

*beyond the best*  
KUMHO PETROCHEMICAL

---

[www.kkpc.com](http://www.kkpc.com)

**KKPC**

# ESG Policy and Guideline

---

Environment, Health and Safety Policy

Human Rights and Labor Management Policy

Code of Ethics

Sustainable Procurement Policy

---

Supplier Code of Conduct

Tax Strategy

Board Composition Policy

Reporting Policy

ESG Investment Principle



# Contents

<b>04</b>	<b>Environment, Health and Safety Policy</b>
<b>16</b>	<b>Human Rights and Labor Management Policy</b>
<b>20</b>	<b>Code of Ethics</b>
<b>31</b>	<b>Sustainable Procurement Policy</b>
<b>34</b>	<b>Supplier Code of Conduct</b>
<b>36</b>	<b>Tax Strategy</b>
<b>38</b>	<b>Board Composition Policy</b>
<b>41</b>	<b>Reporting Policy</b>
<b>46</b>	<b>ESG Investment Principle</b>

## Enactment and Amendment History

Document	Enactment	Amendment History								Remarks
		1 <sup>st</sup> revision	2 <sup>nd</sup> revision	3 <sup>rd</sup> revision	4 <sup>th</sup> revision	5 <sup>th</sup> revision	6 <sup>th</sup> revision	7 <sup>th</sup> revision	8 <sup>th</sup> revision	
Environment, Health and Safety Policy	2021.04.06	2022.06.24	2023.06.21							
Human Rights and Labor Management Policy	2020.11.16	2022.06.16								
Code of Ethics	2021.06.29	2022.06.16								
Sustainable Procurement Policy	2022.06.16	2023.06.21								
Supplier Code of Conduct	2020.11.09	2022.06.16								
Tax Strategy	2022.06.16	2023.06.21								
Board Composition Policy	2022.06.16	2023.06.21								
Reporting Policy	2023.06.21									
ESG Investment Principle	2023.06.21									

\* All documents included in this policy and guidelines have been approved by the ESG Committee within the Board of Directors of Kumho Petrochemical (excluding those established prior to the establishment of the ESG Committee); additional changes will be amended through the approval of the ESG Committee.

# Environment, Health and Safety Policy

Effective Date: April 6, 2021

Updated: June 24, 2022

Last Updated: June 21, 2023

**Kumho Petrochemical fulfills its social responsibility for environment, health and safety management in which humanity and the environment coexist harmoniously and recognizes the safety and health of all employees and stakeholders as the highest priority in all business activities.**

1. We are keenly aware that it is our fundamental duty to create a zero accident workplace and protect the environment. Accordingly, we put Environment, Health and Safety (EHS) first in all tasks.
2. We establish and implement goals and action plans to minimize EHS-related risks and continuously carry out EHS improvement activities.
3. We strictly comply with national and local government laws and regulations related to EHS in our R&D activities and manufacturing processes.
4. We abide by EHS processes and construct and implement the EHS-friendly management system by providing relevant training, raising awareness, and technologies.
5. We fulfill our social responsibilities with the will and practice to prioritize EHS management by communicating and transparently disclosing the Environment, Health, and Safety Policy, goals, and achievements of EHS to our stakeholders, including our employees.

## Guideline for Environment Management

### 1. Environmental Risk Management and Operational Procedure Establishment

Kumho Petrochemical establishes environmental management plans based on environmental management system(ISO 14001) certification for each business site and makes proactive and voluntary efforts to minimize the impact and risks of our activities on the environment. To this end, we comply with environmental laws and regulations, conduct regular environmental impact assessments, and constantly manage and monitor environmental risks to manage and analyze environmental management performance.

## 2. Product and Manufacturing

Kumho Petrochemical strives to strengthen our eco-friendly product portfolio by expanding the development of renewable and eco-friendly materials-based low-carbon products. We put our best efforts into establishing eco-friendly processes when extending facilities, developing new products, changing manufacturing procedures, and adopting new materials. We also make the best efforts to minimize our negative environmental impacts by conducting environmental impact assessments.

## 3. GHGs and Energy Management

Kumho Petrochemical strives to achieve carbon neutrality by minimizing the use of fossil fuels and raw materials and reducing GHG emissions through the gradual expansion of the use of clean energy and improvement of energy efficiency in accordance with the established climate change response strategies and goals. To this end, we conduct internal verification of GHG emissions and energy usage from each business site and third-party verification by selecting an objective and reliable company.

## 4. Environmental Pollution Management

### 1) Air Pollution Management

Kumho Petrochemical strives to protect the health of our employees, suppliers' workers, and local community members near its business sites and to minimize environmental impacts on local communities and preserve the environment by reducing and efficiently managing air pollutant emissions. We comply with the Clean Air Conservation Act and manage air pollutants emitted from each business site through the following activities.

- ① We identify air pollution-related laws and regulations, review the installation of air pollutant emission and prevention facilities accordingly, and write in a work log when installing and operating the facilities.
- ② We inspect emission and prevention facilities on a regular basis and measure and monitor the emission of air pollutants.
- ③ We set targets for reducing air pollutants emissions, determine whether the facilities are operating properly through self-measurement analysis, and take corrective and preventive actions when there is a need for improvement based on the measurement results.
- ④ We review the proper operation after improvements are made on the production processes and emission and prevention facilities. Process improvement review and results shall be reported to the person with approval authority.

### 2) Odor Management

Kumho Petrochemical strives to preserve the health and living environment of employees, suppliers' workers, and local community members near its business sites by preventing the occurrence of odors from its business activities. To this end, we reflect the legitimate requirements of relevant laws and regulations and local governments, establish odor prevention plans such as the installation of odor prevention facilities in accordance with relevant laws and regulations, and reduce odor occurrence to the minimum through the following activities.

- ① We continuously keep track of the legal requirements and monitor the proper operation of the odor prevention facilities.
- ② We inspect emission and prevention facilities on a regular basis and measure the odor level by each source.
- ③ We determine whether the facilities are operating properly through self-measurement analysis and take corrective actions when there is a need for improvement based on the measurement results.
- ④ We review the proper operation after improvements are made on the production processes and emission and prevention facilities. Process improvement review and results shall be reported to the person with approving authority.

### 3) Soil Management

Kumho Petrochemical strives to protect the health of employees, suppliers' workers, and local community members from soil contamination, prevent environmental pollution and enhance the value of soil as a resource by preserving soil ecosystems.

- ① In compliance with the Soil Environment Conservation Act, we install soil contamination prevention facilities required for the management of new substances and their storage facilities and conduct periodic inspections of the areas of concern for leakage of specific soil contaminants to remove pollutants in advance.
- ② We examine the level of soil pollution and carry out leakage inspections to decide whether it is contaminated. If the results show that the pollution level exceeds the worrying level or there is a leakage, prompt measures shall be taken such as the installation or the improvement of the prevention facilities or detailed soil investigation and soil purification measures.

### 4) Noise Management

Kumho Petrochemical strives to minimize noise that affects the environment, create a healthy and

pleasant environment for employees, suppliers' workers, and local community members through proper management, and minimize the impact on the ecosystem near our business sites.

- ① We manage noise in accordance with the permissible emission levels by workplace boundary and noise exposure time, and if the noise level exceeds the permissible emission levels, we take required action, such as the installation of noise control facilities, to meet the permissible emission levels.

## 5. Water Resource Management

Kumho Petrochemical recognizes the importance of preserving the water environment for sustainable water utilization, actively recycles water to minimize water usage, and continues to improve processes and invest in facilities to reduce water consumption.

- ① We strive to recycle water (use steam condensate water, reused coolant, etc.) and minimize wastewater discharge for sustainable water utilization.
- ② We inspect whether our business sites are located in water-stressed areas, and if so, we continuously monitor the amount of water withdrawn and used and conduct water protection activities in areas where we believe there is a risk to our business activities.
- ③ We select and entrust a water management company with expertise in sustainable water management and strive to systematically manage water and water quality by monitoring the entire water cycle from raw water withdrawals to discharge.

## 6. Water Management

Kumho Petrochemical complies with the Water Environment Conservation Act and other laws and regulations to prevent environmental harm caused by water pollution, protect the health of employees, suppliers' workers, and local community members, and properly manage and preserve the water environment. To this end, we set up a set of standards for sewage and wastewater treatment for each business site and efficiently manage, treat, and discharge the sewage and wastewater generated within our business sites to respond to water pollution actively, and preventively eliminate water pollutants that trigger environmental accidents inside and outside our business sites through the following activities.

- ① Inspections on incoming wastewater status
- ② Management of the operation of prevention facilities inspections
- ③ Management of effluent quality and flow

- ④ Review of wastewater prevention facility improvement and corrective measures
- ⑤ Management of wastewater treatment per unit
- ⑥ Proper operation of emission and prevention facilities, compliance with legally permissible emission levels, and abidance by internal permissible emission levels
- ⑦ Management of the operations logs for emission and prevention facilities
- ⑧ Wastewater sludge discharge treatment
- ⑨ Management of water quality before flowing into the effluent treatment plant
- ⑩ Analysis of wastewater test and notification of results
- ⑪ Self-measurement and the management of analyzed data
- ⑫ Review of wastewater test analysis to review the improvement areas
- ⑬ Inspection of sewage and wastewater facilities for climate change vulnerabilities and maintenance and repair inspection and calibration of related instruments
- ⑭ Attainment of wastewater discharge permit when flowing into the final wastewater treatment plant

## 7. Chemicals Management

Kumho Petrochemical sets up a set of legitimate standards for the management of chemicals used at business sites and ensure the compliance to minimize the environmental impact on local communities caused by chemicals. To this end, we implement the following activities to prevent various damages caused by negligent management of chemicals.

- ① When expanding or changing chemical handling facilities, we review the environmental impact on the business site and nearby areas and regulations such as relevant laws and ordinances in advance to minimize environmental impact and comply with relevant regulations.
- ② We conduct annual chemical emission surveys and regular inspections of chemical handling facilities.
- ③ We regularly train our employees and suppliers' workers on the environmental impacts and risks of using chemicals.
- ④ We establish a chemical accident prevention and management plan, assess the impact of chemical accidents on people and the environment in advance, both inside and outside the workplace, and strive to minimize the resulting damage.

## 8. Waste Management

To minimize waste generation in all business activities, Kumho Petrochemical thoroughly manages waste



from generation to disposal in accordance with management standards for each type of waste. To this end, we create and manage waste management standards for each business site and implement the following activities to minimize the environmental impact of waste by promoting waste recycling.

- ① Analysis and management of waste generation
- ② Strict management of waste storage and transportation processes
- ③ Identification and corrective action of illegal matters in accordance with relevant laws and regulations
- ④ Waste management education for employees and suppliers' workers
- ⑤ Evaluation of waste treatment companies

### 9. Guidance for Deforestation Prevention

Kumho Petrochemical puts the best efforts for the following activities to prevent deforestation and conserve forest throughout the businesses, including the operation of business sites, purchase and procurement of raw materials, sales of products, and waste discharge and recycling.

- ① All employees recognize forest conservation as an important value and strive to prevent deforestation and conserve forest.
- ② The Company implements Zero Net Deforestation and complies with and actively cooperates with relevant laws and regulations of national and local governments.
- ③ Each business site reviews the impact on local forests through the environmental impact assessment of major projects and implements activities to prevent deforestation that may arise across the business.

### 10. Guideline for Biodiversity

For the preservation of biodiversity and sustainable use of biodiversity resources, Kumho Petrochemical is committed to the following activities to minimize negative impacts on biodiversity and to conserve the ecosystem damaged by human activities through a wide range of activities as follows.

- ① All employees recognize biodiversity as an overarching value and we have to uphold and strive to conserve it.
- ② We are cognizant of International Conventions (World Heritage areas, IUCN Category I -IV protected areas) in regard of soil management and biodiversity protection and make sure that

the business sites located in the areas subject to the conventions comply with the regional laws and regulations

- ③ When implementing new businesses and expanding facilities, we identify the possible impacts on natural ecosystems and species diversity in advance and continuously monitor them to minimize and prevent related risks. To this end, we conduct environmental impact assessments that take into account the characteristics of each country and region.
- ④ We identify the value of biodiversity of the regions where we operate and carry out activities suitable for the regions to maintain biodiversity. In the case of business sites where significant habitats locate, we make sure 'No Net Loss' of biodiversity and strive to have 'Net Positive Impact' on it.
- ⑤ We promote our activities to inform and educate stakeholders, including our employees and local communities, to raise awareness of the gravity of biodiversity.

## Guideline for Occupational Safety and Health

### 1. Establishment of Goals and Operational Procedure for Workplace Safety and Health

Kumho Petrochemical practices safety and health management to protect the safety and health of employees, suppliers' workers, and local community members. To practice safety and health management, we manage performance and set targets based on ISO45001, and put in place and implement the operational procedures for the following activities.

- ① Safety and health activities requiring operating procedures
  - (1) Safety measures at the workplace
  - (2) Safety measures on heavy cargo and transport machines
  - (3) Personal safety equipment distribution and management
  - (4) Protective measures against hazardous machines and equipment
  - (5) Preventive measures against falling and collapsing
  - (6) Safety inspection
  - (7) Prevention activities against explosions, fires and hazardous material leaks
  - (8) Prevention activities against electrical hazards
  - (9) Activities for a clean and safe working environment
  - (10) Preventive activities for employees from health hazards
  - (11) Supports for safety and health activities for suppliers
  - (12) Roles and activities of safety and health manager
  - (13) Operation of Industrial Safety & Health Committee
  - (14) Workplace accident investigation
  - (15) Promotion and operation of zero hazard campaign
  - (16) Safety training
- ② Preventive measures against hazards or risks caused by change in work procedure
- ③ Operation of safe work permit system

### 2. Chemical Substances Safety Management

Kumho Petrochemical strives to prevent health hazards and chemical-related accidents to employees and suppliers' workers and to ensure the safety of local community members by setting and complying with legal management standards for various chemicals used at each business site.

- ① In order to safely and systematically manage all chemicals used or sold in business sites, we

check the safety of chemicals in advance and create or obtain Material Safety Data Sheets (MSDS). Through this process, we check relevant laws and regulations on chemical safety management and review the availability of the chemical substances.

- ② We regularly conduct training for our employees and employees of suppliers on the properties of chemicals, environmental impacts and hazardous risks, wearing personal protective equipment when handling chemical substances, and accident prevention.
- ③ When it comes to the management of chemical substances, we install required equipment in accordance with the relevant laws and place special devices for protection against toxic substances to prepare against accidents. We constantly examine the toxic release facilities to prevent accidents and actively introduce improvements when needed.
- ④ We ensure proper management of related facilities and equipments and raw materials and products to prevent chemical leakage.
- ⑤ We put toxic labels on chemical storage facilities and install ventilation and testing devices.

### 3. Safety and Health of Employees

Kumho Petrochemical strives to create a safe working environment for employees and employees of suppliers, and to support their mental and physical stability and health. To this end, we prioritize activities to eliminate all hazards and reduce safety and health risks for a safer working environment for our employees and carry out the following activities.

- ① Elimination of risk factors
- ② Replacement of processes, operations, materials or equipment with the least hazardous ones
- ③ Reorganization of works from a health and safety perspective
- ④ Application of administrative management methods including education and training
- ⑤ Use of appropriate personal protective equipment (Personal Protective Equipment, provided free of charge to our employees)
- ⑥ Implementation of health checkups and establishment of regulations for health-related follow-up

### 4. Safety and Health Education for Employees

The department in charge of the workplace establishes its own EHS (Environment, Health and Safety) education programs by referring to the plans devised by each responsible department. EHS education and training program consists of legally mandatory training, occupational training and education on environment/health/safety EHS education and training and prevents safety accidents through training.

- ① Legally mandatory education
  - (1) Occupational safety and health general manager training
  - (2) Safety manager training
  - (3) Health manager training
  - (4) High-pressure gas safety manager training
  - (5) Management supervisor training
  - (6) Environmental technician training
  - (7) Hazardous materials safety manager training
  - (8) Fire safety manager training
- ② Occupational Training
  - (1) External training
  - (2) In-house job skills training
- ③ EHS management education in the workplace
  - (1) Training for entry-level employees
  - (2) Training with changed work
  - (3) Regular education on EHS management
  - (4) Specialized education on health and safety management
  - (5) Comprehensive education on EHS management

## 5. Emergency Preparedness and Response

In order to prepare for the occurrence of serious accidents such as occupational accidents and deaths, emergency action plans and related business processes, including scenarios and countermeasures, shall be established and implemented. To this end, the department in charge and related departments perform the following tasks.

- ① Implementation of emergency evacuation procedures and rescue and first aid for the casualties and planning measures and preparing for responses to prevent and mitigate the impact on environment, health and safety from emergency situations
- ② Trainings and actual responses to emergency situations in accordance with established emergency action plans and response processes
- ③ Measures to prevent and mitigate the magnitude of potential environmental safety and health impacts of emergencies
- ④ Periodic testing and training on emergency response capabilities
- ⑤ Revision and supplement of emergency action plans as needed with regular examination and

assessment of emergency response process

- ⑥ Provision of relevant information to all our employees and communication
- ⑦ In case of necessity, provision of relevant information and training (preparation and response to an emergency) to the personnel performing the related tasks under management of the organization (contractors, visitors, emergency response services, government agencies, local organizations)
- ⑧ Assurance about involvement of all stakeholders related to the development stage of planned response and consideration of their needs and capabilities
- ⑨ Manpower and equipment system for emergency action, and preparation of contact system with related departments and organizations in the event of an emergency

## 6. Safety and Health Management for Customers

In accordance with the Article 110 and 111 of the Occupational Safety and Health Act, Kumho Petrochemical shall provide Material Safety Data Sheets (MSDS) to clients so that they can prevent and prepare for safety accidents while handling our products. In addition, as for the products which contain hazardous substances, warning signs or legitimate labels and notices shall be attached on the products' container or packaging to make sure that clients are not exposed to danger by checking the content.

## 7. Safety and Health Management for Suppliers

Kumho Petrochemical makes efforts to prevent safety accidents at suppliers that are directly or indirectly affected by its safety environments, such as suppliers residing in our workplace, construction contractors, shipping and transport companies, box assemblers, waste management companies, and raw and subsidiary material suppliers.

We establish plans for annual evaluation/audit/inspection on suppliers and organize an evaluation audit team to assess and derive improvements periodically. In addition, we set a Safety and Health Cooperation Program to provide technical and safety training support and reward systems and periodically report on the performance of the program.

For a better safety management by suppliers, the department in charge of each workplace shall provide training on safety rules for outsourced workers and shall issue training certificates. For the following works, a safety work permit shall be issued before initiating such works

- ① Works of disassembly of the equipments such as pipelines, pumps, containers which are or were filled with high temperature or high pressure substances or chemical substances
- ② Works with fire such as welding, cutting or non-electrical operations which produce sparks or

- other sources of ignition
- ③ Works of container entry and exit operations
- ④ Works of operating internal combustion engines in areas with combustible materials
- ⑤ Works of excavation
- ⑥ Works of significant lifting with cranes
- ⑦ Electrical works
- ⑧ Works at height
- ⑨ Works of handling harmful and hazardous materials

## 8. Communication Management

In case complaints from external stakeholders occur, Kumho Petrochemical actively monitors the complaints, examines and sorts out details of the complaints, relevant issues, and response direction to report it to the person with approval authority. If on-site confirmation and emergency measures are required, a root cause analysis on the relevant incident or accidents shall be executed and recurrence prevention measures shall be established. In case the countermeasure established by the relevant team is appropriate, the measure shall be reflected in related works. In case of complaints by local residents, a survey on resident satisfaction with the process result shall be conducted. If necessary, the processing department provides an educational program on environment, safety and health information and measures for plant and suppliers' workers.

Changes or problems affecting safety and health shall be resolved through consultation with the relevant work contractor in the first instance, followed by other various means of solutions. Procedures shall be prepared so that all our employees can freely express their opinions on safety and health including harmful and hazardous factors, and if necessary for disaster prevention, improvement plans shall be prepared and executed by listening to their opinions under the procedures.

# Human Rights and Labor Management Policy

Effective date: November 16, 2020

Last Updated: June 16, 2022

Based on the core value of “respect,” Kumho Petrochemical respects the opinions of various stakeholders, seeks respect to build a positive relationship underpinned by trust and practices, and pursues respect for basic human rights and dignity.

To this end, Kumho Petrochemical endorses the 'Universal Declaration of Human Rights' and the 'UN Guiding Principles on Business and Human Rights (UNGPR)' and embeds the 'UN Global Compact Ten Principles.'

Kumho Petrochemical ensures that all our business sites and all the employees are subject to the Human Rights and Labor Management Policy, and we make every effort to establish the operation system and implement human rights management to manage potential human rights risks. In addition, we share the policy with all our stakeholders on whom our business operations may impact, including our customers and suppliers.

## Guideline for Human Rights and Labor Management

### 1. Respect for Human Rights

We respect the human rights of all our employees and stakeholders associated with the company and pay close attention to ensure that any form of human rights abuse and inhumane treatment does not occur. To this end, we make all-out efforts to raise awareness of human rights among employees by providing education on the prevention of sexual harassment and workplace bully and better awareness of the disabled so that we have no form of sexual discrimination and abuse, sexual harassment, mental/physical coercion, and verbal abuse.

### 2. Respect for Diversity and Prohibition of Discrimination

We make sure that all our members are equally given opportunities in terms of employment, compensation, education, and work. We do not discriminate on the grounds of gender, academic credentials, race, religion, nationality, region of birth, age, social status, political orientation, disability,



gender identity, and any other reasons.

### **3. Ban on Child Labor**

We comply with the laws of the nations and regions where we operate and do not hire children or adolescents aged 15 or below. In case we hire adolescent workers under 18 years of age, we make sure that, under any circumstances, their work does not put their health and safety at risk, and they do not work overtime or do the night shift.

### **4. Ban on Forced Labor**

We do not force employees to work against their free will such as slavery, human trafficking, and bonded labor which can mentally·physically restrain them. No one shall not be requested to transfer his/her identification card, passport, or work permit on account of employment.

### **5. Freedom of Association**

We guarantee the freedom of association and the rights to collective bargaining in accordance with the laws of the nations and regions where we operate. No one shall receive any disadvantage for organizing, joining a labor union, or doing related activities. We also make sure that each business site operates regular and occasional labor-management council meetings to build an effective communication system between the labor and management.

### **6. Recruitment**

We ensure fairness and transparency when we recruit employees based on the ideal talent type we seek for. To this end, we introduce AI interviews and a blind interview system so that there is no discrimination on age or gender along our recruitment processes. To provide more opportunities for minority groups, such as the socially vulnerable or national veterans and their families, we implement an additional point system or introduce separate employment processes.

### **7. Pay**

We make sure that the wages of all of our employees exceed the minimum wages set by the laws and regulations of each nation and region where we operate.

## 8. Working Hours

Concerning regular and overtime working hours, we abide by the laws and regulations of the nations and regions where we operate. We do not coerce employees to work exceeding the working hours stipulated by the laws and regulations and provide fair compensation for the work they provide.

## 9. Work Environment

We put in place the following flexible working system that enables employees to schedule their work and manage their time in a flexible and efficient manner.

To support our employees' work-life balance and raise their work satisfaction, we adopt the PC-OFF system. If there is an unavoidable need to work overtime, it is allowed only when an alternative work schedule is applied and approved.

Furthermore, we encourage our employees to use parental leave or work shorter hours for childcare to relieve their burden regarding childbirth or childcare. We also guarantee shorter working hours for pregnant employees at a very early or end of pregnancy stage. We ensure that an employee who uses childcare leave returns to their original department, and there is no form of disadvantage when they return.

### ① Alternative Work Schedules

If our employees need to work more than 40 hours a week, they submit flex-time work plans in advance. Overtime working hours are allocated to other workdays to ensure that our employees work an average of 40 hours a week.

### ② Flex-time Work

If commuting time needs to be adjusted for reasons such as childcare for children under the age of 8, our employees can selectively\* apply for and use the flex-time work system according to the procedure.

\* Flex-time work options: ① 7 A.M.~ 4 P.M. ② 10 A.M.~ 7 P.M. ③ 1 P.M. ~ 10 P.M.

## 10. Talent Nurturing

To nurture global leaders, we provide various educational programs, such as group training by position or self-development program by job, and support our employees in building their job capacity and skills. Newly-hired employees are continuously provided with programs to help them settle into the company, such as a three-week group training, the 2nd and 3rd-year training, and mentor designation.

All our employees are required to establish a self-development plan to strengthen their competencies every year. We support them as they choose and initiate their learning curriculum. We fully provide

financial grants for the training costs needed for job competency improvement and certificate acquisitions of specific jobs.

### **11. Evaluation and Satisfaction Survey**

We ensure fairness and rationality in performance evaluation to raise our employees' morale and help them manage their performance. The results of the evaluation are reflected in their compensation and promotion. At the beginning of each year, employees set up their KPIs and receive interim and final evaluation. Self-evaluation, interviews with the evaluators, and satisfaction surveys on evaluation feedback are conducted as part of the evaluation process.

### **12. Human Rights Violations Reporting and Redress Process for the Violations**

In the event of a human rights violation, anyone can report it through the internal reporting process to the Kumho Petrochemical Online Reporting Center (Online Friends\*) website and the department in charge. In compliance with our principles of protecting informants, we take measures to prevent any disadvantage and guarantee the anonymity of the informants. Human rights violations encompass sexual harassment, sexual assault, sexual violence, sexual discrimination, forced labor, child labor, workplace harassment, and other misconducts between employees and business associates. Upon receiving a report, we take the required action swiftly according to the legitimate procedure stipulated by the regulations. We accept a zero-tolerance policy against all forms of human rights abuses.

\* Online Friends Website for Reporting: <https://justice.kkpcgroup.com/app/ethicsReportInfo>

# Code of Ethics

Effective Date: June 29, 2021

Last Updated: June 16, 2022

Kumho Petrochemical sticks to the basics and principles, always fulfilling our responsibility for the company and society in the interest of customers, shareholders, employees, humanity, and the environment. Keeping business ethics at our heart, we put ethical management into action, thereby unleashing value beyond the best. To this end, we have built the following code of ethics that presents a set of standards for our employees to uphold in their behaviors or value judgment.

## **Chapter 1. General Provisions**

### **1. Subject of Application**

Kumho Petrochemical employees should act according to this Code of Ethics when interacting with all our stakeholders, including customers, shareholders, partner companies, employees, local communities, and the government.

### **2. Employee Obligations**

- ① All employees understand their role in performing their duties and comply with laws and regulations, the Code of Ethics, and related regulations and guidelines. In the case of violation, the person will face disciplinary action in accordance with the associated regulations and procedures.
- ② All employees promptly report to the upper-level manager and the department in charge of ethical management in accordance with the regulated procedures if they or others have violated or are forced to violate the Code of Ethics.
- ③ All employees are aware that they are not exempted for not knowing the Code of Ethics or related regulations. Employees contact the upper-level manager or the department in charge of ethical management when they have any questions or concerns about violations.

## **Chapter 2. Ethics for Customers and Partner Companies**

### **3. Customer Respect**

- ① We prioritize customer satisfaction and respect customers' opinions with trust and sincerity.

- ② We safeguard customer information with the same duty of care as company assets and never leak or use it for other purposes without the customer's prior approval.

#### **4. Customer Value Creation**

- ① We generate differentiated ideas that deviate from standard procedures and success guidelines.
- ② We provide high-quality products and services in a timely manner and always keep our promises to our customers.

#### **5. Fair Trade**

- ① All trades are fairly made on an equal footing, and we thoroughly discuss the conditions and process of the transaction. Changes are not made unless there are justifiable reasons.
- ② When a new company starts a business with us, we select and register the supplier based on the fair evaluation criteria to give equitable opportunities.
- ③ We do not make unfair requests using a superior position to partner companies and do not take any unjust money or benefits. When unavoidably receiving money or benefits, we report it to the department in charge of ethical management.
- ④ Fair compensation is given if Kumho Petrochemical has caused damage to a partner company due to its negligence.
- ⑤ Employees do not impose burdens on stakeholders, including customers and partner companies, for personal reasons or the events of congratulations or condolences.
- ⑥ We regularly collect opinions from partner companies and incorporate them into our operations.
- ⑦ We do not engage in unfair practices that are prohibited by laws related to fair trade.
- ⑧ We comply with international norms and related marketing and product labeling laws and do not use phrases that may confuse customers.

#### **6. Pursuit of Fair Competition**

We raise fairness and reliability of trades, such as anti-corruption and fair competition, thereby contributing to developing a fair society while striving to break non-competitive practices.

#### **7. Pursuit of Shared Growth**

All employees strive to transfer their know-how to the extent possible so that suppliers can grow with us.

### **Chapter 3. Ethics for Shareholders**

#### **8. Protection of Interests and Guarantee of Rights**

- ① All employees do their best to increase shareholder value by maximizing profits.
- ② Regarding the decision-making, execution process, and financial status of the corporate management, we handle it fairly and transparently under related laws and common accounting standards.
- ③ We faithfully disclose company information to shareholders, respecting their right to be aware of corporate management information.

### **Chapter 4. Ethics for Employees**

#### **9. Respect for Employees**

- ① We respect human dignity and strive to promote diversity.
- ② We strive to establish sound labor-management relations.
- ③ We strive to create a dream workplace that provides our employees with a safe and comfortable work environment, improves their quality of life, and harmonizes work and family.

#### **10. Fair Treatment**

- ① We do not discriminate based on irrational reasons such as gender, educational background, age, religion, and hometown in hiring, promotion, compensation, and education.
- ② We provide equal opportunities and create evaluation standards for fair treatment and compensation, raising motivation for achievements.

#### **11. Talent Development**

We foster talent by assigning jobs to employees in consideration of their hopes, aptitudes, and abilities through continuous education and training.

#### **12. Basic Ethics of Employees**

- ① Having a sense of pride and self-esteem as members of the company, all employees maintain the company's honor and individual dignity and behave well to receive respect and trust from customers and partner companies.
- ② Employees keep basic courtesy and strive to create a mutual respect and consideration culture.
- ③ Employees do not give unfair work orders, verbal abuse, assault, fraud, sexual harassment, or workplace harassment, nor do they engage in inappropriate behaviors, such as drinking, gambling, and speculative acts within business sites.

- ④ Employees do not exchange money, stand joint surety, or receive gifts. However, in the event of congratulations and condolences, money gifts for these events are excluded from the acceptable range by social norms.

### **13. Fulfillment of Duties**

- ① Employees compete fairly using their competency in and outside the company, and complete their assigned tasks with an enthusiastic attitude and creative thinking.
- ② Employees raise their work performance and efficiency to the highest level through active collaboration and smooth communication with co-workers and other departments.
- ③ Employees make efforts to become talents that the company requires through consistent self-development and upright values.

### **14. Fair Job Performance**

- ① Employees carry out all duties accurately and honestly and do not intentionally fabricate documents and figures or report falsely.
- ② Employees accurately recognize their authority and responsibility and perform their duties. Accordingly, we take responsibility for the results.

### **15. Avoiding Conflicts of Interest**

- ① Employees should not conduct transactions with a company in their name or those with stakes. However, it is excluded upon prior approval from the company.
- ② Employees do not engage in or invest in the management of companies that directly or indirectly make trades with the company without prior reporting and approval from the company.
- ③ Employees do not unfairly receive assets, money, or other benefits from stakeholders or engage in mutual lending during business.

### **16. Protection and Security of Company Assets**

- ① Employees only use the company's tangible and intangible assets for business activities and approved purposes.
- ② Employees do not use the company's property, office items, materials, and others for personal purposes.
- ③ Employees must actively protect and keep confidential all information about business stakeholders, such as customers and partner companies, acquired while performing duties by security management regulations and must keep it confidential even after leaving the

company.

- ④ Employees do not disclose material information about the company that may affect the stock price or investors' decision-making without prior approval of the company or use it for personal gain such as stock investment.
- ⑤ Employees make the utmost effort to prevent the leakage of the company information when using computers or various devices.

## **Chapter 5. Ethics for the Country and Society**

### **17. Reasonable Business Operation**

We respect social values, trade customs, and order while creating social wealth through sound business activities.

### **18. Contribution to Social Development**

- ① We contribute to national development by creating jobs, faithfully paying taxes, and actively caring for the socially disadvantaged.
- ② We actively listen to reasonable requirements of all walks of life and local residents and strive to resolve them.

### **19. Prohibition of Involvement in Political Activities**

We do not support or sponsor certain political parties or politicians and do not force employees to support them. However, we can express the stance on making policies or legislation in connection to the management and interests of the company.

### **20. Environment and Safety**

- ① We comply with laws and international conventions related to the environment and strive to prevent the environment from being destroyed, polluted, or damaged due to business activities.
- ② We secure and operate the pollution prevention facilities and personnel necessary to prevent environmental pollution.
- ③ We strictly comply with relevant laws and standards to safely operate the business and make every effort to prevent hazards that deter safety in advance.
- ④ We organize our workplace surroundings to create a pleasant and safe working environment.



## **Chapter 6. Ethical Management Operation**

### **21. Responsible Organization**

- ① Executives in charge of ethical management comprehensively control and supervise the establishment and execution of Guideline for Ethical Management on behalf of the management.
- ② The organization in charge of ethical management practices overall ethical management tasks, such as planning, adjusting, operating, and supervising the ethical management system.

### **22. Ethical Management Education and Evaluation**

Executives in charge of ethical management find ways to establish a system where employees can do business reasonably and prepare necessary measures, such as education, guidance, and evaluation of ethical management.

### **23. Enforcement**

Employees comply with the Code of Ethics and Guideline for Ethical Management. In case of violation, disciplinary action will be taken in accordance with related laws and internal regulations.

## Guideline for Ethical Management

### Chapter 1. General Provisions

#### 1. Subject of Application

This regulation applies to all employees of Kumho Petrochemical.

#### 2. Policy

The guidelines aim to set criteria for decision-making and behavior in the face of ethical conflict that may occur during business.

#### 3. Ethical Decision-making and Behavior Principle

Employees decide and act according to the following questions when performing their duties.

- ① How are these decisions viewed by others, both internally and externally?
- ② Can I accept accountability for this decision?
- ③ Is this decision consistent with relevant laws and the company's Code of Ethics?

#### 4. Definition of Terms

- ① Money and valuables, etc.:
  - A. All financial benefits, including money, securities, real estate, goods, accommodation, membership, admission, discount, invitation, ticket, the right to use real estate, etc.
  - B. Provisions of entertainment, such as food, alcohol, golf, or conveniences, such as transportation or accommodation
  - C. Other tangible or intangible economic benefits, including debt relief, job offers, or granting of interests
- ② Interested party: a person who is not the person directly involved in a specific act or legal act but whose rights or interests are affected by the act (Affinity relatives within the fourth degree of relationship of the person or his/her spouse)
- ③ Stakeholder: individuals or groups (customers, employees, shareholders, partner companies, local communities, countries, etc.) whose rights or interests may be directly or indirectly affected due to their work performance
- ④ Embezzlement: an act of stealing company property and making it their own
- ⑤ Sexual harassment: an act of bringing others sexual humiliation and aversion, including sexual comments or conducts, or acts of giving disadvantage in employment for not accepting sexual

comments or conducts

- ⑥ Personal information: information about a living individual that can recognize an individual through name, resident registration number, video, and many more (including information that can easily be combined with other items to identify a specific person even if the information alone cannot)
- ⑦ Workplace harassment: an act of a user or worker taking advantage of their position or relationship at work to cause physical or mental pain to other workers or worsen the work environment beyond the proper scope of work

## **Chapter 2. Guidelines**

### **5. Prohibition of Giving or Receiving Money and Valuables, etc.**

- ① Receiving or giving money and valuables from stakeholders or engaging in monetary transactions (including loans, assurances, collateral, etc.) is prohibited. However, receiving or giving money within the range recognized by social norms in the event of congratulations and condolences, or gifts or conveniences provided to unspecified individuals at a general level are excluded.
- ② When a stakeholder gives money or valuables, employees politely refuse it, and if employees have unavoidably accepted it, employees should report it to the department in charge of ethical management.
- ③ The department in charge of ethical management prepares and operates a system for handling returned money and valuables.
- ④ Employees do not inform congratulations or condolences of oneself or colleagues to stakeholders. However, the notice through the corporate intranet is excluded.

### **6. Prohibition of Giving or Receiving Favors**

Employees do not accept or provide favors from or for stakeholders. However, if it is unavoidable to work within the scope permitted by social norms, executives must obtain approval from the representative director and employees below executives from their executives.

### **7. Avoidance of Trade with Retirees Having a Conflict of Interest or Fraudulent History**

- ① Under our employees' or an interested party's name, trades with companies should not be executed except when trading is approved after prior notification to the department in charge of ethical management and goes through the same reasonable process as the trade conditions with other stakeholders.

- ② Employees do not jointly invest or acquire property with stakeholders. However, cases of obtaining approval by making prior notification to the department in charge of ethical management are excluded.
- ③ In case of being aware that an employee's relative is a company stakeholder, employees notify the department in charge of ethical management. If it is related to the job employees perform, employees avoid conflicts of interest by taking measures such as transferring job positions.
- ④ Transactions with those who have retired due to unjust acts while in office are prohibited.

### **8. Prohibition of Private Use of Undisclosed Information**

Trading profitable rights, including stock trading, by using undisclosed information acquired during employment is prohibited. Providing related advice or taking any actions that make an impact is also forbidden.

### **9. Prohibition of Concurrent Employment in Other Companies**

Executives and employees shall not take a concurrent position at a different company, except in cases where approval is obtained by the department in charge of ethical management after prior notification.

### **10. External Lecturing**

In the case of lecturing outside the company, approval is necessary by prior notification to the department in charge of ethical management.

### **11. Prohibition of Assets or Information Leakage**

- ① Embezzlement or appropriation of company funds, leakage of company properties, or usage of the properties for other purposes, which cause loss of company assets, are prohibited.
- ② Company information and trade secrets should not be leaked or provided internally or externally without prior approval.

### **12. Transparent Business Expense Management**

Expenses directly related to work are treated transparently and should not be treated as an expense account for unappropriated purposes based on arbitrary judgment just because expenses occurred during task performance (or in the near time).

### **13. Prohibition of Negligence or Delinquency of Duties**

Acts that may cause damage to the company by failing to fulfill their responsibilities, such as negligence in work, poor attendance, negligence in management supervision, unreasonable work handling, acts of excess of authority, etc., are prohibited.

### **14. Prevention of Money Laundering**

It is prohibited to make illegal money related to slush funds, crime, tax evasion, and bribery to appear to have come from a legitimate source in various ways, making it difficult to trace the source of money.

### **15. Prohibition of Unfair Acts Among Employees, Including Sexual Harassment or Workplace Harassment**

It is forbidden to discriminate among employees or give unjust task orders, use abusive language, assault, sexual harassment, or workplace harassment shall be prohibited, and engagement in inappropriate behaviors such as drinking, gambling, and speculative behavior within the workplace.

### **16. Maintenance of Dignity and Prohibition of Defamation of Others**

- ① Employees keep in mind that every word and behavior represents our company and do their best to protect the company's trust and reputation.
- ② Employees do not harm the company's dignity with vulgar words, actions, or attire.

### **17. Prohibited Use of Illegal Software**

Employees are prohibited from using illegal software.

### **18. No-smoking**

Employees comply with the regulations for smoking cessation to maintain a pleasant environment in all workplaces.

## **Chapter 3. Guidance in Case of Violation of the Code**

### **19. Duty to Report**

Employees who become aware of violations of the Code of Ethics report it to the department in charge of ethical management.

## 20. Protection of Informant

- ① The company maintains the confidentiality of the person reporting the violation and actively protects the reporter from any disadvantage.
- ② If the violation reporter requests a department transfer or position change to avoid inconvenience or disadvantage due to the report, the company accepts it as much as possible.
- ③ If the report is related to the reporter, employees may alleviate or be exempt from disciplinary actions against the reporter.

## 21. Disciplinary Measures and Rewards

- ① In the event of a violation of the Code of Ethics, the department responsible for ethical management promptly investigates the circumstances, reports it to the CEO, and may suggest disciplinary measures and personnel transfer for the violators.
- ② Employees may provide rewards or appropriate compensation to our employees who have contributed significantly to achieving the goal of the Code of Ethics.

## Chapter 4. Leader's Role

### 22. Leader's Role

- ① Leaders set an example by their actions, not by words.
- ② Leaders ensure employees fully understand that ethical behavior is more significant than good business results.
- ③ Leaders create an open environment where all employees can freely express their opinions.

# Sustainable Procurement Policy

Effective Date: June 16, 2022

Last Updated: June 21, 2023

Kumho Petrochemical, in pursuit of the corporate vision of 'Solution Partner Creating Our Common Future with Value Beyond Chemistry,' complies with international standards and norms and leads the culture of transparent and fair trade based on the win-win partnership philosophy. The responsible department observes the basics and principles with a sense of responsibility for society and the company, striving to realize sustainable procurement by establishing a supply chain management system.

## Guideline for Sustainable Procurement

### 1. Sustainable Procurement

In terms of the entire procurement activities concerning the purchase of raw materials, sub-materials, packaging materials, outsourcing, materials for partial processing, fuels, and parts, we comply with the following guideline with an aim to fulfill our social responsibilities throughout the supply chain sectors.

- ① When making any purchase, we thoroughly consider the sustainability of non-financial values, such as the environment, safety, labor/human rights, and corporate ethics of the supply chain.
- ② We also strive to secure stable sources considering the sustainability and competitiveness of the suppliers from an economic perspective.
- ③ We provide training and various supportive policy programs for mutual growth and capacity building of key suppliers.

### 2. Supply Chain Assessment and Management

We build a healthy supply chain ecosystem with continuous inspections and improvements to the supply chain. When selecting key suppliers and partners, we conduct a comprehensive financial and non-financial review, including self-assessment and evaluation by external credit rating agencies. The evaluation results are considered in the major assessment of price competitiveness, quality, and delivery of the supplier, and all matters related to safety and health information, including the safety and hazards of purchased goods, are reviewed and assessed in consultation with relevant departments.

After selecting key suppliers and partner companies, we consistently manage sustainability-related issues by monitoring indicators on the violations of environmental/social laws, delays of payment, and many more.

Intending to efficiently manage the ESG risks of key suppliers and partner companies, purchasing department conducts its own ESG assessment of suppliers annually. In the ESG assessment of suppliers, the following items are comprehensively evaluated.

- ① Corporate operation (strategic plan, operation plan, supplier management capability, resource management)
- ② Business ethics (anti-corruption, protection of reporters)
- ③ Labor/human rights (child labor, protection of workers who are subject to protection, forced labor, humane treatment, grievance-handling, non-discrimination, work hours, wages and welfare, guarantee of freedom of association)
- ④ Environment, Health and Safety (health and safety)
- ⑤ Purchasing management
- ⑥ Quality management (quality roadmap, capability for problem-solving in quality management, product data management)
- ⑦ Production management (production system, cost reduction)

We check the ESG risks of the supply chain by conducting a practical ESG risk assessment of suppliers. For the suppliers regarded as relatively inadequate, we prepare and provide support policies for improvement, if necessary.

### 3. Purchasing Ethics

We practice fair trade and promote transparent and reasonable transactions under the Fair Trade 4 Principle; appropriate contract-signing, fair selection of suppliers, operation of Internal Deliberation Committee, Issuance and Preservation of the Written Document.

- ① In bidding transactions, we provide fair opportunities for all suppliers to participate in the bidding under the standards and procedures specified in the internal regulations.
- ② We thoroughly discuss trade terms and procedures on an equal footing with all suppliers and partners.
- ③ We do not engage in unfair trade practices prohibited by laws and regulations.



- ④ We do not make unfair requests or take unjust solicitation using the superior position.
- ⑤ We compensate reasonably and fairly in case of damage to the trade relationship.
- ⑥ We do not leak or utilize technology or sensitive information from suppliers without their consent.
- ⑦ We do not use conflict minerals (tin, tantalum, tungsten, and gold) produced in conflict zones. We secure and manage certificates that prove they are not produced in conflict zones if we purchase raw materials containing conflict minerals.
- ⑧ We require all suppliers and business partners to sign our 'Supplier Code of Conduct' at the time of contract signing. We also share and implement the sustainable direction and strategies we pursue with the suppliers and partner companies.

# Supplier Code of Conduct

Effective Date: November 09, 2020

Last Updated: June 16, 2022

Kumho Petrochemical strives for sustainable corporate development and social responsibility. To this end, we make efforts to be faithful to the basics and principles based on responsibility for society and the company. We put environmental safety and corporate ethics first, keeping them as our core values. In addition, we provide guidelines for the Fair Trade 4 Principle to become a company aiming for fair trade and growing together with our suppliers. We drafted and signed the following Code of Conduct based on international standards, norms, and laws, looking forward to practicing these social responsibilities with our suppliers. We pursue sustainable procurement based on mutual efforts to comply with the following items and capitalize on this effort to grow with our suppliers.

## 1. Environment and Safety

- ① Comply with environmental management regulations in the entire manufacturing process and encourage establishing an eco-friendly method.
- ② Create a safe working environment by continuously improving facilities and preventing accidents.
- ③ Comply with domestic and foreign laws and agreements related to Environment, Health and Safety (EHS) and strive to secure related certifications.
- ④ Make efforts in the mid-to-long term for energy efficiency, climate protection, and waste reduction.
- ⑤ Make efforts to minimize the negative impact on the environment of the local communities.

## 2. Labor and Human Rights

- ① Support protecting internationally proclaimed human rights and not forcing workers to work against their free will. (Prohibition of human trafficking and forced labor).
- ② Prohibit the employment of children under the legal minimum age for employment eligibility. (Prohibition of child labor).
- ③ Do not harass or discriminate based on gender, school, religion, physical disability, or other reasons.
- ④ Comply with the labor and human rights laws regarding maximum working hours, minimum

wage, working conditions, and freedom of association.

- ⑤ Do not use conflict zone minerals as our raw materials and actively collaborate with related due diligence.

### **3. Ethics and Anti-corruption**

- ① Treat the entire trade parties equally and provide them equal and fair opportunities.
- ② Maintain integrity in trade relationships and strictly prohibit providing gifts, money or valuables, financial benefits, or other financial convenience.
- ③ Do not take advantage of our superior position, and do not blackmail, embezzle, solicit, or demand unreasonable compensation.
- ④ Comply with anti-corruption standards under laws and prohibit all other illegal and unethical acts.
- ⑤ Do not leak, store, or use trade secrets, corporate information, or personal information acquired during trade without prior approval.

# Tax Strategy

Effective Date: June 16, 2022

Last Updated: June 21, 2023

As a strategy for fulfilling our tax obligations, cooperating with tax authorities, managing tax risks, and compliance with global agreements, Kumho Petrochemical transparently communicates with stakeholders and follows the items below to fulfill our social responsibilities.

## 1. Fulfillment of Tax Obligations

Kumho Petrochemical fulfills our duty of faithful tax reporting and payment in accordance with tax-related laws and regulations in each country where our domestic and overseas operations are located, and we do not engage in transactions without commercial substance to evade tax obligations.

## 2. Cooperation with Tax Authorities

We cooperate with the tax authorities in a transparent and honest manner. Upon any request from the tax authorities, we provide relevant information in a timely manner while we endeavor to fully communicate and understand any differences of opinion with the tax authorities.

## 3. Tax Risk Management

We identify, review, and manage tax issues that may arise during business activities at an early stage. To reduce tax risks, we manage the occurrence of risks through periodic monitoring activities and transparently disclose tax information for shareholders and society in accordance with reporting standards.

If necessary, we address issues by cooperating with external experts and communicating with the tax authorities. In addition, we recognize the enactment and revision of domestic and foreign tax laws in a timely manner while actively responding to issues and risks that may arise from them.

## 4. Compliance with Global Consensus

We do not engage in transactions or contracts to transfer income between countries and do not utilize tax havens to shift income to a lower tax jurisdiction by taking advantage of differences in tax laws, regimes, and treaties. In related-party transactions, tax adjustments are made based on the regular price calculated by a reasonable method that is or is deemed to be applicable in ordinary transactions. Using

this tax structure, we recognize and pay the appropriate tax amount for each jurisdiction we are incorporated.

This policy was established and approved by the ESG Committee within the BOD of Kumho Petrochemical. If there is any change, the revision will be made following the approval of the ESG Committee.

# Board Composition Policy

Effective Date: June 16, 2022

Last Updated: June 21, 2023

The Board of Directors (BOD) of Kumho Petrochemical creates corporate and stakeholder value to enhance corporate value, contributes to the company's sustainable growth, determines management goals and strategies, and effectively performs core decision-making and supervision functions.

The BOD decides on important management matters regarding the basic principle of management, financial issues, such as acquisition/disposition of significant investments and assets, appointment/dismissal, and duties of directors, matters that are delegated by the board meeting or general shareholders' meeting, and other matters that are stipulated by laws and the Articles of Incorporation. The entire decision-making of the BOD aims to maximize corporate value from a continuous and long-term perspective. To this end, the composition of BOD intends to make decisions and supervise the management efficiently. Directors are appointed through a transparent process that reflects broad stakeholder input.

## 1. Diversity

Kumho Petrochemical considers diversity in the composition of the BOD so that the BOD can make fair decisions based on diverse perspectives and experiences, taking account of the interests of multiple stakeholders. Accordingly, we shall not discriminate on gender, nationality, age, religion, race, and other factors in the composition of the BOD and the process of appointing directors. We go through transparent and fair appointment procedures to secure the diversity of BOD composition by considering the expertise and competence of directors in each field.

We consider the following factors to compose a diverse BOD so that rational decisions can be made based on a wide range of perspectives.

- ① Multicultural: Identifying director candidates from different nationalities or cultural backgrounds to build globally advanced governance
- ② Age: Enhancing the BOD effectiveness by aligning experience with flexible responses to changes in the business environment

- ③ Gender: Appointing at least one female director on the board ensures that the BOD operates based on diverse perspectives
- ④ Experience and background: Consider the characteristics of the petrochemical industry and Korean society, but do not favor any particular group of people
- ⑤ Consider diversity from other inclusive perspectives

## 2. Expertise

We compose the BOD with directors with expertise and responsibilities in various areas, such as knowledge and experience, that can substantially contribute to corporate management. Thus, we nominate director candidates with experience and expertise in multiple fields, such as finance and accounting, law, ESG, understanding of the industry, and corporate operation from the nomination stage, aiming to enhance the professionalism of the BOD and reinforce the management supervision function at the same time. If necessary, we provide consultation with external experts and training to actively support the BOD in making expertise-based decisions.

We consider the following factors to compose the BOD with directors with expertise to make rational decisions based on professional knowledge.

- ① Required Expertise (5 areas): Industry, Leadership, Finance/Accounting/Risk, Legal/Policy/Compliance, ESG
- ② Specialties (4 areas): Environment/Safety/Health, R&D, Strategy/M&A, International Relations
- ③ Registered director experience: Understanding of director duties

## 3. Independence

In order to make the BOD perform an independent role apart from the management and controlling shareholders, we apply the Commercial Act or reflect them in a stringent manner by maintaining the ratio of independent directors above 50% of the total directors. With an aim to keep independence in decision-making, the Audit Committee, Independent Director Nomination Committee, Related Party Transaction Committee, and Compensation Committee, which are within the BOD, are entirely composed of independent directors to collect opinions of independent directors proactively.

Starting from the candidate nomination stage, we fairly verify whether the candidates for independent directors meet the qualifications outlined in the relevant laws and regulations, whether there are no direct contractual or transactional relationships with the company and related parties, and whether there are no interests that impair independence with affiliates, consolidated parent companies, or the same persons controlling the corporate group, and whether they are in line with the interests of shareholders, etc. and we consider the candidate's expertise. Then, we finally decide if the candidate is fit for the company through the Independent Director Nomination Committee. Related information shall be disclosed

through the DART (Data Analysis, Retrieval, and Transfer System) as well as the company homepage so that shareholders can have sufficient information on director candidates.

- ① Independent director candidates shall fulfill the requirements of Article 382 (3) and Article 542 (8) (2) of the Commercial Act.
- ② Independent director candidates shall be able to independently participate in determining important management matters of the company and supervise and support management as a BOD member.
- ③ Independent director candidates are deemed independent of the company if he/she does not have any disqualification under the Commercial Act and meet the requirements of each of the following items. However, the Independent Director Nomination Committee shall receive and review as much data as possible to determine whether the independent director candidate can secure independence from the company in addition to the reasons for disqualification under the Commercial Act and the requirements of the following items and the Board Secretariat shall assist in this regard.
  - (1) The candidate has not been an executive officer of the company or an affiliates within the last five years.
  - (2) The candidate's descendant/non-descendant or spouse has not been an executive of the company or its affiliates within the last three years.
  - (3) The candidate or his/her descendant/non-descendant or spouse has not received more than \$100 million in compensation from the company or any of its affiliates within the last three years.
  - (4) The candidate has not been an employee of the company's external auditor within the last three years.
  - (5) The candidate is not an advisor or consultant to the company or its management.
  - (6) The candidate is not serving as a director, executive officer, or auditor of more than two other companies outside the company.



# Reporting Policy

Effective Date: June 21, 2023

Kumho Petrochemical considers the valuable words of reporters to be the cornerstone of transparency management.

We make every effort to ensure that all stakeholders directly or indirectly related to the company, such as competitors, customers, and suppliers, partners, shareholders, and investors, as well as our employees, do not suffer any disadvantages due to reporting.

All reporters are guaranteed complete anonymity and can report through various channels, including online, telephone, fax, and in person. We disclose the report handling process transparently to the reporter, and the reporter can further exchange opinions and inquire about the report's handling.

\* This policy is based on the Reporting Management Regulation.

## 1. Purpose and Scope

We respect all reports collected from all stakeholders, including employees, competitors, customers and suppliers, partners, shareholders, and investors who are directly or indirectly related to the company, and stakeholders, including reporters, can find out about the procedure for reporting, prompt and fair investigation and handling, protection of whistleblowers, and investigation procedures and handling through Kumho Petrochemical's 'Reporting Policy.'

## 2. Exceptions to Application

- ① Disseminating the contents of a report to an external organization for personal gain without the intention of improving the work internally
- ② Making a report that is not based on facts and is fabricated in whole or in substantial part out of malice (Malicious false reporting)
- ③ Reporting information about employees' personal lives entirely unrelated to the company and its business activities. (However, unethical behavior between employees, such as affairs, assault, gambling, and fraud, is subject to reporting)
- ④ Making a report that is 'ineligible for investigation'; it lacks sufficient specificity to make it difficult to initiate an investigation or because the officer in charge of the Reporting Office determines that the benefits of an investigation would be substantially diminished.
- ⑤ Reporting in cases where the officer in charge of the Reporting Office judges that the act is inappropriate to be reported under the Reporting Management Regulation, even if there is a

specificity of the report and an interest in the investigation.

### 3. Reporting Obligations

All executives and employees of Kumho Petrochemical shall, in the performance of their duties, report and disclose any illegal acts or unethical acts stipulated in the following Article 4, Subjects of Reporting, if they are forced to perform such acts, and if they become aware of any illegal acts or unethical acts of others, including all stakeholders other than themselves, to the Reporting Office in accordance with the provisions of this Policy.

### 4. Subjects of Reporting

- ① Receiving money, entertainment, hospitality, etc., by executives and employees (including those from stakeholders)
  - \* However, only if it exceeds the 'socially acceptable level.'
- ② Employees' embezzlement, misappropriation, theft, racketeering, and extortion of company assets, including public funds (including the use of undisclosed information)
- ③ Providing preferential treatment to vendors and making equity investments by employees
- ④ Leaking company information and poaching employees
- ⑤ Disruptive behavior in the workplace
- ⑥ Accounting manipulations such as fraudulent accounting
- ⑦ Unfair trade and other discriminatory practices, such as price fixing, violations of subcontracting laws involving suppliers, etc.
- ⑧ Sexual violence and discrimination
- ⑨ Improvements to unreasonable practices and working inefficiency
- ⑩ Behavior that undermines a healthy corporate culture, such as unfair business practices, illegal work-related instructions from supervisors, etc.
- ⑪ Any other violation of the company's rules and regulations or Code of Ethics
- ⑫ Other acts equivalent to those specified in paragraph 1 or 11 above

### 5. Reporting Method

- ① Where to report: Kumho Petrochemical Group Reporting Center
- ② Reporting channels

\* A report can be filed in any manner convenient to the reporter, such as through the Kumho Petrochemical Group Online Reporting Center (homepage), telephone, fax, e-mail, or in person. (For details of the reporting channels, please refer to the online reporting office website [justice.kkpcgroup.com](http://justice.kkpcgroup.com))

- ③ How to file a report
  - Real-name reporting: Specify the personal information of the reporter and subjected employee, and submit the report details and related evidence by the six-point rule
  - Anonymous reporting: A report can be filed anonymously if the reporter does not want to be identified
  - In cases of urgency, such as fraud that is already in progress at the time of the report, a statement of fact without evidence is sufficient

## 6. Receipt or Report and Investigation

- ① When receiving a report through a method other than telephone, the person in charge of the Reporting Center shall inform the reporter that the report has been received, except in cases where it is difficult to identify the reporter, such as anonymous reports. However, the Online Reporting Center automatically sends a notification text to the reporter when receiving a real-name report. In the case of an anonymous report, the anonymous reporter can be informed that the report has been received separately through the comment function in the report case.
- ② The person in charge of the Reporting Center will assign an investigator to each report and may assign multiple investigators depending on the case.
- ③ The designated investigator shall verify the report, determine the basic facts, and report to the person in charge of the Reporting Center.
- ④ The person in charge of the Reporting Center shall report that the report has been received and whether initiate an investigation to the designated executive in charge of the Reporting Center for approval, and the designated executive shall determine whether to initiate an investigation by checking whether Paragraph 2, "Exceptions to Application" and Paragraph 4, "Subjects of Report" apply.
- ⑤ If circumstances prevent an immediate investigation when the report has been received, the start of the investigation may be unavoidably postponed with the approval of the designated executive in the Reporting Center when reporting the report.

## 7. Withdrawing a Report

- ① In accordance with the principle of respect for the reporter's intention, the reporter may withdraw the report before the investigation is concluded.
- ② If the reporter withdraws the report, the Reporting Center shall delete the reporter's personal information in accordance with relevant laws and regulations such as the Personal Information Protection Act.
- ③ However, if it is determined that the contents of the report are in line with the interests of the company and need to be utilized for auditing, or if it is determined that the illegal acts that

are the contents of the report are likely to be true, the entire contents of the report, including the reporter's personal information, may be kept and utilized. However, per the relevant laws and regulations, the reporter's personal information shall be deleted upon the arrival of the legal disposal time.

## 8. Obligation to Cooperate

- ① If the Reporting Center needs to verify the facts during the investigation of a report and requests relevant parties, such as the subject, the subject's related organization, etc., to submit relevant materials, interview, or call, the relevant party receiving the request shall not refuse without justifiable reasons.
- ② If it is found that a person interferes with the investigation of a report without a justifiable reason or interferes with the investigation, such as delaying the submission of materials requested by the Reporting Center or deliberately avoiding interviews and summonses, he/she shall be requested to refer to the HR Team to the Personnel Committee in accordance with this policy and the regulations on the personnel management and be subjected to corresponding disciplinary action.

## 9. Confidentiality and Privacy

The company shall protect the confidentiality of all stakeholders, including internal executives and employees, regarding the report's contents and the reporter's details.

- ① Security  
The reporter and the contents of the report shall be strictly confidential, and the reporting system shall be protected by a secure security system that does not expose the informant.
- ② Prohibition of disclosing the identity of the reporter  
Any employee who becomes aware of the identity of a reporter during his/her duties or by chance shall not disclose the identity of the reporter.
- ③ Prohibition of searching for the reporter  
The subject of a report or the subject's department and other related departments shall prohibit all activities that may reveal the identity of the reporter, such as inquiries about the reporter's identity to the Reporting Center, investigative activities to identify the reporter, etc.
- ④ Prohibition of disclosing the identity of the reporter by the Reporting Center  
The department that handles the reporting business (reporting office) shall not reveal or imply the identity of the reporter without the reporter's consent.
- ⑤ Protection of cooperators

In addition to the reporter, persons who cooperate with the investigation of the report by making statements, submitting materials, etc., shall also be protected concerning the confidentiality of the reporter and the prohibition of penalizing the reporter.

- ⑥ Discipline for violation of the obligation to protect the identity of the reporter  
The company shall discipline employees of the Reporting Center, HR personnel, and others who are obligated to protect the identity of reporters in connection with their work, as well as general employees, if they violate matters related to "security" or "protection of cooperators.

#### **10. Prohibition on Penalizing Reporters**

- ① The Reporting Center shall take measures to ensure that all stakeholders, including internal executives and employees, do not suffer any disadvantages, such as economic or personnel disadvantages, as a result of the report during business transactions with the company, and no employee of the company shall inflict any disadvantages on the reporter. However, the Personnel Committee may reduce or exempt the disciplinary action extenuating for a voluntary reporter who is at fault.
- ② If the reporter receives any disadvantage as a result of the report from the subject of the report or a related third party or company, the reporter shall immediately notify the Reporting Center.
- ③ If the reporter requests a change of workplace, etc., appropriate measures shall be taken to reflect his/her intention as much as possible to protect his/her identity.
- ④ The company shall protect employees who cooperate with the investigation of the report by making statements, etc., if they have been or may be disadvantaged, as the company does for the reporter.
- ⑤ Anyone who engages in behavior that disadvantages the reporter or investigation cooperator may also be referred to the Personnel Committee for disciplinary action.

#### **11. Matters to be Attended to by Investigator**

In the process of handling the report investigation, the person in charge of the report investigation shall take care not to present or disclose personal opinions such as solutions and measures related to the report, in addition to securing relevant data and verifying facts, to the subject and the subject's team leader or business unit executive before the end of the investigation.

## ESG Investment Principle

Effective Date: May 1, 2023

Kumho Petrochemical is committed to sustainable management by practicing social and environmental values to realize its ESG vision. When making investment decisions, we consider environmental, social, and governance-related issues and impacts to minimize risks and explore opportunities for the benefit of all stakeholders. Kumho Petrochemical will contribute to the sustainable development of the company and society through its commitment to the UN's Principles for Responsible Investment (UN PRI) and the implementation of the UN's Sustainable Development Goals (SDGs).

1. We consider ESG issues when establishing investment policies and processes to protect the rights and interests of all shareholders and investors.
  2. We transparently disclose information on our ESG investment policy and implementation to communicate with stakeholders.
  3. We manage material risks and opportunities related to sustainability, including climate, environment, safety, and health risks, and we continue to identify business strategies for sustainable management.
  4. We comply with government regulations and guidelines related to ESG and continue to implement consistent, independent, and responsible investments.
  5. To manage our business portfolio in accordance with the company's ESG vision, we seek investments that not only increase corporate value and financial performance but also create positive impacts on environmental, social, and governance (ESG).
  6. We support the UN SDGs, emphasize social values, and avoid investment<sup>1)</sup> decisions that negatively impact society and the environment.
  7. We establish ESG Investment Guidelines based on ESG Investment Principle and reflect them in our investment process.
  8. We continuously improve and advance our governance and investment policies and processes by internalizing ESG investments.
- 1) Referring to traditional investment exclusions (investments that violate economic order and good morals, such as meandering industries), investments that act against the dignified survival of humanity, such as the abuse of human rights and poor labor conditions, and investments that directly destroy the environment beyond repair.