="list-style-type: none"> Establish waste management regulations Increase waste reduction and recycling rates 	EHS Strategy Team, Safety & Environment Team
	Occupational Safety	Risks of workplace industrial accidents	<ul style="list-style-type: none"> Acquire ISO 45001 (Occupational Health and Safety Management System) certification Establish and operate an Occupational Health and Safety Committee Conduct safety inspections at all business sites and partners 	EHS Strategy Team, Safety & Environment Team
	Human Rights	Labor and gender-related issues such as workplace harassment and discrimination	<ul style="list-style-type: none"> Identify human rights risks and conduct human rights impact assessments Prevent workplace harassment and gender discrimination through education 	HR Strategy Team
	Ethics / Compliance	Risks from inappropriate internal processes, personnel, or systems	<ul style="list-style-type: none"> Conduct ethical management education and operate reporting channels Design and operate internal control over financial reporting Appoint Compliance Officer and establish compliance control standards 	Administration Risk Management Team, Legal Affairs Team



Overview

Our Approach to ESG

ESG Performance

ESG Facts & Figures

Financial Disclosure

Non-Financial Disclosure

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ESG Facts & Figures

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Financial Disclosure

Economic Performance

Consolidated Financial Position

(Unit: KRW)

Category	2022	2023	2024
Assets			
I. Current Assets	591,670,033,474	587,429,349,728	511,991,653,781
Cash and Cash Equivalents	99,291,138,292	90,537,645,073	66,894,446,430
Trade Receivables	189,308,318,813	184,423,895,983	163,175,612,436
Other Receivables	1,155,738,197	51,873,386,606	20,008,268,748
Financial Assets Measured at Amortized Cost	8,280,690,000	8,766,438,000	5,829,993,000
Current Tax Assets	115,481,977	42,807,155	4,267,917,261
Other Current Assets	25,316,595,217	16,758,416,501	23,060,003,281
Inventories	256,527,691,142	226,172,416,150	219,901,068,365
Derivatives Assets	2,820,035,576	-	-
Assets Held For Sale	8,854,344,260	8,854,344,260	8,854,344,260
II. Non-Current Assets	642,413,689,237	720,931,303,369	844,440,568,478
Long-Term Trade Receivables	10,077,210	-	-
Other Long-Term Receivables	1,331,625,605	749,119,556	1,087,295,419
Financial Assets at Fair Value Through Other Comprehensive Income	6,286,009,398	6,562,027,799	5,731,700,248
Financial Assets at Fair Value Through Profit or Loss	16,200,000	16,200,000	16,200,000
Derivatives Assets	-	-	2,259,995,336
Investments in Associates	32,402,869,141	51,591,998,903	47,610,853,158
Property, Plant, and Equipment	551,690,680,620	597,437,280,321	716,777,296,105
Right-of-Use Assets	24,928,657,120	23,323,976,923	22,798,169,647
Intangible Assets	20,843,321,324	23,567,598,558	35,149,930,820
Investment Property	1,815,743,467	1,549,933,369	1,546,405,264
Other Non-Current Assets	1,960,356,404	13,740,595,841	8,731,485,917
Deferred Tax Assets	1,128,148,948	1,699,958,401	2,731,236,564
Net Defined Benefit Assets	-	692,613,698	-
Total Assets	1,234,083,722,711	1,308,360,653,097	1,356,432,222,259

(Unit: KRW)

Category	2022	2023	2024
Liabilities			
I. Current Liabilities	473,849,818,849	480,050,727,873	442,783,683,195
Trade Payables	123,372,392,440	119,656,634,827	98,781,323,813
Short-Term Borrowings	186,460,036,599	247,447,610,255	243,375,368,431
Current Portion of Long-Term Borrowings	47,485,039,415	14,110,680,000	5,150,924,500
Current Portion of Lease Liabilities	1,434,036,078	1,471,689,753	3,381,010,190
Other Payables and Liabilities	78,023,824,950	80,164,316,552	70,312,105,946
Income Taxes Payable	19,839,396,012	4,138,667,830	1,916,643,158
Other Current Liabilities	17,235,093,355	13,061,128,656	19,866,307,157
II. Non-Current Liabilities	32,088,527,307	91,986,994,051	172,694,562,893
Long-Term Borrowings	7,630,680,000	69,655,660,586	140,697,483,600
Non-Current Lease Liabilities	7,349,161,880	6,549,049,922	4,649,876,255
Long-term Accrued Expenses and Other Payables	10,266,989,328	9,296,003,297	7,764,352,583
Defined Benefit Liabilities	1,451,135,029	1,295,065,969	1,559,366,412
Other Long-Term Employee Benefits Liabilities	2,475,143,141	2,193,648,780	2,532,166,007
Non-Current Derivative Liabilities	-	414,231,418	-
Deferred Tax Liabilities	1,468,359,086	1,469,812,645	14,659,560,185
Other Non-Current Liabilities	1,447,058,843	1,113,521,434	831,757,851
Total Liabilities	505,938,346,156	572,037,721,924	615,478,246,088
Equity			
I. Attributable to Owners of Parent	728,117,154,658	736,399,086,350	736,662,548,235
Capital	24,324,354,500	24,324,354,500	24,324,354,500
Capital Surplus	338,239,592,575	338,369,547,482	338,373,573,668
Other Components of Equity	(5,039,435,558)	(4,062,271,804)	(3,933,900,293)
Accumulated Other Comprehensive Income	4,304,093,572	4,819,205,315	12,659,791,155
Retained Earnings	366,288,549,569	372,948,250,857	365,238,729,205
II. Non-Controlling Interests	28,221,897	(76,155,177)	4,291,427,936
Total Equity	728,145,376,555	736,322,931,173	740,953,976,171
Total Liabilities and Equity	1,234,083,722,711	1,308,360,653,097	1,356,432,222,259

Financial Disclosure

Economic Performance

Consolidated Financial Position

(Unit: KRW)

Category	2022	2023	2024
I. Sales	2,176,436,882,799	1,793,735,842,829	1,642,244,565,944
II. Cost of Sales	1,954,291,030,823	1,617,670,317,724	1,501,408,563,579
III. Gross Profit	222,145,851,976	176,065,525,105	140,836,002,365
IV. Selling and Administrative Expenses	127,058,788,198	131,005,303,123	125,376,649,613
V. Operating Profit	95,087,063,778	45,060,221,982	15,459,352,752
VI. Other Income	36,114,667,578	29,316,654,139	31,344,941,373
VII. Other Expenses	35,342,795,713	25,968,039,822	25,417,832,548
VIII. Financial Income	7,930,441,975	8,101,137,476	13,065,130,094
IX. Financial Expenses	16,415,199,301	15,756,679,353	18,825,301,505
X. Share of Profit of Associates Accounted for Using the Equity Method	5,398,009,213	240,074,033	(6,276,301,741)
XI. Profit Before Income Tax	92,772,187,530	40,993,368,455	9,349,988,425
XII. Corporate Tax Expense	33,408,093,872	8,019,502,388	821,537,040
XIII. Net Income	59,364,093,658	32,973,866,067	8,528,451,385
XIV. Profit Attributable to:			
1. Net Income Attributable to Owners of the Parent Company	60,147,788,691	33,097,856,926	3,981,256,436
2. Loss Attributable to Non-Controlling Interests	(783,695,033)	(123,990,859)	4,547,194,949
XV. Other Comprehensive Income	1,605,269,169	591,322,240	8,037,220,166
1. Items that may be reclassified subsequently to profit or loss	2,297,099,135	322,937,940	8,299,495,890
(1) Foreign exchange differences	2,480,296,729	874,525,434	6,004,339,894
(2) Share of other comprehensive income of equity-accounted investees	(256,293,441)	(551,587,494)	2,295,155,996
(3) Gain or loss on valuation of derivatives	73,095,847	-	-

(Unit: KRW)

Category	2022	2023	2024
2. Items that will not be reclassified to profit or loss	(691,829,966)	268,384,300	(262,275,724)
(1) Remeasurements of defined benefit liabilities	(177,263,175)	56,596,712	376,246,162
(2) Gain or loss on valuation of financial assets measured at fair value through other comprehensive income (FVOCI)	(514,566,791)	211,787,588	(638,521,886)
(3) Gain or loss on valuation of derivatives	-	-	-
XVI. Total Comprehensive Income	60,969,362,827	33,565,188,307	16,565,671,551
XVII. Total Comprehensive Income Attributable to			
1. Owners of the Parent Company	61,615,661,386	33,669,565,381	12,198,088,438
2. Non-Controlling Interests	(646,298,559)	(104,377,074)	4,367,583,113
XVIII. Earnings Per Share			
1. Basic Earnings Per Share	1,249	686	82
2. Diluted Earnings Per Share	1,248	685	82

Non-Financial Disclosure

Environmental Performance

Greenhouse Gas Emissions

(Unit: tCO₂eq)

Category		2022	2023	2024
Direct Greenhouse Gas Emissions ¹⁾	Ulsan Plant	101,368	104,479	92,439
	Cheongyang Plant 1	8,413	7,836	7,426
	Cheongyang Plant 2	4,045	3,598	3,858
	Jeonju Plant	158	166	70
	Daejeon Plant	133	247	-
	Headquarters, etc.	166	201	214
Subtotal		114,283	116,529	104,007
Indirect Greenhouse Gas Emissions ²⁾	Ulsan Plant	46,632	47,873	47,216
	Cheongyang Plant 1	6,711	5,999	5,668
	Cheongyang Plant 2	7,132	6,562	6,831
	Jeonju Plant	1,480	1,236	628
	Daejeon Plant	1,509	1,195	61
	Headquarters, etc.	853	865	1,432
Subtotal		64,319	63,736	61,836
Total		178,597	180,260	165,838
Greenhouse Gas Intensity ²⁾		10.43	12.74	12.66

* Note: There are discrepancies between the emissions by individual greenhouse gas types, the total greenhouse gas emissions, and the sum of emissions by plant. (This is due to rounding the emissions at the site level and then aggregating them at the company level)

1) The above values represent base-year emissions used for the 2022 emission allowance submission and are planned to be reported based on certified submission volumes during the 3rd compliance period of the Emissions Trading Scheme (2021-2025).

2) tCO₂eq / Revenue based on separate financial statements (KRW 100 million)

* Environmental performance data for 2024 is based on internal management data as of June 25, 2025, and is subject to change.

Energy Consumption

(Unit: TJ)

Category		2022	2023	2024
Energy Consumption	Ulsan Plant	1,377	1,345	1,324
	Cheongyang Plant 1	276	252	241
	Cheongyang Plant 2	228	207	218
	Jeonju Plant	34	28	14
	Daejeon Plant	34	29	1
	Headquarters, etc.	19	19	33
Total		1,966	1,880	1,831

(Unit: TJ)

Category		2022	2023	2024
Renewable Energy Usage	Ulsan Plant	-	0.05	0.24
	Cheongyang Plant 1	-	1.12	1.45
	Cheongyang Plant 2	0.23	0.19	0.21
	Jeonju Plant	-	-	-
	Daejeon Plant	-	-	-
	Headquarters, etc.	-	-	0.82
Total		0.23	1.36	2.71
Energy Intensity ¹⁾		0.11	0.13	0.14

1) TJ / Revenue based on separate financial statements (KRW 100 million)

Non-Financial Disclosure

Environmental Performance

Water Withdrawal and Consumption

(Unit: ton)

Category		2022	2023	2024
Ulsan Plant	Industrial Water	1,324,616	1,271,469	990,066
	ReWater Usage	232,805	192,682	209,766
	Total	1,557,421	1,464,151	1,199,832
Cheongyang Plant 1	Industrial Water	73,485	76,121	97,708
	Tap Water	-	-	1,276
	Total	73,485	76,121	98,984
Cheongyang Plant 2	Industrial Water	135,190	114,698	121,006
	Tap Water	-	-	-
	Total	135,190	114,698	121,006
Jeonju Plant	Industrial Water	2	18	25
	Tap Water	-	-	485
	Total	2	18	510
Daejeon Plant	Industrial Water	34,357	29,641	-
	Tap Water	-	-	-
	Total	34,357	29,641	-
Total	Industrial Water	1,567,650	1,491,947	1,418,571
	Tap Water	-	-	1,761
	ReWater Usage	232,805	192,682	209,766
	Total	1,800,455	1,684,629	1,420,332

* Groundwater is not used.

Water Reuse Ratio

(Unit: %)

Category	2022	2023	2024
Ulsan Plant	14.95	13.16	17.48
Cheongyang Plant 1	-	-	-
Cheongyang Plant 2	-	-	-
Jeonju Plant	-	-	-
Daejeon Plant	-	-	-

Amount of Waste Generated

(Unit: ton)

Category	Type	Treatment Method	2022	2023	2024
Ulsan Plant	General Waste	Recycling	1,348	1,473	1,151
		Incineration	1,833	1,582	1,347
		Landfill	101	128	132
		Others	-	-	-
		Total	3,282	3,183	2,630
Ulsan Plant	Designated Waste	Recycling	3,921	3,139	2,178
		Incineration	1,365	1,578	2,308
		Landfill	-	-	-
		Others	-	-	-
		Total	5,286	4,717	4,486
Total Treated			8,568	7,900	7,116
Total Recycled			5,269	4,612	3,329
Cheong-yang Plant 1	General Waste	Recycling	42	63	98
		Incineration	104	92	94
		Landfill	8	-	-
		Others	-	-	-
		Total	154	155	192
Cheong-yang Plant 1	Designated Waste	Recycling	318	809	789
		Incineration	1,746	2,367	645
		Landfill	-	-	-
		Others	-	-	-
		Total	2,065	3,176	1,434
Total Treated			2,219	3,332	1,626
Total Recycled			361	872	887
Cheong-yang Plant 2	General Waste	Recycling	526	396	400
		Incineration	86	63	69
		Landfill	11	12	-
		Others	18	9	-
		Total	641	480	469
Cheong-yang Plant 2	Designated Waste	Recycling	87	50	88
		Incineration	152	46	193
		Landfill	-	-	-
		Others	171	180	211
		Total	410	276	492
Total Treated			1,050	756	961
Total Recycled			613	446	488
Jeonju Plant	General Waste	Recycling	9	6	5
		Incineration	-	-	-
		Landfill	16	8	19
		Others	-	-	-
		Total	25	14	23
Jeonju Plant	Designated Waste	Recycling	4	-	1
		Incineration	-	-	-
		Landfill	-	-	-
		Others	-	-	-
		Total	4	-	1
Total Treated			28	14	25
Total Recycled			13	6	6
Daejeon Plant	General Waste	Recycling	21	17	-
		Incineration	20	8	-
		Landfill	-	-	-
		Others	-	-	-
		Total	42	25	-
Daejeon Plant	Designated Waste	Recycling	123	138	-
		Incineration	-	-	-
		Landfill	-	-	-
		Others	-	-	-
		Total	123	138	-
Total Treated			164	163	-
Total Recycled			144	155	-
Total	General Waste	Recycling	1,947	1,954	1,653
		Incineration	2,043	1,744	1,510
		Landfill	135	148	150
		Others	18	9	-
		Total	4,143	3,856	3,314
Total	Designated Waste	Recycling	4,452	4,136	3,057
		Incineration	3,264	3,992	3,145
		Landfill	-	-	-
		Others	171	180	211
		Total	7,886	8,308	6,413
Total Treated			12,029	12,164	9,727
Total Recycled			6,399	6,091	4,710

Non-Financial Disclosure

Environmental Performance

Air Pollutant Emissions

(Unit: kg)

Category		2022	2023	2024
Sulfur Oxides (SOx)	Ulsan Plant	87	252	1,311
	Cheongyang Plant 1	1,050	22	24
	Cheongyang Plant 2	407	-	773
	Jeonju Plant	-	-	-
	Daejeon Plant	869	84	-
Total		2,412	358	2,108
Nitrogen Oxides (NOx)	Ulsan Plant	14,382	13,194	15,542
	Cheongyang Plant 1	3,320	4,921	4,743
	Cheongyang Plant 2	4,702	5,525	6,228
	Jeonju Plant	-	-	-
	Daejeon Plant	246	400	-
Total		22,650	24,040	26,513
Dust	Ulsan Plant	7,411	9,675	9,289
	Cheongyang Plant 1	546	957	889
	Cheongyang Plant 2	1,114	1,271	584
	Jeonju Plant	2,324	2,007	634
	Daejeon Plant	197	232	-
Total		11,592	14,141	11,396

Chemical Substance Emissions

(Unit: kg)

Category		2022	2023	2024
Ulsan Plant		12,056	13,321	10,614
Cheongyang Plant 1		6,281	2,261	2,592
Cheongyang Plant 2		2,197	3,979	2,158
Jeonju Plant		-	-	-
Daejeon Plant		487	396	-
Total		21,021	19,957	15,364

Water Pollutant Emissions

(Unit: kg)

Category		2022	2023	2024
Biochemical Oxygen Demand (BOD)	Ulsan Plant	963	1,673	476
	Cheongyang Plant 1	934	77	1,033
	Cheongyang Plant 2	1,915	1,023	1,068
	Jeonju Plant	-	-	-
	Daejeon Plant	479	198	-
Total		4,290	2,970	2,577
Suspended Solids (SS)	Ulsan Plant	625	4,837	3,634
	Cheongyang Plant 1	563	215	6
	Cheongyang Plant 2	1,155	458	980
	Jeonju Plant	-	-	-
	Daejeon Plant	1,306	512	-
Total		3,649	6,022	4,620
Total Organic Carbon (TOC)	Ulsan Plant	2,763	4,738	3,179
	Cheongyang Plant 1	238	16	584
	Cheongyang Plant 2	1,123	1,648	1,478
	Jeonju Plant	-	-	-
	Daejeon Plant	399	160	-
Total		4,523	6,562	5,241

Hazardous Chemical Substance Usage

(Unit: ton)

Category		2022	2023	2024
Ulsan Plant		175,834	189,356	171,888
Cheongyang Plant 1		17,478	30,462	40,966
Cheongyang Plant 2		8,820	7,282	7,560
Jeonju Plant		383	288	115
Daejeon Plant		2,100	1,152	-
Total		204,615	228,541	220,529

Non-Financial Disclosure

Environmental Performance

Drum Usage

(Unit: EA)

Category	2022	2023	2024
Ulsan Plant	277,329	242,244	208,437
Cheongyang Plant 1	183,816	184,922	183,093
Cheongyang Plant 2	258,720	237,949	267,650
Jeonju Plant	-	-	-
Daejeon Plant	70,216	46,958	530
Total	790,081	712,073	659,710

Recycled Drum Usage

(Unit: EA)

Category	2022	2023	2024
Ulsan Plant	159,642	143,141	128,843
Cheongyang Plant 1	42,392	50,731	39,799
Cheongyang Plant 2	165,818	193,979	207,673
Jeonju Plant	-	-	-
Daejeon Plant	61,105	41,779	530
Total	428,957	429,630	376,845

Sales Performance of Eco-Friendly Products

(Unit: KRW 100 million, %)

Category	2022	2023	2024
Sales of Products	5,101	3,844	3,778
Eco-Friendly Sales as % of Total Sales	29.8%	27.2%	28.8%

Purchases of Eco-Friendly Certified Products

(Unit: KRW thousand)

Category	2023	2024	Remarks
Purchase Amount of Eco-Certified Products	317,881	323,239	
Total Purchase Amount	1,022,506	1,013,161	

* Total purchase amount is based on total expenses under the same cost account as eco-certified purchases.

Environmental Fines and Penalties

(Unit: cases, KRW thousand)

Category	2022	2023	2024
Cases	4	-	-
Fine and Penalty	10,320	-	-

Patent Status

(Unit: cases)

Team	Patent Registrations		Application		
	Domestic	Overseas	Domestic	Overseas	PCT
Plasticizers	23	1	11	2	6
Surfactant Materials	28	-	4	-	1
PU Solutions	10	-	1	-	-
C&A Solutions	36	6	5	-	-
Resin Solutions	8	-	1	-	-
Advanced Materials	11	-	-	-	3
Bio	4	-	1	-	1
Hard Carbon	7	3	1	3	3
Total	127	10	24	5	14
		137		29	14

Non-Financial Disclosure

Social Performance

Employee Status

(Unit: persons)

Category	2022	2023	2024
Total Number of Employees	709	750	752

* The above figures represent the year-end totals compiled through the internal HR management system.

Detailed Employee Status

(Unit: persons)

Category	2022	2023	2024		
Total Number of Employees	709	750	752		
By Age Group	Under 30	173	176	153	
	30 to Under 50	394	436	454	
	50 and Over	142	138	145	
By Employment Type	Regular Employees	Male	586	610	614
		Female	94	110	111
	Regular Employee Subtotal		680	720	725
	Non-Regular Employees	Male	25	26	23
		Female	4	4	4
	Non-Regular Employee Subtotal		29	30	27
Total		709	750	752	

* Regular employees: Employees hired directly by the company with guaranteed job continuity
Non-regular employees: Employees hired directly by the company with fixed-term contracts

Labor Union Membership Status

(Unit: persons)

Category	2022	2023	2024
Number of Union Members	141	139	276
Total Number of Employees	709	750	752
Unionization Rate (%)	20%	19%	37%
Collective Bargaining Coverage Rate (%)	100%	100%	100%

Employee Diversity Status

(Unit: persons)

Category	2022	2023	2024		
Gender Balance	Total Female Employees		98	114	115
	Managers	Female Executives	1	1	1
		Female Team Leaders	3	5	4
Employment of People with Disabilities	Total Employees	15	14	15	
Employment of National Veterans	Total Employees	24	21	22	
	Total Employees	4	7	7	
Employment of Foreign Nationals	China	2	2	2	
	Vietnam	-	2	1	
	Thailand	-	1	1	
	Malaysia	1	1	1	
	Kazakhstan	-	1	1	
	Philippines	1	-	-	
	Colombia	-	-	1	
Total Number of Employees		709	750	752	

* Due to changes in the company's internal criteria for identifying female managers, figures may differ from those reported in the previous year's report.

New Employment Status

(Unit: persons)

Category	2022	2023	2024
Total Number of New Hires	128	128	73
Number of Female New Hires	91	26	17
Number of Male New Hires	37	102	56

Turnover Status

(Unit: persons)

Category	2022	2023	2024
Average Tenure of Employees	11.3 years	10.8 years	11.3 years
Number of Turnover Employees	78	63	58
Total Number of Employees	709	750	752
Turnover Rate (%)*	11.0%	8.4%	7.7%

* Turnover Rate: Number of voluntary leavers / Total number of employees

Non-Financial Disclosure

Social Performance

Parental Leave Status

(Unit: persons)

Category	2022	2023	2024
Employees Eligible for Parental Leave ¹⁾	189	188	239
Employees Who Took Parental Leave ²⁾	6	8	5
Employees Who Returned from Parental Leave ³⁾	6	6	4
Parental Leave Return Rate (%)	100%	75%	80%
Number of Employees Who Remained Employed for More Than 12 Months After Returning ⁴⁾	4	5	4
Percentage of personnel who maintained employment for 12 months or more after return (%)	67%	83%	100%

1) Employees eligible for parental leave under relevant laws, 2) Employees who began parental leave during the year

3) Employees who returned from parental leave during the year or in subsequent years (For 2024, includes those who have not officially expressed intent not to return as of the reporting date)

4) For 2024, includes employees who had not expressed resignation as of the end of May 2025

* The figures may differ from those in the 2024 Business Report due to different calculation standards; however, the same standard will be used for future reporting.

Education and Training Expenses

(Unit: persons, KRW thousand)

Category	2022	2023	2024
Total Number of Employees	709	750	752
Total Education Costs	255,439	251,299	248,801
Training Expense per Employee	360	355	331
Average Education Hours per Person	48	49	48

Employee Welfare Expense Status

(Unit: KRW thousand)

Category	2022	2023	2024
Employee Benefits	7,541,317	8,074,755	8,641,200
Revenue	1,712,779,790	1,414,480,485	1,712,779,790
Ratio (%)	0.4%	0.6%	0.5%

Retirement Pension Status

(Unit: persons, KRW thousand)

Category	2022	2023	2024	
Retirement Pension Management (Defined Benefit Plan)	Number of Union Members	623	653	604
	Total Subscription Amount (Estimated)	36,309,081	36,695,158	40,223,481

Industrial Accident Status

(Unit: %)

Category	2022	2023	2024	
Ulsan Plant	Accident Rate	0	0.57	0
	Lost Time Injury Rate	0	0.43	0
	Illnesses	0	0	0
Cheongyang Plant 1	Accident Rate	0	0	1.67
	Lost Time Injury Rate	0	0	1.26
	Illnesses	0	0	0
Cheongyang Plant 2	Accident Rate	0	0	1.67
	Lost Time Injury Rate	0	0	1.26
	Illnesses	0	0	0
Number of Partners	Accident Rate	-	0	0
	Lost Time Injury Rate	-	0	0

* Lost-Time Injury Rate = (Total number of lost-time injuries / Total work hours) × 200,000 (Total work hours = Number of plant workers × 10 hours × 22 days/month × 12 months)

* Occupational injury data management for partners has been in place since 2023

* 2025 data may differ from previous years based on the updated statistics from the Korea Occupational Safety and Health Agency.

2024 Safety and Health Education

(Unit: persons)

Category	Program Title	Frequency	Subtotal	Remarks	
Job Training	Management Responsibility	2 years	4	-	
	Safety Manager	2 years	2	-	
	Health Manager	2 years	-	Outsourced	
	Hazardous Chemicals Safety Education	Management	2 years	15	-
		Handlers	2 years	215	-
		Workers	1 year	133	-
Employer Education	Supervisors	1 year	175	-	
	Workers	Regular Education	Semiannually	630	-
		General Education	Upon hiring	73	-
	New	Special Education	Upon hiring	66	-

Non-Financial Disclosure

Governance Performance

Board Operations

Category	2022	2023	2024	
Board Operations	Number of Meetings Held	12 sessions	18 sessions	11 sessions
	Attendance Rate (Average)	92.7%	90.9%	92.5%
	Total Agenda Items	42 items	45 items	40 items
	Number of Resolutions Passed (Total)	37 items	31 items	28 items
	Number of Reports	5 items	14 items	12 items

Major Resolutions of the Board in 2024

Meeting No.	Date	Agenda Details	Attendance of Independent Directors (Full Quorum)
1st	2024.01.30	Approval of Separate and Consolidated Financial Statements and Business Report (Pre-Audit)	3/3
		Approval of Cash Dividend for Fiscal Year 2023	
		Approval of Increased Transaction Limit with AKIS Co., Ltd.	
		Approval of Transaction Limit with VPChem	
		Approval of Amendment to the Internal Accounting Management Regulations	
2nd	2024.02.19	Approval of the 2024 Occupational Health and Safety Plan	2/3
		Convocation of the 12th Regular General Meeting of Shareholders	
		Implementation of Electronic Voting System	
		Report on the Operation Status of the Internal Accounting Control System by the Internal Accounting Manage	
		Approval of the Establishment of the Sustainable Management Committee	
3rd	2024.03.13	Approval of Appointment of Members of the Sustainable Management Committee	3/3
		Approval of Enactment of Sustainable Management Committee Operating Regulations	
		Approval of Separate and Consolidated Financial Statements and Business Report for the 12th Fiscal Year	
		Approval of Profit Distribution	
		Resolution on the Method for Granting Stock Options	
		Extension of Guarantee Period for AK VINA	
		Report on the Evaluation of the Internal Accounting Control System	

Meeting No.	Date	Agenda Details	Attendance of Independent Directors (Full Quorum)
4th	2024.03.25	Appointment of CEO	3/3
		Approval of Investment in AK VINA	
		Approval of Transactions with Directors and the Company (AK VINA Limit Increase) for 2024	
5th	2024.05.13	Approval of Separate and Consolidated Financial Statements for Q1 2024	2/3
		Approval of Closure of Secondary Business Site due to Sale of Idle Factory Land at Chungju Plant	
6th	2024.06.14	Extension of Payment Guarantee for Aekyung (Ningbo) Chemical Co., Ltd. (Hana Bank Shanghai Branch)	3/3
		Execution of Payment Guarantee for Aekyung (Ningbo) Chemical Co., Ltd. (Kookmin Bank Huadong District)	
7th	2024.08.12	Approval of the Separate and Consolidated Financial Statements for H1 2024	3/3
		Approval of Share Acquisition of Aekyung (Shanghai) Investment Management	
		Report on Progress of the 2024 Occupational Health and Safety Plan	
8th	2024.09.05	Report on Progress of 2024 Fair Trade Compliance Program (CP)	3/3
		Approval of Facility Investment for T-PJT	
9th	2024.09.27	Approval of Funding Plan for T-PJT Facility Investment	3/3
10th	2024.11.11	Resolution on the Method for Granting Stock Options	3/3
		Approval of the Separate and Consolidated Financial Statements for Q3 2024	
		Approval of Transactions with Directors and the Company (AK VINA Limit Increase) for 2024	
11th	2024.12.13	Report on 2024 KCGS ESG rating results	3/3
		Report on Corporate Value Enhancement Program Plan	
		Approval of Shareholder Registry Reference Date	
		Approval of Dividend Record Date	
		Transactions with Directors, etc. in 2024 (Guarantee for Aekyung (Shanghai) Investment Management)	
		Approval of Transactions with Directors, etc.	
		Report on Draft Plan for Enhancing Corporate Value	

Key Resolutions of the Sustainable Management Committee in 2024

Meeting No.	Date	Agenda Details	Number of Committee Members Present (Total)
1	2024.02.19	Appointment of Chair of the Sustainable Management Committee	3/4
2	2024.08.12	2024 H1 ESG Activity Report	4/4
3	2024.11.11	Report on 2024 KCGS ESG Rating Evaluation Results	4/4

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Governance Performance

Major Resolutions of the Internal Transactions Committee in 2024

Meeting No.	Date	Agenda Details	Number of Committee Members Present (Total)
1	2024.01.30	Approval of Increased Transaction Limit with AKIS Co., Ltd.	4/4
		Approval of Transaction Limit with VPCHEM	
		2023 Internal Transactions Execution Report	
2	2024.03.13	Extension of Guarantee Period for AK VINA	4/4
3	2024.03.25	Approval of Investment in AK VINA	4/4
		Approval of Transactions with Directors and the Company for 2024	
4	2024.05.13	Internal Transactions Execution Details for Q1 2024	3/4
5	2024.06.14	Approval of Debt Guarantee Change for Aekyung (Ningbo) Chemical Co., Ltd.	4/4
6	2024.08.12	Internal Transactions Execution Details for H1 2024	4/4
7	2024.11.11	Approval of Transactions with Directors and the Company in 2024 (AK VINA Limit Increase)	4/4
		Internal Transactions Execution Details for Q3 2024	
8	2024.12.13	Approval of Transactions with Directors, etc. in 2024 (Guarantee for Aekyung (Shanghai) Investment Management)	4/4
		Approval of Transactions with Directors and the Company in 2025	

Information Protection Data

Category	Unit	2022	2023	2024
Total Information Leak Incidents	cases	-	-	-
Customer Information Leak Incidents	cases	-	-	-
- Fines	KRW	-	-	-
- Penalties	KRW	-	-	-
Privacy Protection Training Completion Rate	%	100	100	100

Major Resolutions of the Audit Committee in 2024

Meeting No.	Date	Agenda Details	Attendance of Audit Committee Directors (Full Quorum)
1	2024.01.30	Approval of Separate and Consolidated Financial Statements and Business Report for FY2023 (Pre-Audit)	3/3
		Approval of Amendment to the Internal Accounting Management Regulations	
2	2024.02.19	Approval of 2024 Annual Internal Control Activity Plan	2/3
		Report on Operation Status of the Internal Accounting Management System	
3	2024.03.13	Approval of Separate and Consolidated Financial Statements and Business Report for the 12th Fiscal Year (FY2023) — Post-Audit	3/3
		Audit Committee's Audit Report	
4	2024.05.13	Audit Committee's Evaluation of the Operation Status of the Internal Accounting Control System	2/3
		Report on Board Approval of FY2023 Financial Statements and Exchange of Audit Opinions with External Auditors	
5	2024.06.14	Report on Board Approval of Q1 2024 Separate and Consolidated Financial Statements and Exchange of Audit Opinions with External Auditors	3/3
		Resolution on Tax Adjustment/Advisory Services Contract for 2024 (Prior Approval for Non-Audit Services)	
6	2024.08.12	Report on Board Approval of H1 2024 Separate and Consolidated Financial Statements and Exchange of Audit Opinions with External Auditors	3/3
		Report on Board Approval of Q3 2024 Separate and Consolidated Financial Statements and Exchange of Audit Opinions with External Auditors	
8	2024.12.13	Report on Progress and Upcoming Schedule of 2025 External Auditor Appointment	3/3

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Aekyung Chemical has published its Sustainability Report in accordance with the GRI Standards 2021 for the period from January 1, 2024 to December 31, 2024. The report adheres to the nine requirements of GRI 1 (2021). Since the Chemicals Sector Standard has not been released, no separate Sector Standard was applied. For major issues during the reporting period of 2024, please refer to the Materiality Assessment section of the report.

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	Indicator	Category	Code	Reporting Page
Greenhouse Gas Emissions	① Total Global Scope 1 Emissions (Quantitative)	Quantitative	RT-CH-110a.1	82, 99
	② Percentage of Scope 1 Emissions Subject to Emission-Limiting Regulations (e.g., K-ETS)	Quantitative	RT-CH-110a.1	86
	Scope 1 Emissions, Emission Reduction Targets, Short and Long-Term Strategies and Plans	Qualitative	RT-CH-110a.2	28-29, 86
Air Pollutant Emissions	① NOx Emissions	Quantitative	RT-CH-120a.1	88
	② SOx Emissions	Quantitative	RT-CH-120a.1	88
	③ VOCs Emissions	Quantitative	RT-CH-120a.1	-
	④ HAPs Emissions	Quantitative	RT-CH-120a.1	-
Energy Management	① Total Energy Consumption	Quantitative	RT-CH-130a.1	86
	② Percentage of Grid Electricity Consumption	Quantitative	RT-CH-130a.1	-
	③ Percentage of Renewable Energy Consumption	Quantitative	RT-CH-130a.1	0.15%
	④ Total On-Site Generated Energy	Quantitative	RT-CH-130a.1	86
Water Management	① Total Water Withdrawal in Areas with High or Extremely High Water Stress	Quantitative	RT-CH-140a.1	225,558 ton
	② Proportion of Total Water Consumption in Areas with High or Extremely High Water Stress	Quantitative	RT-CH-140a.1	225,558 ton
	Number of Non-Compliance Incidents Related to Water Discharge Permits, Standards, or Regulations	Quantitative	RT-CH-140a.2	0 cases
	Description of Water Management Risks and Mitigation Strategies/Activities	Qualitative	RT-CH-140a.3	38, 41
Hazardous Waste Management	Hazardous Waste Generated	Quantitative	RT-CH-150a.1	87
	Recycling Rate	Quantitative	RT-CH-150a.1	87
Local Community Relations	Processes to Manage Risks and Opportunities Related to Community Stakeholders	Qualitative	RT-CH-150a.1	64-67

	Indicator	Category	Code	Reporting Page
Occupational Health and Safety	① Total Recordable Incident Rate (TRIR)	Quantitative	RT-CH-320a.1	91
	② Fatality Rate Among Employees and Contractors	Quantitative	RT-CH-320a.1	0%
	Efforts to Assess, Monitor, and Reduce Long-Term or Chronic Health Risks	Qualitative	RT-CH-320a.2	60
Product Design for Use-Phase Efficiency	Revenue from Products Designed for Resource Efficiency in the Use Phase	Quantitative	RT-CH-410a.1	31-38
Chemical Safety and Environmental Responsibility	① Percentage of products that include components classified as Category 1 and 2 (Category 1 and 2 Health and Environmental Hazardous Substances) according to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS)	Quantitative	RT-CH-410b.1	-
	② Proportion of Products Undergoing Hazard Assessment	Quantitative	RT-CH-410b.1	-
	① Management of Chemicals of Concern	Qualitative	RT-CH-410b.2	42-43
	② Discussion of Strategies for Developing Alternatives with Lower Human and Environmental Impact	Qualitative	RT-CH-410b.2	22-38
Genetically Modified Organisms (GMOs)	Percentage of Revenue from Products That Include Genetically Modified Organisms (GMOs)	Quantitative	RT-CH-410c.1	-
Management of Legal and Regulatory Environment	Discussion on the Company's Position Regarding Government Regulations or Policies Addressing Environmental and Social Factors Affecting the Industry	Qualitative	RT-CH-530a.1	41, 70-71, 79-82
Process Safety, Emergency Preparedness, and Response	① Process Safety Incidents Count (PSIC)	Quantitative	RT-CH-540a.1	91
	② Process Safety Total Incident Rate (PSTIR)	Quantitative	RT-CH-540a.1	91
	③ Process Safety Incident Severity Rate (PSISR)	Quantitative	RT-CH-540a.1	91
	Number of Transportation Accidents	Quantitative	RT-CH-540a.2	0 cases



* Water Management ①, ②: Based on World Resources Institute (WRI) criteria, Aekyung Chemical's business sites located in areas with high water stress are Cheongyang Plant 1 and Plant 2.

UN SDGs Index

The UN Sustainable Development Goals (SDGs) are global objectives set by the international community to be achieved by 2030 for sustainable development. Aekyung Chemical is participating in the implementation of six key goals.

Indicator	Key Activities	Reporting Page
 Gender Equality	Talent Acquisition and Development > Employee Diversity	51
 Affordable and Clean Energy	Energy Management	29-30
 Decent Work and Economic Growth	Occupational Health and Safety Shared Growth with Partners	58-61 68-69
 Industry, Innovation and Infrastructure	Increased Environmental Investment	24
 Reduced Inequality	Talent Acquisition and Development > Employee Diversity	51
 Sustainable Cities and Communities	Hazardous Chemicals and Waste Management Social Contribution Programs > Love Facility Environment Improvement	39-43 64-67

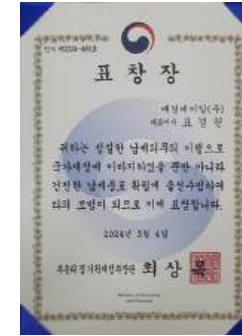
Indicator	Key Activities	Reporting Page
 Responsible Consumption and Production	Hazardous Chemicals and Waste Management Establishment of Resource Circulation System	39-43 35-38
 Climate Action	Greenhouse Gas Emission Management Climate Change Response Strategies	28-29
 Life Below Water	Water Resource Management > Minimizing Water Pollution	41
 Life on Land	Social Contribution Programs > Supporting the "Save Endangered Species in Cheongyang" Project	44
 Peace, Justice, and Strong Institutions	Protection of Shareholder Rights	75-76
 Partnerships for the Goals	Practicing Environmental Management (Embedding EHS Management, Enhancing Environmental Awareness)	22-27

Awards and Association Activities

Awards

Category	Taxpayer's Day Citation	Community Contribution Citation
Award Date	March 4, 2024	April 30, 2024
Institution Name	Ministry of Strategy and Finance	Mapo-gu Office

Certificate of Commendation



Association Activities

Korea Petrochemical Industry Association	Chemical Safety Community Council	Korea Bio-energy Association
Korea Industrial Health Association	Korea Environmental Engineers Association	Korea Mech.Const.Constructors Association
Korea Industrial Safety Association	Korea Vinyl Environmental Council	Ulsan Chamber of Commerce and Industry
Korean Energy Management Engineering Association	Korea Electrical Engineers Association	Ulsan Environmental Engineers Association
Korea International Trade Association	Process Safety Council	Ulsan Logistics Council
Korea Chemical Management Association	Korea Polyurethane Industry Association	Daejeon Chungnam Environmental Conservation Association
Korea Fire Safety Institute	Korean Polyurethane Association	

Assurance Statement on Greenhouse Gas Emissions



Assurance Statement on Greenhouse Gas Emissions Independent Verification Statement



Verification Opinion

- The assurance on GHG emissions was conducted to meet a reasonable level of assurance in accordance with the assurance criteria.
- No material errors were found in the emissions calculation, and supporting documentation and records were appropriately managed and used for the calculation. We provide a final “reasonable” opinion.
- Materiality: Criteria met for less than 5%
- Emissions (total)

Overall Conclusion

The assurance confirmed that the emissions from major emission sources were calculated and reported without omission.

※ The company is responsible for preparing verification materials in accordance with the "Guidelines for Reporting and Certification of Emissions in the Emissions Trading Scheme" (Ministry of Environment Notice No. 2021-278). KMR's responsibility is limited to the verification contract parties as per the agreed contractual conditions, and KMR is not responsible for other decisions such as investments based on this verification statement.

※ The organization must comply with the agreed terms for the use of certification marks and logos under its contract with KMR.

Greenhouse Gas Emissions	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Total Emissions (tCO ₂ -eq)
2024	104,007.162	61,836.48	165,838

Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2024	536.054	1,291.115	5.609	1,828

※ Note: There are discrepancies between the emissions by individual greenhouse gas types, the total greenhouse gas emissions, and the sum of emissions by plant. (This is due to rounding the emissions at the site level and then aggregating them at the company level)

May 13, 2025

CEO *E. J. Hwang*



Independent Assurance Statement

Dear Stakeholders

Korean Foundation for Quality (hereinafter "KFQ") has been engaged to independently verify the 2024 Sustainability Report (hereinafter "the Report")²⁾ of Aekyung Chemical Co., Ltd.¹⁾ (hereinafter "the Company"). KFQ is responsible for providing an independent third-party verification opinion on the report based on the verification criteria and scope specified below. The responsibility for the preparation of this report lies with the Company's management.

1) Organization Address (based on headquarters) : 188, Yanghwa-ro, Mapo-gu, Seoul (Donggyo-dong)

2) Data Collection Period : 2024.1.1. to 2024.12.31.

Verification Purpose

The purpose of this verification is to ensure the reliability of the data and information stated in the Company's report.

Verification Scope

1. Verification Boundary : Financial information - Based on the Korean International Financial Reporting Standards (K-IFRS) consolidated standards / Non-financial information - Based on All Domestic Business Sites (The Daejeon Research Center is included only for greenhouse gas and energy consumption data)
2. Verification Items (Based on the GRI Standards 2021)

Category	GRI Standards	
Universal Standards	· 2-1 to 2-5 (The organization and its reporting practices)	· 2-22 to 2-28 (Strategy, policies, and practices)
	· 2-6 to 2-8 (Activities and workers)	· 29 to 2-30 (Stakeholder engagement)
	· 2-9 to 2-21 (Governance)	· 3-1 to 3-3 (Material Topics Disclosures)
Topic Standards	· GRI 301 (Materials)	· GRI 401 (Employment)
	· GRI 302 (Energy)	· GRI 403 (Occupational Health and Safety)
	· GRI 303 (Water and Effluents)	· GRI 404 (Training and Education)
	· GRI 305 (Emissions)	· GRI 405 (Diversity and Equal Opportunity)
	· GRI 306 (Waste)	

3. Excluded Items from Verification: The following items are not included within the scope of verification

- 1) Performance and reporting practices of subsidiaries, affiliates, partners, and third parties
- 2) Items related to other sustainability initiatives not based on the GRI Standards 2021 presented in the report
- 3) Other related information such as periodic disclosure reports and financial statements

Verification Criteria

This verification has been conducted based on [AA1000AS (v3)], [AA1000AP (2018)], and [Type 1 – Moderate].

Verification Method

The audit team reviewed relevant procedures, systems, and control mechanisms, along with available performance data, to verify the reliability of the report's content based on the aforementioned criteria. The documents reviewed during the verification process are as follows:

- Non-financial Information : Data provided by the company, disclosed Business Reports, and information obtained from media and/or the internet.
- Financial Information : Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage.

※ However, the contents of the above data are not included in the verification scope.

The verification was conducted through document review, on-site visits, and interviews with the responsible personnel. The validity of the materiality assessment procedure in the Report, the selection of material issues considering stakeholders, the data collection, management, and report preparation procedures, as well as the accuracy of the descriptions, were evaluated through interviews with the responsible personnel. However, interviews with internal/external stakeholders were not conducted. Subsequently, it was confirmed that any errors, inappropriate information, or unclear expressions identified in the above steps were appropriately corrected before the publication of the Report.

Verification Limitations

This verification inherently contains limitations that may arise in the process of applying the criteria and methodology.

Independent Assurance Statement

Competency and Independence

The audit team for this verification was duly composed in accordance with KFQ's internal regulations. KFQ has no conflicts of interest that could compromise the independence and impartiality of the verification, apart from providing third-party verification services.

Verification Opinion

As a result of the verification, it is the opinion of KFQ that:

1) It has been confirmed that the Report was prepared in compliance with the four principles of AA1000AP (2018)

· Inclusivity

The company has appropriately defined stakeholder groups and communicates with them through tailored communication channels that consider the characteristics of each group. The audit team did not identify any missing key stakeholders in this process and confirmed that the company is making efforts to incorporate stakeholder feedback into its management strategy.

· Materiality

The company has identified material issues through an appropriate process and has thoroughly reviewed the relevant impacts to enhance the validity of its materiality assessment. The audit team confirmed that the identified material issues were given due emphasis in this report and that all material issues recognized during the materiality assessment process were reported without omission.

· Responsiveness

The company strives to respond promptly to stakeholders' requirements and key concerns. The audit team did not find any evidence indicating that the organization's response activities and performance regarding material issues were inappropriately reported.

· Impact

The company identifies and monitors the impact of stakeholder-related material issues across its business activities and reports the findings to the extent possible. The audit team did not find any evidence indicating that the impact of material issues was inappropriately measured or reported.

2) The report has been appropriately prepared in accordance with the applicable reporting standards, such as (GRI Standards (2021) – Accordance, SASB, UNSDGs)

3) The data and information used for verification were limited to the provided materials and were found to be appropriate, with no significant errors or omissions that could affect the verification opinion.

4) Therefore, an "Unmodified Opinion" is provided for the company's 2024 Sustainability Report.

June 24, 2025
Ji Young Song, CEO

Ji Young Song



AEKYUNG CHEMICAL CO.,LTD.