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## ENVIRONMENTAL POLICY

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### **Policy Purpose**

SONGWON Industrial Group is committed to conducting environmental impact assessments throughout the entire product lifecycle, from research and development to product disposal. The Group strives to minimize its environmental impact and preserve the environment by complying with domestic and international laws, regulations and other requirements with the aim of reducing the burden on stakeholders and local communities.

### **Scope of Application**

The Environmental Policy applies to all SONGWON Industrial Group executives and employees as well as all stakeholders in the value chain including customers, partners, distribution and logistics companies that maintain business relationships with SONGWON. All SONGWON executives and employees shall perform their business duties in accordance with the policy, except in cases where laws or regulations in each country apply.

### **Scope of Responsibilities**

At SONGWON Industrial Group, the Executive Committee (ECM), which operates under the Board of Directors, reviews major promotion strategies and response measures to environmental issues and manages and supervises their implementation and performance.

In addition, the Sustainability Management Team promotes environmental management activities and implements strategic actions to respond to global climate change.

SONGWON Industrial Group's environmental experts are committed to promoting environmental policies across the value chain and ensuring SONGWON's full compliance with applicable requirements, laws and regulations.

## Environmental Policy Implementation

SONGWON Industrial Group is committed to complying with the following Environmental Policy.

- To achieve zero environmental pollution accidents, SONGWON Industrial Group:
  - a) regularly monitors water withdrawal and water discharge from all its business activities and manages the efficiency of its major water use facilities.
  - b) aims to minimize the impact on biodiversity as part of responsible business conduct and in accordance with sustainable business standards.
  - c) strives to preserve the environment by reducing air and water pollutants through continuous process improvement, regularly monitors major air pollutants (e.g. NO<sub>x</sub>, SO<sub>x</sub>, and TSP) from its operations and continuously inspects, manages and improves emission facilities to ensure that air pollutant levels remain below legal limits.
  - d) conducts regular soil contamination inspections and noise assessments to manage soil quality and noise levels in the working environment at all its sites.
  - e) has implemented a system to proactively identify and mitigate risks that could impact biodiversity near its business sites.
  - f) does not operate any business sites in biodiversity-protected areas.
- To strictly comply with environmental laws and regulations in all countries it does business, SONGWON Industrial Group:
  - a) identifies the chemical substances used or contained in its products during production, provides stakeholders with necessary information e.g, the safety data sheet (SDS). and implements measures that include reducing chemical substance use and managing risks.
  - b) is committed to providing safe products to customers by complying with the chemical regulations in each export country (e.g. EU-REACH, K-REACH etc.).
- To participate in responding to the climate crisis by reducing greenhouse gas (GHG) emissions and improving energy efficiency, SONGWON Industrial Group:
  - a) manages GHG and energy inventories.
  - b) has established a goal to reduce GHG emissions.
  - c) aims to achieve carbon neutrality (Net-Zero) by reducing GHG emissions through energy efficiency, by using new and renewable energy sources and identifying additional GHG emission reduction opportunities.
  - d) manages GHG emissions across its value chain, including the supply chain (Scope 3), in accordance with the GHG protocol.

- To perform Life Cycle Assessments (LCAs) to identify and manage the potential impacts of its products and processes on customers, end consumers and the environment, SONGWON Industrial Group:
  - a) quantifies the global warming potential of each product and identifies optimization opportunities.
  - b) explores ways to use low-impact materials, extend the durability of end products and leverage renewable energy in its production and operations.
- SONGWON Industrial Group's resource strategy is essential to its transition to renewable resources and in line with this, the organization:
  - a) to actively seek opportunities to incorporate raw materials from renewable energy sources into its business operations.
  - b) seeks to ensure the safety and health of employees, partners and customers by minimizing the use of raw materials containing hazardous chemicals.
  - c) pursues sustainable environmental management by reducing waste generation through continuous process monitoring and promoting a culture of reduction.
  - d) endeavors to promote sustainable consumption and contribute to an eco-friendly society by increasing investment in eco-friendly technologies and products.
  - e) provides training and guidance on GHG emissions management to its supply chain as required.

## Our Target & Goals

### GHG Reduction Management:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Scope 1 <sup>1</sup>	87'886	89'822	50'661	0
Scope 2 <sup>2</sup>	64'920	45'641	25'742	0

1) Direct emissions  
2) Indirect emissions

Unit: tCO<sub>2</sub>eq

### Energy Consumption Management:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Direct energy	1'191'882	1'072'694	965'424	868'882
Indirect energy	2'658'662	2'525'729	2'399'443	2'279'471

Unit: GJ

### Water Usage Management:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Water withdrawal	1'158'828	1'135'651	1'112'938	1'090'680
Water discharge	700'529	698'427	696'332	694'243

Unit: ton

### Water Quality & Biodiversity (Aquatic) Management (Korea specific):

Criteria	Legal requirement	2030 Target	2040 Target	2050 Target
TOC (Total Organic Carbon)	75	< 75	< 75	< 75

Unit: ppm

#### Air Pollution & Biodiversity Management (Korea specific):

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Nitrogen Oxides (NOx)	32'775	31'136	29'579	28'100
Sulfur Oxides (SOx)	53	45	38	33

Unit: Kg

#### Raw Material Usage Management:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Renewable <sup>3</sup>	9'613	10'094	10'598	11'128
Non-renewable <sup>4</sup>	179'893	170'898	162'353	154'236

3) The raw material from renewable sources: Cetyl Alcohol, Epoxy, Glycerine 99.5%, H-LA, H-OLE, H-ST(25 KG), N-OCT(OH), N-Octanol(Sasol), Oleylalcohol, S-100, ST(OH)-1

Unit: ton

4) The raw material from non-renewable sources: Total raw materials except those from renewable sources

#### Waste & Biodiversity Management:

Criteria	2023 Base year	2030 Target	2040 Target	2050 Target
Hazardous	52'642	52'379	52'117	51'856
Non-hazardous	92'524	92'061	91'601	91'143

Unit: ton

#### Spills & Biodiversity Management:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Significant spills <sup>5</sup>	0	0	0	0

5) Oil, fuel, waste, and chemicals

Unit: Liter

### Sustainable Consumption Management (LCA for goods):

Criteria	2023 Base year	2030 Target	2040 Target	2050 Target
LCA <sup>6</sup> development	80	Revision <sup>7</sup> : 100 New Product <sup>8</sup> : 100	Revision <sup>7</sup> : 100 New Product <sup>8</sup> : 100	Revision <sup>7</sup> : 100 New Product <sup>8</sup> : 100
6) Life Cycle Assessment 7) Revision period every 5 years for products by referring to the TFS (Together for Sustainability) initiative 8) Newly developed products				Unit: %

### Customer Health & Safety:

Criteria	2018 Base year	2030 Target	2040 Target	2050 Target
Customer complaints <sup>9</sup>	109	104	98	93
9) Customer Health & Safety				Unit: EA

As a global company committed to fulfilling its social responsibilities and pursuing sustainable growth through ESG management, SONGWON Industrial Group is dedicated to complying with the applicable Environmental Policy.

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