KOLON INDUSTRIES



OUR COMMITMENT FOR A SUSTAINABLE FUTURE

KOLON INDUSTRIES SUSTAINABILITY REPORT 2024

About This Report

Report Overview

This report is the annual Sustainability Report issued by KOLON INDUSTRIES. Through the 'KOLON INDUSTRIES SUSTAINABILITY REPORT 2024,' the company discloses sustainability management strategy, activities, and key achievements, and aims to share future value through sustainability management. Some data disclosed in the 2023 Sustainability Report have been revised, with detailed notes provided in the annotations.

Report Scope

KOLON INDUSTRIES consists of the Manufacturing Division, which operates in industrial materials, chemical materials, and film/electronic materials businesses, and the Fashion Division, which is engaged in the apparel business. The scope of environmental and social data disclosed in the appendix of this report covers all domestic business sites of both the Manufacturing and Fashion Divisions (Magok Building, FnC Building, Gumi, Gyeongsan, Gimcheon 1, Gimcheon 2, Ulsan, Yeosu, Daesan, Siheung). From 2024 onwards, to enhance the transparency of ESG data, the scope of certain 4 onwards, environmental and social data has been expanded to include overseas production subsidiaries, resulting in a total reporting scope that covers approximately 85% of the company's total revenue. Changes in the reporting scope or any exceptions for each data item are noted in the footnotes of the respective tables.

Report Period

The main reporting period is from January 1, 2024, to December 31, 2024, with some qualitative performance data including activities from the first half of 2025. Additionally, to identify annual changes and trends, data from the most recent three years (2022, 2023, and 2024) are reported.

Report Preparation Principles

This report follows the principles of the Global Reporting Initiative (GRI) Standards 2021, an international sustainability reporting framework. It is also prepared in consideration of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the industry-specific standards of the Sustainability Accounting Standards Board (SASB), and alignment with the UN Sustainable Development Goals (UN SDGs). To determine material topics, the concept of double materiality under the EU Sustainability Reporting Standards (ESRS) was introduced during the preparation process. Financial information included in the report complies with Korean International Financial Reporting Standards (K-IFRS) on a consolidated basis.

Report Verification

The report has been verified by Korea Management Registrar (KMR), an independent third-party verification body. The verification statement can be found on page 115 of this report.

Report Publication Month

June 2025

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CEO Message



Dear Stakeholders,

We sincerely thank you for your unwavering support for the growth and development of KOLON INDUSTRIES.

Despite ongoing geopolitical instability and the worsening US-China conflict, KOLON INDUSTRIES has continuously made efforts toward a sustainable future amid external uncertainties. We have strengthened the responsiveness of our global production bases, organized ESG and carbon data management systems, and systematically established the foundation for Sustainability Management. Notably, setting GHG reduction targets and advancing supply chain ESG management were significant progress in proactively meeting customer and market expectations.
This year, we plan to lay the groundwork for sustainable growth by maximizing customer-centric value creation and operational efficiency. Although uncertainty persists, We will enhance our sustainable competitiveness by transforming uncertainty into opportunity through agile execution.

We aim to enhance responsiveness to our customers' needs.

On January 1, 2025, we merged the automotive materials and parts business of our subsidiary, Kolon Glotech. This strategic decision is intended to deliver integrated value to our finished vehicle customers. We are already reinforcing our production and sales functions in key markets such as the US and India and expanding production capacity at the Vietnam Tire Cord factory. Through these efforts, we will respond more swiftly and flexibly to customer needs at major global bases and actively explore new business opportunities.

We promote innovation-based efficiency.

KOLON INDUSTRIES is executing three major innovation tasks: OE (Operation Excellence), MI (Market Intelligence), and DX (Digital Transformation). The company is enhancing competitiveness by improving efficiency across the entire value chain from raw material procurement to production and logistics, gradually expanding this focus around key business units such as Petroleum Resin, Tire Cord, and Aramid. Additionally, we are strengthening strategic execution flexibility by real-time monitoring of changing market and customer trends and rapidly transforming work paradigms through digital transformation.

We will accelerate ESG Management.

In January 2025, the company received official approval from the Science Based Targets initiative (SBTi) for its 2033 GHG reduction target and 2050 Net Zero target. Based on this foundation, we will introduce an Organizationally Determined Contribution system in the first half of the year to allocate reduction targets by business site and establish detailed implementation plans in the second half. Moreover, by conducting a double materiality assessment, analyzing the financial impact of climate change response, and advancing Supply Chain ESG evaluation, we aim to improve the reliability and transparency of related disclosures.
The current market environment demands unprecedented innovation and execution from us. In collaboration with employees who demonstrate expertise and accountability, we will overcome these challenges one by one to achieve genuine change and growth. As a Lifestyle Innovator connecting people, technology, and a sustainable future, we will create healthy value with stakeholders and move toward a better society.

We ask for your continued trust and support.
Thank you.

President and CEO of KOLON INDUSTRIES
Huh, Sung

KOLON INDUSTRIES Overview

Company Profile

KOLON INDUSTRIES, a company most trusted and loved by customers, has grown together with the nation by improving daily life through innovative products at every key moment in history. Since launching Korea's first nylon production in 1957, we have led the market through four core business divisions: Industrial Materials, Film/Electronic Materials, Chemicals, and Fashion. To become a leading global chemical and materials company, we are investing in high-value-added materials for electric vehicles, advanced technologies, specialty applications, and space.

General Status



KOLON INDUSTRIES

Company Name KOLON INDUSTRIES, INC
Headquarter 110 Magokdong-ro, Gangseo-gu, Seoul, Kolon One&Only Tower

CEO

Huh, Sung[1] You, Seog Jin

1) Appointed in March 2025

Main Business

Industrial Materials
Film/Electronic Materials
Chemicals
Fashion

Establishment Date

April 12, 1957

Number of Employees[2]

3,858 employees

2) Based on domestic standards

Listing Date

February 1, 2010
(KOSPI 120110)

Website

kolonindustries.com

LifeStyle Innovator

Vision

Innovating customers' lifestyles by providing products and services that improve quality of life

Management Philosophy and Vision System

Cultivating distinctive capabilities and individual excellence to become the most beloved KOLON

First Choice of Customers, Uniqueness, Individual Excellence

Core Values

One&Only

Goal

One&Only Way

KOLON INDUSTRIES Overview

Global Network



Overseas Corporations

1 KEU Frankfurt, **Germany**
2 KID Tamil Nadu, **India**
3 KVC/KIB Binh Duong, **Vietnam**
4 KIN Serang, **Indonesia**
5 Cavite, **Philippines**
6 KHC Huizhou, **China**
7 KIZ Zhangjiagang, **China**
8 KNC Nanjing, **China**
9 KSC Suzhou, **China**
10 KMX Coahuila, **Mexico**
11 KUSA Atlanta, **USA**
12 KUSA New Jersey, **USA**
13 KUSA El Paso, **USA**
14 KUSA Detroit, **USA**

Overseas Branches

15 Tokyo, **Japan**

Domestic

Headquarters
16 Magok
17 Gangnam

Business sites
18 Siheung
19 Daesan
20 Cheonan
21 Gimcheon 1, Gimcheon 2
22 Gumi 1, Gumi 2
23 Gyeongsan
24 Ulsan 1, Ulsan 2
25 Gwangju
26 Yeosu

Business Division

Industrial Materials

Key Brands

CHAMUDE KOLON INDUSTRIES · ECOMATE KOLON INDUSTRIES · FINON KOLON INDUSTRIES · FORPE · HERACRON KOLON INDUSTRIES · HIPERCORD KOLON INDUSTRIES
NEOVENT · ROAD MASTER KOLON INDUSTRIES · SECURA KOLON INDUSTRIES · SECURA STELEN KOLON INDUSTRIES · GLOTEX KOLON GLOTECH ADVANCED MATERIAL · geonic

Business Overview

The Industrial Materials Division of KOLON INDUSTRIES produces and sells tire cords, automotive airbags, industrial yarns, Aramid, SPB (spun-bonded fabric), artificial leather, and Membrane Humidifiers.

Market Outlook

The Industrial Materials Division is driving performance, centered on its core products Tire Cord and Aramid, which serve as cash cows. In 2024, sales increased due to the performance of Tire Cord and other businesses, but operating profit declined slightly due to scheduled maintenance of Aramid facilities. Tire Cord is expected to continue growing, backed by rising demand for lightweight tires that improve fuel efficiency, driven by increasing sales of electric vehicles, hybrid vehicles, and high-weight vehicles such as SUVs. Aramid is expected to see stable growth from 2025, supported by demand from the global 5G infrastructure rollout led by the U.S. and U.K. governments, and further growth is anticipated as 6G deployment discussions advance. The Aramid pulp market is also expected to grow in response to environmental regulations and brake pad noise reduction requirements. In September 2024, the company completed the expansion of Aramid pulp production capacity from 1,500 tons to 3,000 tons per year.

Future Strategy

KOLON INDUSTRIES plans to secure continuous global competitiveness and actively cultivate future demand for Tire Cord and Aramid through Operational Excellence (OE) initiatives. From 2025, existing Tire Cord and Aramid businesses will be integrated into the company's Specialty Materials Business, while other businesses will be reorganized into the AMS Business together with the CIM and CSM operations of its subsidiary KOLON Glotech Co., Ltd., thereby strengthening the overall business portfolio. The newly launched AMS Business Division will create synergies across businesses such as automotive interior materials, fabrics, and coverings, while securing independent competitiveness in response to stricter safety regulations, focusing on core materials for airbags and hydrogen fuel cells to respond to the future mobility industry. Additionally, the company aims to establish differentiated competitiveness for entry into carbon neutrality and future high value-added markets through spunbonded fabric certified with Global Recycle Standard (GRS) and Environmental Product Declaration (EPD), high-performance cooling materials, eco-friendly artificial leather for luxury goods, and waterproof and dustproof vent materials.

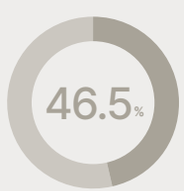


Tire Cord: Fiber reinforcement that forms the skeleton of a tire, primarily supplied to tire manufacturers.
Airbag: Manufactures fabrics and cushions for automotive airbags, supplied to automotive parts module manufacturers.
Industrial yarns: Produces HDPE yarns used in gloves and cooling blankets.
Aramid: Supplied in various forms such as filament, pulp, and staple for applications including bulletproof materials, optical cables, and hoses.
Artificial Leather: Applied to automotive interiors, furniture, and luxury goods.
Membrane Humidifiers: Humidity control units for fuel cells, used in vehicle, power generation, and building fuel cell systems.

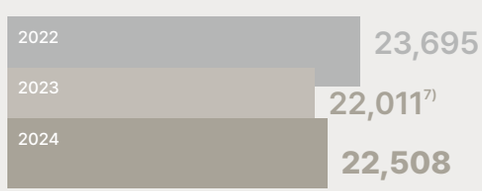
PEM[1]/MEA[2]: Membranes and electrodes that are core components of fuel cells and water electrolysis systems, directly contributing to the production of electricity and hydrogen.
VENT: Provides waterproof and dustproof functions for mobile device cases, outdoor electronic equipment, and automotive parts.
CIM[3]: Car interior materials using various fabrics, including artificial leather and Geonic, applied to car seats and vehicle interiors.
CSM[4]: Covers car seat fabrics for various types of vehicles.

1) Polymer Electrolyte Membrane
2) Membrane Electrode Assembly
3) Car Interior Material
4) Car Seat Module

Sales Proportion[5]



Sales by Division[6]



5) As of end of 2024, IFRS consolidated basis
6) Based on 2024 Business Report (Consolidated), (Unit: KRW 100 million)
7) Adjustment in sales due to reclassification of certain overseas subsidiaries.

Business Division

Film/Electronic Materials

Key Brands

ACCUIMAGE KOLON INDUSTRIES
KOLON CPI™
EVERRAY KOLON INDUSTRIES
ONLYMER KOLON INDUSTRIES

Business Overview

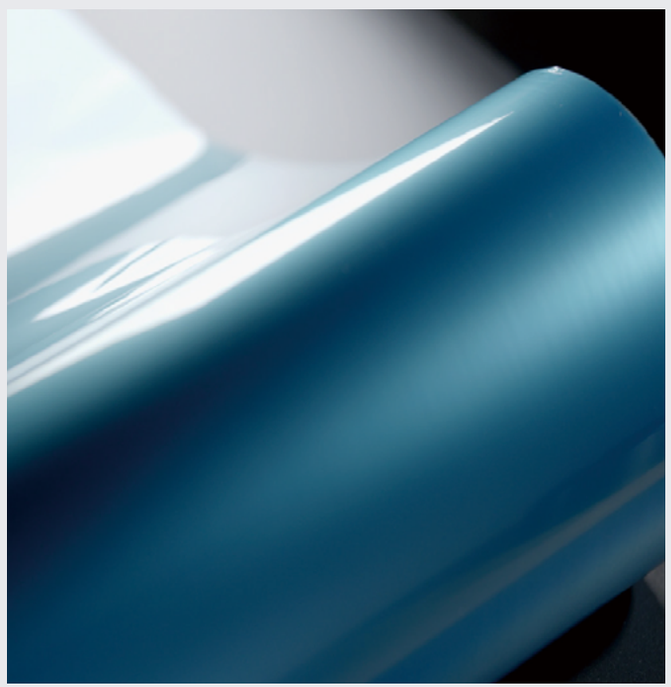
The Film/Electronic Materials Division of KOLON INDUSTRIES develops and sells functional films applicable to a wide range of industries beyond packaging. It also manufactures DFR (Dry Film Photoresist) for PCBs (Printed Circuit Boards), QD (Quantum Dot) barrier films for LCDs, and Overcoat/OLED materials. Major customers include packaging converters, industrial film coaters, and solar backsheet manufacturers.

Market Outlook

The PET film market within the film/electronic materials sector is expected to grow at an average annual rate of 3.2%. Although the LCD material industry is being absorbed by the Chinese market, excellent physical properties and processability are anticipated to support growth in the domestic OLED market and applications in various industries. The PCB market is expected to see increased demand for high value-added products such as those for mobile and automotive uses, while CPI Film sales are expected to grow with the expansion of the Chinese foldable display device market and protective film market.

Future Strategy

The Film/Electronic Materials Division will be reorganized into the Specialty Materials business group along with the existing Tire Cord and Aramid businesses, aiming to strengthen KOLON INDUSTRIES' distinct technology and competitiveness. By enhancing physical properties to secure quality competitiveness, the division is also expanding its portfolio to include eco-friendly materials and high value-added functional products, using Market Intelligence for forecasting and proactive response. In the foldable smartphone market, where stagnation is expected, efforts are underway to enter premium markets. In packaging, the company is focusing on securing advanced technology by accelerating the development of PFAS-free products. Additionally, under the joint venture agreement signed in August 2024 between KOLON INDUSTRIES and SK Microworks, the PET film business was contributed to the joint venture to strengthen competitiveness in the industrial film sector and solidify the company's global presence.



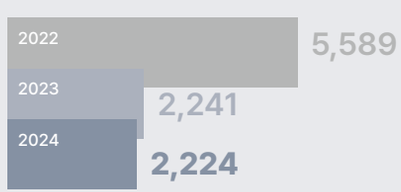
MLCC[1] Film: Base films used in ceramic sheet formation for MLCC manufacturing. They offer excellent thickness uniformity, surface roughness control, and heat resistance.
Polarizer Film: Defect-free base film used for protection or adhesive coating in the polarizer manufacturing process for LCD TVs and similar products.
Optical Film: Base film primarily used in display products, offering excellent light transmittance, mechanical properties, and thermal stability.
Deposition Film: High-functional film produced by depositing materials such as aluminum onto substrates like PET film, used across various industries from food packaging to industrial applications.
Dry Film: Film-type material used to form circuits or patterns on PCBs, lead frames, and BGAs. Based on photo-reactivity, it forms electric circuits through exposure to UV or specific wavelengths.
Prism Film: Optical films with micro-prism structures formed on PET films. They concentrate light from the LCD backlight unit and direct it forward to enhance brightness.
Panel Materials: Overcoat (OC) materials flatten the surface of color filters, preventing defects and protecting RGB pixels to improve panel reliability. OLED encapsulation materials protect the emitting layer of flexible OLED panels from oxygen and moisture.
CPI: Transparent polyimide films with enhanced optical properties by removing the yellow tint of conventional colored PI. Used for cover windows in foldable and rollable displays.

1) MLCC: Abbreviation for Multi-layer Ceramic Capacitor, an energy storage device known as a stacked ceramic capacitor that stores electricity and releases it in controlled amounts, functioning as a 'dam'.

Sales Proportion[2]



Sales by Division[3][4]



2) As of end of 2024, IFRS consolidated basis
3) Based on 2024 Business Report (Consolidated), (Unit: KRW 100 million)
4) Adjustment in 2023 and 2024 results due to reclassification following the establishment of the film joint venture.

Business Division

Chemicals

Key Brands

HIKOREZ HIKOTACK HIRENOL HIROXY MKOREZ SUKOREZ

Business Overview

The Chemical Division of KOLON INDUSTRIES, belonging to the Chemical Materials Group, produces and sells petroleum resin, phenolic resin, epoxy resin, and others. It has an annual production capacity of 320,000 tons at four domestic plants (Ulsan, Yeosu, Daesan, Gimcheon Plant 2) and the Suzhou Plant in China, supplying to multinational and local companies for use in tires, paints, tapes, sanitary adhesives, and electronic materials.

Market Outlook

Despite the ongoing global downturn, the Chemical Division delivered strong performance. Individual products are affected by industry-specific fluctuations but are generally less sensitive to economic volatility. Demand for petroleum resin is increasing mainly in emerging markets, with relatively high growth in sanitary adhesive applications. Phenolic resin, influenced by trends in the automotive, shipbuilding, and electronic materials sectors, is produced and supplied more stably than competitors thanks to state-of-the-art automated production facilities. Epoxy resin is expected to see stable growth driven by expanded applications in mobile and automotive sectors, although it is slightly affected by the paints and construction industries. The company proactively captures market changes and opportunities through new application development, diversification of its product portfolio, and Market Intelligence, and plans to continuously enhance its Market Intelligence to maintain growth potential.

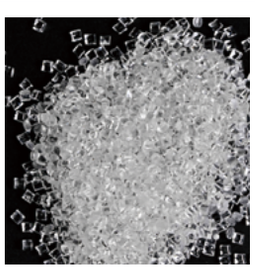
Future Strategy

KOLON INDUSTRIES expanded its advanced petroleum resin production facility with an annual capacity of 15,000 tons in 2021, followed by an additional facility for high-purity aromatic petroleum resins with an annual capacity of 10,000 tons in May 2024. As a result, the company has secured a total PMR production capacity of 21,000 tons, reinforcing its position as the world's second-largest player in the petroleum resin market. The epoxy resin business maintains a competitive edge by directly producing phenolic resin, a key raw material, offering advantages in procurement and quality control. Based on its accumulated experience and vertically integrated production from intermediates to epoxy and curing agents, the company delivers competitive products to meet customer needs. With rising demand for eco-friendly materials, it continues to lead the high-performance market by supplying Green Epoxy and various specialty epoxies and curing agents. Additionally, the company has strengthened its eco-friendly material capabilities by developing adhesive resins using lignin extracted from waste wood—the first in Korea—and filing related patents. Going forward, the Chemical Division plans to expand the use of biomass-based raw materials and respond proactively to eco-friendly trends.



Petroleum Resin: Used as tackifiers and adhesives in paints for roads ensuring safe travel for vehicles and pedestrians, sanitary adhesives, tire additives, adhesive tapes used in office supplies, and inks.
Phenolic Resin: Phenolic resin is the first synthetic resin with over 100 years of history, known for excellent heat resistance, fire resistance, mechanical properties, tackiness, and adhesion, serving as a basic material across various industries.
Epoxy Resin: Epoxy resin is among the highest-performance polymer products developed to date, featuring excellent electrical properties, water resistance, chemical resistance, and storage stability.

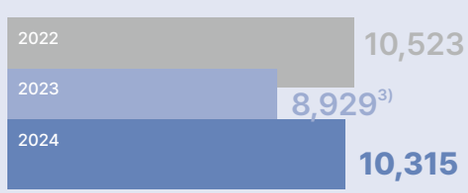




Sales Proportion[1)]



Sales by Division[2)]



1) As of the end of 2024, IFRS consolidated basis
2) Based on the 2024 Business Report (Consolidated), (Unit: KRW 100 million)
3) Adjustment in sales due to reclassification of certain overseas subsidiaries

Business Division

Fashion

Key Brands

customellow Le CASHMERE G/FORE 24/7 Boldest RE:CODE series: urban generation Archivépke KOLON SPORT Henry Cotton's

Business Overview

The Fashion Division, which operates fashion brand businesses, has established a broad and well-balanced brand portfolio ranging from Korea's leading outdoor brand "KOLON SPORT" to various men's and women's apparel, accessories, and high-end luxury brands. In particular, by launching Korea's first upcycling-based fashion brand "RE;CODE," it is leading the sustainable fashion business. Additionally, through the workwear brand "Boldest," it is redefining workwear culture and creating a new trend.

Market Outlook

The Fashion Division is facing multiple external uncertainties, including weakened consumer sentiment due to the economic downturn, depreciation of the Korean won, and intensifying abnormal climate conditions. To address these challenges, portfolio adjustments have been implemented, and some brands have shifted their business direction to improve operational efficiency. In parallel, the Division is laying the groundwork for entering and expanding into new global markets. Notably, the golf wear brand "G/FORE," which achieved the No.1 market share in Korea within two years of its launch, signed a master license agreement for China and Japan, with full-scale entry into the Asian market scheduled for 2025.



The Division signed an apparel licensing agreement for the outdoor camping brand "Helinox," targeting a launch in the Fall/Winter 2025 season. A strategic investment has also been made in the globally recognized Korean designer brand "Post Archive Faction (PAF)," which was selected as a semi-finalist in the 2021 LVMH Prize and recently launched a collaboration product with the global sports brand "ON," showcasing strong growth potential. In addition, the Division is forming a practical partnership with PAF by providing essential systems for operating fashion brands to maximize synergies between the two companies. The Division also continues to play a leading role in the sustainable fashion business. The sustainable fashion brand "RE;CODE" participated in "Seoul Design 2024" held at Dongdaemun Design Plaza in October, organizing a large-scale upcycling workshop to provide hands-on experiences and raise awareness of the value of upcycled fashion.

Future Strategy

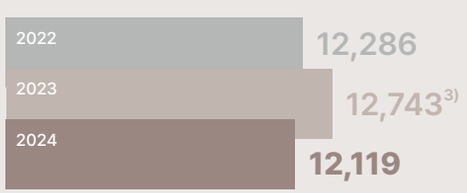
The Fashion Division is working to enhance efficiency in the domestic market while expanding into new overseas markets and strengthening its ESG-focused fashion business. KOLON SPORT China has already shown notable growth in the Chinese market, recording a consistent 40–50% increase in sales. With flagship store openings, large-scale marketing campaigns, and a strong product lineup, further growth is anticipated. In addition, the Fashion Division will leverage its distinct advantage of having a significantly higher proportion of in-house brands compared to competitors by actively utilizing its fashion brand IP to accelerate entry into new global markets. The sustainable fashion business led by the Fashion Division is also striving to produce tangible results. Together with KOICA and the Fashion Division's subsidiary, K.O.A the Division participated in the "KOICA IBS-ESG Initiative" and formed a consortium. Key tasks include building a circular factory for textile-to-textile recycling technology, which regenerates waste clothing materials. Through this technology, the Fashion Division aims to contribute to a low-carbon paradigm shift by minimizing carbon emissions generated in the production and disposal phases of fashion products.



Sales Proportion[1)]



Sales by Division[2)]



1) As of end 2024, IFRS consolidated basis
2) Based on 2024 Business Report (Consolidated), (Unit: KRW 100 million)
3) Adjustment in sales due to reclassification of certain overseas subsidiaries

ESG APPROACH



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KOLON ESG Management System

ESG Management Policy

KOLON INDUSTRIES has established the CEO-signed ESG Management Policy to demonstrate its commitment to sustainability and is promoting company-wide ESG management.
The company is also implementing a structured approach to sustainability by setting five key strategies and sixteen priority initiatives.

ESG Management Policy

By practicing ESG management, KOLON INDUSTRIES fulfills its responsibility for a sustainable future of humanity and contributes to the enrichment of human life and the advancement of civilization.

1 Responding to the Climate Crisis and Promoting a Circular Economy

- Set carbon reduction targets to achieve Net Zero by 2050 and continuously work to meet them.
- Expand the use of recycled materials and maximize resource efficiency to activate the circular economy.

2 Expanding Sustainable Business

- Effectively integrate advanced product development with eco-friendly, low-carbon product development through innovative R&D.
- Minimize the environmental impact of products and services to fulfill the role of a responsible corporation.

3 Implementing Human Rights Management and Ensuring a Safe Working Environment

- Adhere to principles of human rights management to foster a workplace that respects diversity and inclusion.
- Establish a safe and healthy work environment with zero accidents.

4 Stakeholder Engagement and Social Responsibility

- Build a sustainable value chain through collaboration with customers and partners.
- Fulfill social responsibilities with integrity through continuous communication with stakeholders and local communities and active engagement in social contribution activities.

5 Establishing Transparent and Sound Governance

- Enhance the diversity and independence of the board of directors and maximize stakeholder value through transparent decision-making.
- Strengthen corporate responsibilities to achieve sustainable management goals.

6 Enhancing Ethical Management Systems and Compliance

- Strictly adhere to the principles of anti-money laundering, anti-corruption and fair competition, establishing an ethical corporate management framework.
- Practice responsible management that complies with laws and regulations to build trust with stakeholders.

ESG Management Strategy

Company-Wide

Vision

LIFESTYLE INNOVATOR
Lifestyle innovation for customers through products and services that enhance quality of life.

Management Policy

One&Only
Securing Differentiated Capabilities and Competitiveness of All Employees to Become a Kolon Loved by Customers

ESG Management Strategy

Five Core Strategies

2050 Net Zero	Eco-friendly Products, Materials, and Businesses	Zero-Accident Workplace for Environment and Safe	Win-win Management throughout Business Value Chain	Management Transparency and Business Ethics

Sixteen Key Initiatives

Enhancing Circular Economy	Expansion of Hydrogen Fuel Cell Business	Improvement of Hazardous Pollutant Treatment Process	ESG Partnerships with Supply Chain	Establishment of Sustainable Governance
Improving Carbon Footprint Management	Increasing the Proportion of Products Using Recycled PET	Serious Accidents Prevention	Fair Trade with Business Partners	Enhancing Anti-corruption/ Compliance Management System
Expansion of Participation in Global Initiatives	Developing and Commercializing Bio-based Products	ESH Information Management	Enhancing Employee Relations and Human Rights	Improving Information Security System
			Diversification of Social Contribution Programs	

Key KPIs

· Waste reduction amount · Recycling rate improvement · Renewable energy usage · Green investment amount · Participation in Global Initiatives	· Development and Commercialization of Hydrogen Fuel Cell Product Materials · Development of Products Applying Recycled Materials · Developing and Commercializing Bio-based Products	· Chemical Emissions Reduction Amount · Improvement in Wastewater Treatment Efficiency · Expansion of Safety Inspections at Overseas Corporations and Maintenance of ISO Certification	· Expansion of Supply Chain ESG Risk Management · Expansion of Human Rights Impact Assessments · Expansion of Social Contribution Activities	· Strengthening Shareholder Return Policy · Expansion of Integrated Internal Audit Management · Advancing Information Security Management Activities

KOLON ESG Management System

Status of ESG Initiatives and Evaluations

Participation in Global Initiatives and ESG Assessment

KOLON INDUSTRIES collaborates with diverse stakeholders through participation in global initiatives, promoting mutual implementation and contributing to a sustainable future for all. In addition, the company is expanding ESG information disclosure in accordance with global guidelines to transparently share its ESG management goals and performance.

UNGC (UN Global Compact)

KOLON INDUSTRIES, as a member of the UNGC, integrates the Ten Principles in the areas of human rights, labor, environment, and anti-corruption into its operations and management strategies, contributing to enhanced corporate sustainability and civic consciousness. The company transparently discloses its ESG activities through its participation in the Communication on Progress (CoP) Active Group.

SBTi (Science Based Targets initiative)

The SBTi (Science Based Targets initiative) is a voluntary initiative that strengthens corporate climate action by providing guidelines and methodologies to set science-based GHG emissions reduction targets aligned with the Paris Agreement targets. KOLON INDUSTRIES received official approval from SBTi in 2025 for objective and quantitative reduction targets consistent with scenarios limiting global temperature rise to within 1.5°C for carbon neutrality.

Responsible Care

KOLON INDUSTRIES has been a member of Responsible Care since 1999. This global initiative, led by chemical companies, aims to protect the environment and human health across the full life cycle of chemical products—from development and manufacturing to distribution, use, and disposal. Participants commit to embedding these principles in their management and continuously improving environmental, safety, and health practices. KOLON INDUSTRIES enhances its implementation and evaluates performance through KPI surveys and internal assessments to meet global RC requirements.

CDP (Carbon Disclosure Project)

The Carbon Disclosure Project (CDP) is an initiative that collects and discloses information on corporate activities related to climate change response, water resource protection, and forest conservation. Since 2016, KOLON INDUSTRIES has transparently disclosed its strategies for climate change, preventive measures and actions, carbon emissions, and corresponding response efforts through CDP.

The Fashion Pact

KOLON INDUSTRIES' Fashion Division joined The Fashion Pact in 2024, a global initiative for sustainable fashion. Launched in 2019 by CEOs of leading fashion companies, The Fashion Pact is a non-profit organization forging a nature-positive, net-zero future for fashion, through CEO-led collaboration. The initiative works with its members to develop implementation guidelines and goal achievement frameworks across three key areas: climate change mitigation, biodiversity protection and restoration, and ocean ecosystem conservation.

2024 ESG Assessment

Ecovadis

- Global ESG rating agencies assess companies' sustainability performance.
- Evaluations are conducted across five areas: CSR, environment, labor & human rights, ethics, and sustainable procurement.
- Companies are awarded medals based on their rating.

ecovadis Business Sustainability Ratings → Silver

(Assessment results as of March 2025).

Korea ESG Standards Institute

- Since 2011, this agency has evaluated the sustainability management level of listed companies in Korea through ESG assessments.
- The evaluation reflects international standards such as the OECD Principles of Corporate Governance, ISO 26000, and domestic regulations and Korea's business environment.

한국ESG기준원 → Environment B+, Social A+, Governance B+ → A

(Assessment results as of October 2024)

Carbon Disclosure Project (CDP)

- A global climate change project conducted in 91 countries worldwide.
- Over 7,000 companies disclose greenhouse gas emissions, climate risks and opportunities, and carbon management strategies through CDP.

CDP DISCLOSURE INSIGHT ACTION → B

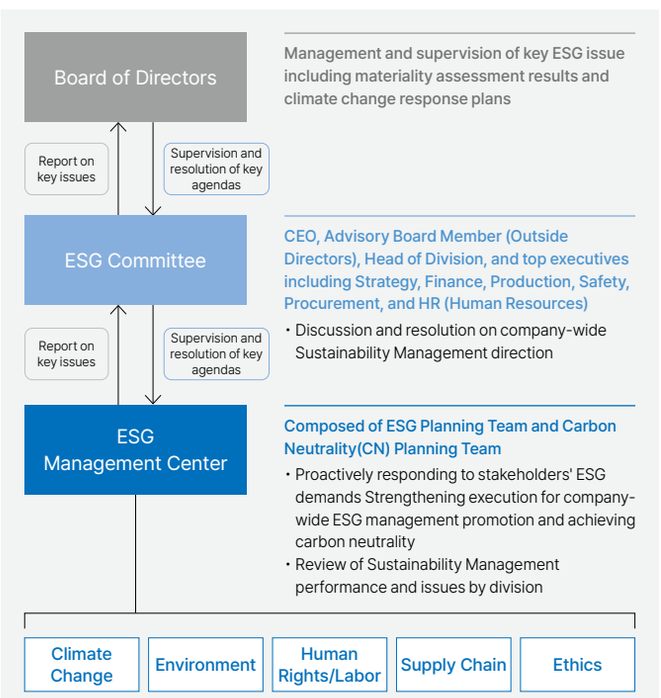
(Assessment results as of February 2025).

KOLON ESG Management System

ESG Management Decision-Making System

ESG Governance

KOLON INDUSTRIES recognizes ESG management as a core strategy to secure corporate sustainability and systematically promotes ESG management based on a clear decision-making system and dedicated implementation structure. Through a sustainability management decision-making system that extends from the Board of Directors to operational departments, the company ensures efficient and horizontal deployment of company-wide ESG initiatives. A decision-making system is established to manage and supervise important sustainability management issues from ESG strategy formulation to execution and performance monitoring. The ESG Management Center, responsible for company-wide ESG planning and implementation, monitors internal and external ESG trends and proactively responds to stakeholder demands.

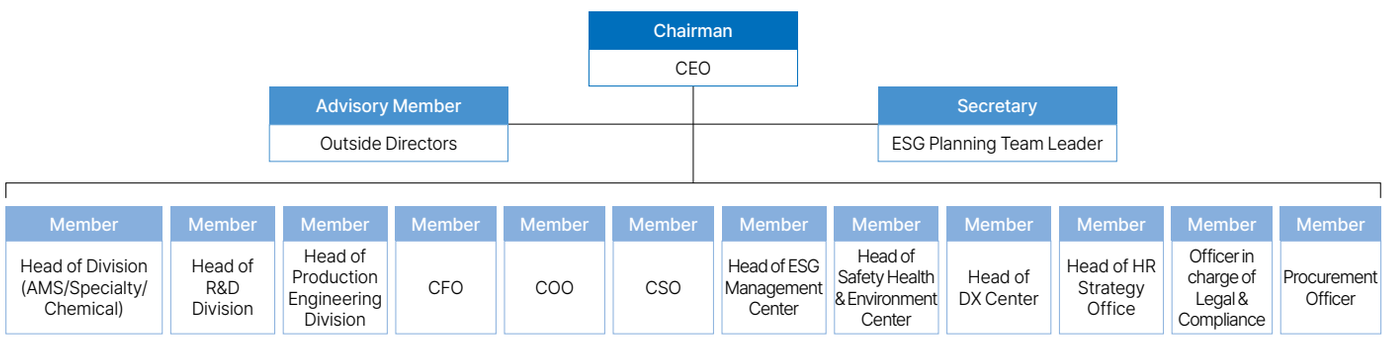


ESG Committee

KOLON INDUSTRIES addresses ESG issues at the executive level. The ESG Committee, chaired by the CEO, is operated regularly to promote ESG management and serves as a decision-making body that supports sustainable management through company-wide discussions on ESG-related matters. The committee strives to represent the interests of various stakeholders, including shareholders, customers, and local communities. In 2024, the committee redefined its role as a deliberative body for the sustainability report disclosure and business-level sustainability assessments, in preparation for the mandatory disclosure of ESG information. In 2024, the committee discussed carbon reduction initiatives such as the transition to low-carbon operations (LCO_2)[1] and solar power generation, the establishment of a Net-Zero Roadmap for petroleum resins, supply chain risk management measures, and legislative trends in ESG disclosure. To foster internal consensus on sustainability diagnosis activities by business division, a guest lecture by an external expert was held, with full implementation planned from 2025.

1) Liquefied Carbon Dioxide

ESG Committee Organization Chart



ESG Impact PU

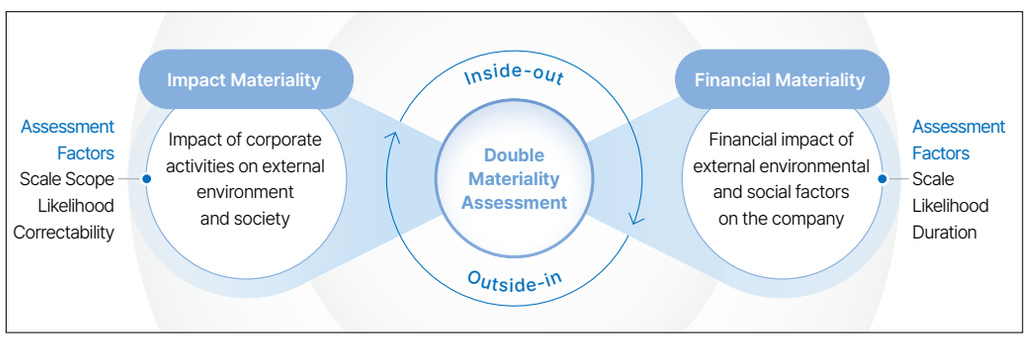
The Fashion Division established the ESG Impact PU in 2022 to internalize and strengthen ESG management execution. The ESG Impact PU is building a sustainable fashion ecosystem based on resource circulation centered on three strategic pillars: Circular Factory, Circular Library, and Circular Brand. Circular Factory is establishing a global resource circulation center to convert used clothing into raw materials and supply recycled materials, functioning as a business hub focused on recycled materials. Circular Library expands touchpoints with North American consumers through curated shops and PB (Product Brand) operations reflecting the 'Circular' concept, serving as a global collaboration platform centered on circular fashion and a foothold for Fashion Division's brands entering North America. Circular Brand is expanding the application of upcycling and recycled materials centered on RE;CODE and LE CASHMERE, promoting new brand development based on ESG values. Additionally, Circular Club serves as an on/offline ESG community platform for fostering fandom among the young generation. It promotes ESG values through shared awareness of sustainable fashion, the spread of fandom, and community-based engagement. Through this strategic framework, the Fashion Division is systematically establishing a Circular Fashion Ecosystem and aims to lead the sustainable transformation of the fashion industry.

Double Materiality Assessment

Material Topic Selection Process

KOLON INDUSTRIES conducted a materiality assessment based on the Double Materiality concept from GRI Standards 2021 and the European Sustainability Reporting Standards (ESRS). This assessment comprehensively considers the impact of corporate activities on the environment and society, as well as the financial impact of sustainability issues on the company. The process involved analyzing industry trends, global standards, internal data, and incorporating feedback from diverse stakeholders to identify significant environmental, social, and financial impacts and determine material topics.

Double Materiality Assessment Concept



Material Topic Selection Process

STEP 1. Material Topic Selection

1 **Sustainable Issue Pool Composition (Long-List)**
A total of 19 topics were identified based on ESRS sub-topics (17 ESRS topics and 2 company-specific topics).

1 **Sustainable Issue Selection (Short-List)**
Based on internal company data, global initiatives, peer industry material topics, stakeholders' requirements, and media analysis results, scores were assigned to derive the most relevant sustainability topics (Short-List).

STEP 2. Impact Identification

2 **Identification of Environmental and Social (Inside-Out) and Financial (Outside-In) Impacts and Risks**
Defining the characteristics of impacts (positive/negative, risk/opportunity) by preparing sustainability topic-specific impact pathways

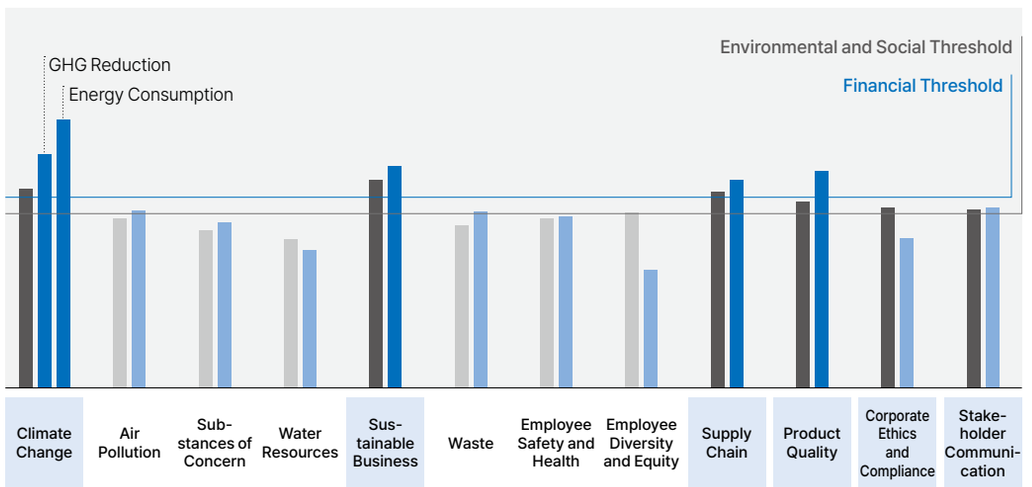
STEP 3. Impact Assessment

3 **Environmental and Social Impact Assessment (Impact Materiality)**
Evaluated scale, scope, recoverability, and likelihood of impacts through internal and external stakeholders surveys

Financial Materiality Assessment
Assessing the scale and likelihood of impacts through internal and external stakeholder surveys

Double Materiality Assessment Results

Through the materiality assessment comprehensively reviewing impacts from environmental, social, and financial aspects, four topics—climate change, sustainable business, supply chain, and product quality—exceeded thresholds across all standards and were commonly identified as material topics. Additionally, corporate ethics and compliance, and stakeholder communication topics exceeded thresholds under environmental and social impact standards. As a result, six material topics were identified, which will serve as key criteria for future strategic priority setting and task derivation.



Changes Compared to the Previous Year

FY2023 to **FY2024**

- Topics were reclassified according to ESRS standards, with some topics integrated or separated. (e.g., Sustainable Growth and Innovation, Product Development and Commercialization Considering Environmental/Social Impacts, Waste Reduction and Increased Raw Material Recycling → Sustainable Business)
- Corporate Ethics and Compliance emerged as a new topic. The materiality of some topics such as Employee Safety and Health (strengthened workplace safety and health management in 2023), Waste (waste reduction and increased raw material recycling in 2023), Substances of Concern (enhanced hazardous substance management in 2023), and Air, Water Quality, Soil Pollution (strengthened pollutant management in 2023) was relatively downgraded.

Double Materiality Assessment

Identification and Assessment Results of Impacts, Risks, and Opportunities by Material Topics

Material topics and the associated risks and opportunities identified for each are reported to the Board of Directors along with response measures. These are reviewed and approved from a strategic perspective and serve as a foundation for the company's sustainability strategy. The Board continuously monitors and manages these topics, ensuring strong execution by integrating them into company-wide operations in alignment with the overall sustainability strategy.

Material Topics	Category	Occurrence Period	Value Chain Location	Environmental and Social Impact	Positive / Negative	Actual / Potential	Degree of Environmental and Social Impact	Financial Impact	Risk / Opportunity	Degree of Financial Impact
Climate Change	ENVIRONMENTAL	Short-Term to Long-Term	Across the Value Chain	Acceleration of climate change due to abnormal weather and natural disasters caused by large amounts of GHG emissions during the manufacturing processes of industrial materials (Tire Cord, Aramid, etc.) and chemical materials (Petroleum Resin, etc.)	Negative	Actual	4	Increase in operating costs and regulatory compliance costs for GHG reduction due to strengthened global GHG regulations and external stakeholders' demands for GHG emission management	Risk	4
								Increase in operating costs and raw material prices for chemical product manufacturing processes with high energy consumption due to rising electricity prices in existing power grids and volatility in fossil fuel prices	Risk	4
Sustainable Business		Short-Term to Long-Term	Own Operations	Enhancing the efficiency of natural resource utilization and reducing overall environmental impact throughout the product life cycle (from raw material extraction to disposal) through the development of eco-friendly products and technologies such as applying recycled polyester raw materials and establishing PET chemical recycling process technology	Positive	Actual	4	Increase in sales through securing global customers and expanding market share of eco-friendly products; Increase in sales due to growing demand for eco-friendly hydrogen fuel cells	Opportunity	4
Supply Chain	SOCIAL	Short-Term to Long-Term	Upstream, Downstream	Deterioration of corporate reputation and competitiveness due to quality degradation and delivery delays caused by supply disruptions when safety accidents or ESG risks occur as a result of inadequate supply chain management	Negative	Potential	4	Increase in management and operating costs required for procurement due to suspension of operations by contractors/ suppliers if supply chain management is inadequate	Risk	3
Product Quality		Short-Term to Long-Term	Own Operations	Enhancement of quality capabilities of organizational members through operation of Q-Cost (Quality Cost) management system and Goal Driven Innovation (GDI) technology innovation system, leading to improved customer/consumer satisfaction through stable production of high-quality products	Positive	Actual	3	Cost reduction through decreased quality loss rate, increased sales through improved quality and customer satisfaction	Opportunity	4
Corporate Ethics and Compliance	GOVERNANCE	Short-Term to Long-Term	Own Operations	Unethical management activities such as corruption, bribery, and fair trade violations leading to decreased trust from stakeholders and causing socio-economic disorder	Negative	Potential	2	Fines and penalties imposed for legal violations due to unfair trade occurrences; Decrease in corporate trust and sales due to negative image caused by violations of corporate ethics such as corruption and bribery	Risk	2
Stakeholder Communication		Short-Term to Long-Term	Entire Value Chain	Building positive relationships with various stakeholders such as customers, investors, and partners to establish a sustainable management ecosystem based on mutual cooperation	Positive	Actual	2	With the increase in ESG disclosure and shareholder-friendly policy demands, strengthening communication with stakeholders facilitates easier investment attraction through enhanced trust and reduces capital costs	Opportunity	3

1) Outsourcing Service Costs, Delivery Contract Fee Losses, Emergency Procurement Costs, etc.

Stakeholder Engagement

KOLON INDUSTRIES categorizes its key stakeholders into groups such as customers, shareholders and investors, government and media, associations and academic societies, NGOs and community, suppliers, and employees, reflecting the characteristics of the manufacturing industry. The company actively listens to the major issues and interests of each stakeholder group and incorporates them into its business activities to enhance transparency and reliability in management. Furthermore, by sharing sustainability management performance and collecting feedback through various communication channels, we aim to promote engagement with stakeholders and build healthy relationships based on mutual trust.

Stakeholder Communication Channels

Stakeholder Groups	Customer	Shareholders/ Investors	Government/ Media	Associations/ Academic Societies	NGO/Community	Suppliers	Employee
Related Material Topics	• Sustainable Business • Product Quality • Stakeholder Communication	• Sustainable Business • Product Quality • Stakeholder Communication	• Climate Change • Corporate Ethics and Compliance • Stakeholder Communication	• Climate Change • Stakeholder Communication	• Climate Change • Sustainable Business • Product Quality • Stakeholder Communication	• Supply Chain • Product Quality • Corporate Ethics and Compliance • Stakeholder Communication	• Sustainable Business • Stakeholder Communication
Communication Channels	• Customer Feedback Reception • Customer Satisfaction • Product Liability Monitoring	• General Meeting of Shareholders / Earnings Announcements • Management Briefings • Financial Information Disclosure • Credit Assessment	• Policy Briefings • Press Releases	• Industry and Sector Associations	• Employee Volunteering program • Local Talent Recruitment Briefings	• Supplier Meetings • Supply Chain Audit • Newsletter • Win-Win Growth Committee	• Labor-Management Council • Occupational Safety and Health Committee • Employee Meetings • Newsletter • Intranet • Company Magazine • Employee Surveys

ESG HIGHLIGHTS



Manufacturing Division 20

Fashion Division 21

ESG Innovative Performance

Manufacturing Division

KOLON INDUSTRIES Manufacturing Division is leading change for a sustainable future as a Sustainable Technology Creator.

Research and Development for the Substitution of Hazardous Chemicals

- Compliance with EU REACH SVHC regulations
  - Completed development of GL resin to replace hazardous substances in PL resin
- Accelerated development of PFAS-free materials
  - Obtained customer mass production approval for Overcoat PFAS-free products.
  - PFAS-free membranes under development for hydrogen fuel cell applications

Resource Circulation and Environmental Facility Investments

- Increased waste recycling rate from (2023) 84% ▶ (2024) **86%**
- Investment in odor improvement facilities for wastewater collection tanks at Gumi Plant
- Installation of emergency shut-off system for major emission outlets at Gyeongsan Plant

Enhancement of Physical Recycling

- Development of polyester filament and nonwoven fabric using recycled PET bottles, awarded the 2024 Global Top Environmental Technology Prize by the Ministry of Environment ▶ **Grand Prize in the Innovation Technology Category**
- Development and commercialization of eco-friendly tire reinforcements using 100% recycled polyester and formaldehyde-free adhesives

Spunbond Nonwoven Fabric for Water Treatment Filters Obtained U.S. NSF Certification

- SPB material for pool filters confirmed zero hazardous substances under NSF/ANSI 50 U.S. water quality standard

Domestic and International Carbon Reduction Activities

- Identification and implementation of GHG reduction action items
  - New projects are expected to reduce approximately 9,600 tons of CO_2e annually
- Provided online and offline consulting to five overseas subsidiaries
  - Achieved annual reduction of approximately 4,500 tons of CO_2e
  - Vietnam Corporation to introduce a 6MW-class solar power generation facility, scheduled for completion in 2025



ESG Innovative Performance

Fashion Division

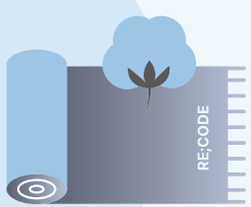
In November 2024, the Fashion Division of KOLON INDUSTRIES was ranked No. 1 in the apparel sector for the second consecutive year at the "2024 Korea Sustainability Conference" hosted by the Korean Standards Association. The Fashion Division is building a Circular Fashion Ecosystem centered on the three pillars: CIRCULAR FACTORY, CIRCULAR LIBRARY, and CIRCULAR BRAND, aiming to become the best brand house for future generations and the planet.

LE CASHMERE

- Established standards for 'sustainable cashmere' that is nature and animal-friendly and promotes coexistence with producers
- Expanding use of sustainable materials such as organic & recycled cotton from 2024 spring/summer season

RE;CODE

- Signed MOU with KT for the recycling of discarded workwear and carbon neutrality
- Held exhibition of aramid textile installation artwork using recycled Heracron fiber
- Held the 1st anniversary event for the Cheongdam flagship store [Family pop-up store, Retable workshop, and live screen printing sessions]

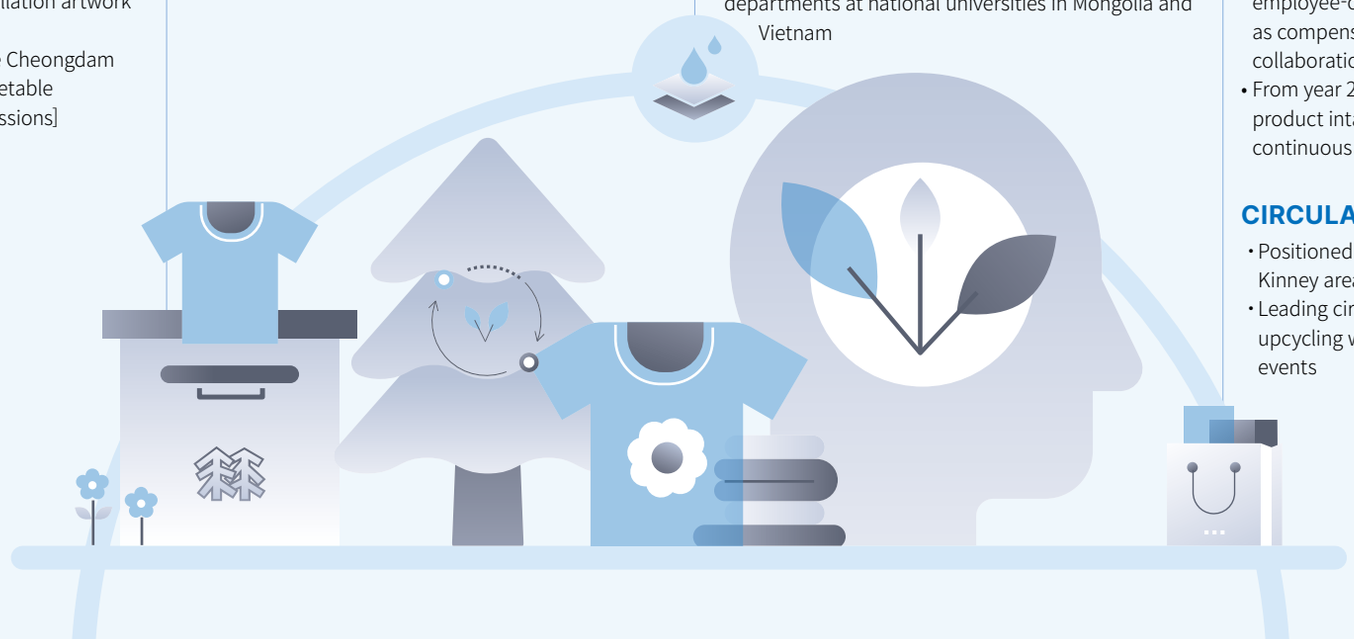


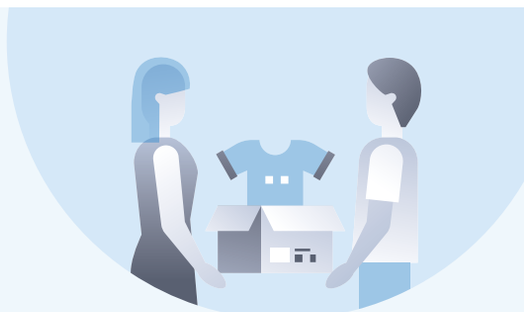
Kolon Sport

- Launched Korea's first GORE-TEX ePE product, an eco-friendly waterproof and breathable film
- Introduced monomaterial products using single-material components to ensure recyclability in the circular economy
- Released "Move Earth" for the 2024 SS season in Jeju, using cactus leather made from discarded agricultural cactus leaves containing cellulose
- Installed collection boxes for secondhand trade at direct stores to exchange unworn clothes for points

CIRCULAR FACTORY

- Promoting garment waste recycling projects in Mongolia and Vietnam
- Signed an MOU and agreement for a KOICA co-planned project, forming a consortium with K.O.A
- Signed a cooperation MOU with local partners to establish a textile-to-textile circulation system under the KOICA IBS-ESG Initiative
- Project has commenced and architectural design is underway
- Planning to develop educational materials and introduce a circular fashion course in textile departments at national universities in Mongolia and Vietnam





OLO Relay Market

- Conducted "OLO Relay Day," a program to promote secondhand trading of in-house brands by collecting employee-owned products, providing OLO points as compensation, and reselling the items in collaboration with Madeleine Memory
- From year 2022 to 2024, the volume of secondhand product intake increased by 486% showing continuous growth

CIRCULAR LIBRARY

- Positioned as a must-visit store in the LA's Abbot Kinney area themed on Circularity
- Leading circular fashion community building through upcycling workshops and sustainability-related events

UN SDGs



Climate Change (TCFD)

Material Topics

Climate Change

Key Initiatives

1. Enhancing Circular Economy
2. Improving Carbon Footprint Management
3. Expansion of Participation in Global Initiatives

Performance

1 Introduction of Renewable Energy and Activation of Circular Economy
- Signed a Memorandum of Understanding (MOU) with GS Energy for Carbon Neutrality through Renewable Energy
- Collected **536** Tons of Used Boxes at the Company's Eco-Friendly Logistics Centers

2 Improving Carbon Footprint Management
- Expansion of Life Cycle Assessment (LCA) Coverage: **47.7**% in 2023 → **75.3**% in 2024
- Ongoing GHG Reduction Activities in Manufacturing
  – with an Expected Annual Reduction of Approximately **9,600** tCO2e

3 Participation and Internalization of Global Climate Change Initiatives
- Established a Roadmap Following SBTi Carbon Reduction Target Approval
- Embedded Impact Management Practices through Analysis of Climate-Related Physical and Transition Risks

Governance

Climate Change Response System

KOLON INDUSTRIES continuously strives to systematically manage risks and maximize opportunities arising from climate change. Recognizing climate change as both a business risk and strategic opportunity, the company has positioned its response as a key agenda item at the Board of Directors level. The Board receives formal reports at least once a year on sustainability management issues, including environmental and social matters, and is involved in key decision-making processes such as climate risk identification, reduction strategy development, and company-wide target review. Climate-related issues are coordinated by a task force under the ESG Management Center, in consultation with relevant departments. Material items are reported to the ESG Committee and the Board, and reflected in corporate strategy. Management operates dedicated structures and systems to implement climate strategies, including setting mid- to long-term carbon reduction targets, evaluating participation in climate-related initiatives, and guiding investments in eco-friendly products and technology development. The implementation status across business units is regularly reviewed through internal ESG committees or management meetings to ensure effective performance tracking. This top-down and bottom-up governance framework reinforces the alignment between ESG execution and overall corporate strategy. Through this structure, management and the Board effectively oversee climate-related risks and ensure a strong foundation for sustainable development. Going forward, KOLON INDUSTRIES will continue to enhance the transparency and verifiability of its governance by systematizing climate-related decision records and expanding external disclosures.

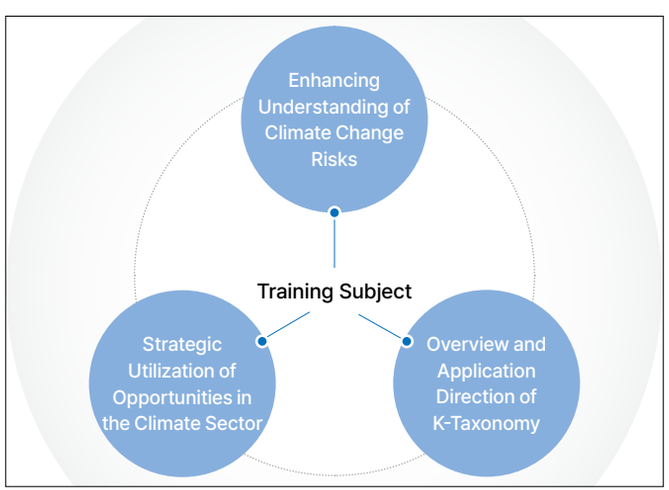
Roles and Responsibilities on Climate Change

Board of Directors	Responsibility for managing and supervising climate change response strategies and overall environmental matters
ESG Committee	Company-wide integrated management and practical oversight of ESG issues including climate change
ESG Management Center	Monitoring progress and performance of climate change response activities; final decision-making on major ESG matters
Working Group	Establishing tasks for climate change response, managing performance, and operations

Management Competence on Climate Change Response

To realize sustainable management, KOLON INDUSTRIES recognizes that expertise in industry, legal, financial, and ESG fields is essential for the ESG Committee. Accordingly, executives with relevant qualifications are appointed to the Committee. After a thorough review of each candidate's expertise and qualifications, 15 members are leveraging their respective strengths to make strategic and sound decisions on the company's business activities. To enhance awareness and strengthen expertise on climate-related issues, the company provides ongoing education led by the ESG Committee. In the second half of 2024, an external expert was invited to deliver a session titled "What Should We Do in the Post-ESG Era?", addressing the risks and opportunities of the transition to carbon neutrality. Through this training, the ESG Committee built internal consensus to strategically integrate sustainability into management and reflect it in the company's mid- to long-term strategy. Going forward, KOLON INDUSTRIES will continue to systematically enhance internal capabilities related to climate issues.

2024 Competency Enhancement Training Content



Management Roles on Climate Change Response

The Chief Executive Officer (CEO) of KOLON INDUSTRIES recognizes the significant influence of stakeholders—including investors, customers, and government entities—on company-wide demands for climate change response. The CEO leads efforts to identify investments and business models that support sustainable business expansion and drives organization-wide collaboration on these initiatives. In addition, the CEO serves as the Chair of the ESG Committee, which discusses key ESG issues, including the company's overall climate response, and decides on the direction of related management activities. The ESG Committee meets at least twice a year and, when necessary, submits items to the Board of Directors for strategic decision-making.

Expertise of ESG Committee Members by Area

Business Strategy 4 members		Climate Change 2 members	Finance 1 members	Supply Chain 1 members
Risk 2 members	R&D 2 members	Safety/Health 1 members	DX 1 members	Human Rights 1 members

Climate Change Related Reporting Agenda

Date	Committee	Implementation Details	Category
2024.5.29	ESG Committee	Company-wide progress report on Net-Zero initiatives	Report
2024.9.25	ESG Committee	Report on Net-Zero Roadmap for Petroleum Resins	Report
2024.12.19	Board of Directors	Report on SBTi GHG Reduction Target Verification Results	Report
2025.5.7	Board of Directors	Report on Chemical Management Status and Response Plan and Double Materiality Assessment Result	Report
2025.5.29	ESG Committee	Report on KII ODC[1] Operation Plan for SBT Implementation	Report

1) Organizationally Determined Contribution

Strategy

Identification of Climate-Related Risks and Opportunities

Climate Risk and Opportunity Identification Process

KOLON INDUSTRIES systematically analyzes potential risks and opportunities arising from climate change. To this end, the company continuously monitors the impact of climate-related issues on its operations and comprehensively identifies financial effects through both quantitative and qualitative assessments. Beginning in 2024, the company has been conducting a structured analysis of major climate-related risks and opportunities to establish tailored response strategies. We are committed to actively adopting the ISSB Climate-related Disclosure Standard (S2) to assess the financial impacts of climate change. In addition, KOLON INDUSTRIES is developing a mid- to long-term climate change response roadmap to strengthen climate resilience and accelerate the achievement of its carbon neutrality goals. These efforts serve as a core foundation for the company's sustainable growth and fulfillment of environmental responsibilities.

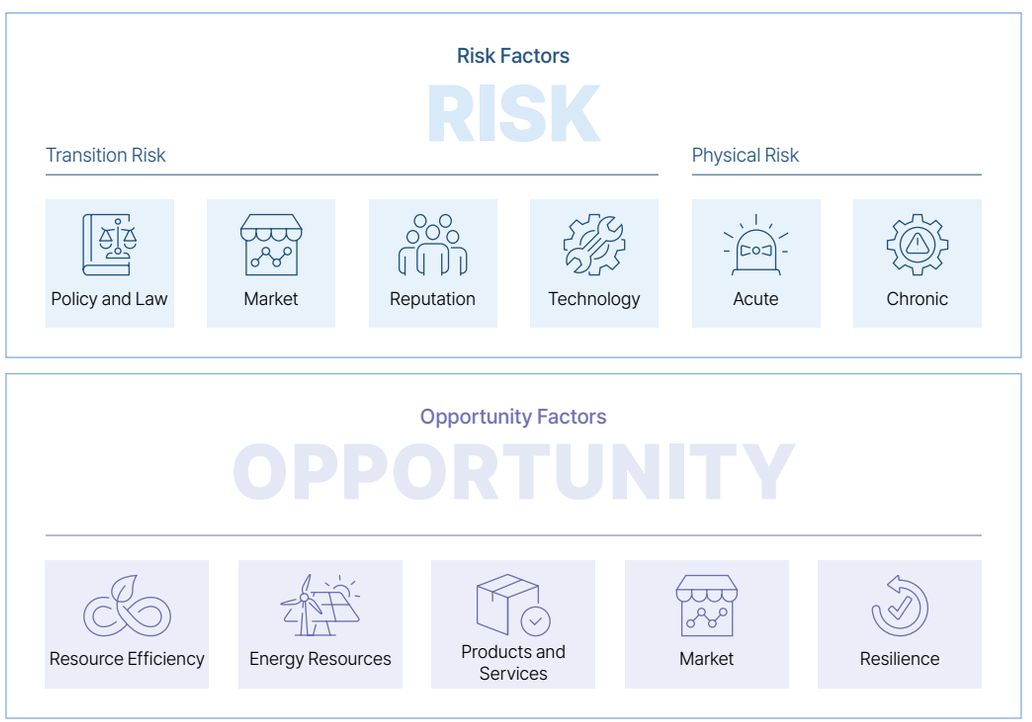
Analysis of Climate Risk and Opportunity Factors

KOLON INDUSTRIES has reviewed the impacts of climate change-related risks and opportunities on its business. Risks are categorized into physical risks, such as acute weather events and chronic shifts in climate patterns, and transition risks, which may impact policies, regulations, markets, reputation, and technology during the transition to a low-carbon economy. Opportunities are classified by type into resource efficiency, energy resources, products and services, markets, and resilience.

Climate-Related Risk and Opportunity Identification Process

Identification of Climate Risks and Opportunities	Analysis of Related Risks and Opportunities Based on the TCFD Framework
Assessment of Climate Risks and Opportunities	Selection of Levels Based on Impact and Likelihood
Financial Impact Analysis of Key Issues	Estimation of Financial Impact through Scenario Analysis for Key Issues • Physical Risks: IPCC SSP (Shared Socioeconomic Pathways) Scenarios • Transition Risks: IEA STEPS (Stated Policies Scenario), APS (Announced Pledges Scenario), and NZE (Net Zero Emissions Scenario)
Incorporation into Business Strategy	Establishment of Response Strategies and Integration into Financial Planning for Major Risks and Opportunities

Climate Risk and Opportunity Factors



Strategy

Identification of Climate-Related Risks and Opportunities

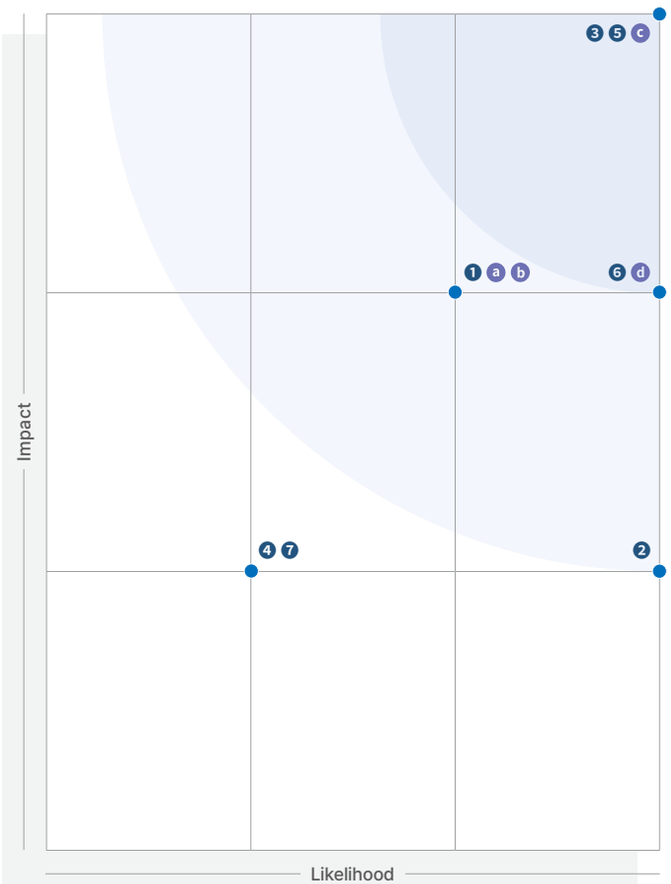
Review of Importance of Risk and Opportunity Factors

KOLON INDUSTRIES has established a pool of climate change-related risk and opportunity factors through industry trend analysis and literature review. The likelihood of occurrence and importance of each factor was then evaluated based on a comprehensive assessment of the company's business strategy, market dynamics, and competitiveness. As a result, 11 risk and opportunity factors with the highest potential impact and likelihood were identified. Among them, two transition risks and one opportunity were selected as key risks and opportunities.

Potential Financial Impact by Climate-Related Risks and Opportunities

Classification of Risks and Opportunities				Potential Financial Impact	Likelihood	Impact
Risk Factors	Physical	Acute	1	·Damage to business site facilities and production delays caused by climate change	Medium	Medium
		Chronic	2	·Reduced worker productivity due to rising average temperatures; Increased safety management and operational costs	High	Low
	Transition	Policy and Regulation	3	·Strengthening of GHG emission regulations and increase in emission permit costs; Regulatory tightening including mandatory ESG disclosure	High	High
		Litigation	4	·Occurrence of climate change-related lawsuits	Low	Low
		Technology	5	·Increased demands from investors and customers for investment in eco-friendly product development; Increased costs for transitioning to low-carbon technologies	High	High
		Market	6	·Strengthened requirements for eco-friendly products and proof of eco-friendliness; Greenflation (a sharp increase in raw material prices due to eco-friendly policies)	High	Medium
		Reputation	7	·Reduced capital raising ability due to inadequate climate change response; Increased demands from stakeholders for climate disclosure and ESG assessment results	Low	Low
Opportunity Factors	Resource Efficiency		a	·Sale of emission permits through GHG reduction; Reduction in raw material usage through resource recycling; Reduction in water intake and wastewater generation through water recycling	Medium	Medium
	Energy Resources		b	·Reduction in carbon costs through transition to renewable energy; Increased operational efficiency through low-energy consumption processes	Medium	Medium
	Products and Services		c	·Securing the competitiveness of low-carbon products and increasing sales	High	High
	Market		d	·Increased consumer demand for eco-friendly products; Securing new markets through transition to an eco-friendly portfolio	High	Medium

Review of Importance of Risk and Opportunity Factors



Strategy

Identification of Climate-Related Risks and Opportunities

Risk and Opportunity Factors and KOLON INDUSTRIES' Response Strategy

A total of 11 risk and opportunity factors with the highest impact and likelihood on KOLON INDUSTRIES were identified, with two transition risks and one opportunity factor selected as key risks and opportunities. Among the transition risks, tightening GHG emission regulations and rising emission permit costs are expected to have the most significant impact, prompting the company to take proactive countermeasures. Meanwhile, the increasing market demand for low-carbon products is anticipated to serve as a new opportunity for KOLON INDUSTRIES, which has already established and is implementing its carbon neutrality targets and strategies. Accordingly, the company plans to conduct additional quantitative assessments of factors with significant financial impact and high likelihood and disclose the findings. In addition, by continuously monitoring each factor and managing them through performance and outcome indicators, KOLON INDUSTRIES aims to effectively respond to climate-related risks and opportunities. Through this structured approach, the company will strengthen its climate change response capabilities and pursue sustainable growth that balances environmental responsibility with economic performance.

Climate Change Risk and Opportunity Factor Response Strategy

Type of Risks and Opportunities	Classification of Risks and Opportunities		Kolon Industries' Response Strategy	Risk Occurrence Timing		
				Short	Mid	Long
Risk Factors	1	·Facility damage and production delays caused by climate change	·Enhancing energy efficiency at business sites through the establishment of Factory Energy Management Systems (FEMS) and improvement of aging facilities	●		
	2	·Reduced worker productivity due to rising average temperatures; increased cost for safety management and operations	·Efforts to create safe workplaces through company-wide risk assessments, ISO 45001 certification, advancement of the ESH system, and expansion of proactive ESH safety inspections (overseas subsidiaries) for systematic workplace safety management	●		
	3	·Strengthening of GHG emission regulations and increase in emission permit costs; regulatory tightening including mandatory ESG disclosure	·Company-wide declaration to reduce GHG emissions through setting Science Based Targets (SBTi), introducing Organizationally Determined Contribution (ODC) for reduction targets by business site, and supporting GHG reduction technologies at overseas business sites		●	
	4	·Litigation related to climate change response	·Efforts to comply with environmental laws and regulations through real-time air pollutant monitoring systems and installation of equipment to reduce chemical emissions	●		
	5	·Increased demands from investors and customers for investment in eco-friendly product development; increased costs for transitioning to low-carbon technologies	·Proactive carbon footprint management through expanded product Life Cycle Assessment (LCA); enhancing manufacturing competitiveness and contributing to GHG reduction by identifying and implementing "GHG Reduction Action Items"		●	
	6	·Strengthened requirements for eco-friendly products and proof of eco-friendliness; greenflation (sharp rise in raw material prices due to eco-friendly policies)	·Responding to eco-friendly needs through developing Bio-based Products and expanded product eco-certifications; Monitoring supply chain climate risks by establishing ESG management systems for new and existing supply chains and enhancing ESG evaluations			●
	7	·Reduced capital raising ability due to inadequate climate change response; increased demands from stakeholders for climate disclosure and ESG assessment results	·Company-wide supplementary activities from an ESG perspective through participation in global initiatives and responses to external ESG assessments; internalizing global-level ESG capabilities through Sustainability assessments by business division (starting in 2025)			●
Opportunity Factors	a	·Emissions sales from GHG reduction / Reduction in raw material usage through resource recycling ·Reduction in water intake and wastewater generation through water recycling	·Enhancing circular economy through maximizing resource efficiency, such as expanding the proportion of products applying Recycle PET			●
	b	·Reduction of carbon costs through transition to renewable energy ·Improvement of operational efficiency through low-energy consumption processes	·Reduction of carbon emissions and productivity improvement through implementation of carbon reduction measures such as solar power generation at Vietnam Corporation ·Transition to renewable energy within business sites, including introduction of electric vehicles and installation of EV charging stations at logistics centers ·Introduction of carbon-neutral power through signing a Memorandum of Understanding (MOU) with GS Energy			●
	c	·Securing competitiveness and increasing sales of low-carbon products	·Securing proactive market competitiveness by expanding R&D investment in eco-friendly, low-carbon product lines such as green epoxy, specialty epoxy, and specialty hardeners			●
	d	·Increasing consumer demand for eco-friendly products ·Securing new markets through transition to an eco-friendly portfolio	·Mid- to long-term portfolio improvement through expansion of hydrogen fuel cell business and establishment of Net-Zero roadmap for petroleum resin products			●

■ Key Risks/Opportunities Risk Impact: ● Short ● Mid ● Long

Strategy

Key Issue Financial Impact Analysis

Climate Change Scenario Analysis

KOLON INDUSTRIES conducted scenario analyses on physical and transition risks to assess the financial impact of potential risks arising from climate change, in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. During this process, the company adhered to the latest climate-related policies and international guidelines, adopting climate scenarios developed by the internationally recognized IPCC (Intergovernmental Panel on Climate Change) and IEA (International Energy Agency). Through scenario analysis, the company aims to systematically assess and manage climate-related risks.

Physical Risk Analysis Scenario – IPCC Scenario

The IPCC Sixth Assessment Report presents climate change scenarios that consider radiative forcing intensity based on surface-level CO_2 concentrations through 2100, along with future socio-economic developments. These scenarios are based on scientific climate models and data, and analyze possible future climate outcomes under varying assumptions of human economic development and emissions pathways. KOLON INDUSTRIES selected these scenarios as the most appropriate for assessing physical risks. In these scenarios, projected sea level rise resulting from temperature increases is used as a representative indicator. The company selected two scenarios: SSP 1-2.6 and SSP 5-8.5. The SSP 1-2.6 scenario assumes a 1.8°C rise in global average temperature compared to pre-industrial levels, based on reduced fossil fuel consumption through advances in renewable energy technologies. In contrast, the SSP 5-8.5 scenario assumes a 4.4°C rise in global average temperature by 2100, driven by continued fossil fuel use and unregulated development expansion.

Transition Risk Analysis Scenario – IEA Scenario

The IEA provides various scenarios that reflect each country's climate policies and the applicability of climate technologies. KOLON INDUSTRIES analyzed transition risks using three of these scenarios: NZE, APS, and STEPS. The NZE (Net Zero Emissions) scenario assumes that governments worldwide achieve carbon neutrality in the energy sector by 2050 through immediate greenhouse gas (GHG) reduction efforts. The APS (Announced Pledges Scenario) assumes the full implementation of each country's Nationally Determined Contributions (NDCs) and carbon neutrality targets. The STEPS (Stated Policies Scenario) assumes that current climate policy measures are maintained. This scenario places emphasis on transition risks associated with achieving a 1.5°C society by 2050 and was selected as the primary analysis scenario, as it aligns most closely with KOLON INDUSTRIES' 2050 carbon neutrality target. The company estimated the transition costs required to respond to climate change based on the carbon prices projected for 2050 under these three scenarios.

Scenario Analysis by Risk Type

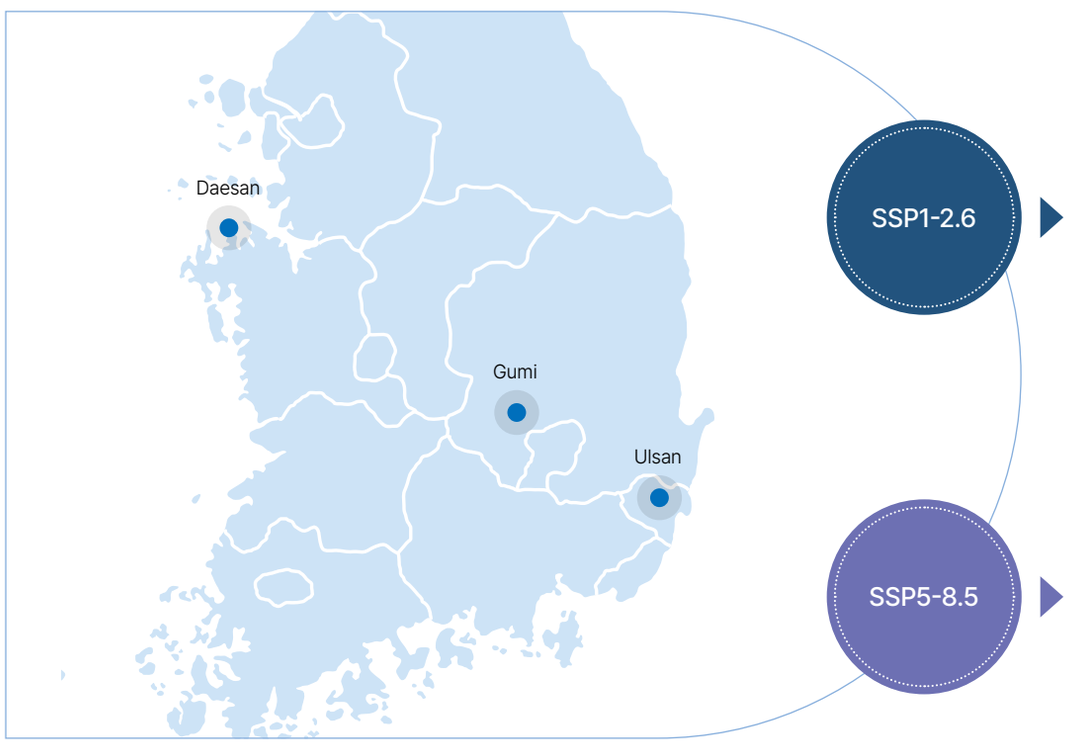
Category	Classification of Risks and Opportunities	Temperature Rise by 2100	Assumptions	Representative Indicators	
Physical Risk Analysis	SSP 1-2.6	1.8°C	• Low-carbon scenario meeting the Paris Agreement, limiting warming to within 2°C • Assumes minimal fossil fuel use due to advances in renewable energy technology, achieving environmentally sustainable economic growth	Year 2100 Projected sea level rise	0.32-0.62m
	SSP 5-8.5	4.4°C	• Scenario with continued increase in GHG emissions, tripling current levels by 2075, resulting in over 4°C warming • Assumes rapid industrial technology development with high fossil fuel use and unchecked expansion of development		0.63-1.01m
Transition Risk Analysis	NZE (Net Zero Emission Scenario)	1.5°C	• Scenario aiming for net zero CO_2 emissions in the global energy sector by 2050	Year 2050 Carbon Price	$250/tCO$_2$e
	APS (Announced Pledges Scenario)	2.1°C	• Scenario assuming timely and full implementation of all climate pledges made by governments worldwide, including NDCs and long-term net-zero commitments		$200/tCO$_2$e
	STEPS (Stated Policies Scenario)	2.6°C	• Scenario reflecting current policy settings based on sectoral assessments of specific policies currently implemented and announced by governments		$89/tCO$_2$e

Strategy

Key Issue Financial Impact Analysis

Physical Risk Analysis

KOLON INDUSTRIES quantitatively analyzed the impact of physical risks caused by climate change on the company's sustainability using S&P Global Climanomics®, an internationally recognized climate modeling tool. The financial impact was assessed for three key business sites—GUMI, DAESAN, and ULSAN. The analysis was conducted in 10-year intervals from 2020 to 2059 based on the SSP scenarios (SSP 1-2.6 and SSP 5-8.5) from the IPCC 6th Assessment Report. The physical risks assessed included nine categories: coastal flooding, drought, river flooding, landslides, heavy rain and flooding, abnormal temperatures, typhoons, water stress, and wildfires. Asset loss rates were calculated by business site and disaster type.



Physical Risk Analysis Results

Compared to the SSP 1-2.6 scenario, which assumes active GHG reduction, the SSP 5-8.5 scenario, which assumes continued current levels of emissions, was found to pose higher climate risks across all business sites. In all scenarios, the disasters with the highest average annual asset loss rates were abnormal temperatures and heavy rainfall and flooding. Loss rates due to abnormal temperatures were calculated by considering cooling expenses, decreased productivity, and reduced HVAC system efficiency, while loss rates from heavy rainfall and flooding were based on business disruption and cleaning and repair costs. The damage proportion by site was highest at GUMI Plant, followed by DAESAN Plant and ULSAN Plant. Notably, abnormal temperatures were identified as having a significant long-term impact across all sites.

Average Annual Asset Loss Rate (%) and Major Physical Risk Factors

☐Low ■Somewhat Low ■Somewhat High ■High

Category	Gumi Plant		Daesan Plant		Ulsan Plant	
	2030	2050	2030	2050	2030	2050
Coastal Flooding	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Drought	0.10%	0.10%	0.00%	0.00%	0.10%	0.10%
River Flooding	0.00%	0.00%	0.00%	0.00%	0.00%	0.40%
Landslide	0.00%	0.00%	1.30%	1.40%	0.00%	0.00%
Heavy Rain/Flooding	0.30%	0.30%	0.20%	0.30%	0.20%	0.30%
Typhoon	0.00%	0.00%	0.00%	0.10%	0.10%	0.10%
Water Stress	-0.50%	-0.40%	-0.70%	-0.90%	-0.30%	-0.40%
Wildfire	0.00%	0.00%	0.00%	0.10%	0.10%	0.10%
Abnormal Temperature	2.90%	3.40%	2.60%	3.10%	2.60%	3.00%

구분	Gumi Plant		Daesan Plant		Ulsan Plant	
	2030	2050	2030	2050	2030	2050
Coastal Flooding	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Drought	0.10%	0.20%	0.00%	0.10%	0.10%	0.20%
River Flooding	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Landslide	0.00%	0.00%	1.30%	1.70%	0.00%	0.00%
Heavy Rain/Flooding	0.30%	0.50%	0.20%	0.40%	0.20%	0.40%
Typhoon	0.00%	0.00%	0.10%	0.10%	0.10%	0.10%
Water Stress	-0.40%	-0.80%	-0.70%	-0.70%	-0.20%	-0.30%
Wildfire	0.00%	0.00%	0.10%	0.10%	0.10%	0.10%
Abnormal Temperature	3.20%	4.60%	3.00%	4.40%	2.90%	4.30%

Strategy

Key Issue Financial Impact Analysis

Transition Risk Analysis

The carbon cost risk associated with strengthened GHG regulation policies was analyzed based on three scenarios: IEA NZE, APS, and STEPS. For each scenario, response costs were calculated based on different projected carbon prices to assess the financial impact of climate change.

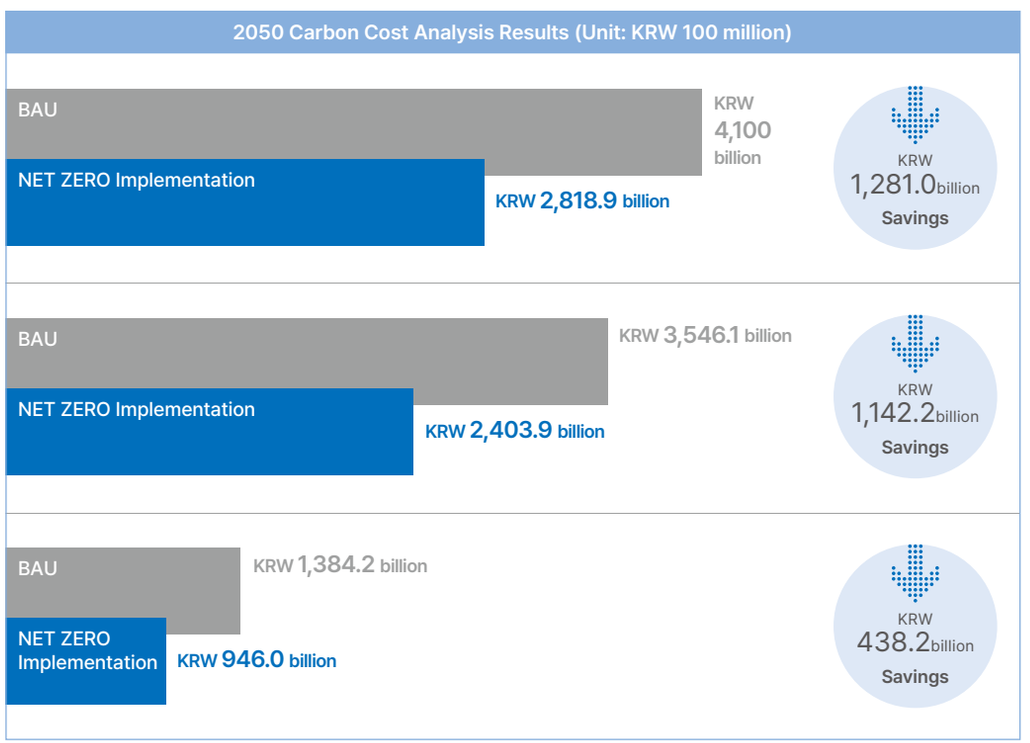
Transition Risk Analysis Results

KOLON INDUSTRIES estimated the potential cost burden by 2050 under a Business As Usual (BAU) scenario, assuming no greenhouse gas (GHG) reduction efforts compared to the SBTi target base year of 2022. Carbon prices under each scenario were applied, and the analysis confirmed that the cumulative cost burden could range from KRW 1,384.2 billion to KRW 4,100 billion by 2050. In contrast, by achieving Net Zero in alignment with the SBTi reduction targets, the company is expected to realize cost savings of between KRW 438.2 billion and KRW 1,281 billion, depending on the scenario.

Transition Risk Analysis Climate Scenarios

Scenario Classification	Scenario Introduction	Carbon Price per Ton in 2050
NZE (Net Zero Emission Scenario)	• A scenario in which the entire world achieves carbon neutrality by 2050 through a large-scale energy transition, limiting global temperature rise to 1.5°C.	• Up to $250
APS (Announced Pledges Scenario)	• A scenario assuming that all climate pledges announced by governments worldwide, including NDCs and long-term net-zero commitments, are fully implemented on time.	• Up to $200
STEPS (Stated Policies Scenario)	• A scenario reflecting confirmed and planned policies and regulations to predict impacts on energy demand, supply, and emissions (including the latest available data and forecasts on technology costs, manufacturing capacity, and industrial strategies of national and energy sector corporates).	• Up to $89

Scenario Analysis Results



Strategy

Status and Plans for Risk and Opportunity Response: Managing Product Carbon Footprint Inventory through LCA Expansion

Life Cycle Assessment (LCA) Roadmap

From 2022 to 2023, KOLON INDUSTRIES conducted consulting for 14 key product groups in accordance with international standards (ISO 14040, 14044, 14067) and established a Product Carbon Footprint (PCF) calculation system. In 2024, we expanded this system to cover all product groups, including major products such as Tire Cord, Airbag, Aramid, Spunbond, CPI, and Petroleum Resin, and completed 100% in-house Life Cycle Assessments (LCA) for key product groups. Through these efforts, the company has systematically evaluated and managed the environmental impacts of its products while strengthening internal capabilities. The company continuously updates its data and incorporates the most recent information to improve result accuracy, and reassesses product environmental impacts annually. These efforts contribute to building trust with customers and reinforcing the foundation for sustainable management.

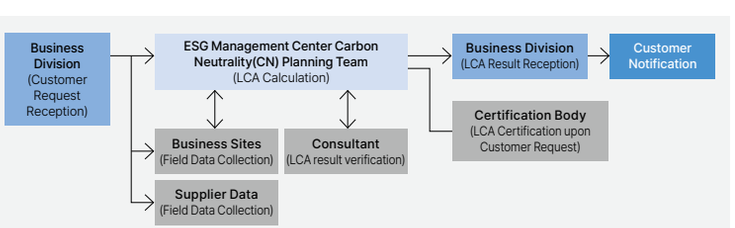
Life Cycle Assessment Roadmap

LCA Introduction	Data Advancement	Systematization
Years 2022–2023	Years 2024–2026	From 2027 Onward
• Consulting completed for 14 major product groups • LCA completed for a total of 76 items	• Comprehensive survey of all product systems • Complete LCA performed for all products including Tire Cord, Airbag, Aramid, Spunbond, CPI, Petroleum Resin	• In-house system establishment

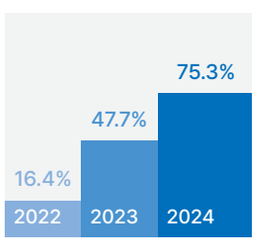
Life Cycle Assessment Process

KOLON INDUSTRIES continuously improves its processes to enhance the efficiency and accuracy of LCA (Life Cycle Assessment) and PCF (Product Carbon Footprint) calculations. An annual LCA demand survey conducted early in the year allows the company to systematically prioritize departmental tasks and collect on-site data efficiently, thereby optimizing the workload across related departments. This approach ensures a balanced distribution of responsibilities and enables the collection of accurate and timely data required for LCA and PCF, ultimately improving the precision and reliability of company-wide environmental impact assessments. Furthermore, by identifying and collecting only the data necessary from field operations, the company has established and operates an efficient data management system.

Life Cycle Assessment Process



Annual LCA Progress Rate[1)]



1) LCA progress rate for all product groups

Life Cycle Assessment Approach

Product-Specific Calculation Methodology

The company conducts tailored LCA calculations for each department through differentiated approaches based on customer product characteristics. Unique industrial products such as Tire Cord and Airbag have distinct production processes and raw material usage. Therefore, the environmental impacts across the stages of production, transportation, use, and disposal are analyzed in detail. This approach enables the company to derive optimization measures and generate detailed LCA data that reflect product-specific environmental characteristics, through close collaboration with each department.

SimaPro Introduction

To enhance the reliability of LCA data, the company introduced SimaPro and conducted LCA analyses for all products in 2024. This enabled the evaluation of environmental impacts across the entire product life cycle and the systematic analysis of environmental effects across various industrial sectors. The introduction of SimaPro improved the accuracy and reliability of data analysis, contributing to enhanced environmental sustainability. Additionally, by providing customer-specific LCA results, the company proposed tailored environmental improvement measures for each industrial product, thereby reinforcing its commitment to sustainable management.

Life Cycle Assessment Advancement Strategy

Establishment of Feedback System

To promptly and accurately respond to our customers' increasing demand for sustainable products, we have completed Life Cycle Assessment (LCA) and Product Carbon Footprint (PCF) calculations for all products in major product groups, including petroleum resin, thereby establishing a system for immediate response. Our strategic approach focuses on delivering optimal environmental performance by updating LCA results and PCF values at the beginning of each year using the previous year's on-site data. These efforts help build stronger trust with customers and contribute to achieving our sustainable management goals.

Establishment of Training System

To advance sustainable management, the company provides continuous professional training to dedicated personnel. The training program promotes deeper understanding of LCA methodologies, supporting precise and reliable PCF calculations. Customer feedback is delivered through LCA result reports that clearly communicate the environmental impacts of products, reinforcing collaboration based on transparent and trustworthy environmental data to drive sustainability. Through proactive systems for data management, training, and feedback, the company puts environmental responsibility into practice and will continue to deepen its sustainable management efforts.

Strategy

Status and Plans for Risk and Opportunity Response: Carbon Footprint Management through LCA Expansion

Scope 1&2 GHG Inventory System

KOLON INDUSTRIES has established an inventory for Scope 1 and Scope 2 emissions to systematically manage greenhouse gas (GHG) emissions and develop reduction strategies, conducting regular annual calculations and reporting. Scope 1 refers to direct GHG emissions from fuel combustion and processes, including B-C oil, LNG, by-product fuels, and process-related emissions. Scope 2 includes indirect emissions from the use of externally purchased electricity and steam. GHG emissions are calculated based on the Act on the Allocation and Trading of Greenhouse-Gas Emission Permits and the Framework Act on Carbon Neutrality and Green Growth for Coping With Climate Crisis, in accordance with the IPCC 2006 Guidelines and Korean Standards KS ISO 14064-4:2018 and KS ISO 14064-3:2019. The organizational boundary applies the Operational Control Approach, encompassing all domestic business sites under the company's operational control (Gumi 1, Gyeongsan, Gimcheon 1, Gimcheon 2, Ulsan, Yeosu, Daesan, Siheung manufacturing plants, Magok Headquarters and Research Institute, Gwacheon Headquarters, FnC Headquarters and stores, logistics center).

The calculation of Scope 1&2 emissions follows the process below

❶ Identification of Emission Sources	Listing emission facilities (boilers, strategic use equipment, steam use equipment, etc.) across all business sites
❷ Collection of Activity Data	Fuel, electricity, steam usage (based on bills), etc.
❸ Application of Emission Factors	Ministry of Environment announced basic factors (K-ETS), IPCC factors, etc.
❹ Calculation Formula	Scope 1 = Fuel consumption x Emission factor x GWP / Scope 2 = Electricity, steam consumption x Emission factor x GWP
❺ QA/QC and Verification	Initial preparation by business site → Review by Environmental Management Team → Verification by external certification body

KOLON INDUSTRIES utilizes the GHG inventory system not only to respond to emission trading schemes but also for energy efficiency analysis and establishing reduction targets. It is also used for external disclosures and assessments such as Sustainability Statement, CDP, KCGS, Ecovadis. Additionally, registration in the GHG Integrated Management System (GIR) enables compliance with legal reporting requirements.

EPD Certification of Products Subject to LCA Assessment

Among the items assessed by LCA, two spunbond products (Finon, Finon-eco) have obtained the international environmental certification EPD (Environmental Product Declaration) through the global certification body Certiquality srl in Italy. This certification is posted on the EPD website and is the first certification in the domestic nonwoven fabric sector and the first globally in automotive and carpet nonwoven sectors.



Product Unit LCA Execution and Management System

KOLON INDUSTRIES has established a product unit Life Cycle Assessment (LCA) system to quantitatively evaluate environmental impacts throughout the entire product life cycle and continuously advances this system. Beyond simple carbon emission calculations, the system enhances the accuracy and reliability of LCA execution through an internationally standardized quantitative assessment framework, product-specific data inventories, and rigorous assumption setting and management processes.

Establishment of Product-specific Inventory System	1	KOLON INDUSTRIES is promoting a transition from the existing workplace-based system to a product-unit-based emission calculation approach. The company systematically collects and manages process-level activity data (inventory data) for major products. The data includes material input amounts, energy usage, water consumption, by-product emissions, transportation distances and mode, and is structured into a modular inventory segmented by process stages.
LCA Methodology and Standards	2	LCA execution is based on ISO 14040/44 international standards, with environmental impact categories mainly focused on carbon footprint (GWP). The assessment boundary is defined as Cradle-to-Gate scope, with functional units clearly specified as 1 kg or 1 unit of product. To compare different product groups, the same scope and unit standards are applied, with common criteria and supplementary assumption setting principles established as internal standards.
Assumptions and Supplementary Data Application	3	When certain activity data cannot be quantitatively obtained, assumptions are made based on representative averages, industry benchmarks, or literature sources. All assumptions are clearly disclosed in reports, including the applicable standards, sources, and levels of uncertainty, to ensure transparency.
Product Code-Based Report Management System	4	All LCA results are managed with unique IDs assigned to each product code, and the corresponding reports are tracked and archived through version control. These reports are utilized for responding to customer requests, submission to certification bodies, and internal sustainability management evaluations.
LCA Utilization and Expansion Strategy	5	KOLON INDUSTRIES actively utilizes LCA results in various management decisions including product development, R&D, marketing, and customer responses. These results serve as key data for strategies to improve high-carbon products and expand low-carbon product lines. Moving forward, the company aims to automate LCA via digital platforms and establish a company-wide sharing system, with a roadmap for 100% LCA coverage across all product lines being progressively expanded.
Verification System	6	Third-party verification is conducted according to domestic standards and customer requirements.

Strategy

Status and Plans for Risk and Opportunity Response: Domestic and International Carbon Reduction Activities

Response to Domestic GHG and Energy Regulations

KOLON INDUSTRIES is designated as a GHG allocation target company under the Framework Act on Carbon Neutrality and the Act on Allocation and Trading of GHG Emission Permits (Cap-and-Trade), and conducts systematic regulatory responses. Before the Cap-and-Trade system began, the company established a pilot GHG inventory in 2009 for domestic sites and has since reported emissions annually through internal verification and third-party assurance under the Target Management System. Since 2015, the company has participated as an allocation target company from the first planning period, managing changes in business sites, emission facilities, energy sources, and consumption. The company also participates in the Voluntary Energy Efficiency Target Policy each year, setting energy intensity targets at each site and implementing efficiency improvements such as steam and electricity leak prevention, fuel conversion, and equipment upgrades. Specific measures include optimizing cooling and chilled water pump systems, compressed air pressure, and reducing energy costs using nighttime electricity. The company will continue systematic management and proactive efforts to reduce emissions and improve efficiency, contributing to national carbon neutrality and sustainable management.

2024 Achievements and 2025 Directions of the Manufacturing Innovation Committee

KOLON INDUSTRIES, led by the Manufacturing Innovation Committee, has established and is executing action-oriented plans to enhance manufacturing competitiveness and reduce greenhouse gas (GHG) emissions. In 2024, in collaboration with external consultants, the company systematically identified "GHG Reduction Action Items" and accelerated its implementation. The newly identified initiatives are expected to yield an annual GHG reduction of approximately 9,600 tCO_2e (Total accumulated tasks: 436; completed: 227; under investment and review: 119).In 2025, the company plans to further systematize and accelerate the execution of these initiatives, identify new opportunities based on on-site VOC (Voice of Customer), monitor progress on implementation and investment, and enhance its implementation management framework through GHG trend analysis to support the achievement of mid- to long-term targets.

Effective Operation of Factory Energy Management System (FEMS)

KOLON INDUSTRIES has completed the energy monitoring system for new and existing double-up processes following the Aramid production expansion at the Gumi Plant. With the new FEMS (Factory Energy Management System), the company established a target-based energy management and real-time response system, enabling effective analysis for peak demand control and cost reduction. FEMS development included digitalizing key energy meters, integrating production and operational data, and linking main utility facility data with the Aramid FEMS. By building FEMS on the same platform as the Aramid MES, a unified system for energy monitoring and analysis was established. Detailed management standards were also applied for each utility to ensure consistent data use and improved visualization.

GHG Reduction through Energy Efficiency Improvement

KOLON INDUSTRIES proactively responds to climate and environmental challenges such as rising energy costs and strengthened GHG emission regulations by continuously advancing energy efficiency and greenhouse gas (GHG) reduction initiatives. For example, the Gumi Plant operates a heat recovery system that utilizes waste heat from high-temperature cooling water generated during the Aramid process in winter to preheat Reverse Osmosis (R/O) feedwater. This replaces a previously energy-intensive heating process, achieving an annual GHG reduction of 1,522 tCO_2e. This initiative exemplifies a dual benefit, reducing GHG emissions through waste heat recovery while simultaneously improving energy efficiency. The company plans to expand this approach to other facilities and processes to further enhance company-wide GHG reduction capabilities.

Energy Savings and GHG Reduction through Improved Operation of Magok Facilities

As part of its climate change response and GHG reduction efforts, KOLON INDUSTRIES conducted a diagnostic review of the air-conditioning system and energy usage at its Magok Headquarters, leading to the identification and implementation of tailored efficiency improvements. Key measures included limiting simultaneous operation of FCU heating and cooling equipment during winter in the research building, optimizing operating conditions by improving inverter controls and load rates of heating/cooling water pumps, and enhancing humidity control operation methods. These improvements achieved approximately 264 tCO_2e reduction in GHG emissions compared to the same period last year. This case demonstrates carbon reduction through improved energy operational efficiency, and the company plans to extend these improvements to non-production facilities and all business sites going forward.

GHG Management and Energy Management in the Fashion Division

KOLON INDUSTRIES' Fashion Division participates in the company-wide SBTi initiative and calculates Scope 1, 2, and 3 GHG emissions, including those of its subsidiaries. The Fashion Division's 2023 Scope 3 emissions have undergone third-party verification. To effectively manage climate risks, the division is building a sustainable business model through the use of low-impact materials, the introduction of electric vehicles at logistics hubs, the recycling of used clothing through CIRCULAR FACTORY, and the expansion of upcycled fashion via CIRCULAR BRAND. The Fashion Division has also joined the Fashion Pact, a voluntary climate initiative led by CEOs of fashion companies. It became the first Korean fashion company to participate, thereby strengthening its position as a global sustainable fashion leader. In addition, K.O.A, a subsidiary specializing in recycled materials, plans to conduct Life Cycle Assessment (LCA) on virgin and recycled cashmere yarns and obtain Environmental Product Declaration (EPD) certification. Through this, the company will measure environmental impacts across all life cycle stages, from raw material sourcing to production, use, and disposal. Based on the data, it will identify emission sources across the value chain and develop actionable carbon reduction measures. The Fashion Division considers the reduction of environmental impacts across the supply chain a core collective task and will continue to advance the company-wide carbon neutrality goal.

Strategy

Status and Plans for Risk and Opportunity Response: Domestic and International Carbon Reduction Activities

GHG Reduction Consulting and Expansion of Solar Power Investments at Overseas Business Sites

From 2024, KOLON INDUSTRIES has been actively pursuing GHG reduction at overseas business sites by providing on-site and online consulting to five subsidiaries based on action items derived from VOC listening and field assessments. As a result, the initiative achieved energy savings and an annual GHG reduction of approximately 4,500 tCO_2e. In 2025, consulting is underway for three subsidiaries in China, and in May visits to two subsidiaries in Vietnam are scheduled to assess performance and identify new improvement opportunities. Notably, consulting was incorporated from the initial stage of facility expansion at KIB subsidiary to promote energy optimization. Furthermore, the Vietnam subsidiary is installing a 6MW solar power generation facility scheduled for completion in 2025. It is expected to reduce GHG emissions by 5,500 tCO2e annually. The produced electricity will be fully consumed on-site, and this model will be expanded to other overseas sites to accelerate global carbon neutrality in power usage.

KOLON INDUSTRIES Signs MOU with GS Energy to Adopt Renewable Energy and Accelerate Carbon Neutrality

On March 27, KOLON INDUSTRIES signed a memorandum of understanding (MOU) with GS Energy to expand direct power purchase agreements (Direct PPA) for renewable energy. Through this partnership, the two companies plan to jointly promote the long-term and stable adoption of renewable energy, leveraging their respective capabilities in energy technology and environmental sustainability. As a result of this agreement, KOLON INDUSTRIES will enhance its ability to achieve its Net Zero targets by installing solar panels on idle land at the Gumi Plant 1 and Yeongcheon Plant. Under the agreement, the company will receive approximately 5.26 million kWh of renewable energy annually from GS Energy, which is expected to reduce greenhouse gas emissions by approximately 2,400 tons per year. The company also plans to expand this initiative to affiliated company sites in the future.



MOU Signing Ceremony

Expansion of Carbon Neutral Culture

KOLON INDUSTRIES is actively promoting internal ESG engagement to enhance awareness of climate change. Energy and GHG reduction initiatives are carried out at all business sites alongside ongoing environmental training. To meet both internal and external carbon neutrality requirements, the company is joining various initiatives and establishing relevant systems. In addition to climate response personnel, collaboration extends to departments such as sales, procurement, and accounting, with knowledge sharing facilitated through briefings. Major climate-related achievements are disclosed to stakeholders via platforms such as the Ministry of Environmental Protection's GHG Comprehensive Information Center, the Environmental Information Disclosure System, and the Electronic Disclosure System. Since 2016, KOLON INDUSTRIES has participated in the Carbon Disclosure Project (CDP) assessments and shares the results with domestic and international investors and customers. In the Fashion Division, since October 2023, the in-house café 'Beard Papa' at the Samsung-dong building has introduced reusable polypropylene (PP) cups to minimize disposable plastic cup usage. These cups are collected regularly and undergo thorough cleaning in cooperation with a specialized provider. Approximately 88,581 reusable cups were used in 2024, and feedback from employees was collected through a user satisfaction survey. Building on the reusable cup campaign, the company will promote various in-house ESG initiatives to gradually foster an ESG-conscious culture among employees.

Electric Cargo Vehicles and Electric Vehicle Charging Stations

The Fashion Division has initiated deliveries using electric cargo vehicles in the Seoul, Gyeonggi, and Chungcheong regions. Starting with five eco-friendly electric vehicles, the division plans to gradually expand the fleet to more than 20 vehicles by 2028. In support of carbon neutrality, five electric charging stations have been installed within the center, along with solar-powered lamps placed at charging stations and around the building perimeter. Additionally, ten electric forklifts, which are essential for logistics center operations, are utilized to carry out environmentally responsible logistics activities.

ESG Eco-Friendly Logistics Center

As the global e-commerce market continues to grow, the demand for environmentally friendly logistics systems is also increasing. In response, the Fashion Division is establishing eco-friendly logistics centers by introducing electric vehicles and charging stations, as well as recycling waste boxes.



Eco-Friendly Cargo Vehicles

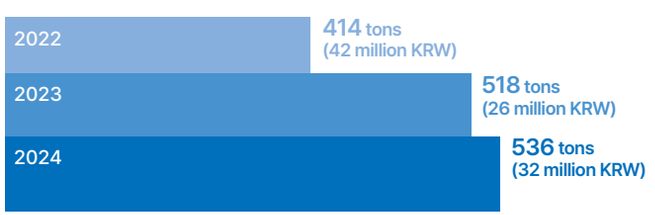


Eco-Friendly Logistics Center

Recycling of Waste Boxes

Due to the nature of logistics operations, the generation of waste boxes is unavoidable. To facilitate recycling, the Fashion Division has formed partnerships with collection companies for regular collection, thereby contributing to resource circulation. This initiative also generates additional revenue.

Annual Waste Box Collection Volume and Associated Revenue



* Revenue differences due to fluctuations in waste paper sales prices

Risk Management

Climate Risk Management

Climate-Related Risk and Opportunity Management Process

Risk Identification and Assessment

KOLON INDUSTRIES identifies major climate-related risks and opportunities in line with the TCFD recommendations. The company has established an issue pool that reflects global climate trends and industry developments. Climate risks are classified into physical risks and transition risks. Physical risks are further subdivided into acute events such as typhoons and floods, and chronic changes such as rising temperatures and sea levels. Transition risks include policy and regulatory shifts, technology evolution, market dynamics, and reputational considerations. Climate-related opportunities are categorized into resource efficiency improvements, transition to clean energy sources, development of eco-friendly products and services, and enhancing market resilience. Each issue is prioritized based on its business impact and likelihood of occurrence. Impact assessment considers business relevance, financial and non-financial effects, and alignment with the carbon neutrality strategy, while likelihood is evaluated through industry benchmarking and internal review. Using these analyses and assessments, KOLON INDUSTRIES annually refines the risk management framework and utilize it to formulate response strategies for sustainable management.

Risk Response

KOLON INDUSTRIES incorporates major climate-related risks and opportunities into its corporate risk management framework to establish effective response strategies. The ESG Committee and ESG Planning Team consolidate departmental issues and response statuses, reporting them to the CEO, thereby deriving company-wide strategic initiatives and business opportunities. Additionally, these risks are embedded within an ISO 14001-based system, and proactive measures are developed to address any emerging risks.

Risk Monitoring

KOLON INDUSTRIES manages climate-related risks and opportunities as potential risks based on the results of its climate risk assessment. These risks are integrated into the enterprise-wide risk management system and monitored alongside financial and non-financial risks. Operational departments continuously oversee risks across the value chain, including regulatory and supply chain-related issues, while working with stakeholders such as suppliers and customers to implement response measures. To strengthen risk management throughout the value chain, KOLON INDUSTRIES supports risk management initiatives across both upstream and downstream partners, including suppliers and external partners.

Risk Management System



Integration with Corporate Risk Management System

By systematically managing financial and non-financial risks that may impact management, KOLON INDUSTRIES enhances its management stability and credibility. Financial risks are controlled through the internal accounting control system, while non-financial risks are mitigated in terms of environmental, social, and governance aspects in accordance with ESG risk management standards.

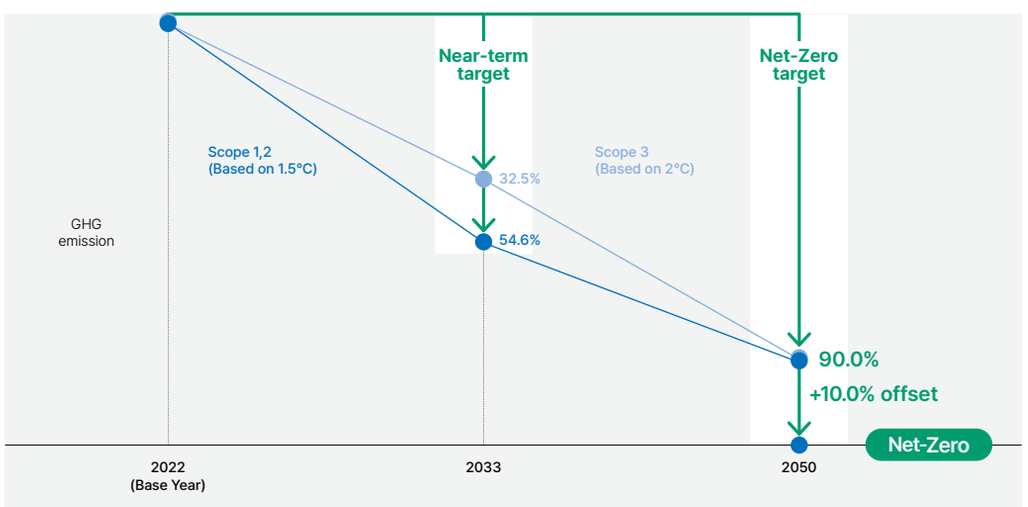
Targets and Metrics

Targets

SBTi Short-Term Targets and Net Zero Target Verification Completed

KOLON INDUSTRIES completed the approval of its Science Based Targets initiative (SBTi) in January 2025. Using 2022 as the baseline year, the company has set a short-term target to reduce Scope 1 and 2 emissions by 54.6% and Scope 3 emissions by 32.5% by 2033. A long-term Net Zero target has also been established to reduce 90% of total Scope 1, 2, and 3 emissions by 2050, with the remaining 10% addressed through carbon offsetting. To strengthen carbon neutrality implementation capabilities, the company has established a carbon neutrality management system. The ESG Planning Team monitors company-wide implementation, while the Carbon Neutrality (CN) Planning Team develops reduction plans and execution measures by business unit. To enhance accountability and execution for GHG reduction, the company has introduced a plan to assign joint KPIs to each business division head and factory manager. From 2022 to 2024, Scope 1, 2, and 3 emissions have been quantified under both separate and consolidated standards, thereby enhancing the scope of management and transparency. Notably, third-party verification of consolidated Scope 3 emissions was completed in 2024, and from 2025, verification will be expanded to include all Scope 1, 2, and 3 emissions to increase data reliability. Various reduction activities, including Power Purchase Agreement (PPA) contracts, the introduction of electric boilers, and the expansion of renewable raw material use, are under review and partially being implemented. Through these efforts, the company intends to steadily advance its Net Zero roadmap based on the SBTi targets.

Science Based Targets



※ With offsetting 10%: Reforestation and forest conservation, Investment in clean energy, Carbon credit purchase, etc.

Carbon Neutrality Short- and Long-Term Targets

KOLON INDUSTRIES has set a goal to achieve Net Zero by 2050 and is pursuing systematic reduction activities by establishing targets for 2026, 2033, and 2050. In the short term, the company has set a challenging target to reduce GHG emissions by 20% by 2026 and plans to introduce renewable energy and effectively reduce GHG emissions. In addition, the company has established a '2033 GHG Reduction Target by Business Site' to improve emission indicators and enhance the calculation and management of Scope 3 emissions. Based on this Net Zero roadmap, the company aims to achieve company-wide carbon neutrality across Scope 1, 2, and 3 emissions by 2050.

Net-Zero Roadmap

Category		Short-Term Target (2022~2026)	Mid-Term Target (~2033)	Long-Term Target (~2050)
Strategic Direction		Scope 1, 2 GHG Emissions 20% Reduction	Scope 1, 2 54.6% Reduction / Scope 3 32.5%	Including Scope 1, 2, and 3 Company-Wide Carbon Net Zero
Implementation Measures	Direct Reduction	• Energy Savings at Business Site Level (On-going) - High-efficiency Equipment Replacement - Process Efficiency Improvement - Energy Saving Activities • Introduction of Recycling Processes	• Low-carbon Fuel Transition - Fuel Change and Boiler Introduction (LNG, Biomass, etc.) • Introduction of CCU Technology - Liquefied Carbonization of High-concentration Carbon	• Low-carbon Fuel Transition - Fuel conversion and boiler installation (biomass, hydrogen, etc.) • Introduction of New CCUS Technology - Capture and utilization of low-concentration carbon - Permanent carbon sequestration using CCS • Electrification of Facilities - 100% application of renewable electricity
	Indirect Reduction	• Introduction of Renewable Energy - Installation of Factory Solar Power Systems (Domestic/Overseas) - Adoption of PPA (Solar Power) • Application of Recycled Steam - Production of ISCC Certified Products and Certification Acquisition at All Business Sites • Introduction of Bio-Based / Recycled Materials - Recycled PET and cr-TPA	• Expansion of Renewable Energy - PPA (Solar Power / Onshore Wind) - Securing REC • Fuel Conversion of External Steam - Coal → LNG / Biomass • Expansion of ISCC Certified Product Production • Expansion of Bio-Based / Recycled Materials	• Conversion of Existing Electricity to Renewable Energy - Expansion of PPAs (solar, onshore wind, offshore wind) - Introduction of new technologies such as hydrogen based power generation • Scope 3 Emissions Establishment and phased implementation of a Scope 3 emission reduction roadmap across the entire value chain

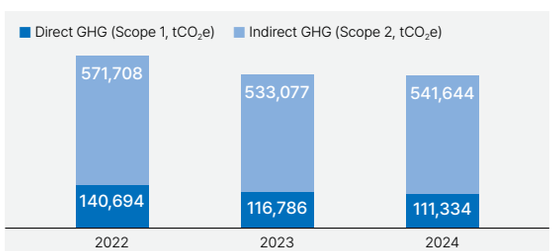
Targets and Metrics

Metrics

GHG Management and Energy Management Performance

KOLON INDUSTRIES' 2024 Scope 1 and 2 GHG emissions are estimated at 653,000 tons, reflecting a reduction of approximately 65,000 tons (9.1%) compared to the baseline year 2022. Through sustained GHG reduction initiatives, the company contributes to national carbon neutrality targets and supports the achievement of national NDC. In particular, the company installed an external waste heat steam system at the Gyeongsan Plant in 2023 to enhance reductions in both GHG emissions and energy consumption. In July 2023, the plant replaced its existing LNG-fired steam boiler with the new system, resulting in an emissions reduction of nearly 10,000 tons by 2024. This was accomplished by recovering unused waste heat from a nearby waste treatment facility and recycling it as a steam energy source, significantly reducing LNG use. The company applies external business methodologies and economic reviews to evaluate performance in emissions and energy reductions and is currently conducting a third-party verification process for internal reduction results in preparation for certification by the Ministry of Environment. Upon official recognition of these achievements, the company plans to link reduction results to financial performance and further enhance flexibility in GHG management. Looking ahead, the company will continue expanding voluntary reduction activities, applying robust methodologies and conducting thorough economic reviews to ensure that internal emission reductions are formally recognized as valid achievements.

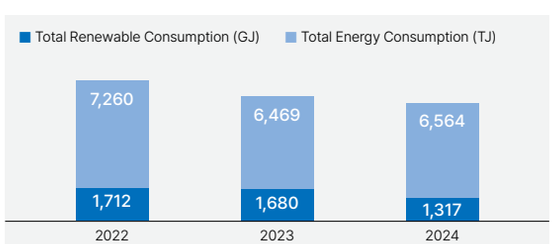
GHG Emissions [1)]



1) Based on Environmental Impact Statement emissions

2022	Increase in total emissions due to production growth and expanded energy demand
2023	Scope 2 reduction through energy efficiency improvements and electricity saving projects
2024	Scope 1 reduction through high-efficiency fuel conversion and waste heat recovery system introduction

Energy Consumption

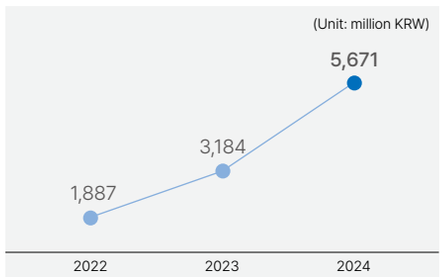


KOLON INDUSTRIES has set Energy Reduction Targets as key performance indicators (KPIs) for each officer in charge of production to effectively manage and enhance climate change performance. KPI evaluation results are linked to the compensation system and reflected in executive remuneration calculations. In addition, KPIs are established to include detailed energy-reduction tasks necessary to achieve these targets.

Scope 3 Emissions Response Plan

KOLON INDUSTRIES began compiling Scope 3 (other indirect emissions) data in 2023, using 2022 as the base year. This includes emissions from procurement, upstream and downstream transportation, and waste. As part of the company-wide carbon neutrality strategy, the company obtained official approval from the Science Based Targets initiative (SBTi) for its science-based targets that encompass Scope 3 reductions. Beginning in 2025, the company plans to achieve measurable reductions across the entire value chain by conducting category-specific estimations of Scope 3 emissions, establishing reduction collaboration plans with priority suppliers, and developing a company-wide emissions reduction roadmap integrated with Scope 1 and 2 targets.

GHG Management Budget



Plan for Expansion of Renewable Energy Use and Expansion

KOLON INDUSTRIES continuously pursues pilot projects and demonstration initiatives for the transition to renewable energy on its own. Some business sites already operate solar power facilities, and going forward, the company plans to gradually expand the optimal introduction of renewable energy, taking into account technical and economic constraints and reflecting the specific electricity consumption characteristics and site conditions of each location.

Plan to Introduce Internal Carbon Pricing System

KOLON INDUSTRIES has not officially introduced an Internal Carbon Pricing system but reflects GHG emission costs from participation in the Cap-and-Trade system in company-wide management decisions. The company is reviewing the introduction of a carbon economic assessment framework by business site and product in the future. KOLON INDUSTRIES' implicit recognition of carbon costs already serves a practical role by incentivizing investments in GHG reduction. Through the future implementation of an ICP system, the company aims to achieve more effective GHG emission reductions.

Status of Participation in Global Initiatives (CDP, SBTi, etc.)

CDP (Carbon Disclosure Project)	SBTi (Science Based Targets initiative)
• Achieved a 'B' rating as of 2024 (same as the previous year) • Plans to strengthen responses to Scope 3 and verification, and to advance risk management items	• SBTi target approval completed • Currently establishing detailed reduction targets that comply with SBTi standards

ESG PROGRESS



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UN SDGs



Environment

Material Topics

Sustainable Business

Key Initiatives

1. Improvement of Hazardous Pollutant Treatment Process
2. Expansion of Hydrogen Fuel Cell Business
3. Increase in Proportion of Recycle PET Products
4. Developing and Commercializing Bio-based Products

Performance

1 Strengthening Response to EU REACH SVHC Regulations
- Successful Development of GL Resin to Replace Harmful Chemicals in PL Resin
- Registration Completed for **21** Substances Manufactured or Imported Over 100 Tons

2 Strengthening Sustainability of Business Portfolio
- Development of High-Power Humidity Control Device for Hydrogen Mobility
- Development of Next-Generation Secondary Battery Materials for Electric Vehicles (Solid Electrolyte, Lithium Metal Cathode, etc.)

3 Acquisition of Product Sustainability Certification
- Acquisition of Sustainability Certification for Bio and Recycled Raw Materials (ISCC PLUS)
- Acquisition of Non-Toxic Certification (NSF/ANSI 50) for Spunbond Nonwoven Fabric for Water Treatment Filters
- New Development and Phased Transition to PFAS-Free Products Planned

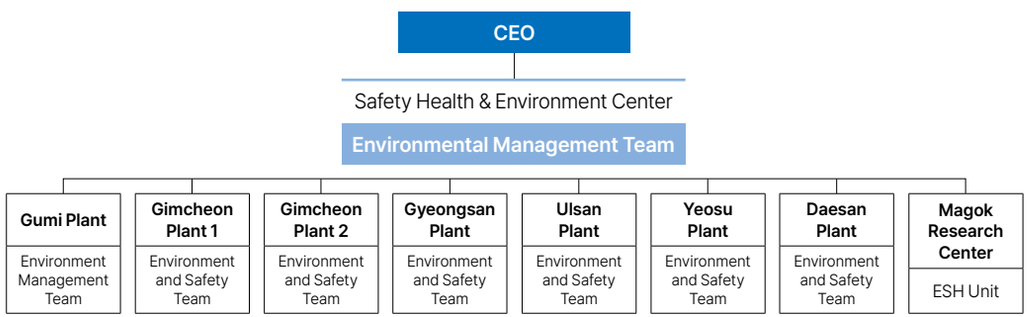
Environmental Management

Environmental Management System

Environmental Management Organizational Operation System

KOLON INDUSTRIES operates a dedicated environmental management organization as a core foundation for advancing corporate sustainability. The Environmental Management Team, established under the Safety Health & Environment Center and reporting directly to the CEO, oversees the formulation of company-wide strategies and responses to environmental issues. At each production site, an Environment and Safety Team is placed under the direct supervision of the factory manager, establishing a field-oriented environmental management system. Headquarters and business sites convene monthly through the "Company-Wide Environmental Safety Council" to share current issues and discuss proactive measures for major environmental risks, thereby reinforcing inter-organizational cooperation. This dual-track operational structure serves as an effective foundation for ensuring regulatory compliance and executing substantive environmental risk mitigation activities.

Environmental Management Organization Chart



Environment and Safety Committee Operation

KOLON INDUSTRIES convenes the Environment and Safety Committee on a regular basis, chaired by the CEO, to reinforce accountability and leadership in environmental management. Held twice annually, the committee is attended by key executives including the CEO, Head of the Production Technology Division, Head of the R&D Division, factory managers from each business site, and the Head of the Safety Health & Environment Center. The committee shares company-wide environmental and safety performance and engages in strategic decision-making. Agenda items include site-specific environmental issues, regulatory compliance status, and mid- to long-term environmental initiatives. Outstanding sites are granted performance-based incentives through the Role Model Incentive (RMI) program. Key environmental matters discussed during the Environment and Safety Committee are reported to the Board of Directors. In the regular Board meeting held in May 2025, the status and response plans for chemical management were reviewed at the highest decision-making level. Such direct engagement by top management serves as a critical foundation for advancing the company's environmental management maturity.

Environmental Management Policy

Environmental Regulations

KOLON INDUSTRIES systematically establishes and operates company-wide environmental regulations to meet evolving environmental laws and social expectations. Initially, individual regulations were prepared by media such as air, water quality, soil, and waste, building management systems reflecting the characteristics and key environmental issues of each business site. In 2024, all sites subject to Integrated Environmental Permits obtained their permits, marking the integration of existing media-specific regulations into newly established Environmental Pollution Facility Integrated Management Regulations based on the Act on the Integrated Control of Pollutant-Discharging Facilities, creating an integrated management system. This unified major environmental management items such as air, water quality, soil, noise, and vibration into a single system, significantly enhancing consistency and efficiency in management. Meanwhile, for sites not subject to Integrated Environmental Permits, separate company-wide environmental management regulations have been established to systematically reflect requirements of media-specific laws (such as the Clean Air Conservation Act and Water Environment Conservation Act). Through this, a company-wide environmental management system encompassing both integrated management regulations and individual media law responses has been built to ensure all sites practice environmental management compliant with the latest laws. The company plans to continue promptly responding to domestic environmental law changes and enhance the completeness of its eco-friendly management system through systematic operation and continuous advancement of environmental regulations

Environmental Regulation Subjects, Objectives, Operation/Procedures

Environmental Regulations	Role	Implementation Details
Energy and GHG	Regulations on scope, responsibilities, and work procedures for rational use of energy and operation of the GHG cap-and-trade system.	To efficiently reduce GHGs, regulations establish work processes, company-wide GHG target management, and reduction performance management for active implementation.
Water Quality Management	Appropriate and sustainable conservation of water environment in compliance with the Water Environment Conservation Act (Water Quality and Aquatic Ecosystem Conservation Act) and other related laws.	Guidelines operate work assignments and procedures related to installation, modification, and operation of wastewater discharge facilities and water pollution prevention facilities, including legal and internal management standards.
Local Pollution	Appropriate and sustainable conservation of local environments such as soil, odor, noise, and air at each business site - compliance with environmental conservation laws by pollution type and other related laws.	Guidelines operate work assignments and procedures related to installation, modification, and operation of pollution control facilities by pollution type, including legal and internal management standards.
Waste Management	Suppression of waste generation at each business site and environmentally friendly treatment of generated waste - implementation of measures to comply with the Waste Management Act and other related laws.	Guidelines operate work assignments and procedures related to waste discharge and treatment, including legal and internal management standards.
Environmental Impact Assessment	Setting important environmental impacts, planning and conducting environmental impact assessments, and establishing specific management plans - operating clean production sites minimizing environmental impact.	Responsibilities and authorities are set; work procedures, assessment criteria, checklists, etc., are operated as guidelines.

Environmental Management

Environmental Management Strategy

Environmental Management Policy

KOLON INDUSTRIES establishes clear visions and strategies to realize a sustainable environment and strives to fulfill its environmental responsibility while strengthening the foundation for the company's sustainable growth. In 2025, the company fundamentally redefined its Environmental Management Policy and disclosed it both internally and externally, thereby setting a new milestone for transparent information sharing and trust-based environmental management. The company educates and disseminates this policy to all employees in order to embed environmental values across the entire organization. Based on this policy, each division establishes practical action tasks to enhance execution capabilities.

Environmental Management Policy

KOLON INDUSTRIES recognizes the environment as a core element of management activities and prioritizes environmental protection and sustainable development as its highest values. It establishes an environmental management system that complies with laws and regulations and continuously practices the following to fulfill its social responsibilities.

❶ Strictly comply with domestic and international environmental and energy-related laws and international agreements, establish and implement proactive standards beyond compliance to pursue continuous improvement in environmental performance.
❷ Establish an environmental management system based on ISO 14001 and energy management system based on ISO 50001 aligned with global standards, and strive to minimize environmental impacts at all business sites.
❸ Prioritize efficient resource use, energy saving, reduction of pollutant emissions, water resource conservation, and biodiversity protection as key components of environmental management, and manage related performance using quantitative indicators.
❹ Set carbon neutrality targets to proactively respond to climate change, establish and implement phased action plans to achieve these targets. Simultaneously, systematically analyze risks and opportunities arising from climate change and operate strategic response systems accordingly.
❺ Strengthen employee education and communication to encourage active participation in environmental and energy improvement activities and foster a corporate culture where eco-friendly values are integrated into daily practices.
❻ Share environmental standards with suppliers and supply chains, building a sustainable value chain together based on mutual respect and cooperation.
❼ Enhance trust and responsibility regarding the environment through transparent information sharing and continuous communication with stakeholders; the Board of Directors and top management regularly review and manage environmental strategies and performance.

KOLON INDUSTRIES Environmental Management Strategy

KOLON INDUSTRIES strictly complies with local environmental laws at all of its business sites and continuously advances its environmental management system to foster sustainable development alongside local communities. The company applies Best Available Techniques (BAT) at every site under the Act on the Integrated Control of Pollutant-Discharging Facilities. This includes structured management of key environmental pollutants such as air emissions, water quality, and waste management. Based on ISO 14001 certification, the company has established comprehensive environmental management regulations tailored to legal requirements. These include unified regulations under the Act on the Integrated Control of Pollutant-Discharging Facilities and separate regulations covering individual media laws such as air, water quality, soil, noise, and vibration to ensure each site operates under a robust and compliant framework. Moreover, regular employee training and performance assessments are conducted to prevent environmental risks and elevate internal environmental management standards, strengthening the company's overall environmental governance capabilities.

2025 KOLON INDUSTRIES Environmental Management Strategy

KEY POINT	Improvement Directions (Reflecting 2024 Strategic Tasks)
Need to integrate and advance the company-wide response system following the completion of Integrated Environmental Permits for all applicable business sites	Support regular inspections through standardization of operational management, Promote cost reduction in management and operations by fostering experts in the Integrated Environmental Management Act
Permit and approval response issues following the merger with KGI, Pre-merger permit response: Completion of soil contamination investigation for designated facilities	Emissions Trading Scheme: Additional management measures required for newly merged sites, Act on the Registration and Evaluation of Chemicals: Classification and management of chemical substances based on handling volume
Need to reduce environmental management costs *One-time cost reduction example: Waste treatment cost reduction at Gimcheon 1 site	Company-wide Waste Task Force Activities Reduction of costs related to self-measurement, waste, and wastewater treatment
Act on the Registration and Evaluation of Chemicals: Registration of 10~100 ton chemical substances begins ('25~'27) Company-wide inspection of regulatory compliance and strengthening of the management system ('25~'26)	Registration of manufactured/imported chemicals (10~100 tons) Full review of violations of chemical regulations, followed by necessary reporting and action Improvement of work procedures and advancement of the IT system
Need to improve the environmental data/indicator management process	Stabilization of environmental data/indicator management system and enhancement of reliability

Environmental Management

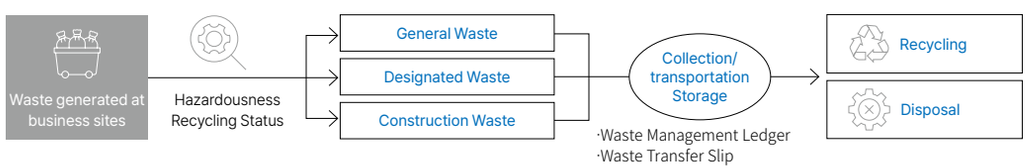
Environmental Management Activities

Waste Management

Waste Treatment Process

KOLON INDUSTRIES systematically manages waste in accordance with the Waste Control Act through proper classification and listing. The company also complies with the Basel Convention, which regulates the transboundary movement and disposal of hazardous waste, pursuant to the Act on the Transboundary Movement of Waste and Their Disposal. Each business site establishes detailed guidelines to oversee the entire process, from waste generation to the assessment of hazardousness and recyclability, followed by collection, transportation, storage, recycling, or final disposal. Waste is categorized into general, designated, and construction waste, and is treated according to legal standards based on its characteristics. When atypical waste is generated, the company analyzes its components and hazardous content through separate procedures to determine proper treatment. Key documents such as waste management ledgers and transfer statements are standardized to enhance system-wide management of collection, storage, transport, and entrusted treatment. The company also works to reduce waste at the source by installing minimization facilities, advancing relevant technologies, and expanding recycling programs. Final disposal results are transparently reported through the government-operated "Allbaro System", ensuring legal compliance and reinforcing trust. KOLON INDUSTRIES remains committed to responsible waste management, enhancing resource circulation and expanding recycling efforts across all business sites.

Waste Treatment Flow



Waste Reduction

KOLON INDUSTRIES is enhancing systematic management at each business site to reduce waste generation and continuously improve treatment practices. By implementing site-specific improvement activities tailored to the unique characteristics of each site and production process, the company is simultaneously advancing resource circularity and treatment efficiency. At Gimcheon Plant 1, the waste treatment method for the Recovery process was improved in 2024, resulting in both waste reduction and cost savings. Gumi Plant actively promotes proper waste separation and disposal practices through its Environmental Safety Newsletter and has strengthened preventive measures to mitigate contamination and treatment risks caused by improper disposal. As a result of these ongoing efforts, the company improved its recycling rate from 84% in 2023 to 86% in 2024 through the optimization of waste treatment processes at each site. Moving forward, KOLON INDUSTRIES plans to further reinforce preventive actions at the waste generation stage and expand the use of eco-friendly treatment methods to increase recycling rates.

Eco-friendly Upcyclying Activities

The Fashion Division's upcycling brand RE;CODE collaborated with mattress specialist brand SLOU BED to launch a range of homewear and lifestyle items under the theme of "sustainability." Through this collaboration, four products—room slippers, cushions, vests, and pouches—were released, all made with environmentally conscious, sustainable materials. The room slippers were made using surplus mattress materials from SLOU BED and upcycled car seat covers from RE;CODE. The inner lining of the blanket vest used organic knit fabric extracted from the top layer of SLOU BED mattresses, while the outer fabric was made of RE;CODE's nylon taffeta produced from discarded fishing nets. The cushions combined SLOU BED's surplus toppers and mattresses with RE;CODE's polyester fabric recycled from waste plastic. The pouch was made using SLOU BED's eco-friendly cotton fabric and RE;CODE's automotive airbag material. RE;CODE will continue to promote a sustainable lifestyle that considers the environment. RE;CODE also collaborated with textile artist Hee-ki Jung to launch the "Sock Doll RE;TO DIY KIT" and hosted a commemorative Retable workshop. In this project, RE;CODE and the artist presented the upcycled doll "RE;TO" made from surplus socks, along with four DIY kit versions that allow consumers to create their own dolls. Each DIY kit includes one sock half, three colors of thread, a needle, pins, chalk, stuffing, string, buttons, labels, a carabiner, a pencil sharpener, and a wooden stick. A tutorial video by artist Hee-ki Jung is provided via QR code, making it easy for anyone to follow. In addition, a limited edition set titled "RE;TO and Friends," consisting of 20 handmade sock dolls by the artist, was also launched and is available for purchase on Korea's largest art platform "Print Bakery" and on Kolon Mall. RE;CODE continues to engage consumers by making sustainable fashion both approachable and meaningful. The brand also hosted a paid one-day class to transform defective, unsellable socks into unique upcycled items. Held in collaboration with the Death Stitch Club, the class taught traditional repair techniques from Chiang Mai, enabling participants to create one-of-a-kind socks. Complementary workshops using the DIY kits were also offered, allowing participants to craft sock dolls with the guidance of QR-linked videos. These workshops introduced repair techniques such as blind stitching and woven embroidery, helping participants explore the creativity of repair and the value of upcycling firsthand. RE;CODE aims to broaden its sustainable fashion initiatives by actively sharing the meaning and joy of upcycling, reducing waste through the repurposing of surplus inventory, and fostering a virtuous cycle of resources.

No. of upcycled clothing inventories	No. of collaborations	No. of upcycling workshops participants	No. of repairs/upcycling cases
33,010 pieces	155 cases	23,580 people	2,556 cases

Environmental Management

Environmental Management Activities

Environmental Management Risk Management

KOLON INDUSTRIES ensures full compliance with the Environmental Impact Assessment Act across all business sites and conducts systematic environmental impact assessments annually, following internal regulations and site-specific guidelines. During the assessment process, environmental impact factors of key facilities such as wastewater treatment processes and waste storage sites are identified based on process flow diagrams, and the impact and risk levels are comprehensively analyzed to set management priorities. Notably, any item that receives a score exceeding a defined threshold (15 points) in the environmental impact assessment is designated as a significant environmental aspect. For these aspects, dedicated management plans are developed, and intensive monitoring and improvement activities are implemented. This process enables the company to proactively manage environmental risks and continuously elevate the environmental management standards of each site. KOLON INDUSTRIES will continue to advance its environmental impact assessment framework and enhance its capabilities for proactive risk mitigation, thereby establishing a more integrated and systematic approach to managing environmental risks.

Environmental Indicator Status

Category		Unit	2022	2023	2024
Air Pollutants	NO_X	Ton/year	104.2	58.2	50.8
	SO_X	Ton/year	25.5	19.9	10.1
	PM	Ton/year	23.9	38.4	31.1
Water Pollutants	TOC	Ton/year	-	-	45.8
	BOD	Ton/year	49.0	39.4	25.0
	SS	Ton/year	48.7	37	46.5

Environmental Risk Response Status

Category		Unit	2022	2023	2024
Environmental Risk Assessment Implementation Rate	Number of business sites	Units	9	9	9
	Rate	%	100	100	100

Water Quality Pollution Management

KOLON INDUSTRIES operates an integrated management system based on company-wide environmental management regulations, integrated management regulations for pollution facilities, and water quality management guidelines for each business site to systematically manage water pollution risks. In addition to complying with relevant laws such as the Water Environment Conservation Act, it applies internally strengthened standards to minimize environmental impacts caused by wastewater discharge. All business sites have installed and operate wastewater treatment facilities to manage the quality of final discharged water, and both influent and effluent water quality are regularly analyzed according to legally mandated measurement cycles. Water quality monitoring of surrounding rivers is conducted concurrently to comprehensively manage external water quality impacts. In 2024, the company has invested in odor control improvements for the wastewater collection tank at the GUMI Plant and upgraded aging wastewater treatment facilities at the GYEONGSAN Plant, continuing its efforts to enhance system performance and reduce environmental impacts. Going forward, KOLON INDUSTRIES will further advance its integrated management system with a focus on water pollution prevention and continue to strengthen site-specific water quality risk response capabilities.

Soil Pollution Management

KOLON INDUSTRIES systematically manages soil pollution in accordance with company-wide environmental management regulations, integrated management rules for pollution control facilities, and site-specific soil management guidelines. Soil conditions are regularly monitored, and in addition to complying with legal standards, any abnormal signs trigger immediate root cause analysis and responsive action to minimize risks. All business sites strictly manage facilities subject to the control of soil contamination, such as petroleum manufacturing and storage facilities. Major sites actively implement preventive measures including installation of containment walls and operation of automatic leak detection systems. Going forward, KOLON INDUSTRIES will continue to advance its soil pollution prevention-oriented management system to strengthen both environmental protection around its sites and regulatory compliance.

Air Pollution Management

KOLON INDUSTRIES systematically manages air pollutant emissions based on the Best Available Techniques (BAT) in accordance with the Act on the Integrated Control of Environmental Pollution Facilities. It establishes internal standards that exceed legal requirements and proactively implements emission source management, real-time monitoring, and pollutant reduction activities across all business sites. Changes in the Clean Air Conservation Act and Special Act on the Improvement of Air Quality Zones are promptly reflected in company-wide regulations and business site guidelines. Emissions from each outlet are regularly monitored to analyze emission volumes and compliance with emission allowance standards, collectively managed through the Stack Emission Management System (SEMS). In 2024, KOLON INDUSTRIES expanded investments totaling approximately 3.3 billion KRW in air pollution prevention facilities at the Gumi and Gimcheon Plant 1 sites. Major business sites apply high-efficiency prevention facilities such as Baghouse Dust Collectors, Regenerative Thermal Oxidizers (RTO), and Adsorption Towers to actively reduce dust, particulate matter, odors, and hazardous gases. The company will continue to minimize air pollutant emissions based on BAT application and advance real-time management to build eco-friendly business sites and strengthen regulatory response capabilities.

Noise and Vibration Management

KOLON INDUSTRIES manages noise and vibration emissions by setting internal standards stricter than legally permissible limits for each business site, in accordance with company-wide environmental management regulations, integrated management regulations for pollution control facilities, and site-specific noise and vibration management guidelines. Periodic noise exposure assessments are conducted, and any process exceeding the internal standard is designated as a noise control zone and subject to special management. The company also operates specialized health checkups and hearing conservation programs for affected workers. To further prevent occupational health issues, both engineering measures, such as the installation of vibration-isolating rubber mats, and administrative controls are implemented.

Environmental Management

Environmental Management Activities

Improvement of Hazardous Pollutant Treatment Processes

Chemical Management

KOLON INDUSTRIES systematically manages the environmental and social impacts of hazardous chemicals throughout the entire product life cycle. From the receipt of raw materials to the shipment of final products, the company identifies risks associated with the use of hazardous chemicals and continuously pursues various mitigation efforts. In particular, to proactively respond to the EU REACH regulation on Substances of Very High Concern (SVHC), research and development have been conducted to replace hazardous substances contained in key products such as PL resin. As a result, the eco-friendly GL resin (Green-Liquid Hydrocarbon Resin), a non-hazardous material, was successfully developed. Since 2024, pilot production and performance evaluations for customers have been underway. GL resin is a high-performance material with low health and environmental risks, contributing to consumer safety and corporate sustainability. Going forward, the company plans to strategically promote the development and application expansion of non-hazardous materials in close cooperation with its research institute.

Chemical Safety Management

KOLON INDUSTRIES operates an integrated IT system-based management framework for the safe management of all chemical substances. When new chemicals are introduced, dual reviews are conducted by the site's Environment and Safety Team and the Headquarters Environmental Management Team in accordance with the Chemical Substance Pre-Review Manual to proactively prevent the use of hazardous substances. Even when their use is unavoidable, the purpose is clearly defined and strictly controlled within permitted limits. In addition, pre-review procedures are mandatory in the event of supplier changes or modifications to composition or content, enabling proactive control of chemical-related risks. Regulatory information on over 250,000 chemical substances across 57 countries is integrated in real time using SAP's SERC DB. In 2024, a total of 946 pre-reviews for new and changed materials were completed, marking a 6.5% increase compared to the previous year. The company will continue to advance chemical management and strengthen regulatory compliance to consistently produce and supply products that customers and employees can trust.

Key Chemical Management Activities of KOLON INDUSTRIES



KOLON INDUSTRIES has completed registration for substances manufactured or imported in quantities of 1,000 tons or more annually in accordance with the Act on the Registration and Evaluation, etc. of Chemical Substances. In 2024, registration was completed for 21 substances of 100 tons or more. Furthermore, registration for substances of 10 tons or more will be completed by 2027, and by 2030, registration for all chemical substances of 1 ton or more is planned.

In accordance with the Occupational Safety and Health Act, work environment measurements are conducted semi-annually. Using Material Safety Data Sheets (MSDS) and chemical substance information, the company manages each process by considering handled substances and the number of exposed workers. Results are compared with legal limits, and if exceeded, reduction measures such as improving local exhaust systems, modifying processes, or enhancing protective equipment are implemented. All results are documented, shared with employees, and used for the improvement of the workplace environment.

In compliance with the National Institute of Environmental Research's notification on newly designated hazardous chemicals, KOLON INDUSTRIES adheres to handling standards such as storage and use. To protect worker health and create a safe work environment, the company actively pursues process changes and substitution with non-toxic substances. When substitution is difficult, risks from hazardous chemicals are reduced through minimum usage application and strengthened management. minimal use application and reinforced control measures. These ongoing substitution efforts contribute to global regulatory compliance and the establishment of an eco-friendly production system.

KOLON INDUSTRIES Chemicals Management Key Control System

Environmental Regulations	REACH	MSDS	Hazardous Chemicals Management Guidelines
Description	An integrated chemical management system of the EU that aims to minimize impacts on human health and the environment through the pre-assessment and use restriction of Substances of Very High Concern (SVHC). It has recently become a global standard.	Material Safety Data Sheet (MSDS) is a safety information document including chemical hazards, physical and chemical properties, and handling methods; it is essential for worker protection.	In accordance with the Chemical Control Act (CCA) and related notifications, all processes involving hazardous chemicals are managed with guidelines aimed at site safety and accident prevention.
Management System	• Completed chemical substance registration for export products in 2018 • Verification of supplier product chemical substance registration through procurement portal system • Information updates and conformity assessments conducted biennially	• MSDS prepared without omission of required information • MSDS stocked at all business sites with utilization training conducted • Strict implementation of MSDS provision and redistribution upon revision • Expansion of MSDS analysis targets due to regulatory changes and new SVHC registrations • Strengthened communication through MSDS sharing with downstream stakeholders such as customers	• MSDS preparation, stocking, warning label attachment, and training for all products • Guidance on protective equipment use and regular inspections • Listing and periodic replacement of protective equipment • Labeling of storage facilities and weekly inspections • Elimination of hazardous factors and regular training implementation • Management log and pest control equipment inspection

Environmental Management

Environmental Management Activities

Establishment of Environmental Management System

KOLON INDUSTRIES is building a system to proactively identify and manage environmental impacts across all business areas. Based on ISO 14001 certification, we regularly review environmental risks at each site and drive improvements to ensure continuous compliance and operational efficiency. As of 2024, nine domestic and several overseas sites (87.5% of all) are certified. Internal auditors conduct on-site inspections to verify compliance and corrective actions, and comprehensive environmental risk assessments are carried out regularly to ensure the effectiveness of the environmental management system.

Reduction and Recycling of Water Resources

KOLON INDUSTRIES systematically manages water resource usage by measuring and managing water consumption separately by source, including industrial water, tap water, and groundwater. A recirculation and recycling system within production processes is implemented to continuously enhance water-use efficiency. At the GUMI Plant, approximately 27.7% of total water consumption is recycled or reused, although this ratio slightly declined in 2024. The company is intensifying efforts to boost recycling efficiency through extended reuse in key processes and optimization of wastewater treatment.

Environmental Training

KOLON INDUSTRIES regularly operates environmental management education and training programs. It conducts environmental accident prevention education and scenario-based training for abnormal equipment response targeting relevant department personnel to continuously strengthen capabilities for preemptive control and rapid response to environmental risks. Training is divided into regular and ad-hoc sessions. Regular training is conducted at least once a year, primarily focused on raising employees' environmental awareness and ensuring compliance with relevant laws and regulations. In 2024, all employees participated in training, achieving a 100% completion rate. Ad-hoc education is provided when there is an increased possibility of environmental accidents, legal amendments, or process changes to enable swift response to changing circumstances.

Business site Environmental Accident Response

KOLON INDUSTRIES has strengthened an internal audit framework centered on prevention, going beyond mere compliance with environmental policies and regulations at each business site to systematically manage environmental risks. Each site regularly identifies environmental hazards and conducts risk assessments on major processes and facilities to proactively implement preventive and improvement measures. The company is also advancing its response system for environmental incidents and accidents. In the event of an incident, response is carried out in accordance with the Accident Investigation Management Regulation, prioritizing safety and preventing escalation, with a reporting system that ensures notification to the CEO within one hour depending on the severity level. The results of investigations and root cause analyses are shared across the organization and integrated into recurrence prevention actions, thereby reinforcing the company's environmental risk prevention capabilities beyond post-incident response.

Environmental Investment Amount

KOLON INDUSTRIES strategically invests in advancing environmental facilities by expanding the application of Best Available Techniques (BAT) in accordance with the Act on the Integrated Control of Pollutant-Discharging Facilities. With the goal of upgrading business site environments to comply with the integrated environmental permitting system, the company continues facility investments to comprehensively reduce major pollution sources—air, water, waste, soil, and odor. In 2024, a total of KRW 6.7 billion was invested in environmental facilities to meet additional BAT requirements and proactively respond to escalating environmental regulations. Notably, aging air pollution control and wastewater treatment systems were replaced, and high-efficiency scrubbers and bag filters were newly installed to further reduce pollutant emissions. The company plans to continue expanding BAT-based facility upgrades and pollutant reduction investments to simultaneously promote eco-friendly sites and enhance integrated environmental management.

Environmental Compliance

In compliance with the Act on the Integrated Control of Pollutant-Discharging Facilities (Hwantong Act), KOLON INDUSTRIES established a company-wide task force (TF) to ensure transparent and comprehensive disclosure of information on nine major pollutant streams, including air and water emissions. By tailoring response protocols according to each site's characteristics (industry type), all sites subject to the Hwantong Act have secured integrated environmental permits by 2024. Gimcheon 2, Ulsan, Yeosu, and Daesan Plants completed permitting in 2021, while Gumi, Gimcheon 1, and Gyeongsan Plants successfully obtained permits within the 2024 grace period—marking full permit coverage across all targeted sites. This preemptively mitigates environmental compliance risks and provides a foundation for systematic environmental governance under integrated control. Moving forward, the company will continue to strengthen TF operations and phased response mechanisms, anticipating potential compliance issues from legal revisions and regulatory tightening. Through proactive information-sharing and interdepartmental collaboration, KOLON INDUSTRIES will pursue preemptive environmental risk management.

Environment Compliance

Category		Unit	2022	2023	2024
Environmental accident	Number of Cases	Cases	1	1	2
Civil complaints and response	Number of Cases	Cases	0	0	0
Arrears of emission charges	Number of Cases	Cases	0	0	0
Violation of water resource related laws and regulations	Number of Sanctions	Cases	0	0	0
	Fines	KRW	0	0	0

Environmental Management

Biodiversity Protection

Biodiversity Protection Policy Statement

KOLON INDUSTRIES recognizes that biodiversity forms the foundation of human survival and industrial sustainability, and strives to conserve ecosystems and minimize biodiversity loss across all business activities. Biodiversity conservation is not limited to the protection of nature. It is the starting point of a strategy that mitigates risks and identifies opportunities throughout the entire value chain—from raw material sourcing and production to consumption and disposal. KOLON INDUSTRIES respects global environmental norms and ecological conservation standards and practices proactive and responsible management to protect biodiversity.

Principles of the Biodiversity Protection Policy

Precautionary Measures

Prior to site development, process changes, or resource use, KOLON INDUSTRIES conducts preliminary reviews of potential impacts on biodiversity and prioritizes actions such as avoidance, substitution, and restoration when necessary.

Management of Direct and Indirect Impacts

KOLON INDUSTRIES systematically identifies biological resources, habitats, and ecosystem services that may be directly or indirectly affected by its business activities, and continuously evaluates and manages major risks.

Consideration of Biodiversity in the Supply Chain

KOLON INDUSTRIES considers biodiversity in raw material procurement and supplier management, and operates guidelines and evaluation systems to minimize environmental impacts across the entire supply chain.

Transparent Disclosure of Biodiversity Information

Biodiversity-related risks, opportunities, and management status are transparently disclosed through the Sustainability Report and other ESG disclosures. Information aligned with global frameworks such as the TNFD is gradually expanded.

Collaboration with Stakeholders

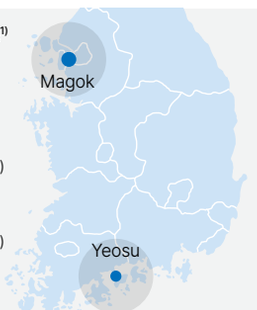
KOLON INDUSTRIES participates in biodiversity conservation initiatives in collaboration with various stakeholders, including government, civil society, and academia, and actively fulfills its social role in coexisting with local ecosystems.

Identification and Mitigation of Biodiversity Risks

Priority Management Areas[1] Status of Endangered Species

Magok 37 (species)

Yeosu 38 (species)



1) Among the locations of KOLON INDUSTRIES' business sites, regions with 30 or more endangered species (based on the Statistical Yearbook of Endangered Wildlife published by the National Institute of Ecology)

KOLON INDUSTRIES does not operate any business within ecological or landscape conservation areas designated by the Ramsar Convention, Basel Convention, Montreal Protocol, the UN Convention on Biological Diversity (CBD), or those designated by the Ministry of Environment of Korea and local governments.

Biodiversity Monitoring Areas

- Monitoring of biodiversity conservation
- Monitoring of common species and endangered/rare species
- Monitoring to prevent illegal hunting, capturing, and collecting activities
- Assessment of impacts on forest regeneration, growth, and biodiversity through population monitoring
- Environmentally sensitive areas such as water resources
- Areas susceptible to soil erosion

Biodiversity Policy Objectives

KOLON INDUSTRIES seeks to minimize negative impacts on biodiversity by reducing the effects of hazardous chemicals, GHG emissions, and waste across all business operations, while promoting the realization of a circular economy. The company also gradually implements carbon offset programs such as forest restoration and mudflat conservation.

2025 – 2033: [Phase 1] Foundation Building
- Establish a system for analyzing the current status of chemical substance handling at business sites and their impact on biodiversity
- Conduct risk assessments related to chemical substances, with the addition of ecotoxicity-centered indicators
- Build a system to identify hazardous chemical substances from a biodiversity conservation perspective
- Define priority management substances based on the assessment results of hazardous substances' impact on aquatic organisms

2033 – 2040: [Phase 2] Business-Linked Implementation
- Present the conversion rate to low-hazard chemical raw materials
- Strengthen ecological impact monitoring of wastewater and air emissions from facilities located near ecologically sensitive areas
- Introduce chemical substitution, reduction, and detoxification programs by business site

2040 – 2050: [Phase 3] Integration with Net-Zero and Circular Economy Activities
- Integrate the outcomes of chemical impact reduction into biodiversity contribution indicators
- Expand third-party verification systems for ecological impact

Biodiversity Mitigation Activities

- Prevention of habitat destruction
- Protection of wildlife
- Sustainable resource harvesting
- Preservation of ecosystem balance
- Minimization of chemical use

The sustainable cashmere brand LE CASHMERE under the Fashion Division uses yarn produced through an animal-friendly method by collecting naturally shed cashmere goat hair. The brand is also expanding the use of sustainable materials such as organic cotton and recycled cotton, and has developed products using 'Aqua Indigo,' a bio-based dyeing method that replaces synthetic dyes, in order to reduce soil and water pollution and help preserve ecosystem balance. KOLON INDUSTRIES will continue its efforts to protect ecosystems through planned activities such as systematic monitoring and protection of endangered species and forest regeneration initiatives.

Sustainable Business

Sustainable Business Activities

Expansion of Bio-Based Products



Bio-Based Product Development Status

1 Improvement of Products Applying Lignin[1]	• Expanding sales by improving curing speed of one-component refractory resin with enhanced physical properties such as fixed carbon content of Lignin.
2 Development of Eco-Friendly Diluent for Coatings Using Natural Substances Product Development	• Completed development and commercialization of coating diluent based on purified cardanol derived from natural CNSL[2] (Cashew Nut Shell Liquid). • Developing derivatives using high-purity cardanol as raw material.
3 Development of products in response to environmental regulations	• In response to strengthened global and domestic environmental regulations, plans are underway to expand sales through development of new products compliant with regulations for each application. • Development of PL resin products compliant with European Chemicals Agency's high-risk substances[3]. • Development of phenolic resin reducing free monomers[4].
4 Development of Natural Fiber Car Seats	• Application of KOLON INDUSTRIES' fabric material containing 30% natural fiber wool in seats of Hyundai Ioniq 9.

1) Lignin: Woody biomass with an aromatic structure characterized by excellent insulation properties; KOLON INDUSTRIES uses it as a phenol substitute raw material.
2) Cashew Nut Shell Liquid
3) European Chemicals Agency (ECHA), Substance of Very High Concern (SVHC)
4) Free Monomer: Residual monomers (free formalin, free phenol) generated during resin synthesis.

Strengthening Sustainability through Recycled and Bio-Based Automotive Interior Materials

KOLON INDUSTRIES is actively developing and commercializing recycled (PCR) and bio-based eco-friendly materials in the automotive interior sector, in response to the industry's transition toward environmental sustainability. Artificial leather Chamude made from recycled plastics is widely used in domestic and overseas vehicles for headliners, seats, and door trims, and customized products are being developed to meet required eco-friendly material ratios. In addition, the company obtained PCR quality certification for luxury brand applications and began initial mass production in April 2024, thereby diversifying its customer base. Fabrics made from physically recycled PET bottles (RCS-certified) and recycled PU artificial leather are currently mass-produced and supplied for seats, headliners, and door trims of major automakers. The company is also focusing on the development of eco-friendly materials using a variety of bio-based raw materials, including Bio-PET (sugarcane-based), Tencel (cellulose-derived), corn-based bio-polyol, and coffee grounds. These bio-based fabrics and PU/PVC artificial leather products are already applied to major electric vehicle models, with some products having obtained UL certification, demonstrating their technical reliability. As demand for bio-materials increases across the automotive industry, the company is strengthening R&D efforts to expand biomass content and explore new raw materials.

Acquisition of Sustainability Certification for Recycled Raw Materials (ISCC PLUS)

In 2024, KOLON INDUSTRIES obtained ISCC PLUS certification for its Magok Headquarters, Gumi Plant, Daesan Plant, Yeosu Plant, and Gimcheon Plant No. 2, earning international recognition for its sustainable use of bio-based raw materials and recycling system. ISCC PLUS (International Sustainability and Carbon Certification PLUS) is a global certification that verifies the traceability and sustainability of bio-based and circular (recycled) raw materials across the supply chain. It is widely used as a benchmark to demonstrate eco-friendly transformation within the chemical and plastic industries.

Eco-friendly Sales Revenue[1]

2023	KRW 27,008,478,806
2024	KRW 32,215,942,281

1) Criteria for eco-friendly products: Products manufactured using recycled raw materials, raw materials certified as circular resources, and the manufacture of hydrogen fuel cell systems and related components (based on the K-Taxonomy classification system)

Sustainable Business

Sustainable Business Activities

Activation of Circular Economy

Recycle PET Product Expansion Strategy

KOLON INDUSTRIES has established an eco-friendly growth strategy called the 'Sustainable Polymer Economy (SPE)' to address waste and carbon dioxide emission issues, striving to build a system that internally recirculates from raw materials to waste without environmental impact. The company is considering both physical recycling and chemical regeneration, particularly aiming to recycle low-grade polyester waste that is not physically recyclable through chemical regeneration. This approach allows expanding waste raw materials beyond relatively high-quality PIR (Post Industrial Recycled) to include PCR (Post Consumer Recycled) discarded after use.

Strengthening Chemical Recycling

KOLON INDUSTRIES is actively participating in the Ministry of Trade, Industry and Energy's projects for 'Chemical Regeneration Green Fiber Development' and 'Development of Automated Waste Fiber Material Separation Systems' to commercialize its self-developed PET chemical regeneration process technology. This expands the scope beyond PET plastics to polyester fibers, broadening the application of chemical recycling technology. An MOU has been signed between the Fashion Division and Korea University Medical Center to chemically regenerate clothing waste generated within medical institutions into eco-friendly garments. Additionally, through collaborations with various apparel brands and local governments, the chemical recycling ecosystem is being expanded. Currently, the company has established a PET chemical regeneration Pilot Test Bed aiming for commercialization by 2028, expecting approximately 30% reduction in carbon emissions compared to conventional petrochemical-based raw materials. Based on this, the company plans to establish a sustainable production system and accelerate the transition to an eco-friendly circular economy by making chemical recycling technology a core driver.

Commercialization of Recycled Products – Tire Cord

KOLON INDUSTRIES has developed and commercialized eco-friendly tire reinforcement materials and formalin-free adhesives using 100% recycled polyester raw materials, conducting joint research with global tire manufacturers. Notably, the eco-friendly adhesive has been confirmed to perform equivalently to existing products in customer evaluations. The target is to commercialize tire cords based on recycled raw materials by 2026, with plans to secure process stability for adhesives and begin active customer marketing in 2024. Building on last year's research achievements, customer approval procedures using chemically recycled chips are underway this year, while products applying physically recycled raw materials are undergoing physical property evaluation and customer testing. In addition, the company has enhanced product strength and improved fuel efficiency by replacing high-denier products with low-denier ultra-high-tenacity products. These products are now being supplied as regular products after customer test approval.

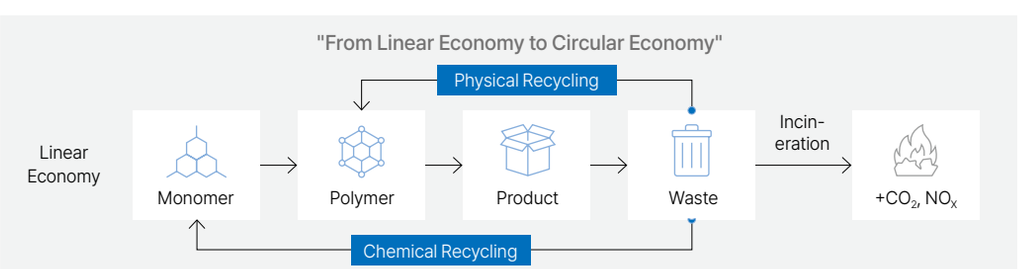
Strengthening Physical Recycling

In 2024, KOLON INDUSTRIES is promoting its achievements in eco-friendly material development centered on physical recycling technology that contributes to resource circulation and the transition to a low-carbon society domestically and internationally, establishing itself as a leading company in sustainable material industries. Notably, at the '2024 Global Top Environmental Technology Awards' jointly hosted by the Ministry of Environment and Korea Environmental Industry & Technology Institute, it received the Grand Prize (Minister of Environment Award) in the innovation technology category for developing polyester long fibers and nonwoven fabrics recycled from waste PET bottles, recognizing both technological excellence and marketability. This technology is based on physical recycling, maintaining quality without chemical processes and converting into high value-added products, regarded as an excellent ESG case. KOLON INDUSTRIES also participated in ENTECH 2024, held from September 4 to 6 at BEXCO in Busan, where it presented its R&D achievements in physical recycling materials. Of particular interest was its proprietary physical recycling platform, which processes post-consumer plastics through separation, sorting, and purification at the raw material stage into high-performance materials. Looking forward, KOLON INDUSTRIES will continue to advance resource circulation technologies, stabilize the quality of recycled raw materials, and diversify application fields to tackle plastic pollution and drive the sustainable transformation of the industry.

Enhancing Waste Recyclability

KOLON INDUSTRIES' PET chemical regeneration technology enables the decomposition of waste plastics to produce r-PTA and r-MEG, the primary raw materials for PET, which can then be repolymerized into r-PET products. This technology broadens the scope of recyclable inputs to include low-grade PET waste and polyester fiber waste, which are not suitable for traditional physical recycling. Leveraging both conventional physical recycling and proprietary chemical recycling technologies, KOLON INDUSTRIES aims to expand its production of eco-friendly recycled PET products.

Recycle Process



Sustainable Business

Sustainable Business Activities

Hydrogen Fuel Cell

Hydrogen Fuel Cell Business Strategy and Direction

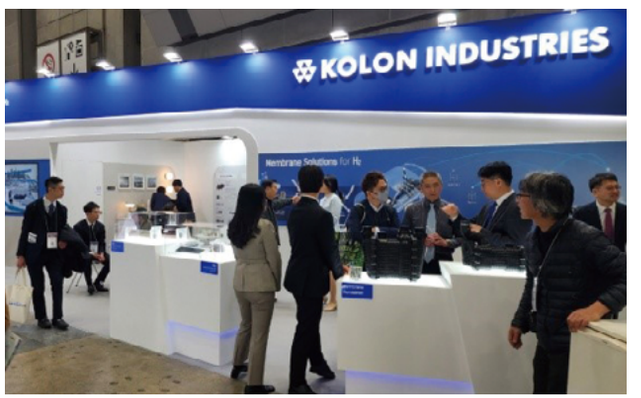
KOLON INDUSTRIES is dedicated to building a sustainable industrial ecosystem by developing and producing materials and components essential to the hydrogen economy. Notably, the company's world-class humidity control device, developed using its proprietary membrane technology, has been adopted as a core component in major global hydrogen vehicle projects. The application of this technology is now expanding beyond hydrogen vehicles to additional fields. The company is systematically advancing the commercialization of Proton Exchange Membranes (PEM) and Membrane Electrode Assemblies (MEA) for fuel cells used in hydrogen vehicles and power generation. Additionally, as a key participant in national development initiatives, KOLON INDUSTRIES has commenced the development of PEM and MEA for water electrolysis, a technology that is expected to become critical in the production of green hydrogen in alignment with the expansion of renewable energy deployment. In parallel, KOLON INDUSTRIES is addressing ESG risks by developing material solutions in response to emerging PFAS regulations. Moving forward, the company will continue to establish itself as a global solution provider in core materials and components underpinning the hydrogen economy, leveraging its advanced technological capabilities and comprehensive ESG strategy.

KOLON INDUSTRIES' Technological Competitiveness in Hydrogen Fuel Cells

MEMBRANE HUMIDIFIER	KOLON INDUSTRIES supplies core components for domestic and global mass production projects using proprietary membrane technology with high durability and consistent performance. With proven customization capabilities, the company is involved in various international projects. Backed by the world's first and leading mass production capacity, it is expanding its role in next-generation fuel cell systems.
PEM & MEA	KOLON INDUSTRIES' PEM and MEA demonstrate excellent durability and performance uniformity through interface optimization technology, contributing to improved system performance and durability. In collaboration with domestic and international system manufacturers, KOLON INDUSTRIES is developing products that meet diverse technical requirements, with the goal of commercializing next-generation PFAS-free materials. The company plans to gradually secure and expand certifications from major system manufacturers by 2025 to accelerate business growth.
VENT	At the 2024 World Smart Energy Week, the world's largest energy industry exhibition, KOLON INDUSTRIES showcased its hydrogen fuel cell components and core materials, emphasizing its commitment to developing PFAS-free products in response to global regulatory trends. Through this initiative, the company aims to develop technologies applicable to mobile, automotive, and various industrial sectors.

CASE

Participation in World Smart Energy Week 2024



In September 2024, KOLON INDUSTRIES participated in H2 MEET, Korea's largest international hydrogen industry exhibition, where it showcased a wide array of hydrogen-related materials and component solutions developed within the group. The company is executing forward-looking strategies aimed at building a comprehensive hydrogen value chain encompassing production, transportation, and utilization. In line with its "Net-zero 2050" vision, KOLON INDUSTRIES is implementing concrete initiatives to achieve carbon neutrality by 2050. Leveraging its top-tier domestic polymer electrolyte membrane technology and wind power infrastructure, the company produces green hydrogen and has secured technological leadership in the hydrogen mobility sector. Notably, it developed and supplied Korea's first humidity control device, a core component in hydrogen fuel cell vehicles. KOLON INDUSTRIES continues to excel in critical material areas such as PEM (polymer electrolyte membrane), MEA (membrane electrode assembly), and humidity control devices. Building on membrane research initiated in 1989, the company began supplying humidity control devices to Hyundai Motor Company in 2006 and established mass production bases for PEM and manufacturing infrastructure for MEA starting in 2020. Looking ahead, the company plans to further advance its water electrolysis material technologies to expand into green hydrogen production materials. In response to environmental regulations, it has also initiated the development of hydrocarbon-based PEM as an alternative to PFAS, with proactive efforts underway toward commercialization in the water electrolysis sector. Additionally, KOLON INDUSTRIES is striving to establish an integrated H2 platform that spans hydrogen production, transportation, storage, and power generation. Through internal business integration and strategic partnerships with external collaborators, the company is executing various initiatives to position itself as a Total Solution Provider in the hydrogen economy.

Sustainable Business

Sustainable Business Activities

Development and Certification of Human-Safe Materials

New Development and Replacement Application of PFAS Free Products

KOLON INDUSTRIES has developed a PFAS-free composition for its Overcoat (OC) products to advance the transition toward environmentally sustainable products that minimize harmful impacts on human health and ecosystems. This initiative began in response to the European Chemicals Agency (ECHA)'s PFAS regulation proposal on March 23, 2023, and reflects the company's commitment to fully eliminate fluorinated surfactants from its products. PFAS, often referred to as "forever chemicals" due to their resistance to degradation, have drawn increasing global regulation because of their persistency and potential health and environmental risks. In June 2024, KOLON successfully secured mass production approval for its PFAS-Free OC product, which was adopted in an LCD model of a customer. The product utilizes alternative raw materials in place of PFAS-based substances. Moving forward, the company plans to gradually transition all mass-produced OC products to PFAS-Free versions, with continuous efforts in new product development and replacement applications to uphold sustainability across its manufacturing portfolio.

PFAS Regulation and Industry Trends

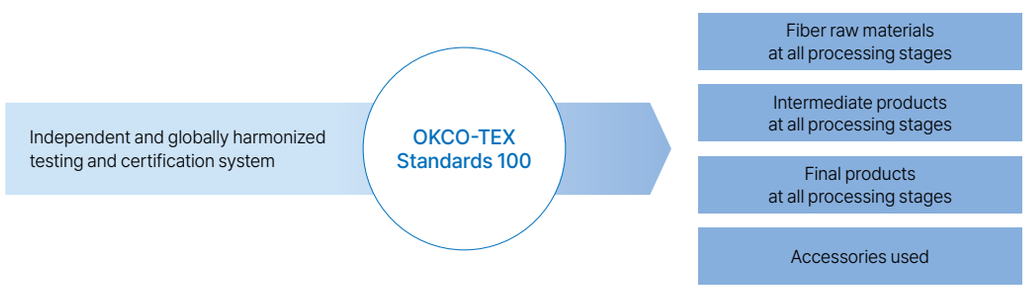
Regulatory Trends	• In July 2023, the European Chemicals Agency (ECHA) announced an EU REACH amendment proposing to include over 10,000 PFAS substances in the restricted use list. • Although the amendment was scheduled for final decision in 2025 after evaluations by RAC and SEAC in 2024, recent EU announcements indicate that voting and decisions on the regulation are unlikely in 2025.
Raw Material Manufacturer Trends	• Due to PFAS regulations, some fluorinated compound manufacturers have declared production halts, increasing difficulties in securing raw materials.
Display Industry Trends	• In the European display market including end users, materials containing PFAS have already been changed or are under active consideration for change.

Certification of Safety for Cooling Performance Specialty Fiber 'FORPE'



KOLON INDUSTRIES has obtained OEKO-TEX Standard 100 certification for its HDPE product (brand name FORPE) to enhance product safety and reliability. OEKO-TEX Standard 100 is a global standard providing an independent and internationally harmonized testing and certification system for harmful substances at all processing stages, from fiber raw materials to intermediate products, final products, and accessories. The company successfully renewed this certification in May 2024 and plans to pursue further renewal in 2025. With domestic demand for cooling textiles growing by more than 100% annually, customer requests for OEKO-TEX certification have been increasing. In response, KOLON INDUSTRIES proactively prepared and strategically aligned its products to meet this demand. Moving forward, the company plans to enhance promotional activities for OEKO-TEX certified products through various channels and flexibly respond to evolving market needs.

OEKO-TEX Standards 100



NSF Certification Obtained for SPB Nonwoven Fabric for Water Treatment Filters in the U.S.

KOLON INDUSTRIES has demonstrated the safety of its technology and potential for global market entry by obtaining NSF/ANSI 50 certification from NSF International. The certified product is SPB (Spunbond) nonwoven fabric used as material for swimming pool filters. NSF/ANSI 50 is a key standard applied internationally and in the U.S. for water quality management products, confirming no human toxicity through harmful substance detection assessments. This shows that the company's nonwoven fabric technology is sufficiently trusted in water treatment and hygiene product markets. We will continue to maintain the highest level of material safety through ongoing development of non-toxic materials.

Sustainable Business

Technological Innovation

Vision and Strategy for Technological Innovation

KOLON Group is establishing and actively pursuing a mid- to long-term R&D strategy based on ESG under the vision of 'innovating customers' lifestyles through products and services that improve quality of life,' focusing on core business areas such as eco-friendly energy, sustainability, smart mobility, and life innovation. KOLON INDUSTRIES, the group's core affiliate, provides differentiated performance materials and technology platforms through continuous research and development in eco-friendly energy materials, mobility materials, IT materials including electronics and displays, high-performance industrial materials, and chemical materials. In addition, the company aims to lead sustainable growth and fulfill its corporate social responsibilities by actively responding to rapidly evolving market conditions and consistently driving change and innovation to create new value for customers.

Securing Future Competitiveness through Technological Innovation

KOLON INDUSTRIES is pursuing a technological paradigm shift to realize environmental protection and sustainable growth, and is actively engaging in systematic and diversified technological innovation activities. By proactively anticipating changes in the rapidly evolving future society and securing core technological capabilities to respond to them, the company aims to become a leader in future industries. To this end, research and development is being promoted with a focus on the following areas.

Development of Plastic Recycling Processes: Establishing a sustainable circular economy through recycling waste plastics.
Development of Hydrogen Materials and Value Chain: Developing core materials to build a value chain for hydrogen, an eco-friendly energy source.
Development of Secondary Battery Materials for Achieving Net Zero: Developing eco-friendly energy storage materials to meet carbon neutrality targets.
AI-based R&D Digital Transformation (DX): Enhancing research and development efficiency and resource savings through AI-based advancement.

Through continuous R&D innovation and open innovation, KOLON INDUSTRIES will build the core ecosystem of future industries and play a pivotal role in securing leading technologies.

Technological Innovation Achievements

Development of Eco-Friendly Humidity Control Device

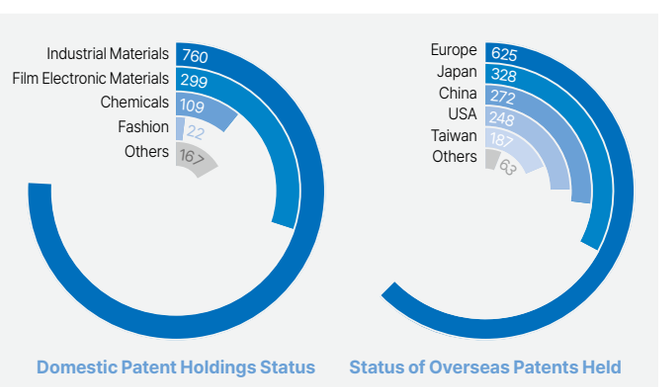
As demand for humidity control devices applied to eco-friendly hydrogen mobility increases in the large mobility market that requires high output, the conventional approach of combining multiple devices was commonly used. However, this method resulted in negative environmental impacts during manufacturing and disposal. To resolve this issue, in 2024, KOLON INDUSTRIES developed a high-output humidity control device with double the capacity of the existing 100kW model. This new device replaces multiple units, reducing the number of components used and lowering energy consumption and waste generation in both production and end-of-life processes. As a result, it minimizes environmental impact and supports sustainable technological advancement in the hydrogen mobility sector.

Development of Next-Generation Secondary Battery Materials

With the continuous growth of the electric vehicle market and expansion of energy storage systems (ESS), the importance of secondary batteries is increasingly emphasized. The secondary battery market is rapidly expanding in line with rising electric vehicle sales and greater use of renewable energy in ESS applications. In addition, as electric vehicle batteries reach the end of their service life, the waste battery market is also experiencing significant growth. As the secondary battery industry develops, batteries face challenges to simultaneously secure high performance, high energy density, and safety. However, existing battery technologies struggle to fully meet these demands, making next-generation battery technology development essential. KOLON INDUSTRIES is focusing on securing core next-generation secondary battery materials by independently developing solid electrolytes and lithium metal cathode materials. The company is also striving to develop differentiated products such as CNT conductive agents and high-concentration CNTs used for battery capacity increase and fast charging. Furthermore, considering sustainability in the battery industry, the company has made equity investments in RD Solution (Recycling Development Solution), a waste battery recycling company, and NEBA Corporation, a lithium metal material specialist, thereby building an ecosystem encompassing battery material development through recycling. Going forward, the company plans to actively respond to changes in the secondary battery market through continued technology development and strategic investments.

Patent Portfolio Status

KOLON INDUSTRIES is enhancing its business competitiveness by building a robust patent portfolio grounded in differentiated material technologies, thereby protecting core business domains and driving sustainable growth. The company has continuously secured patents focusing on key business sectors such as Mobility, Industrial Materials, Film & Electronic Materials, Chemicals, and Fashion. Currently, it holds 1,357 domestic registered patents and 1,723 overseas registered patents. In 2024, efforts to enhance technological competitiveness continue with 177 domestic and 352 overseas new patent applications. Moreover, the company is actively expanding its intellectual property portfolio focused on high value-added technologies by prioritizing patent acquisition in future growth sectors such as eco-friendly and recycled materials, hydrogen fuel cells, and secondary battery materials.



Domestic Patent Holdings Status
Status of Overseas Patents Held

Sustainable Business

Sustainable Fashion

Providing Care Label Information to Extend Product Lifespan

Kolon Sport in the Fashion Division has established and operates its own quality control and regulatory response manual to enable consumers to use products correctly and thereby extend their lifespan. This manual complies with inspection methods based on the Korean Industrial Standards (KS) under the Industrial Standardization Act and domestic quality standards, and is applied in a segmented manner by product group. The items are subdivided based on four categories: apparel, equipment, accessories, and footwear. Quality is managed by attaching over 60 types of care instruction labels and more than 15 auxiliary labels tailored to product characteristics. For example, through self-designed labels, additional guidance is provided to consumers on precautions for storage and maintenance, such as the prohibition of dryer use. This systematic care label operation delivers accurate maintenance information to consumers, enhances product understanding and ease of use, and effectively contributes to extending the product lifespan.

Product Design or Treatment to Minimize Microfiber Shedding and Tearing

The Fashion Division operates the Boldest brand, managing ① the Aramid line and ② the Dyneema series, developing high-performance products with excellent tensile strength. The Aramid line was developed to protect wearers from physical hazards in work environments and to enhance garment durability. This line applies 'Koramid' material, a blend of Kolon's super fiber Aramid (Heracron®) and highly abrasion-resistant Cordura® fiber. Aramid has tensile strength approximately five times that of steel and an elasticity about four times higher, produced with a 320D high-density weaving method to provide high durability and abrasion resistance. Additionally, black Aramid yarn dyed in the fiber itself rather than by dyeing is used, offering excellent color retention. The Dyneema series is a product group planned to respond to various industrial and outdoor work environments based on high-performance fabrics. The core material Dyneema® is an ultra-high molecular weight polyethylene (UHMWPE) fiber with tensile strength about 15 times that of steel by equal weight and is so light it floats on water. Dyneema fabric combines excellent lightness and durability, making it suitable for workwear requiring both high mobility and protection. The Fashion Division continues to plan products centered on functional materials resistant to external damage such as microfiber shedding and tearing, and plans to continuously expand these high-performance lines in the future.

RE;CODE

The Fashion Division's upcycling brand RE;CODE signed a Memorandum of Understanding (MOU) with Korea University Medical Center and Kolon Advanced Research Cluster to produce eco-friendly future hospital uniforms using 'PET chemical recycling' technology. A MOU was signed for the manufacture of hospital uniforms. Through this agreement, the three institutions aim to establish a resource circulation and reproduction system for medical apparel, and to practice ESG Management by chemically recycling medical waste and developing eco-friendly materials. Waste PET uniforms collected from each hospital are restored into pure polyester raw materials through the chemical recycling technology of the Kolon Advanced Research Cluster, then remanufactured into recycled uniforms based on a single material. The target is to establish a circular uniform system that enables recycling and reproduction. In July 2024, unused workwear was collected from Anam, Guro, and Ansan hospitals under Korea University Medical Center, and the chemical recycling process for producing recycled fabric is currently underway. The completed fabric will undergo a design process and be made into new uniforms. This project is expected to serve as a leading example of ESG Management aimed at solving medical waste issues and promoting sustainable fashion and medical industries. Additionally, RE;CODE participated in 'Seoul Design 2024' held at Dongdaemun Design Plaza (DDP) in Seoul, conducting a Re;table upcycling workshop under the subject 'Re;collective: White Party.' 'Re;table' is one of RE;CODE's sustainable lifestyle practice programs, designed as a DIY workshop that allows families and friends to gather around a table and enjoy easy upcycling activities using fabric scraps. At this event, participants experienced making bracelets using leftover fabrics and accessories generated during the brand's production process. RE;CODE plans to continue spreading upcycling culture through 'Re;table' at various venues and share the value of sustainable fashion with consumers.

Kolon Sport

Kolon Sport operates a 'Monomaterial' line made entirely of polyester or nylon for all components including fabric, filling, and thread, focusing on product design that facilitates recycling. In particular, the "Unisex Monomaterial Puffer Jacket", uses recycled materials for outer fabric, lining, and filling to minimize carbon emissions. Additionally, technology and production processes are being developed to recycle products previously classified as incineration waste into recycled materials. For the 2024 spring/summer season, the 'Move Earth' line was launched using cactus leaves, an agricultural byproduct from Jeju region. This product is made from eco-friendly fabric utilizing cellulose extracted from cactus leaves and is recognized as a sustainable case that reinterprets discarded resources as valuable.

Le Cashmere

Le Cashmere has introduced an operational approach reflecting environmental and social values throughout raw material selection to overall product production to realize sustainable fashion. Cashmere raw materials certified by the Sustainable Fibre Alliance (SFA) are sourced fairly, contributing to the economic stability of nomads and improving animal welfare. In production, 3D knitting techniques are used to minimize fabric waste, and seamless designs without sewing lines are applied to enhance comfort while improving manufacturing efficiency. Furthermore, a demand-based responsive production system is operated to reduce unnecessary inventory.
From the 2024 spring/summer season, Le Cashmere has expanded the use of sustainable materials by introducing Global Recycled Standard (GRS) certified recycled cotton from the yarn stage. In August 2024, it participated in 'Preview in Seoul (PIS)' in collaboration with 'Cutis Bio,' a company researching bio-based materials through synthetic biology, showcasing products applying eco-friendly aqua indigo dyeing techniques. Going forward, Le Cashmere plans to broaden the range of sustainable materials based on environmentally conscious production methods and realize resource circulation as a specialized sustainable & recycled material brand.

UN SDGs



Social

Material Topics

- Supply Chain
- Product Quality

Key Initiatives

1. Serious Accident Prevention
2. ESH Information Management
3. ESG Partnerships with Supply Chain
4. Fair Trade with Business Partners
5. Activation of Labor-Management Coexistence and Human Rights Respect Organizational Culture
6. Diversification of Social Contribution Program
7. Improving Information Security System

Performance

1 Expansion of Human Rights Impact Assessment
- Addition of Major In-House Partners to the Human Rights Impact Assessment Scope
- Preparation of Potential/Actual Human Rights Issues and Improvement Plans for Employees and Suppliers

2 Strengthening Supply Chain ESG Management
- ESG/Fair Trade Education for Procurement Officers, Planned Expansion to Suppliers in 2025
- Introduction of ESG Capability Enhancement Activities Such as ESG Diagnosis and Consulting Based on Mutual Growth SRM*

3 Strengthening Business Sites Safety and Health Management System
- Introduction of ESH Information Management System in 2024, Standardization of Environment, Safety, and Health Tasks
- Strengthening Safety Culture Establishment through the Introduction of BBS (Behavior-Based Safety) Program in 2025

4 Strengthening Quality Management System
- Monitoring and Managing Company-Wide Quality Indicators (KPI) and Q-COST (Quality Costs) Performance
- Operation of In-House Expert (GDI) Training System and Quality Academy

* Supplier Relationship Management

Labor-Management Cooperation and Human Rights Management

Human Capital Management System

KOLON INDUSTRIES has established a human capital management system based on the roles of the relevant departments as follows.

Human Resources Management Team

KOLON INDUSTRIES designs and operates overall personnel systems such as recruitment, human resource management, performance assessment, and personnel planning in accordance with the principle of respecting human rights. The company promotes diversity and inclusion within the organization through non-discriminatory recruitment and fair evaluation systems, and enhances the sustainability of human capital by supporting employee competency development and implementing equitable compensation frameworks.

Work & Life Balance Team

Responsible for operating systems such as welfare benefits, salaries, and attendance management to improve employees' working conditions. To create a healthy and stable working environment for members, Work & Life Balance Team proactively prevents factors that may infringe on human rights and supports work-life balance.

Employee Relations Strategy Team

Implements a mutually beneficial partnership based on mutual respect and cooperation between labor and management. By building trust-based labor-management relations, Employee Relations Strategy Team strengthens a culture of respecting human rights within the organization and fosters a mutually respectful culture through continuous communication and cooperative partnerships.

ESG Planning Team

The department that establishes and executes the strategic direction of Human Rights Management, leads human rights impact assessments to identify major risks, and plans improvement tasks. ESG Planning Team also monitors the implementation status of each task and pursues internalization of Human Rights Management by advancing the human rights risk management system through collaboration with related departments.

Human Capital Management Policy

Recruitment and Training

Talent Profile

The core value of KOLON Group, 'One&Only Way,' embodies the vision Kolon ultimately aims to achieve: becoming the most beloved Kolon by customers. It means that all employees must possess unique and differentiated capabilities and that each individual must have the highest competitiveness. KOLON INDUSTRIES empathizes with and practices Kolon's unique 'One&Only Way' in daily life through the decision-making criteria called '3Ways' and the specific execution plans known as '9 Practices' to realize its core values.

Fair Recruitment Process and Recruitment Culture

KOLON INDUSTRIES selects outstanding talent through fair and transparent procedures, strictly prohibiting discrimination based on diversity factors such as race, gender, or religion. The company has established HR regulations to prevent recruitment fraud and corruption, and it provides interviewer training and manuals to prevent human rights violations. The company also conducts blind interviews to ensure fair, competency-focused evaluations. Furthermore, KOLON INDUSTRIES actively promotes the employment of socially disadvantaged groups such as national merit recipients and individuals with disabilities. To create an applicant-centered recruitment culture, interviewers act as partners rather than evaluators, helping candidates fully demonstrate their capabilities and providing prompt feedback. In the Fashion Division, the company has enhanced candidate experience through Recruiting Day, which includes multiple mini-interviews (MMI) and communication time with senior employees. This approach fosters a recruitment culture where the company and applicants grow together through authentic communication.

KOLON INDUSTRIES Talent Profile



Labor-Management Cooperation and Human Rights Management

Human Capital Management Policy

Talent Development Policy

KOLON INDUSTRIES has established and operates a company-wide talent development system to strengthen both organizational and individual capabilities of employees in line with the expansion of its global business. Each year, based on employee satisfaction, practical application in the field, and HR trend analysis, an annual training plan is formulated, offering a variety of training programs tailored to specific job functions and ranks. In the Fashion Division, to support self-directed learning, monthly programs such as job training, reading correspondence courses, telephone foreign language lessons, and DT/DX courses are offered. Employees may apply for up to two courses.

Leadership Program

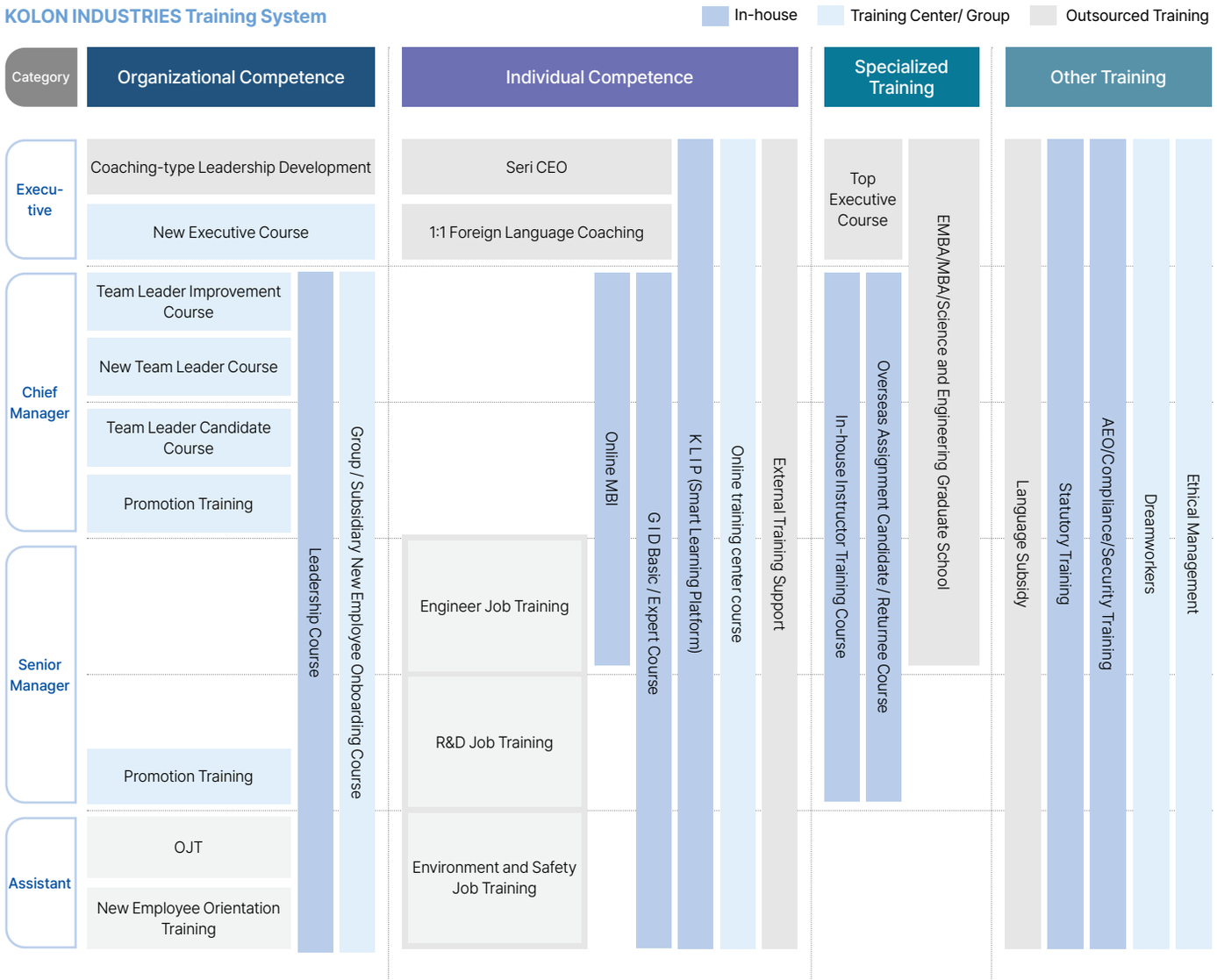
KOLON INDUSTRIES strategically develops leaders who will drive organizational performance by defining expected roles and core competencies for four leadership levels from executives to assistant, and operates a development system based on this. Customized leadership programs are provided especially for executives and team leaders with significant business impact. Individual leadership levels are assessed through diagnostics with ongoing development support, and leadership and followership training aligned with new roles are conducted upon promotion. Additionally, reflecting the characteristics of manufacturing, communication-focused on-site manager training is provided for foremen and part leaders at production sites.

KOLON INDUSTRIES Member Capability Enhancement Target

Targets for Strengthening Employee Competencies

Target to Enhance Organizational Competence	Target to Improve Individual Competence
• Establishment of Leadership Standards for Executives and Team Leaders at KOLON INDUSTRIES • Establishment of a Leadership Development System Based on Leadership Standards • Provision of Programs to Enhance Leadership Competencies by Stage	• Target to Improve Job-Specific Knowledge and Work Performance Skills • Active Training and Utilization of In-House Instructors

KOLON INDUSTRIES Training System



Labor-Management Cooperation and Human Rights Management

Human Capital Management Activities

Job Competency-Focused Training

Work Skill Enhancement Programs

KOLON INDUSTRIES supports science and engineering master's and doctoral programs for key research personnel and has introduced an online MBA program linked with domestic universities for mid-level managers to strengthen management knowledge and corporate-wide problem-solving capabilities. Additionally, through a smart learning platform, the company provides an online learning environment tailored to individual educational needs and enhances employee convenience and participation through qualification course operations. In 2024, to strengthen DX capabilities across all employees, basic DX education was conducted for 200 team leaders and 147 operational leaders, and education programs were operated to cultivate DX experts by job function and establish a data-driven work culture, with a total of 98 participants completing the courses.

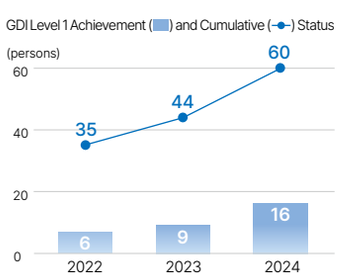
Job Competency Enhancement Programs

KOLON INDUSTRIES operates a wide range of training programs to ensure that employees' individual capabilities translate into corporate competitiveness. Practical, job-specific training is delivered through in-house courses tailored to functions such as production, technology, and R&D, and high field applicability is achieved by developing in-house instructors. In addition, field-oriented training, including expert seminars and special lectures by each division or department, is also conducted. To foster a talent development environment where all employees can grow fairly and without discrimination, the company reinforces equity and inclusiveness across the entire career development process and diversifies job-centered competency enhancement programs. In 2024, the engineer development system was reorganized to establish a foundation for strengthening technical personnel capabilities, and technical academies and Goal Driven Innovation (GDI)[1] programs are being operated for engineers and researchers. In 2025, based on this, new job courses will be launched, and excellent cases will be disseminated to enhance the overall technical competitiveness of the organization.

1) GDI: An acronym for Target Driven Innovation, KOLON INDUSTRIES' unique working method based on scientific theory that analyzes customer-required levels and utilizes them efficiently and effectively in development.

Engineer Competency Enhancement Training Performance

Quality Expertise Enhancement Training Courses	'24 Courses: **9** (ISO Internal Auditor Training Course, Instrument Management, etc.)		
	Training Completion Rate Average: 91%	Satisfaction Score: 4.23 points	ISO Internal Auditor Training: 44 persons
GDI · Statistics-Based Problem Solving Curriculum	'24 Curriculum: **9** courses ('24 Minitab Practical Course Added)		
	Training Completion Rate Average: 91%	Satisfaction Score: 4.33 points	



Functional Position Leader Competency Enhancement Training Programs

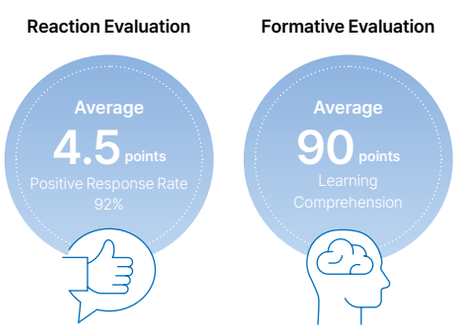
KOLON INDUSTRIES supports organizational stability and on-site productivity improvement through systematic competency enhancement for field position leaders. Leadership and communication skills of field managers influence work efficiency, problem-solving ability, and organizational management; therefore, training courses for field leaders are operated. In 2024, training was conducted for 124 functional team leaders. This helped new position holders clarify their roles and responsibilities and improve basic managerial qualities and generational harmony skills. To expand on-site applicability and secure leadership among position leaders, education for field managers will continue to be expanded.

New Employee Orientation Program	A systematic training program composed of orientation immediately after joining, on-the-job training (OJT), and one-year anniversary enhancement training is operated to help new functional employees quickly adapt to the organization and effectively settle into their duties. Practical learning increases work understanding and supports long-term competency improvement.
Employee Promotion Training Program	Customized training by rank (from team member to functional assistant manager) is conducted to foster role awareness and leadership among promoted functional employees. Designed around expected roles and necessary competencies of promotees, it aims to simultaneously improve on-site productivity and develop leaders within the organization.
Fashion Division Repair and Defect Review Store Training	The Fashion Division regularly operates practical training every month to enhance A/S response capabilities of new store employees and improve customer satisfaction. The program consists of theoretical lectures, computer practice, repair experience, and VOC response training, contributing to rapid work adaptation and service quality improvement.

Training Effectiveness Evaluation

KOLON INDUSTRIES conducts training effectiveness evaluations applying Donald L. Kirkpatrick's four-level training evaluation model to verify whether training practically contributes to strengthening organizational and individual competencies. Beyond simple satisfaction measurement, the evaluation model analyzes learning target achievement, motivation levels, and job application from multiple perspectives, systematically managing not only short-term learning effects but also medium- to long-term educational outcomes such as job transfer. Through this, the company aims to derive qualitative improvements and strategic directions for training and strengthen a sustainable talent development system.

2024 Evaluation Results of Functional Role Training Programs



Labor-Management Cooperation and Human Rights Management

Human Capital Management Activities

Performance Assessment

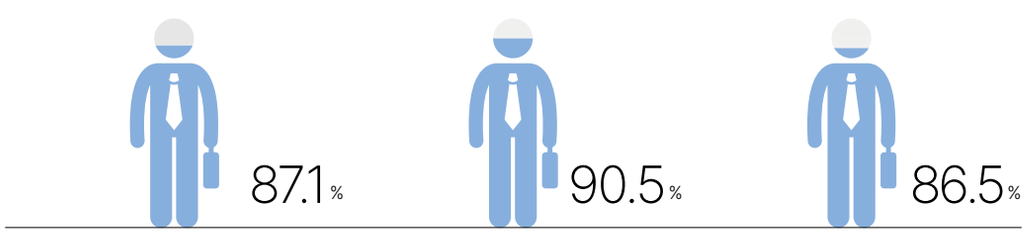
Application of Absolute Evaluation Method

KOLON INDUSTRIES operates an employee performance assessment system based on the absolute evaluation method, conducting performance assessments once a year. Employees are rated on a five-tier scale, and annual salary adjustments are applied differentially according to the grade. Individual feedback sessions are encouraged following evaluations, and employees are given the opportunity to file objections upon request, thereby enhancing procedural fairness and acceptance. Performance assessments are operated based on the Management by Objectives (MBO) system, targeting all employees to promote performance improvement. The results are reflected in key compensation elements such as salary, promotion, and rewards. Additionally, to incorporate a long-term perspective in evaluations, achievement assessments and competency diagnostics are operated separately. Achievement assessments evaluate target attainment levels, while competency diagnostics assess competitiveness for performance creation. The system aims for a balanced evaluation reflecting both performance and competencies, focusing on coaching and development.

Strengthening Performance Management and Assessment Monitoring

KOLON INDUSTRIES operates "Open Sessions" at the organizational level to facilitate discussions on performance ratings, ensuring fair and transparent evaluation practices. To strengthen the connection between job performance and assessments, one-on-one interviews are actively conducted, and continuous performance management support is provided. Regular satisfaction surveys of evaluatees are carried out to assess the evaluators' capabilities and the reliability of evaluations, while separate monitoring is conducted to detect and address assessment errors. In 2024, a survey on overall performance management activities was conducted to improve the system and conduct competency diagnostics. Furthermore, reverse feedback is used for team leaders to diagnose leadership levels and improve lacking competencies. Leadership consists of four categories: Task, People, Innovation, and Attitude, with feedback collected and analyzed from team members for each competency.

Percentage of Employees Covered by Performance and Career Development Assessments



Operation of Performance-Based Compensation System

KOLON INDUSTRIES has established a fair, performance-based compensation system that ensures employees receive rewards commensurate with their achievements. The main components of the compensation system are as follows.

Cumulative Annual Salary System Operation	Comprehensive and research positions at the senior manager level and above are subject to a cumulative annual salary system that reflects the previous year's performance assessment ratings. This system is designed to allow high performers to receive higher salaries than those in higher ranks, enabling substantive rewards based on performance.
Application of Standard Salary Table	Comprehensive and research positions at assistant level and below, general staff, field worker, and special positions are managed through a standard salary table to ensure fair compensation regardless of gender, age, or other personal factors.
Compensation System Reform and Enhanced Communication	Following the rank restructuring in January 2021, the compensation and welfare systems were also amended. Briefings were held and materials shared on the intranet to increase transparency and acceptance. The amended system expanded the range of salary increases by reflecting both individual performance and organizational achievement.
Dual Performance Bonus System	The performance bonus system operates as a dual structure consisting of the PI (Performance Incentive) system and the PS (Profit Sharing) system. The PI system awards bonuses based on the achievement of the company's annual management targets, while the PS system shares a portion of profits exceeding management performance criteria with employees.

Average Salary by Gender and Position

(Unit: Thousand KRW)

Category		2022	2023	2024
Average Salary per Person		74,083	74,765	71,693
Average Salary of Males	All Males	76,274	76,981	74,515
	Management Positions	69,520	71,342	94,012
	Non-Management Positions	38,092	39,151	53,106
Average Salary of Females	All Females	57,624	59,415	58,694
	Management Positions	60,415	66,636	88,319
	Non-Management Positions	37,737	37,265	44,356
Average Salary Ratio of Females Compared to Males(%)		76	77	79

Labor-Management Cooperation and Human Rights Management

Human Capital Management Activities

Organizational Culture

Operation of Various Communication Channels

KOLON INDUSTRIES operates various communication channels to facilitate smooth communication with employees and enhance mutual understanding within the organization, providing platforms for mutual exchange regarding working environment, organizational culture, and targets.

Open-it Bulletin Board	The anonymous suggestion platform Open-it Bulletin Board received a total of 112 suggestions in 2024, with 100% feedback completed for all cases.
CEO On-site Management	The CEO and executives directly visit business sites to strengthen communication with on-site members, encourage production sites, and listen to grievances as a direct communication channel.
Division specific Empathy Sessions	Hosted by division heads, these sessions provide opportunities to share visions, targets, and key management issues with members and exchange opinions, conducted once quarterly on voluntary topics.
Fashion Division	Supports active communication through the company's official internal channel 'Jeonhaeju' (meaning "please deliver this message"), used for announcements and events

Welfare Benefits

Health and Wellness Support

KOLON INDUSTRIES conducts annual health promotion activities for employees and partner company staff on various topics such as smoking cessation, alcohol moderation, and mental well-being. These initiatives support the development of healthy lifestyle habits and the management of both physical and mental health, contributing to the creation of a healthier work environment. All employees receive regular health check-ups, including general and in-depth examinations. For production and research personnel who may be exposed to hazardous elements, specialized health screenings are conducted separately. Employees identified with health concerns are supported through professional consultations and follow-up care programs. The Fashion Division operates customized health promotion programs for employees with health risks and collaborates with local public health centers to offer metabolic syndrome prevention education and expert-led lectures, thereby enhancing self-care capabilities. Additionally, dedicated nurses serve as health managers at the headquarters and eight other business sites, where health management rooms provide services such as basic health measurements (e.g., blood pressure, blood sugar), ongoing consultations, emergency treatment, and medication provision. Overseas business travelers are provided with Travel Medical Kits to prepare for emergency situations while traveling. For mental health care, KOLON INDUSTRIES partners with over 1,600 professional counseling centers nationwide to offer both in-person and remote consultations. In 2024, a total of 216 counseling sessions were conducted to support the psychological well-being of employees.

Employee Grievance Handling

KOLON INDUSTRIES operates a permanent, integrated online grievance system to ensure prompt and fair responses to workplace human rights issues. Employees and stakeholders can anonymously report concerns such as sexual harassment, bullying, forced or child labor, and requests for better working conditions. All reports are handled transparently, with system improvements and continuous monitoring to prevent recurrence.

❶ Grievance Receipt	• Upon receiving a report, share with HR department and initiate counseling procedures
❷ Counseling and Investigation	• Implement victim protection measures: separate perpetrator and victim, provide psychological counseling support Fact-finding Investigation • Determine facts through investigation • Confidentiality agreement for subjects, participants, and personnel Committee Members
❸ Deliberation on Measures / Execution	• Personnel Committee Meeting: Disciplinary Deliberation • Confirmation of measure implementation and establishment of recurrence prevention measures
❹ Results Monitoring	• Monitoring of measure outcomes and execution of recurrence prevention measures • Monitoring the status of victim protection measures implementation

Childcare Support

KOLON INDUSTRIES operates a range of family-friendly programs to support employees in achieving work-life balance. For pregnant employees, the company offers shortened working hours extended by four weeks beyond legal requirements, along with pregnancy celebration gifts and designated parking spaces, enhancing support for expectant mothers. To prevent career interruptions due to childcare responsibilities, the company provides tangible assistance such as reduced working hours during childcare periods, family care leave, and the operation of the Magok Kolon Daycare Center. Additional benefits include infertility leave and financial support for related treatments, cash gift for children's school enrollment, and the option to divide and use spouse paternity leave flexibly. Since first receiving the Family-Friendly Certification in 2011, KOLON INDUSTRIES has consistently maintained its recertification, actively fostering a family-supportive organizational culture.

Utilization of Living Wage Indicators

KOLON INDUSTRIES guarantees wages above the living wage level to ensure that employees and their families can maintain a stable livelihood, as outlined in its Human Rights Management Policy. Each year, the company compares and analyzes local government-designated living wages against employee salary levels at each business site to support economic stability, enhance quality of life, and improve job satisfaction. KOLON INDUSTRIES continuously monitors both living wages and employee compensation levels to refine related policies and regulations, enabling employees to enjoy a higher standard of living. We aim to ensure fair living wages for all employees by 2028 using the IDH methodology.

Living Wage Operation Status

Used as the basis for living wage analysis in 2024 Proportion of Members	Proportion of Members Receiving Below Living Wage Proportion of Members
98%	0%

* Target: All employees subject to living wage management (including regular and dispatched employees)

Labor-Management Cooperation and Human Rights Management

Human Capital Management Activities

Welfare Benefits

Expansion of Flexible Working Hours System

KOLON INDUSTRIES operates a selective working hours system mainly for office workers at headquarters to support work-life balance for employees, and implements telecommuting and reduced working hours systems for employees who need maternity, childcare, or family care. Additionally, to enhance work concentration, a 'Focused Work Telecommuting' day is held once a month to support the creation of an efficient working environment.

Retirement and Career Transition Support

For retirees, KOLON INDUSTRIES provides a defined benefit (DB) retirement pension and supports preparation for post-retirement life through retirement pension education. Starting in 2024, a defined contribution (DC) retirement pension system was newly introduced to expand employee options, and explanatory sessions were held at headquarters and the Gumi Plant with four financial institutions invited. The DC retirement pension operates on a semi-annual contribution basis and contributes to building retirement assets.

Employee Satisfaction

KOLON INDUSTRIES conducted a new welfare satisfaction survey in 2023 to improve employee benefit programs by reflecting employee needs. In 2024, the company also gathered employee feedback through satisfaction surveys on commuter bus services and in-house cafeterias. Notably, the in-house cafeteria satisfaction survey in 2024 showed a positive response rate of 60.9%. By conducting regular satisfaction surveys and analyzing trends, KOLON INDUSTRIES actively incorporates employee feedback and continuously enhances its overall welfare systems.

KOLON INDUSTRIES Welfare System

Supporting Employee Well-Being	• Housing Support: Assistance for Home Purchase/Jeonse Deposit, Operation of Dormitories/Company Housing • Health Checkups: Annual Health Checkups for All Employees and Spouses • Self-Development Support: Support for Internal/External Training Fees and Certification Acquisition • Awards for High Performers and Long-Term Employees • Club Support: Activity Expense Support for Clubs • Communication Expense Support: Free Calls Among Employees and Personal Communication Expense Support • Selective Welfare Points • Commute Support: Transportation Expense Support for Commuting and Operation of Commuter Buses • Employee Discounts on Kolon Products
Pursuing Work-Life Balance	• Operation of In-House Daycare Center • Maternity Protection System: Pregnancy Celebration Gifts/Birth Congratulatory Money/Regular Health Checkups for Pregnant Employees • FAMILY DAY: Early Leave Twice a Month • Child Education Expenses: High School Tuition, University Entrance Fees, University Tuition Fees for Children • Smart Work: Flexible Working Hours System, PC Shutdown System • Congratulatory Money and Bereavement Leave • Funeral Support Services: Condolence Flower Stands, Funeral Supplies Provision, Consolation Money/Funeral Leave Provided • Leave Support: Vacation Pay/Paid Leave Provided, Discounts on Leisure Facilities and Condominiums

Trusted Labor-Management Relations

KOLON INDUSTRIES guarantees employees' free membership in labor unions in accordance with the Labor Standards Act and collective agreements. As of 2024, the union membership rate is 30.5%, and the application rate of collective agreements is 31.8%. The collective agreement specifies key labor rights protection clauses—including union activity protection, working conditions, safety and health, education, and maternity protection. Matters not covered in the agreement are supplemented through employment rules. The existing labor-management council has been renamed the Win-Win Council, with equal representation from employer and employee delegations. It meets quarterly to discuss matters related to worker safety and welfare. Constructive and trust-based labor-management relations are also maintained through wage and collective bargaining, the Occupational Safety and Health Committee, and joint labor-management workshops. The company has maintained a dispute-free record since 2007, and pursues continuous development under internal keywords such as Coexistence Partnership, Coexistence Community, and Coexistence Unity. In 2024, a joint Well-Being Task Force was formed to discuss improvements in seniority and celebration systems. Meanwhile, the Fashion Division restructured its labor-management council to meet legal standards for enhanced company-wide communication. The organization was divided into nine electoral districts to elect Messengers, who act as representatives for each business unit. These Messengers facilitate active communication through delivering employee feedback, leading regular gatherings, workshops, and meetings. Elections are held via electronic voting, enabling voluntary participation and representation to establish an advanced communication culture.

Labor Union Membership and Employee Representative Organization

Target	Operational Plan
Labor Union Membership and Collective Agreement Application	• Labor union membership rate: 30.5% (2,619 eligible employees, 799 members) • Employees covered by the Collective Agreement: 31.8%
Status of Employee Representative Organization Membership (Subject to Win-Win Council)	100% (2,030 eligible employees, all staff below company senior manager)

Labor-Management Cooperation and Human Rights Management

Human Rights Management Strategy

KOLON INDUSTRIES has established a human capital management system based on the roles of the relevant departments as follows.

2025
Internalization of Human Rights Management System and Establishment of Supplier Risk Response Foundation
- Expansion of Human Rights Impact Assessment to Suppliers
- Documentation of Human Rights Management Policy and Due Diligence Process

2026
Strengthening Execution of Human Rights Risk Response and Expanding Supply Chain
- Over 60% Implementation Rate of Corrective Actions from Human Rights Impact Assessment
- Over 50% Identification Rate of Human Rights Risks in Suppliers

2027
Internalization of Human Rights Management Across the Entire Value Chain
- Expansion of Human Rights Impact Assessment in Overseas Subsidiaries
- Over 80% Implementation Rate of Corrective Actions from Human Rights Impact Assessment
- Conducting External Assurance of Human Rights Management

KOLON INDUSTRIES declares its Human Rights Management Guidelines to proactively implement human rights management and minimize risks by preventing human rights violations across all business activities.

Human Rights Management General Principles	• Prohibition of Child Labor and Protection of Young Workers • Career Development and Employee Training • Diversity, Equity, Inclusion • Creation of a Safe Working Environment • Equal Compensation • Guarantee of Freedom of Association and Collective Bargaining • Humane Treatment • Information Security • Prohibition of Workplace Harassment • Assurance of Product and Service Safety • Prohibition of Forced Labor and Human Trafficking • Responsible Supply Chain Management • Wages and Benefits • Protection of Local Community Human Rights
Human Rights Management System Establishment	• Responsibility and Implementation of Human Rights Management • Operation of Grievance Handling Procedures • Human Rights Risk Assessment

Human Rights Management Policy

Human Rights Management Policy

KOLON INDUSTRIES regards human rights as a core corporate value and is committed to embedding human rights management across all business operations. The company has publicly declared its support for key international human rights frameworks such as the UN Universal Declaration of Human Rights, UNGC, and the OECD Guidelines for Multinational Enterprises, and enacted the "Kolon Human Rights Declaration" to define its responsibility to respect human rights. The policy covers nine core areas, including the prohibition of child labor and forced labor, respect for diversity, and prevention of workplace harassment, and is published on the company's website for stakeholder access. The company recognizes the respect and protection of human rights as a key corporate responsibility and proactively identifies and minimizes potential negative human rights impacts across operations. It has also established Human Rights Management Guidelines with grievance handling procedures, human rights risk assessment systems, and measures to protect and promote the rights of vulnerable groups such as children and persons with disabilities. Based on these policies and guidelines, the company continues to strengthen its institutional foundation to prevent human rights violations at all domestic and overseas business sites and to ensure stakeholders tangibly experience human rights management.

Respect for Human Diversity

All discrimination based on gender, age, race, disability, religion, political views, or region of origin is prohibited, ensuring equal opportunities throughout all processes from recruitment to evaluation, compensation, and education. Various family-friendly welfare programs such as reduced working hours during pregnancy and childcare periods for female employees have been introduced to achieve work-life balance. KOLON INDUSTRIES does not differentiate pay between men and women under equal conditions. For employees with disabilities, dedicated parking spaces, restrooms, and Braille signage have been installed within buildings. To provide quality jobs for persons with disabilities, KOLON INDUSTRIES has collaborated with its affiliate KOLON SPOREX to operate disabled bowling and badminton teams since December 2021.

Operation of Internal Regulations Reflecting Human Rights Management Policy

KOLON INDUSTRIES systematically operates internal regulations and HR systems to ensure the effectiveness of its Human Rights Management Policy and implement human rights management across all operations. Employment rules and HR regulations strictly prohibit child and young worker employment, define measures to prevent workplace harassment, respect diversity, and ban child and forced labor. To enhance effectiveness, the company monitors workforce status at all sites and conducts annual human rights impact assessments with improvement measures. As of 2024, no cases of employing individuals under 15 or instances of forced labor were identified at any KOLON INDUSTRIES site, confirming the preventive effectiveness of its human rights management system. To further embed human rights practices, the company provides regular employee training on core topics, including the prohibition of child and forced labor and the promotion of DEI (Diversity, Equity, and Inclusion). In response to evolving social expectations and regulatory changes, KOLON INDUSTRIES continuously updates internal regulations and procedures to strengthen its company-wide human rights management system.

Implementation of Human Rights Training

To internalize human rights management, various human rights education programs are conducted for all employees. Training focuses on key areas, including prevention of workplace harassment, DEI, and prohibition of discrimination. Major programs include "Human Rights Training: Creating a Respectful Society," "Human Rights Training: A Happy Journey Connecting Organizations and Individuals," and "Integrity Training: Building a Corruption-Free Organization," which enhance employees' sensitivity to human rights and strengthen the prevention system against human rights violations within the organization.

Key Achievements on Human Rights Training

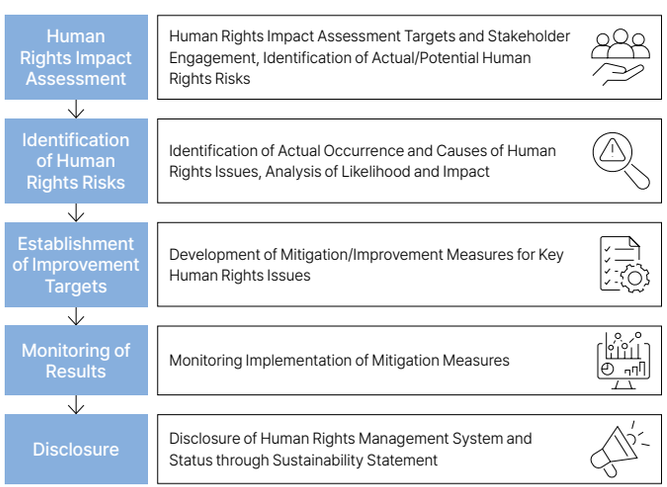
Category	Unit	2022	2023	2024
Employee Human Rights Training Hours	Hours	11,364	9,827	13,309
Employees who Received Training on the Human Rights Policy and Procedures	Persons	2,841	2,593	3,757
Training Completion Rate	%	97	92	97

Labor-Management Cooperation and Human Rights Management

Human Rights Risk Management

Human Rights Impact Assessment Process

KOLON INDUSTRIES, in line with its global business expansion, has introduced and operates the Human Rights Impact Assessment (HRIA) to strengthen responsible corporate management that respects human rights. This is a proactive measure to identify and prevent potential human rights impacts that may arise from business activities in advance. The Human Rights Impact Assessment is conducted based on diagnostic indicators for key human rights areas established on the basis of the UNGC's "Guidelines on Human Rights Impact Assessment and Management," the National Human Rights Commission's "Human Rights Management Guidelines and Checklist," and the company's own Human Rights Management Policy. In 2024, the scope of assessment was expanded to include not only major domestic business sites but also suppliers to enhance human rights risk management. Going forward, the assessment indicators will be further refined, and the evaluation scope will be extended to overseas subsidiaries.



Human Rights Impact Assessment Results

In 2024, KOLON INDUSTRIES conducted Human Rights Impact Assessments (HRIAs) across 100% of its domestic business sites and 60% of suppliers. These assessments helped identify both potential and actual risks tied to prioritized human rights issues, leading to the development of targeted improvement plans. The company executes these improvement actions through cross-departmental consultations with relevant teams to ensure effective response to the identified human rights concerns. Moving forward, KOLON INDUSTRIES will continue to mitigate human rights risks through regular monitoring and a structured, phased approach to implementing enhancements. This demonstrates the company's commitment to proactive human rights management and continuous risk reduction across its operations.

Category	Key Human Rights Issues		Likelihood[1]	Impact[2]	Potential/Actual Human Rights Issues	Affected Parties					Improvement Plan
						Employees	External Staff	Suppliers	Local Communities	Customers	
Employees	Key Human Rights Issues	Prohibition of Discrimination and Harassment	●	●	Verbal abuse and sexist remarks, discrimination based on job type and gender, discriminatory performance evaluations	V					Regular human rights education, dual reporting channels for workplace harassment and monitoring system establishment, fostering a culture of fair evaluation processes
		Prohibition of Forced Labor	●	●	Pressure to participate in company dinners and social programs, issues managing overtime work exceeding 52 hours, excessive workload, night and weekend work	V		V			Management of compliance with legal working hours, establishment of a free company dinner culture
		Workplace Safety Management	○	●	Insufficient safety equipment and facility management, need to strengthen safety and hazardous chemicals management	V		V	V		Establishment of workplace safety inspection system and improvement roadmap development
		Diversity, Equity, and Inclusion (DEI)	●	●	Pressure against free expression of opinions, sexist instructions, and missed opportunities	V	V	V	V	V	Operation of diversity-related programs by hierarchy, expansion and strengthening of leadership training for managers
		Welfare System	●	●	Disadvantageous treatment related to use of maternity leave and parental leave, pressure or disadvantageous treatment regarding use of annual leave, negative perception of flexible working system use	V					Monitoring of welfare system operation status, conducting campaigns to activate welfare systems
Suppliers	Key Human Rights Issues	Prohibition of Forced Labor	●	●	Excessive Workload, Issues Managing Overtime Work Exceeding 52 Hours	V		V			Management of Compliance with Legal Working Hours

1) Occurrence and Potential for Continuous Occurrence
2) Materiality of Human Rights Impact (Scale), Number of Stakeholders Affected by Human Rights Issues (Scope), Differences in Recovery Between Prompt and Delayed Actions, and Degree of Damage Recovery Following Actions (Irreversibility)

● Very High ● High ○ Low

Safety and Health Management

Safety and Health Management System

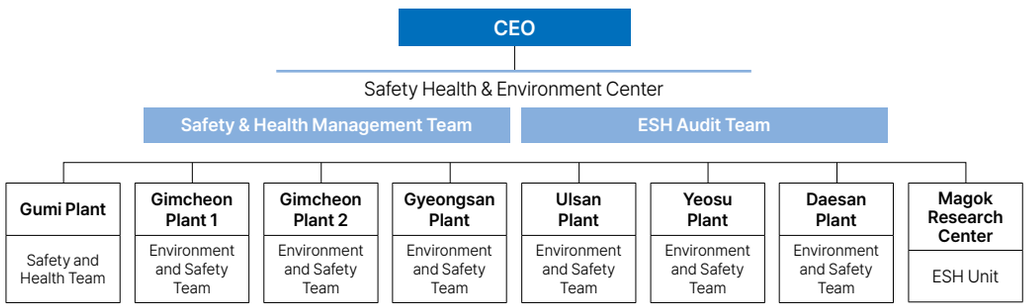
KOLON INDUSTRIES operates the Safety Health & Environment Center, a dedicated safety and health organization directly under the CEO, based on the slogans "No Compromise on Safety" and "First, Safety! No Exceptions." Through this, the company establishes company-wide safety and health policies and targets, aiming to foster an organizational culture where all employees prioritize safety. The Safety Health & Environment Center consists of the Safety & Health Management Team and the ESH Audit Team. At each business site, the factory manager and the Head of R&D Division are designated as safety and health management officers responsible for overall safety and health at their respective sites. Department heads serve as supervisors, fulfilling safety and health management duties on-site. Additionally, environment and safety departments (staff organizations) at each business site professionally assist the safety and health management officers by providing practical guidance and advice to supervisors, supporting systematic and effective safety and health management. KOLON INDUSTRIES has set 'Environment/Safety and Health Management' as a KPI for environment and safety department heads and appointed supervisors. These KPIs includes evaluations related to the Serious Accident Punishment Act for supervisors and the implementation of strategic tasks by the Safety Health & Environment Center as key assessment factors. The established KPIs are evaluated based on target achievement levels, with results linked to the compensation system.

Safety and Health Management Policy

KOLON INDUSTRIES prioritizes the safety and health of employees as the foremost value in corporate management activities, establishing a safety and health management system that complies with relevant laws and standards to ensure all employees can work in a safe and healthy environment. To this end, we continuously improve safety and health through the following activities.

1. Set safety and health targets and establish and implement detailed action plans to achieve them.
2. Establish internal regulations that comply with relevant safety and health laws and standards, and strictly adhere to them.
3. Minimize loss of life and property through the promotion of accident-free campaigns.
4. Establish a company-wide health management system and promote activities for health promotion and prevention of health impairments.
5. Comply with the PROCESS to identify hazardous risk factors through employee participation, achieve 100% improvement of identified hazards, and share through education.
6. Operate procedures for hearing employees' opinions on safety and health.
7. Periodically review the safety and health management system to identify and improve issues.
8. Secure process safety by achieving and maintaining Process Safety Management(PSM) "P" grade through the establishment of the Process Safety Management(PSM) system.
9. Provide maximum support to establish a safety culture among Business Partners (BP).

Company-Wide Safety and Health Management Organization and R&R



Position	Role	Details
CEO	Obligation to Ensure Safety and Health	• Establishment of Safety and Health Management Policies and Target Setting • Establishment of Safety and Health Management System including necessary personnel and budget for accident prevention • Approval of recurrence prevention measures for serious accidents • Review and approval of safety and health diagnosis results
	Overall Command and Leadership of Safety and Health Management	• Overall command and leadership of safety and health management tasks (delegation of responsibility and authority to the Safety Health & Environment Center, management, and support)
Head of Safety Health & Environment Center	Overall Safety and Health Management	• Implementation of all safety and health management tasks
	Supervision of Safety & Health Management Team and ESH Audit Team	• Management of organizations under the Safety Health & Environment Center, operation, and development of specialized personnel
Safety & Health Management Team	Planning, assessment, and improvement of company-wide safety and health management	• Establishment of company-wide Safety and Health Management Policy and targets • Monitoring and analysis of regulations, planning proactive company-wide responses • Planning and operation of safety and health culture • Certification and operation of safety and health management system (ISO 45001) • Establishment and implementation of communication processes in case of industrial accidents • Establishment and operation of company-wide emergency response system in case of serious accidents
ESH Audit Team	On-site ESH inspection and emergency response	• Inspection of CEO's obligation to ensure safety and health (Serious Accident Punishment Act, semi-annual per business site) • Conducting business site safety audits (unannounced safety and health inspections), factory operation approval system implementation (three times: preliminary, on-site, final) • Thematic safety diagnosis (quarterly theme selection, business site visits for diagnosis) • Overseas corporation safety inspections • Review of emergency response and accident investigation (as needed)
Safety and Health Officer	Fulfillment of obligation to ensure safety and health	• Establishment and implementation of recurrence prevention measures in case of accidents • Implementation of improvements and corrections according to local government laws • Management measures necessary to fulfill obligations under safety and health-related laws • Establishment and implementation of plans to achieve safety and health management targets assigned by the CEO

Safety and Health Management

Safety and Health Management Strategy

KOLON INDUSTRIES has established and is implementing a mid- to long-term strategy to realize the alignment of "Field=Procedure=Action" under the vision of 'Establishing an ESH Risk Free system based on fundamental compliance.'

Company-wide Safety and Health Regulations established and certified under ISO 45001 (Occupational Health and Safety Management System)

The company has established and operates company-wide safety and health management regulations, under which each business site formulates and rigorously enforces detailed safety and health guidelines. As a result, all nine domestic business sites have acquired and are operating ISO 45001 (Safety and Health Management System) certification, and plans to pursue certification for the recently merged Gwangju factory by 2025.

Safety Investments

KOLON INDUSTRIES regards safety investments not as short-term costs but as core value investments that prevent accidents in the mid- to long-term and secure corporate sustainability and efficiency. Accordingly, a separate safety and health contingency fund is allocated, and a system is institutionalized to promptly eliminate, improve, and invest in hazardous and risky factors identified through risk assessments and field inspections to ensure safety.

Safety Investments

2024 Performance (Implementation rate: approx. 71.2%)	2024 Budget
14.9 billion KRW	20.9 billion KRW

Safety and Health Management Strategy Framework

Vision	Establishing an ESH Risk-Free System Based on Fundamental Compliance		
	Fundamental Compliance (Regulations)		
Strategic Direction	Advanced Safety Culture	Safety and Health Risk Zero	Sustainable Environment
Mid- to Long-Term Targets	Enter the 'Mature Stage' of Safety Culture (2023–2027)	Achieve industrial accident rate of 0.15 and reduce lost workdays by 50% (2023–2027)	Implementation of Safety and Health Management System Certification and Risk Assessment for All Overseas Subsidiaries (2026~2028)

2025 Safety and Health Management Targets

2024 On-Site Analysis and Issues	2025 Initiatives
Continue advancing into the mature stage of safety culture	Company-wide expansion of BBS system
Merger of Kolon Glotech Automotive Division	Establish safety and health management system for merged business sites
Third-party verification results of Serious Accident Punishment Act compliance	Matrix mapping of company regulations for Serious Accident Punishment Act compliance
	Company-wide PSM self-audit: Focus theme 'Risk Assessment'
High-risk equipment for serious accidents (forklifts)	Advancement and systematization of forklift safety model (introduction of IPAS)
Continue strengthening fundamental compliance	Thematic safety inspections: hazardous machinery and equipment (pressure vessels, etc.)
Insufficient safety and health education system for skilled workers	Reorganization and strengthening of safety and health education system for field workers
New legal inspection system to be implemented in 2025 → Need for proactive response	Company-wide joint response to evaluation of chemical accident prevention management plans and prevention regulation implementation status

Safety and Health Management

Safety and Health Management Activities

Operation and Advancing of ESH Information Management System

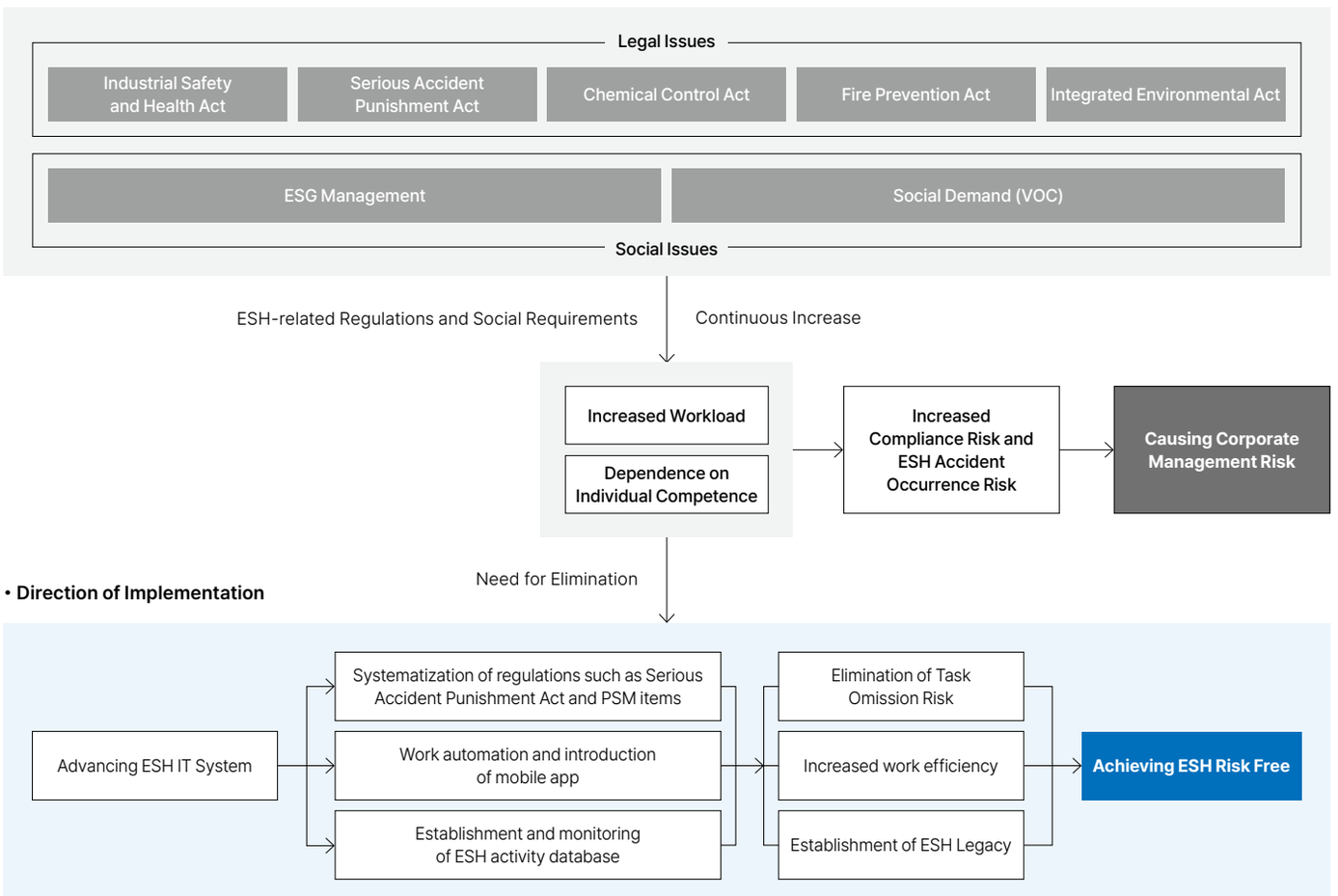
In 2024, KOLON INDUSTRIES completed the establishment of the ESH Portal. Through this ESH Portal, the environmental, safety, and health (ESH) work processes have been standardized to establish systematic work procedures, and the introduction of a mobile system has strengthened on-site execution capabilities. Additionally, by handling various regulatory response tasks on the portal, the company aims to eliminate Compliance Risk. The ESH Portal consists of five modules: management, safety, health, environment, and chemicals, with 39 detailed items, and is currently utilized across all business sites. The main functions are as follows.

- Monitoring of regulatory enactment and amendment: Real-time monitoring and support for responses to relevant regulatory changes.
- ESH education management: Provides exam-taking and signature functions via mobile devices (improving worker accessibility).
- Emergency management: Establishes a rapid response system through text message dispatch during emergencies.
- Identification and improvement management of hazardous and risk factors: Discovery of on-site hazardous risk factors, registration of improvements, and follow-up on implementation status.
- Systematization of change management (MOC): Systematic management of risk factors arising from work and equipment changes.

KOLON INDUSTRIES is enhancing the overall management level of environment, safety, and health through the ESH Portal and striving for sustainable business operations.

Direction for ESH System Improvement

- **Purpose:** Achieving ESH Risk Free through advancing the ESH Portal
- **Background for Promotion**



Safety and Health Management

Safety and Health Management Activities

Business Site Safety and Health Management

Risk Assessment and Strengthening Safety Culture

KOLON INDUSTRIES conducts systematic risk assessments across four areas: business sites, processes, works, and chemicals. Each assessment category is divided into regular and ad-hoc evaluations. Regular assessments are conducted once a year or according to internal regulations, while ad-hoc assessments are promptly carried out in response to changes in risk factors such as task modifications, new process establishment, or introduction of new equipment. In 2023, to enhance the on-site execution of risk assessments and establish a company-wide safety communication culture, the company introduced TBM (Tool Box Meeting) activities across the entire company, which are also encouraged by the government. In 2025, KOLON INDUSTRIES further advanced its safety management level by implementing the BBS (Behavior-Based Safety) system, a safety culture activity operated by leading global companies, at the company-wide level. The ESH Audit Team under the company's Safety Health & Environment Center regularly monitors the implementation status of TBM and BBS activities, reflecting the results in evaluations of excellent safety business sites. This approach simultaneously promotes substantial improvements in safety culture and internal motivation.

Risk Assessment System Diagram

Business-Sites Risk assessment | Process Risk Assessment | Work Risk Assessment | Chemical Risk Assessment

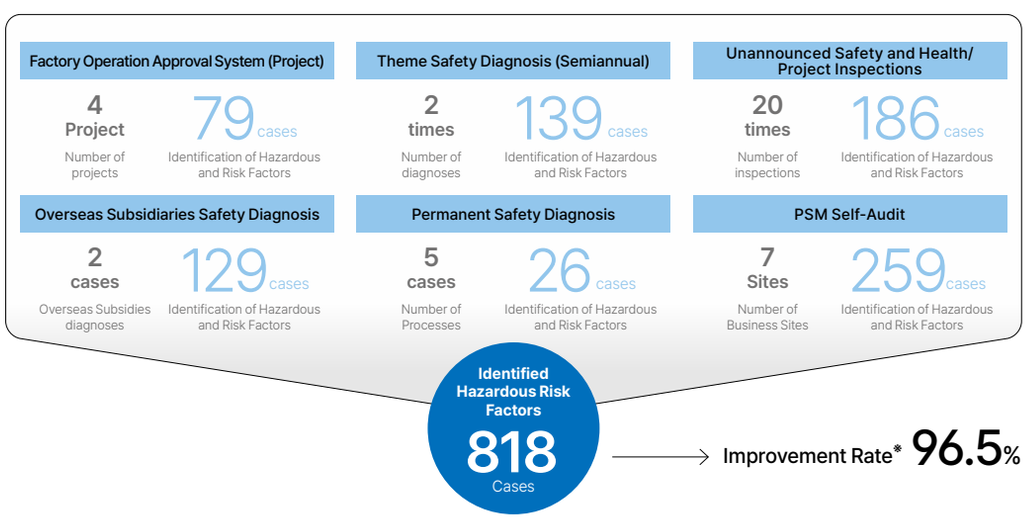
Regular Assessment Cycle	• Business-Sites Risk assessment : Annually • Process Risk Assessment: At least every 4 years (according to internal regulations) • Work Risk Assessment: Annually • Musculoskeletal Burden Task Hazard Investigation: Every 3 years • Chemical Risk Assessment: Annually
Ad-hoc Assessment Timing	• Change Management (Process) • Safety Work Permit (Task) • Revision of Work Standards (Task) • Before/After Commencement of New Project Construction • Installation, Relocation, Modification, or Demolition of Buildings • Musculoskeletal Disorder (MSD) Periodic Assessment - Recognition of work-related illnesses - Introduction of new tasks or equipment - Changes in the work environment

* Risk assessment coverage: Over 80% of consolidated entities

Prevention of Serious Accidents

The KOLON INDUSTRIES Safety Health & Environment Center analyzes the mechanisms behind risk behaviors directly linked to major accidents and has designated five company-wide mandatory "Safety Golden Rules" that all employees must strictly observe. To enhance on-site safety management, the company has advanced its safety diagnosis process by supplementing the existing factory operation approval system, theme-based safety diagnoses, unannounced safety and health inspections, and overseas site safety audits with newly introduced permanent safety diagnoses and self-audits under the Process Safety Management (PSM) framework. Through this integrated process, 818 hazardous and risk factors were directly identified, achieving a 96.5% improvement rate through quarterly monitoring. In response to serious accident types that are statistically infrequent but potentially fatal, KOLON has conducted proactive risk factor analyses using government data and has been piloting company-wide response programs since 2023. As the first phase, forklifts were designated as a priority risk target. Twelve safety-enhancing standard models, including speed limiters, seatbelt interlock systems, and AI-powered rear cameras with human recognition, were implemented across all forklifts by 2024. In 2025, the company plans to further improve forklift operator safety with the introduction of an Intelligent Proximity Alert System (IPAS).

2024 On-site Safety Diagnosis Performance



※ Improvement Rate Follow-up Targets: Factory Operation Approval System, Theme Safety Diagnosis, Unannounced Safety and Health Inspections, Overseas Corporation Safety Diagnosis → 413 improvements out of 428 cases

Safety and Health Management

Safety and Health Management Activities

Workplace Safety and Health Management

KOLON INDUSTRIES Emergency Response System and Risk Alerting System

KOLON INDUSTRIES activates an emergency response system within one hour of a workplace accident, based on company-wide safety regulations and plans. Headquarters and the site immediately form a control tower via video conferencing to discuss and implement response measures. If needed, employees are dispatched to the site for direct support. For industrial accidents causing over three days of work stoppage, a company-wide risk alert is issued. In repeated cases, the Safety Health & Environment Center conducts root cause analyses and implements monitoring-based preventive measures to raise awareness and prevent recurrence.

Enhancement of Accident Analysis Capabilities and Advancement of Recurrence Prevention Measures

KOLON INDUSTRIES strengthens accident investigation and analysis to fundamentally prevent incidents. It analyzes root causes of potential accidents, establishes recurrence prevention measures, and systematizes their horizontal deployment. Through this, the company enhances investigation quality and continuously advances its safety management system.

Conducting Process Safety Management (PSM) Self-Audits

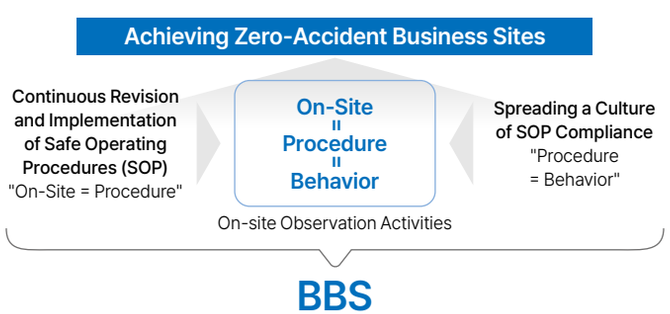
KOLON INDUSTRIES operates a Process Safety Management (PSM) system to prevent serious accidents such as fires, explosions, and leaks. PSM audits implementation every four years and rates sites on a four-tier scale. Currently, six of seven PSM-targeted factories (Gumi, Gimcheon 1, Gyeongsan, Ulsan, Yeosu, Daesan) maintain the highest grade “P,” ensuring safety in high-risk operations.

All SMS-assessed Business Sites Achieved Grade A under the High-Pressure Gas Safety Management System Compliance Evaluation

All target business sites achieved Grade A in the comprehensive safety management system (SMS) compliance assessment conducted by the Korea Gas Safety Corporation. At the Yeosu Plant, which has maintained a zero-accident record since 2004, the result reflects excellence in systematic, prevention-centered safety operations. Ulsan and Daesan Plants have also maintained Grade A since 2016 and 2018, respectively. These achievements highlight KOLON INDUSTRIES’ commitment to safety and enhance trust in company-wide safety standards.

Implementation of BBS (Behavior-Based Safety)

Beginning in 2025, KOLON INDUSTRIES is implementing Behavior-Based Safety (BBS) company-wide to build a strong safety culture. BBS improves alignment between procedures and field practices through regular on-site observations, focusing on high-risk tasks and providing immediate feedback and coaching. Root cause analysis leads to corrective actions such as revising SOPs, enhancing training, and improving ergonomics. Each site appoints a Champion to operate a committee for BBS standardization.



Excellent Safety Business Site Award System

KOLON INDUSTRIES operates a system to evaluate the safety activities of all business sites throughout the year and rewards the most outstanding site. In 2024, marking its fifth year, the 'Excellent Safety Business Site Operation Plan' was partially revised to include health management activities. The main evaluation criteria were selected as: ① Safety Culture (basic compliance and culture dissemination activities), ② Accident Prevention (identification/improvement of hazardous and risky factors), ③ Safety Leadership (interviews with position holders), and ④ Safety Level (accident indicators, awards, etc.). In addition, motivation for promoting safety activities is provided through the establishment of award criteria by site size, the presentation of CEO trophies, promotion of the awarded sites through internal news, and airing of interviews with contributors. In 2024, the Ulsan Plant was selected as the Excellent Safety Business Site for receiving top scores in safety culture and accident prevention.



Safety and Health Management

Safety and Health Management Activities

Safety and Health Management with Suppliers

Strengthening Industrial Accident Prevention Measures for Suppliers

KOLON INDUSTRIES applies strict criteria from the supplier selection stage to enhance the safety and health management level of suppliers. We have established assessment standards and procedures for industrial accident prevention capabilities and technical competencies, excluding suppliers who do not meet these standards from contracting. Additionally, we thoroughly review the detailed breakdown of safety and health management costs submitted by suppliers and verify actual execution to reflect this in contract renewals. These institutionalized standards are regularly monitored through semi-annual inspections under the Serious Accident Punishment Act, continuously improving on-site execution and effectively promoting the practical enhancement of suppliers' safety and health levels.

Securing Supplier Safety and Health

To strengthen accident prevention activities for on-site suppliers, KOLON INDUSTRIES operates a supplier council to establish a continuous cooperative system ensuring supplier safety. Through the supplier council, we collect and address safety and health-related opinions from suppliers, conduct joint monthly site inspections to identify hazards, and support necessary improvements. The company also raises awareness among on-site suppliers about potential direct impacts from workplace hazards, sharing key risk information such as accident scenarios, impact scope, and evacuation locations. Furthermore, we actively support the establishment of autonomous safety and health management systems through systems, inspections, and training, fostering a shared safety culture with our suppliers.

Safety and Health Training

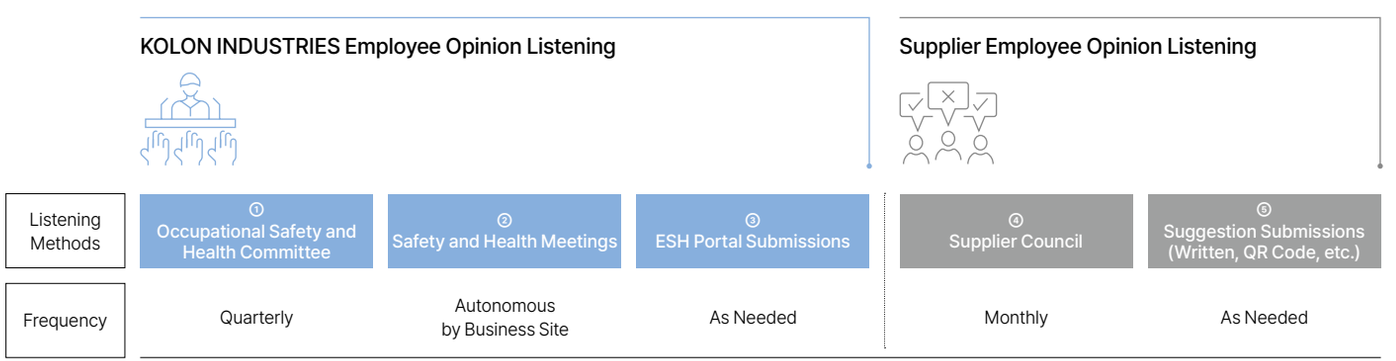
KOLON INDUSTRIES operates a variety of safety and health education programs to raise employee awareness and enhance the knowledge and competencies necessary for job performance. Company-wide training is conducted monthly on key topics such as the Chemical Substances Control Act, Occupational Safety and Health Act, management of hazardous and high-risk work environments, and health promotion. Mandatory training is also systematically provided for legally designated roles, including safety and health management personnel, supervisors, safety managers, and hazardous materials safety supervisors, to ensure effective and compliant safety management. Based on each department's work risk assessments, job-specific training is provided for relevant employees. This includes customized programs reflecting task characteristics, advanced training for managers, and safety and health courses integrated into training programs for technical roles. In addition, safety and health education is provided to contractors and temporary workers before commencing work. This ensures awareness of major on-site hazards and risks associated with each task, supporting the execution of work in a safe and responsible manner.

Communication Management Process

KOLON INDUSTRIES recognizes communication with various stakeholders—including customers, suppliers, government and private institutions, communities, investors, employees, and suppliers—as a core element of safety and health management. Accordingly, we operate a communication system aligned with the latest safety and health trends.

To gather employee opinions, the Industrial Safety and Health Committee convenes quarterly, while each business site collects field feedback through safety and health meetings and takes appropriate actions. An online submission system is also in place for employees to freely propose suggestions. On-site suppliers provide monthly feedback via the supplier council, and external construction companies communicate through various methods such as written submissions and QR codes. All received opinions are reviewed and followed up by the Environment Safety Department/Safety Health & Environment Center, with results regularly reported to the CEO to be reflected across the entire safety and health system.

KOLON INDUSTRIES Safety and Health Communication Process

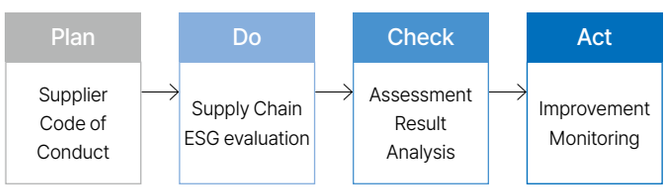


Supply Chain Management

Supply Chain ESG Management System

KOLON INDUSTRIES operates a Supply Chain ESG Council chaired by the Procurement Manager, with participation from procurement representatives at the headquarters and domestic and overseas business sites, as well as staff from the ESG Management Center. This Council undertakes initiatives to build a sustainable supply chain, manage ESG risks, and monitor global supply chain–related regulations, reinforcing the integrity of ESG management through close collaboration with suppliers. By 2025, the company plans to reorganize the scope of major supply chain management and the ESG due diligence system, further strengthening its capability and execution in responding to ESG risks across the entire supply chain.

Supply Chain ESG Management System



Supplier ESG Risk Management Status

Supplier ESG Risk Assessment Result	Unit	2025
Major suppliers	Suppliers	133
Suppliers underwent written assessment	Suppliers	105
Suppliers underwent written assessment	%	79
Suppliers subject to on-site audit [1]	Suppliers	29
Suppliers underwent on-site audit	Suppliers	29
Suppliers underwent on-site audit	%	100
Suppliers that implemented corrective actions for negative impacts	%	100

1) High-risk major suppliers

Supply Chain ESG Management Policy

KOLON INDUSTRIES operates a supply chain management system encompassing economic, social, and environmental responsibilities such as labor and human rights, ethics, safety, and environment to strengthen supply chain sustainability, establishing this as a company-wide policy. In 2019, based on global standards and guidelines including the UN Global Compact, ILO Conventions, and the Universal Declaration of Human Rights, we established the "Suppliers' Code of Conduct," which sets standards for enhancing supplier sustainability across five key areas: labor rights, safety and health, environmental protection, ethical management, and management systems. This code applies not only to suppliers who design, produce, sell, or provide all goods and services used in product production but also to sub-suppliers providing assembly, parts, raw materials, packaging, etc. It is shared with all suppliers and compliance is actively encouraged. The Fashion Division separately established a "Suppliers' Code of Conduct" in 2025 to strengthen sustainability and ethical management within the supply chain from an ESG perspective. Compliance is systematized by including a compliance pledge in digital contracts for new agreements and requesting written confirmation from existing suppliers. Additionally, the company newly established a 'Sustainable Supply Chain Management Policy' to minimize ESG risks company-wide and develop strategies for building an environmentally and socially responsible supply chain.

KOLON INDUSTRIES Supplier Code of Conduct

> This Code applies to all organizations that design, sell, manufacture, or provide goods or services for KOLON INDUSTRIES' products and must be observed by all sub-suppliers supplying assemblies, components, raw materials, or packaging.

Labor Rights
- Prohibition of Forced Labor
- Prohibition of Child Labor
- Compliance with Legal Working Hours
- Fair Wages and Welfare Benefits
- Humane Treatment
- Prohibition of Discrimination
- Freedom of Association

Safety and Health
- Industrial Safety
- Emergency Preparedness
- Prevention of Industrial Accidents and Diseases
- Hazardous Substances Management
- Equipment Safety Management
- Provision of Dormitories and Sanitary Facilities
- Safety and Health Training

Environmental Protection
- Compliance with Environmental Regulations
- Prevention of Environmental Pollution and Reduction of Resource and Energy Use
- Chemical Management
- Waste and Wastewater Management
- Air Pollution Management
- Energy Consumption and GHG Emissions Management

Ethics Management
- Integrity and Prohibition of Unfair Gains
- Information Disclosure
- Intellectual Property Protection
- Personal Information Protection
- Legal Material Management

Management System
- Declaration of Commitment to Voluntary Compliance
- Duties and Responsibilities of Management
- Response to Laws, Regulations, and Customer Requirements
- Risk Management
- Management by Objectives
- Training
- Employee Feedback and Grievance Handling
- Documents and Records

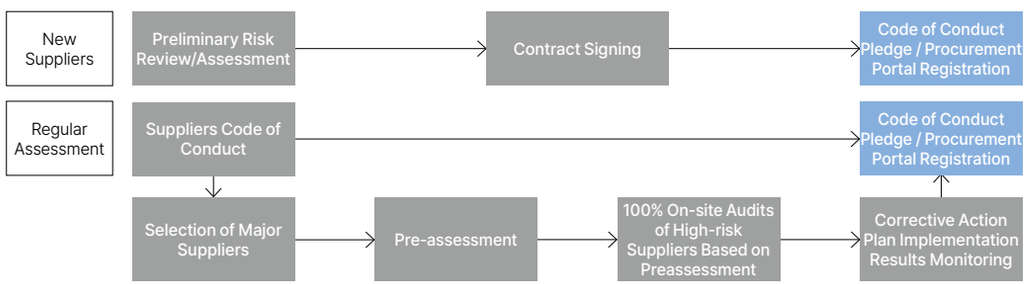
Supply Chain Management

Supply Chain ESG Management Activities

Responsible Supply Chain Management

KOLON INDUSTRIES has established a supply chain ESG management process and enhanced the scope and evaluation items of regular assessments, including preliminary risk assessments for new suppliers. Based on this, self-assessment target suppliers were selected according to the supplier classification system, and evaluations were conducted using an ESG assessment checklist. Furthermore, post-management targets are selected based on self-assessment results by company size, with plans to strengthen monitoring through requests for improvement plans and on-site inspections.

Supply Chain ESG Management Process



Supply Chain ESG Risk Assessment Factors

Category	Supply Chain ESG Risk Assessment Factors
General	• Sustainability Management Strategy and Plans
Human Rights/Labor	• Compliance with Labor Standards Act (employment rules, working hours, wage statements, working allowances, dismissal and retirement, welfare benefits, etc.)
Environment	• Compliance with environmental laws (environmental permits, emission concentration control, energy consumption/GHG emissions) • Policies and activities to reduce resource (energy, water, etc.) usage • Environmental management system certification
Safety and Health	• Compliance with Serious Accident Punishment Act (compliance with safety and health laws, fire/emergency training, provision of protective equipment, hazardous substance guidance) • Safety and health management system certification
Ethics and Compliance	• Ethical management (codes, training, legal compliance) • Conflict minerals RMAP certification verification • Privacy protection status

Supplier Audit

KOLON INDUSTRIES evaluates whether its requirements, including quality activities, are properly managed through supplier audits. This helps prevent delays in raw and subsidiary material supply, process abnormalities, and ESG risks in advance. Audit evaluation items include Quality Management, management of raw materials, process, shipments, development, customer requirements, and ESG areas. Results are graded from A to E, and reflected in subsequent contracts, bids, and the next evaluation cycle. For each indicator scored 3 out of 5, an improvement recommendation is issued; if scored 2 or below, a nonconformity is issued requiring root cause analysis and recurrence prevention measures. Suppliers receiving an overall grade of D or below may face conditional transactions or suspension of trade depending on circumstances. Conditionally traded suppliers are re-evaluated within six months based on corrective action implementation. In 2024, We conducted on-site inspections of 100% of all 125 companies subject to evaluation, including environmental and social sustainability issues. No supplier received a D or below grade, enabling stable trading relationships with existing partners. In 2025, evaluations are underway for 139 suppliers in accordance with the company's supplier audit regulations.

Procurement Staff Training

KOLON INDUSTRIES is strengthening sustainability training for all procurement staff to promote responsible sourcing practices. The training covers not only global supply chain regulations but also fair subcontracting practices and the price indexation system for suppliers. All procurement personnel have completed the program, achieving a 100% completion rate. Through this initiative, the company enhanced understanding of sustainable partnerships and improved the competencies of its procurement team. In 2025, the training target will be expanded from internal staff to include partners. This aims to strengthen sustainable win-win relationships with partners and support the internalization of ESG values throughout the supply chain. Future plans include considering measures to ensure practical effects, such as reflecting training completion status in key transaction conditions.

In-house Partner Compliance Strategy and Performance

KOLON INDUSTRIES designates in-house partners as 'BPs (Business Partners)' and builds win-win relationships for mutual growth. While maintaining lawful subcontracting relationships with BPs, it supports compliance strengthening through internal and external consulting upon BP requests. The company also opens in-house welfare facilities to BPs and fosters healthy stakeholder relationships through joint labor-management-BP Win-Win Cooperation TF, regular BP representative meetings, and joint safety inspections between suppliers and sub-suppliers. Moreover, various events such as co-prosperity programs and joint sports festivals are operated, with voluntary fundraising by supplier and sub-suppliers members used for win-win activities.

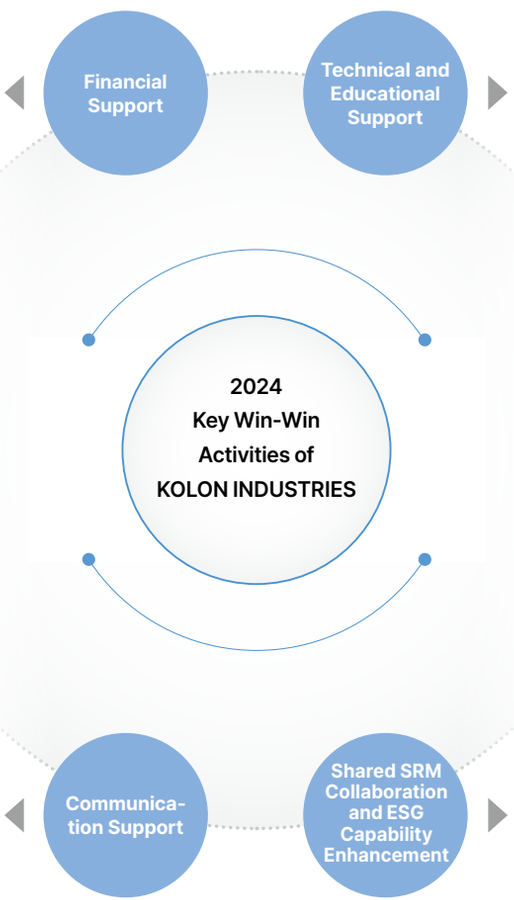
Supply Chain Management

Win-Win Strategy

KOLON INDUSTRIES recognizes that co-prosperity with its suppliers and local communities is a core agenda for achieving sustainable growth. To this end, the company has signed a Fair Trade Standard Agreement with its suppliers to foster a culture of transparent and equitable transactions. In addition, it enhances mutual engagement and builds forward-looking partnerships with various stakeholders through a range of shared growth initiatives, including financial, technical, and educational support. Looking ahead, KOLON INDUSTRIES aims to further reinforce the foundation for sustainable co-prosperity by advancing collaborative tasks within its Shared SRM (Supplier Relationship Management) framework.

2024 Shared Growth Index Assessment — Good Rating

Win-Win Activities



Financial Support

1. Operation of Win-Win Fund
2. Early Payment of Subcontracting Fees and Increase in Delivery Purchase Prices
3. Waiver of Defect Performance Bonds for Construction Contracts and Purchase Orders

KOLON INDUSTRIES made early payments of approximately 7.8 billion KRW in subcontracting fees ahead of holidays such as Lunar New Year and Chuseok in 2024. In addition, to support suppliers in alleviating financial difficulties, we operate a Win-Win Fund totaling 10 billion KRW, offering loans at interest rates about 1%p lower than market rates, of which 4 billion KRW was disbursed as supplier loan funds. Furthermore, as part of venture corporate development investments, we provided support amounting to approximately 9.7 billion KRW.

Technical and Educational Support

1. Operation of the Joint Training Center under the National HRD Consortium for Collaborative R&D
2. Operation of Supplier CSR Training
3. Support for Collaborative Safety and Health Initiatives
4. Equipment Support for Quality Improvement

Since 2018, KOLON INDUSTRIES has operated a joint training center providing free education and customized programs for supplier employees. In 2024, education was provided to 901 employees from 58 suppliers, and 23 joint R&D projects were promoted. We have also expanded to safety and health consulting based on risk assessments to strengthen shared cooperation. Moreover, to reduce GHG emissions in the supply chain, we supported energy-saving activities through on-site equipment inspections and consulting for suppliers. The expected energy savings from this consulting are estimated at a 20% reduction compared to previous energy usage. The company will continue efforts to reduce GHG emissions and energy consumption through ongoing collaboration with suppliers.

Communication Support

KOLON INDUSTRIES operates continuous communication channels to build partnerships and consensus with suppliers to create greater synergy effects by listening to supplier opinions and conducting grievance counseling. All supplier employees can anonymously report environmental issues and labor/human rights issues at any time. Additionally, we collect supplier difficulties and suggestions for system improvements and reflect them in our operations. Reports on unethical trade practices or violations of ethical management by employees are accepted through our website. In case of disputes during transactions with suppliers, a direct reporting system between Chairman of the Dispute Adjudication Committee and the CEO has been established for prompt resolution.

1. Operation of Online Procurement Portal System and Communication Enhancement Program

Operation of a Supplier Reporting Channel (Supplier Reporting Channel)

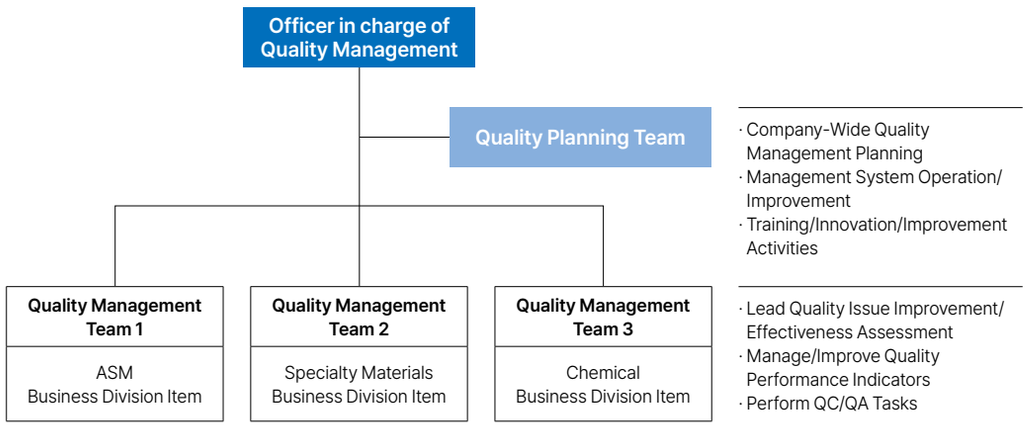
Shared SRM Collaboration and ESG Capability Enhancement

Supplier Relationship Management (SRM) involves evaluating and grading suppliers based on objective assessment indicators, operating differentiated shared growth programs accordingly to enhance supplier capabilities, and securing supply chain competitiveness through strategic partnerships with key suppliers. In particular, our company pursues practical shared growth by jointly conducting collaboration projects annually with suppliers on new technologies, cost reduction, and process improvements. This year, we introduced customized consulting including ESG management diagnosis and education for small and medium-sized enterprises (SMEs) for the first time to support strengthening sustainability management capabilities.

1. Selection of Collaboration Target Suppliers
2. Derivation of Collaboration Tasks per Supplier and Establishment of Implementation Plans
3. Execution of Collaboration Tasks with Suppliers and Regular Inspections
4. Establishment of Strategic Partnerships with Suppliers and Continuous Improvement
5. Support for Customized ESG Management Diagnosis and Consulting

Quality Management

Quality Management System



Quality Management Strategy

KOLON INDUSTRIES is promoting Q-Cost reduction and enhancement of quality competitiveness across all business divisions, managing performance through company-wide quality indicators (KPI). Starting in 2024, a computerized system has been established to monitor and manage Q-Cost (quality costs) by categorizing costs incurred from quality-related activities into prevention, appraisal, and failure costs. Based on accumulated data, loss structure analysis is conducted continuously to identify targets and items (action items) for improvement, which are addressed using the Goal Driven Innovation (GDI)[1] methodology. Additionally, to ensure continuous improvement at production sites and prevent safety accidents, production innovation activities piloted in 2023 are being expanded to the Gumi, Gyeongsan, and Gimcheon factories. In 2024, all departments completed the first stage of KPI basic compliance activities (3R 5S: Organization and improvement), and in 2025, the second stage focusing on restoration activities for the four major irrationalities (contamination, leakage, rust, vibration) is planned.

1) Abbreviation for Target Driven Innovation, KOLON INDUSTRIES' unique working method based on scientific theory that analyzes customer-required levels and efficiently and effectively applies them to development.

Mid- to Long-Term Quality Management Strategy Roadmap

Stepwise Q-Cost Reduction and Quality Competitiveness Enhancement through Integrated Quality Strategy

01 Performance Management through Indicators (Check & Balance)

Establish objective indicators based on data to secure management efficiency and reduce quality costs

- **Company-Wide Quality Performance Indicator Target Management**
  - Q-Cost: 10% reduction (6,377 million KRW)
  - Claim-ppm: Decrease by 2,182 ppm
  - Quality Loss Rate: Decrease by 4,131 ppm
- **Improve completeness of Q-Cost system**
- **Specify and quantify company-wide quality indicators**
  - Establish/manage other quality indicator standards (yield, defect rate, etc.)

02 Quality Control through Preventive Approach (Alert)

· Minimize customer complaints through early problem detection and rapid response
· Standardize quality management by unifying work processes

- **Improve/Manage Company-Wide Quality Activity Index**
  - Improve Quality Management Participation Index
  - Operate Quality Patrol System
- **Clarify R&R of Quality Management Organization**
- **Strengthen/Update Quality Inspection Standards**
  - Update inspection standards to meet customer expectations (IQC, PQC, OQC)
- **Manage nonconforming products through Open-It system**
- **Improve reliability of measurement systems**

03 Improvement Management through Innovation (Guide)

Provide innovation guidelines and strengthen organizational competitiveness through continuous improvement

- **Plan/Lead Production Innovation Activities**
- **Plan/Operate Technology Academy**
  - Plan and conduct education curricula aligned with eligibility standards for each work area
- **Manage/Support Technical Projects (CFC)**
- **Upgrade Work Procedures**

Quality Management

Quality Management Activities

Establishment of Quality Management System

KOLON INDUSTRIES has established and operates a company standard system to comply with the ISO 9001 requirements, the international standard for quality management systems, and has obtained and maintained ISO 9001 certification across all business divisions, including overseas business sites, through accredited certification bodies. Additionally, it has acquired and maintained IATF 16949 certification, a quality management system specialized for the automotive industry, thereby operating a systematic quality management system that meets international standards. For mass production of new products (Items), production and quality control processes that comply with company-wide standards are introduced and applied from the initial stages, enabling rapid acquisition and maintenance of ISO 9001 certification for new businesses and items. In 2024, production and quality control processes were introduced in the new PU foam business division to acquire ISO 9001 certification and maintain it continuously. The Fashion Division conducts 'Physicochemical and Hazardous Substance Safety Standard Inspections' and 'Finished Product Quality Inspections' to ensure product quality and safety. The 'Physicochemical and Hazardous Substance Safety Standard Inspection' evaluates raw materials based on fiber composition, dye fastness, durability, and other factors, while finished products are strictly quality-controlled according to washing test standards. Both adult and children's products comply with KC test standards, and thorough inspections are conducted for endocrine disruptors such as perfluorinated compounds and aromatic amines to meet hazardous substance safety standards. Additionally, functional tests such as drying/absorption speed, breathability, and UV protection are conducted according to product group standards. In the 'Finished Product Quality Inspection' stage, appearance, function, size, and other items are checked according to inspection processes and standards set for each product group. After inspection, result reports are registered in the Fashion Division's IT system for systematic management.

Rigorous Quality and Customer Complaint Management

KOLON INDUSTRIES established a Quality Management Team under the Production Engineering Division to secure the independence of the quality organization and integrated Quality Management teams by business group under this department. The Quality Management Team rigorously conducts incoming inspections of raw and subsidiary materials, in-process inspections of process products, and final product inspections based on internal control standards to meet customer requirements. To comply with the REACH regulation, chemical substance content in company products is regularly assessed through accredited testing institutions, with results provided to customers. Due to this management system, there have been no recalls due to product safety issues. The company prioritizes 'providing safe products to customers' by managing recall counts as a KPI for continuous monitoring. In addition to product safety issues, if customer complaints arise due to quality issues, the company promptly follows the steps of [Customer Complaint Receipt] - [Cause Analysis and Improvement Plan Establishment] - [Improvement Plan Implementation] through the sales portal and ERP system according to the 'Customer Complaint Management Regulation' to prevent recurrence of identical complaints. The Fashion Division centrally purchases filling materials used across all brands including Kolon Sport. At the purchasing stage, domestic testing institutions conduct initial verification by inspecting composition mixing ratios and down mixing ratios. Upon finished product receipt, a secondary inspection is conducted by domestic testing institutions to ensure thorough quality control before delivery to consumers, minimizing consumer concerns about mixing ratios.

Enhancement of Quality Competencies across Organizational Members

KOLON INDUSTRIES annually conducts Goal Driven Innovation (GDI) activities to assess the company-wide management system and on-site quality management levels and identify tasks. To strengthen the capabilities of technical personnel performing GDI activities, a personnel development system based on job roles and competencies is operated. In 2024, 16 employees achieved GDI Level 1, 29 Level 2, and 39 Level 3; notably, the cumulative 55 GDI Level 1 personnel serve as in-house experts within headquarters and departments to accelerate technology development Furthermore, the Quality Academy operates 18 courses including ISO internal auditor training, through which 44 ISO internal auditors were trained by 2024. The average training completion rate in 2024 was 91%, with a training satisfaction score of 4.3 points, an increase from 3.9 points in 2023.

Key Activities of In-House Experts (GDI Level 1)

Role	Method of Execution	Target
Task Leader	Performs technical tasks as an Engineer of KOLON	Person selected as task leader
In-House Instructor	Acts as an in-house instructor for in-house training courses within the GDI education program (company-wide)	Registered as an in-house instructor for official courses by the Secretariat
	Acts as an in-house instructor for education courses designated by headquarters related to GDI	According to headquarters policy
In-House Consultant	Provides face-to-face guidance on promotion tasks at the assistant manager level within headquarters and reports results to the Secretariat	Selected as an in-house consultant in consultation with the Secretariat
	Participates in external consultations conducted within headquarters such as consulting on key promotion tasks and provides opinions	Upon request from the Quality Management Team Leader
	Upon request, reviews technical data for data reliability and logical inconsistencies and submits review opinions	Upon review request from the responsible department

Information Security

Information Security System

KOLON INDUSTRIES' Legal/Compliance Team oversees corporate-wide security, designating security officers at each business site to assign clear roles by organization and foster mutual cooperation, thereby efficiently conducting security activities. The company-wide corporate information security team monitors the latest information security trends and regularly reviews information security policies that require establishment or revision. Additionally, with approval from the Officer in charge of Legal & Compliance, it conducts company-wide announcements, security training programs and simulated phishing exercises to continuously enhance employees' security awareness. The Fashion Division also prioritizes customer privacy protection and maintaining brand trust. To securely protect customer data collected through online and offline shopping malls, memberships, and marketing activities, the Fashion Division has established and operates an information security and privacy management system. The Information Security Office operates directly under the CEO and appoints security officers at each business site to carry out on-site security activities. At the corporate level, a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO) are designated to comprehensively manage information security policies and personal information processing systems.

Group-wide Information Security Council

KOLON INDUSTRIES participates in the information security council led by the holding company, sharing monthly security issues among group companies and strengthening collaboration. This contributes to creating group-level security synergies and improving overall security standards. Additionally, it operates a continuous monitoring system to prevent information leakage and manages security risks through regular internal audits and privacy liability insurance coverage. Furthermore, it continuously monitors the latest information security trends and systematically operates security policies by promoting establishment or revision of policies as needed.

Information Security Policy

KOLON INDUSTRIES establishes and revises regulations such as the Security Management Regulation, National Core Technology Management Regulation, and Personal Information Protection Regulations to protect all information assets and critical information held by the company and to ensure an environment for their safe use. It continuously enhances employees' security awareness through various security trainings and simulated phishing exercises. The company proactively responds to evolving security issues and seeks solutions to continuously strengthen its information security system. Critical information is managed in segmented areas according to the Security Management Regulation and National Core Technology Management Regulation. The Fashion Division maintains its Information Security and Privacy Management System (ISMS-P) certification annually through audits by external specialized institutions. Prior to these certification audits, internal security audits are conducted by external professional auditors to review overall information security activities, identify deficiencies, and implement improvements. The ISMS-P certification combines existing information security management system certification with privacy protection certification domestically. Due to its management of customer personal information, the Fashion Division uniquely holds this certification within the KOLON Group. The certification mark is displayed at the bottom of KOLON MALL, conveying trust in KOLON INDUSTRIES' responsible data management to customers.

Information Security Activities

Operation of Integrated Information Security Solutions

KOLON INDUSTRIES operates various security solutions to prevent information leakage and respond to external hacking. Security logs collected through these solutions are integrated, managed, and analyzed. The company has developed a proprietary risk-based anomaly detection method, applying detection policies to effectively respond to security incidents. Unauthorized external access to the internal network is blocked by firewalls and intrusion prevention systems (IPS), while internal access is permitted only to authenticated personnel through network access control solutions (NAC). Furthermore, essential security solutions such as media control, network access control, and antivirus are applied to endpoint devices like PCs to ensure only authorized personnel can access the domain. To prevent internal information leakage, strict controls are enforced through DLP, document centralization, DRM, and print security solutions. All security solution logs are integrated and managed via a continuous monitoring system.

Enhanced Management by Information Type

National Core Technology	• KOLON INDUSTRIES possesses national core technology and complies with related protection standards. • Identifies core technology-related assets (personnel, documents, facilities, etc.) and applies protection measures and management. • Operates an efficient management system in collaboration with relevant departments from policy establishment through protection measures, inspections, and continuous improvement.
Security Incident Prevention and Training	• Manages logs, conducts continuous monitoring, and performs security status inspections to prevent security incidents. • Inspects and improves personal information according to internal management plans. • Manages internal information leakage and anomalies using forensic methods. • Conducts regular scenario-based security training to respond to cyber threats. • Includes training for employees on responding to malicious emails and physical security education. • Identifies risks and prepares response plans through pre-security reviews for new IT projects or business changes.

Information Security

Information Security Activities

Establishment of Privacy Protection Process

KOLON INDUSTRIES applies technical and administrative protection measures to personal information handled by the company in accordance with Personal Information Protection Regulations to prevent personal information leakage in advance. Security management regulations, Personal Information Protection Regulations, and the Personal Information Collection and Usage Agreement are applied to all tasks involving personal information, and consent for the collection of personal information is obtained through prescribed procedures such as the Consent Form for Collection and Use of Personal Information. Furthermore, the collected personal information items, purposes of use, retention periods, and details of third-party provision are clearly communicated, and the right to refuse consent is also notified. Additionally, non-disclosure agreements are obtained according to the nature of the work and stakeholders, and a Chief Privacy Officer (CPO) is designated to support inquiries related to privacy protection.

Information Security Management for Agencies and Tenants

The Fashion Division also manages and supervises personal information processing at offline stores. Regular information security training is provided to store managers, and especially every March, information security training materials pop up upon Point of Sale (POS) login to support managers in conducting internal training for their staff. Additionally, a checklist is used to enable store employees to autonomously perform information security activities. KOLON MALL sellers are also educated and managed under the same standards. Furthermore, direct security inspections are conducted at nationwide directly operated stores; in 2024, on-site inspections were completed for a total of 25 directly operated stores covering personal information handling status (customers/employees), document security and critical information management, access control, lock installation status, and operation status of information system devices.

Information Security Training

KOLON INDUSTRIES conducts online information security training for employees. After conducting simulated exercises responding to malicious emails, additional online training and offline tests are provided to those identified during the exercises to ensure understanding of email security rules. New hires, experienced employees, and those scheduled to retire are required to sign non-disclosure agreements, and suppliers and external suppliers must also submit non-disclosure agreements when undertaking projects. Especially for employees handling national core technologies, additional training on managing national core technologies is provided beyond company-wide security education. In the Fashion Division, security training for employees includes not only introductory training for new hires but also specialized training tailored to job roles and organizational characteristics. Through a management system considering the entire lifecycle of information security—such as signing non-disclosure agreements upon joining and receiving security pledges upon leaving—a security culture is established. Moreover, when personal information use is necessary for tasks such as marketing or events, personal information handlers must submit a 'Personal Information Use Permission Form' via digital approval, and the Information Security Office reviews and approves compliance violations throughout the personal information lifecycle.

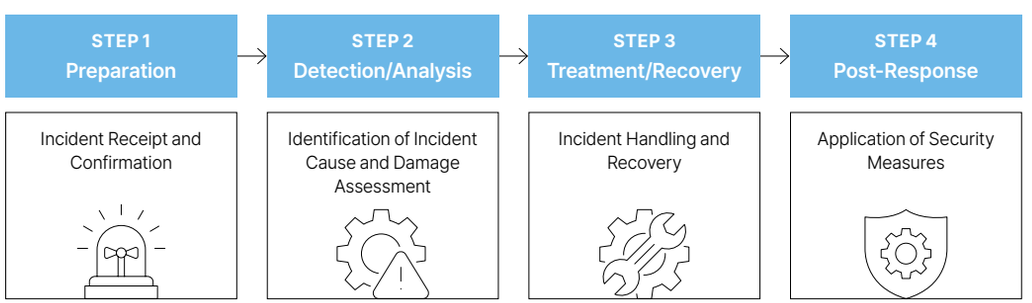
Establishment of Document Security Process

KOLON INDUSTRIES sets classification management and retention periods from the document creation stage. Additionally, documents are systematically managed in terms of viewing, processing, and retention through DRM and a Document Management System. An email approval system is also operated to monitor and control external document transfers.

Security Incident Reporting Process

If a security incident is suspected or recognized, employees must promptly report it to the company-wide security manager by phone or email without delay. To protect internal reporters, an anonymous reporting system is also operated. Upon receipt of a report, the security incident response proceeds through a four-step process: Preparation – Detection/Analysis – Treatment/Recovery – Post-Response. The cause of the incident is analyzed to implement recurrence prevention measures, and after response completion, a review is conducted to check the response system and related regulations, reflecting and supplementing necessary content.

Security Incident Response Procedure



Social Contribution

Social Contribution System

KOLON INDUSTRIES conducts systematic social contribution activities in accordance with the operational policies of the holding company Kolon CSR Office. The CSR Office oversees the establishment of group-level social contribution and emergency relief policies, planning, and execution management. Accordingly, the Manufacturing Division's Work & Life Balance Team and the Fashion Division's Talent Management Team are responsible for practical tasks, promoting social contribution activities that reflect the characteristics and capabilities of each division. We plan to continuously expand strategic and systematic social contribution activities to create social value.



Social Contribution Strategy

KOLON INDUSTRIES participates in various social contribution programs to practice Eco-life, Future-life, and Share-life under KOLON Group's vision of being a Lifestyle Innovator.

Vision	LIFESTYLE INNOVATOR		
Slogan	"Stepping Stone Toward Dreams, Dream Partners"		
Values	Change **Eco-life** Practicing environmentally friendly living for a sustainable society	Participation **Future-life** Nurturing next-generation talent and providing growth opportunities	Communication **Share-life** Improving welfare for underserved populations and realizing a society of coexistence
CSR programs	• Eco-Friendly Energy Experience Classroom • Eco Longlong Cube • Eco Longlong & Creative Studio • Paper Cup ZERO Campaign	• Oh-woon Cultural Foundation, Flowers and The Little Prince • Scholarship Program	• Dream Partners Week • Kolon Social Volunteer Group • Pro Bono • Blood Donation Campaign Sharing Love • Hello Dream, Eco Science Class

KOLON INDUSTRIES' Mid- to Long-Term Targets for Community Engagement[1)]

Category	Institution	Contents	2024 Performance	2025 Target	2026~2027 Target
Hello Dream	• Seomni Community Child Center • Ramwon/Seongsan Happy Home School • Hwangsang Community Child Center, etc.	• Hello Dream Activities	Volunteer Count 726 (persons)	Volunteer Count 1,131 (persons)	Member Participation Rate 5% Increase
Welfare Institutions / Environmental Cleanup	• Gangseo-gu Office, Gangseo senior welfare center • Seoul Botanic Park • Gumi Disabled Welfare Center / Ulsan Comprehensive Social Welfare Center	• Translation volunteer work for multicultural families • Delivery of goods and meal service for underserved populations • Cleanup activities	Volunteer Hours 2,840h	Volunteer Hours 3,711h	
Group	• CSR Office	• Blood Donation / Samnamgil Campaign			

1) Kolon Social Service Group Activity Standards

Social Contribution

Social Contribution Activities

Eco-Life

Visiting Energy School, Eco Longlong

KOLON INDUSTRIES has been operating the mobile energy experience education program 'Visiting Energy School, Eco Longlong' since 2009 to enhance environmental awareness and expand energy education opportunities for children and adolescents. This program uses specially modified vehicles and participatory content to easily and enjoyably convey the principles and values of eco-friendly energy such as solar, wind, and solar thermal energy. It adopts an experiential education method where learners can directly see, touch, and experiment. Eco Longlong contributes to closing the educational gap by visiting sites with limited access to educational opportunities, such as small schools, special schools, rural areas, welfare centers, and after-school programs, focusing on creating an inclusive learning environment. Additionally, the program strengthens its expertise and sustainability through annual advancement of educational content and quality management, continuously maintaining multiple certifications from the Ministry of Environment for environmental education programs.

Eco-Friendly Energy Workshop Eco Longlong Cube

The 'Eco Longlong Cube' is an experiential exhibition and education space established to provide community members with learning opportunities about eco-friendly energy and a sustainable future. It is freely accessible to individuals and groups alike, helping raise environmental awareness through programs that allow direct experience of energy transition principles from production to monitoring. Currently, it operates at Cube_Seoul in the Magok building, Gangseo-gu, Seoul (opened in 2018), and Cube_Gimcheon at the Gimcheon1 factory (opened in 2022). Cube_Seoul was designated as the Seoul Gangseo-gu Environmental Training Center in 2022, offering diverse educational content on climate change and environmental issues. Cube_Gimcheon runs programs reflecting local community eco-education demands under the theme of a smart zero-energy city. Both facilities enhance the effectiveness of environmental education through experiential learning and serve as hubs for spreading sustainable energy awareness within their communities.





Visiting Energy School, Eco Longlong

Future-Life

Scholarship Program

KOLON Group annually selects students who continue their studies in an exemplary manner under difficult circumstances through the O-Woon Cultural Foundation and the Flower and Little Prince Foundation, providing scholarships. Particularly, the Flower and Little Prince Foundation, operating its scholarship program since 2004, selects sixth-grade elementary students and supports them with scholarships for three years. Selected scholars participate annually in the 'Kolon Children's Dream Camp,' which includes career education and self-esteem enhancement programs. In 2024, a total of 99 scholars received scholarships amounting to 227.4 million KRW. Marking the 20th anniversary of the scholarship program in 2024, the 20th Kolon Children's Dream Camp reviewed two decades of activities. A 'Flower and Little Prince Foundation Scholarship Program Performance Measurement Report' was published analyzing data from program operations, related research materials, and surveys and interviews with scholars, guardians, and stakeholders. The Owun Cultural Foundation, established in 1981, has operated its scholarship program since 1982. In 2024, it selected 46 high school students and provided scholarships totaling 92 million KRW.

Space K Seoul

KOLON Group's cultural and artistic sharing space, opened in September 2020 in Magok, Gangseo-gu with the target of 'enriching life through art.' Since 2011, Space K has been a unique and differentiated art social contribution activity by KOLON Group, discovering and supporting exhibitions for emerging artists and mid-career artists needing re-illumination. It also introduces overseas artists less known domestically, contributing to expanding the base of contemporary art. In 2024, it received great acclaim by deeply spotlighting works by Eddie Martinez, active in Brooklyn, New York, organized by theme and era. Kylie Manning, who grew up in Alaska and Mexico, presented new works inspired by the Yellow Sea and large-scale installations creating unique spaces crossing boundaries between figure and abstraction. Additionally, an exhibition by domestic young artist Minyoung Choi active in the UK was held. Minyoung Choi's works introduce unexpected animals into realities derived from personal experiences, offering a glimpse of magical realism. Through supporting exhibitions of domestic and international artists like this, Space K Seoul practiced art sharing. In 2024 alone, it welcomed 16,832 visitors; since opening, a total of 99,068 visitors have come, establishing it as a representative contemporary art museum in Seoul. In 2025, exhibitions by Sophie Von Hellermann active in London and domestic artist Yoonhwan Bae are planned.



Social Contribution

Social Contribution Activities

Share-life

Dream Partners Week

As part of group social contribution activities, KOLON INDUSTRIES designates approximately two weeks in mid-May annually as 'Dream Partners Week' to conduct employee volunteer activities. In 2024, the volunteer week was operated under the theme of 'Housing Environment Improvement,' providing housing stability support such as insulation installation and interior gypsum board work for the household of Mr. Chae Bok-man, a descendant of an independence activist residing in Jeongeup, Jeollabuk-do. This followed a similar house-building volunteer activity in 2023 for descendants of Mr. Kim Jeong-gyu in Boryeong, Chungnam. Concurrently, more than 30 welfare institutions and local children's centers near nationwide business sites were engaged to improve housing and living facilities for underserved groups.

Kolon Social Volunteer Group

The KOLON Group established the Kolon Social Volunteer Group in 2012 to systematically integrate social contribution activities previously conducted by individual affiliates. Operating under the slogan 'Stepping Stone Toward Dreams, Dream Partners,' the group runs flagship programs such as 'Hello Dream.' 'Hello Dream' supports children requiring care—including those from multicultural and single-parent families—through employee talent donations and volunteer efforts, collaborating with local welfare centers to provide various programs that help children grow with dreams for the future. Under the theme 'Eco Science Class,' it offers environmental education and hope activities that provide emotional and educational care, contributing to filling childcare gaps in local communities.

Pro Bono

Pro Bono is an abbreviation of the Latin phrase 'pro bono publicum,' meaning service provided for the public good by applying professional skills or knowledge. Since 2013, Kolon Social Volunteer Group's Pro Bono activities have annually selected various youth social ventures to support their establishment as social corporates and help them achieve their dreams by leveraging employees' professional expertise to create social value. In 2024, support was extended to 'LC Ventures,' which recycles textile waste to build a sustainable material circular economy; 'Conscious Wear,' an eco-friendly fashion tech company based on bio-leather material extracted from corn; and 'Peoples,' which addresses IT education inequality among youth through AI and digital education—helping these ventures grow into healthy social corporates.

Blood Donation Campaign Sharing Love

KOLON INDUSTRIES operates a regular blood donation campaign primarily during school vacations and holiday seasons when blood supply shortages occur, aimed at underserved pediatric patients. This campaign has been conducted regularly every summer and winter since 2012, with a total of approximately 6,700 donated blood certificates to date, which have been delivered to children with cancer through the Korea Leukemia Children's Foundation. Internal participation events such as 'Find Kolon's Blood Donation King' encourage voluntary employee involvement. Notably, in 2024, the campaign expanded into a citizen participation social contribution activity involving stakeholders by linking with customer participation programs at Kolon Resort & Hotel. Through this, the company fulfills its corporate social responsibility while contributing to national blood supply stability and the spread of a culture of life-sharing.

Community Social Contribution Activities

KOLON INDUSTRIES conducts social contribution activities to coexist with local communities. At the KOLON INDUSTRIES headquarters, a social contribution agreement was signed in 2021 with Gangseo-gu Office to create social value within the community by operating various programs for underserved populations. Collaborating with senior welfare centers, the company conducts activities to alleviate isolation and provide living support for solitary elderly individuals, thereby spreading the values of sharing and emotional bonding within the community. At the company's business sites, the company consistently engages in monthly water quality purification activities in nearby streams to reduce the environmental impact on the surrounding community. In addition to measuring water pollution levels and conducting environmental cleanup efforts, the company plans to maintain various activities by operating eco-friendly experiential education programs to communicate with the community. Furthermore, the company collaborates with welfare facilities for the disabled and social welfare centers at each business site to provide bathing and cooking volunteer services for marginalized groups, as well as to continue activities such as helping with farm work during busy seasons through one-company-one-village and one-company-one-school initiatives.

Emergency Relief Support for Wildfire Victims and Firefighters in Gyeongbuk

KOLON INDUSTRIES provided emergency relief supplies worth 100 million KRW to support victims and firefighting personnel affected by the large-scale wildfires that spread throughout Gyeongsang Province in 2025. This support aimed to assist residents who lost their homes due to the wildfire and to encourage the dedicated efforts of personnel on the front lines of firefighting. Rapid assistance was provided to major affected areas declared as special disaster zones with 110 tents for temporary housing for victims, 500 Kolon Sports short-sleeve T-shirts for firefighters fully engaged in wildfire suppression, and food trucks capable of providing basic meals to both victims and firefighting personnel.

Social Contribution

Social Contribution Activities

Fashion Division

series; | Warm Heart Campaign, Cultural Arts Industry Support Project

Men's fashion select shop brand 'series;' has conducted the 'Warm Heart Campaign' since 2011, collaborating annually with artists from various fields to support the cultural arts industry. Through this campaign, it has continued diverse social contribution activities such as sponsoring film festivals, supporting surgery costs for children with heart disease, and assisting groups of human cultural assets and disabled artists.

In the 14th Warm Heart Campaign in 2024, 'series;' collaborated with artist GRAFFLEX to launch campaign products and operated online and offline pop-up stores to expand brand experience. The campaign proceeds were used to support two independent short films and documentary films through the 5th Warm Heart Film Fund contest. The selected works are <Days of Expressionless> directed by Han Dong-hyuk and <Yoon Young on the Crosswalk> directed by Lee Ji-hyang, continuing the meaningful support for cultural arts.

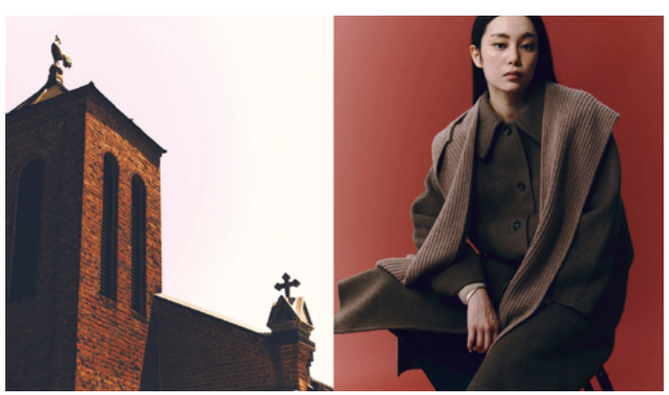
epigram | Locality Project for Regional Coexistence

Lifestyle brand 'epigram' conducts the 'Locality Project' every season by selecting a domestic region to promote regional coexistence and share sustainable values. For the 2024 spring/summer season, Donghae City, Gangwon Province was chosen as the 14th locality, and various activities reflecting the unique characteristics of East Sea Bay were implemented. The Donghae project produced a Locality magazine to revitalize local tourism, providing travelers with information on tourist attractions, food, and accommodations. The packaging of local specialties (Woori Oxygi popcorn, Horizon apple jam, Apple Jelly Toktok) was renewed to embody the colors of East Sea Bay. Additionally, in collaboration with illustrator Kim Pureun, T-shirts and bags featuring Donghae's nature and symbolic elements were released to emphasize regional value. From 2024 to 2025, Iksan, Jeollabuk-do was selected as the 15th locality, strengthening the project's authenticity by focusing intensively on one city annually. The Iksan project developed content for local tourists and residents in cooperation with local creators and hot places, and published the Locality magazine Iksan edition to widely promote local culture and landmarks. 'epigram' plans to continue activities that highlight each region's unique value while realizing sustainable local branding based on regional coexistence.

Kolon Sport | Online Repair Service

Kolon Sport has expanded its repair service online to enhance customer convenience and practice sustainable fashion, which was previously only available via customer center calls or store visits. Through this service, customers can easily handle the entire process online—from repair request, parcel pickup, payment of repair fees, to delivery of repaired products. The online repair service has been available on Kolon Sport's official website since April 29, 2024, and from May 7 on KOLON MALL, Kolon FnC's fashion platform. This online repair service is part of Kolon Sport's ESG management philosophy 'REBIRTH,' aiming to extend the lifecycle of clothing and contribute to environmental protection. Furthermore, the web page offers diverse content such as stories of repair artisans, garment care methods, and self-repair techniques to promote a culture of 'wearing longer.' Kolon Sport handles approximately 130,000 repairs annually on average and by expanding this online, it provides more convenient services to customers. These efforts support customers in using products longer while leading sustainable fashion culture.







UN SDGs



Governance

Material Topics

- Corporate Ethics and Compliance
- Stakeholder Communication

Key Initiatives

1. Establishment of Sustainable Governance
2. Strengthening Anti-Corruption/Compliance Management System

Performance

1 Kolon Growing Together with Shareholders – Strengthening Shareholder-Friendly Policy

- Establishing a Dividend Target at 20–40% of the Actual Net Income for 2023–2025
- Introduction of Electronic Voting System Starting from the 15th Regular Shareholders' Meeting Held in March 2025

2 Continuous Implementation and Expansion of Ethics Compliance Activities

- Renewal of ISO 37001 (Anti-Corruption Management System) Certification (~2026), with Plans to Expand Certification to Merged Business Divisions (CSM, CIM Businesses and Related Domestic Business Sites) by 2025
- Ethics Risk Management through Integrated Internal Audit System and Internal Audits of Overseas Business Sites
- Compliance Training on Subcontracting Transactions, Agency Transactions, Personal Information Protection, etc.

Sound Governance

Board of Directors Status

Responsible Board Management Centered on Diversity, Expertise, and Independence

As of the end of June 2025, KOLON INDUSTRIES' Board of Directors consists of 11 members total, with 6 serving as outside directors. The company grants substantial leadership authority to outside directors to enhance fairness and perform oversight functions over internal management. The outside directors are composed of experts from various fields including management, accounting, finance, academia, and human rights to supervise company-wide issues. Furthermore, the company makes every effort to ensure the independence of outside directors by fundamentally excluding the appointment of individuals who would have difficulty faithfully performing their duties as outside directors or who could unduly influence management. Internal directors are also composed primarily of executives with assigned responsibilities, enabling faster and more accurate decision-making in consideration of the company's diverse business operations across various industry sectors.

Appointment of Internal and Outside Directors

KOLON INDUSTRIES appoints directors in accordance with the Commercial Act, and the Outside Director Candidate Recommendation Committee is composed of three members, including two outside directors. Outside director candidates must have no significant conflicts of interest with KOLON INDUSTRIES, possess the capability to oversee company management from an independent position, and meet the qualification requirements stipulated by relevant laws and the articles of incorporation. Among individuals who meet these qualifications, the committee selects candidates through open discussion, considering factors such as diversity in board composition, area of expertise, and the company's current core business sectors. The committee is convened on an ad hoc basis when vacancies are expected due to the expiration of outside directors' terms or mid-term resignations. A separate director recommendation committee for internal director candidates has not been established; therefore, the Board of Directors performs the nomination function. The company strives to ensure the fair and appropriate selection of internal directors by involving as many outside directors as possible in the internal director candidate selection process.

(As of June 2025)

Category	Name	Gender	Position	Category	Term	Expertise	Major Career
Chair-man	Huh, Sung	Male	• CEO President (Manufacturing Division) • Chairman of the Board of Directors • Chairman of the Independent Director Nominating Committee • Chairman of the Management Committee	New	March 26, 2025 ~ March 26, 2028	Corporate Management	• Former COO of Hanwha L&C Co., Ltd. • Former COO of AirFirst Co., Ltd. • Former Vice President (CSO) of Manufacturing Division at KOLON INDUSTRIES Co., Ltd • Former CEO of KOLON ENP Co., Ltd.
Internal Director	You, Seog Jin	Male	• CEO President (Fashion Division) • Member of the Management Committee	Reap-point-ment (1 time)	March 29, 2021 ~ March 28, 2027	Corporate Management	• Former Vice President of the Investment Division of SBI Investment KOREA • Former Head of Business Strategy at KOLON Co., Ltd. • Former CEO of KOLON Co., Ltd.
	Byun, Jae Myeong	Male	• Executive Director/COO (Manufacturing Division) • Member of the Management Committee	New	March 26, 2025 ~ March 26, 2028	Corporate Management	• Former General Manager and Executive Director at Kolon Nanjing Co., Ltd. • Former Executive Director and Head of Business Division 3 at KOLON INDUSTRIES Co., Ltd. • Current Internal Director at SK Microworks Co., Ltd.
	Lee, Kyu Ho	Male	• Internal Director	New	March 28, 2024 ~ March 28, 2027	Corporate Management	• Former Vice President of Automotive Division at KOLON GLOBAL Co., Ltd. • Former CEO of KOLON MOBILIITY GROUP Co., Ltd. • Current CEO of Strategy Division at KOLON Co., Ltd.
Other Non-Ex-ecutive Director	Kim, Yeong bom	Male	• Other Non-Executive Director	New	March 26, 2025 ~ March 26, 2028	Corporate Management	• Former CEO of KOLON GLOTECH Co., Ltd. • Former CEO of Manufacturing Division at KOLON INDUSTRIES Co., Ltd. • Current CEO of KOLON ENP Co., Ltd.
Outside Director	Bae, Ki Yong	Male	• Chairman of the Audit Committee • Member of the Independent Director Nominating Committee	Reap-point-ment (1 time)	March 25, 2020 ~ March 28, 2026	Accounting/ Finance	• Partner at Deloitte Anjin LLC • Former Deputy CEO at Deloitte Anjin LLC
	Eun, Hee Gon	Male	• Outside Director	Reap-point-ment (1 time)	March 29, 2022 ~ March 26, 2028	Human Rights	• Former Seoul Metropolitan City South-North Korea Exchanges and Cooperation Support Association member • Current Director of the Migrant Children's Legal Support Center • Current Chairman and CEO of the Peace Dream Forum Corporation
	Lee, Won Duk	Male	• Member of the Supervisory Committee • Member of the Independent Director Nominating Committee	New	March 28, 2024 ~ March 28, 2027	Accounting/ Finance	• Former Vice President (Strategy Division) at Woori Financial Group • Former Senior Vice President at Woori Financial Group • Former President of Woori Bank
	Kwak, Seung Yeop	Male	• Member of the Supervisory Committee	New	March 28, 2024 ~ March 28, 2027	Materials Technology	• Current Professor at Seoul National University College of Engineering • Current Head of the Industry-Academic Cooperation Promotion Committee for Materials of Seoul National University • Current Director, Industry-Academic Cooperation Engineering Talent Support Center, Seoul National University
	Lee, Jung Won	Male	• Outside Director	New	March 26, 2025 ~ March 26, 2028	Accounting/ Finance	• Former Advisor at Shinhan Data System Co., Ltd. (currently Shinhan DS Co., Ltd.) • Former Outside Director at Hana Bank Co., Ltd. • Former Outside Director at Hana Financial Group Inc.
	Kim, Jae Wook	Male	• Outside Director	New	March 26, 2025 ~ March 26, 2028	Corporate Management	• Former President in charge of Technology and PDP Manufacturing at Samsung SDI Co., Ltd. • Former CEO of Samsung LED Co., Ltd. • Current CEO of BNW Investment Co., Ltd.

Sound Governance

Board of Directors Operation System

Current Status of Board of Directors Operation

KOLON INDUSTRIES operates in accordance with the Articles of Incorporation and the Board of Directors Operating Regulations to ensure the efficient functioning of the Board and to clarify its authority and responsibilities. In principle, regular Board meetings are held once per quarter in accordance with the Board regulations, and extraordinary Board meetings are convened from time to time as needed. The Board is convened by the Chairperson in accordance with the Articles of Incorporation, and each director is notified of the date, time, location, and agenda of the meeting at least one day in advance. Directors who are unable to attend may participate in resolutions via communication means that allow all directors to transmit and receive audio simultaneously, as permitted by the Articles of Incorporation. Directors who have a special interest in an agenda item are restricted from exercising voting rights to institutionally prevent conflicts of interest.

Board of Directors Assessment

KOLON INDUSTRIES conducts an annual assessment of Outside Directors' overall activities based on criteria such as meeting attendance rate, contribution, expertise, and independence to promote the company's long-term growth, development, and governance improvement. The assessment results are used as foundational data to enhance support for Outside Directors' activities and improve the efficiency of the Board and its Committees. However, considering that linking compensation calculation and reappointment decisions directly to assessment results may undermine the independence of Outside Directors' activities, compensation and reappointment decisions are not connected to the assessment outcomes.

Board Performance Compensation

For Internal Directors of KOLON INDUSTRIES, performance evaluation and compensation are conducted according to the Executive Remuneration Payment regulations. Compensation for Outside Directors is paid equally to all Independent Directors within the total director compensation limit approved by the shareholders' meeting in accordance with the Commercial Act and Articles of Incorporation. Compensation is paid monthly as a fixed amount and is limited to base salary and other necessary expenses related to company duties. However, executive retirement benefits are not included in compensation. Details of compensation paid to Independent Directors are disclosed quarterly through the business report based on the number of recipients and total amount paid. Although regulations on granting stock options are stipulated in the Articles of Incorporation allowing stock options to be granted to all executives and employees including Independent Directors by special resolution of the shareholders' meeting, currently no stock options are separately granted to directors.

Training for Outside Directors

KOLON INDUSTRIES conducted a total of three training sessions for Independent Directors in 2024.

Date	Organizer	Attending Directors	Contents
2024.02.27	Company-led	Lee Je-won, Bae Ki-yong, Kim Ok-jung	Explanation on progress of financial statements and internal accounting control system audit
2024.05.08	Company-led	Kwak Seung-yeop, Lee Won-duk	Group vision, core values, introduction of company and major subsidiaries' businesses
2024.08.08	Company-led	Bae Ki-yong, Kim Ok-jung, Lee Won-duk, Eun Hee-gon, Kwak Seung-yeop	Training related to equity disclosure

Board Operation Performance

	Category	2022	2023	2024
Number of Board of Directors Meetings Held (Unit: times)	Regular Board Meeting	4	4	4
	Extraordinary Board Meeting	5	10	7

	Category	2022	2023	2024
Board of Directors Agenda Deliberation and Reporting (Unit: cases)	Total Board Agenda Items	35	41	39
	ESG Agenda Items	4	4	5

Committee Operation Status

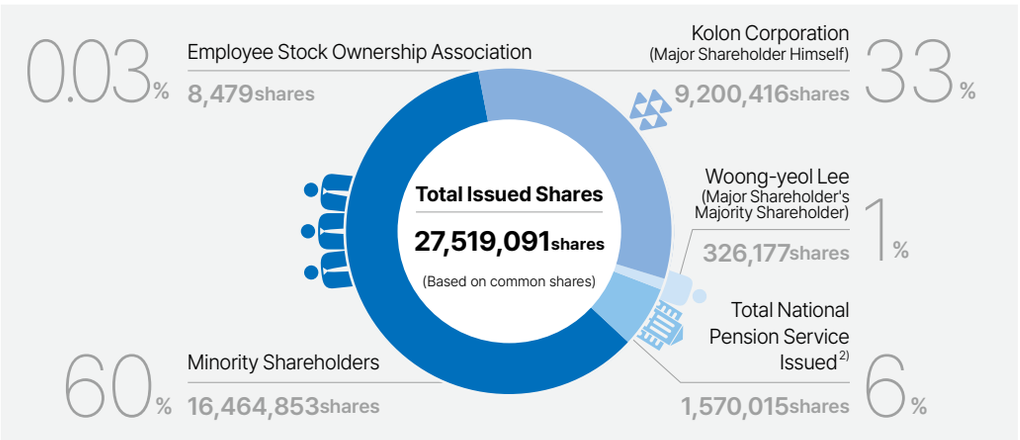
Committee Name	Role	Number of Members (Number of Independent Directors)	Meetings Held	Agenda Deliberation (Attendance Rate[1])	Implementation Details
Independent Director Nominating Committee	Reviews and selects candidates for Outside Directors to be appointed at the shareholders' meeting and recommends them to the Board	3 members (2 independent)	1 meeting	2 cases[2] (100%)	·('25.02.20) Recommended candidates Eun Hee-gon, Lee Jung-won, Kim Jae-wook for Outside Director selection ·('25.03.26) Recommended Heo Sung as Chairman candidate for Independent Director Nominating Committee
Management Committee	Deliberates and resolves matters delegated by the Board that are not mandatory resolutions under laws or Articles of Incorporation	3 members (0 independent)	39 meetings	65 cases (100%)	·Resolved a total of 65 cases including credit agreements and payment guarantees
Audit Committee	Supervises execution of duties by directors and management comprehensively regarding accounting and major management tasks including audit of accounting and evaluation of internal accounting control system operation status	3 members (3 independent)	8 meetings	25 cases (100%)	·Approval of financial statements, etc., submitted as agenda items for the shareholders' meeting based on the Audit Committee's review

1) Total attendance count relative to total meetings held (based on Governance Report)
2) Prepared based on the year 2025 to align with the 2025 Board status; other committees are based on the year 2024.

Sound Governance

Shareholder-Friendly Policy

Shareholder Status



1) As of the end of 2024
2) Based on quantities reported in the "Large Shareholding Status Report (Simplified)" disclosed by the National Pension Service on April 2, 2024; actual ownership quantities at the reference date may differ.

Shareholder-Friendly Policy

KOLON INDUSTRIES discloses the schedule and details of each agenda item for the shareholders' meeting four weeks in advance through the financial supervisory service electronic disclosure system (DART, Data Analysis, Retrieval and Transfer System) and the Korea Exchange Disclosure System (KIND) to enable shareholders to exercise their voting rights prudently. Additionally, the company holds the shareholders' meeting avoiding concentrated dates, operates a proxy voting solicitation system to secure quorum, and supports convenient voting for shareholders. For foreign shareholders, English disclosures are provided via the Korea Exchange Disclosure System (KIND) and parts of the IR materials on the company Website. To enhance understanding among domestic and international shareholders, the company also conducts visit IRs and conference calls on topics such as shareholders' meeting agendas, business performance, and large-scale investments. Furthermore, as part of its shareholder-friendly policy, an electronic voting system was introduced and applied starting from the 15th regular shareholders' meeting held in March 2025.

Methods of Informing Shareholders

KOLON INDUSTRIES announces the record date for regular shareholders' meetings at least 10 business days before the fiscal year-end to confirm shareholders entitled to dividends. When the Board of Directors finalizes the dividend proposal, the company discloses details of cash and stock dividends, and once dividends are finalized at the shareholders' meeting, the results are also disclosed. Dividends are paid within one month after confirmation of the shareholders' meeting results. As of the report date, the record dates for fiscal year-end and quarterly dividends are stipulated to be determined by the Board of Directors.

Status of Shareholder Returns and Plans to Strengthen Shareholder Return Policy

Under the basic policy that 'profits generated from corporate growth are actively returned to shareholders,' KOLON INDUSTRIES conducts dividends based primarily on business performance, enabling investors to predict the scale of shareholder returns. The company has paid annual fiscal year-end dividends from the 1st term (2010) through the 15th term (2024), with recent three-year dividend indicators and five-year dividend status disclosed in business reports. To provide sufficient dividend-related information to shareholders, once the Board finalizes dividend proposals, the expected dividend payment dates are announced through the Korea Exchange Disclosure System (KIND).

On May 7, 2025, KOLON INDUSTRIES' Board of Directors resolved a dividend policy for three years from 2025 to 2027. To enhance market predictability, a base dividend of KRW 1,300 per common share was set, and the existing once-a-year dividend policy was revised to semi-annual payments. The interim dividend is KRW 600 per share, and the fiscal year-end dividend is KRW 700 per share, with additional dividends possible up to 30% of annual consolidated net income. The amended dividend policy will be reflected starting from the 2025 quarterly report and has been published on the company's website. When reviewing dividends, the company primarily considers its dividend policy along with key benchmarks such as the Korea Composite Stock Price Index (KOSPI), dividend rates, and payout ratios of peer companies and competitors. Should there be any future changes to dividend-related policies, shareholders will be promptly informed through various channels including disclosures and the company's website.

Ethics Management

Ethics Compliance System

KOLON INDUSTRIES' Legal/Compliance Team is responsible for collecting information on domestic and international laws and regulatory changes and proactively preventing various compliance risks. To strengthen the company-wide compliance system, a Chief Compliance Officer (CCO) has been appointed, and Compliance Secretariats have been established at the corporate level as well as within each business division and business site to build and operate an integrated compliance management system.

Ethics Compliance Policy

Code of Ethics

KOLON INDUSTRIES has established the 'KOLON INDUSTRIES Code of Ethics' to set standards on eight core issues of ethical management. Additionally, to concretize this Code of Ethics, separate 'Employees' Code of Ethics' and 'Regulations on Protection and Compensation for Reporting' have been prepared to enhance employees' ethical awareness and promote an ethical culture.

Target	**The Code of Ethics aims to realize the group's core value of the 'One&Only' spirit through transparent and ethical management that adheres to fundamentals and principles. All employees must use it as a standard for value judgment and behavior and strictly comply with it.**			
Code of Ethics	Respect for Customers	Compliance with Laws and Fair Competition	Fair Trade	Respect for Shareholders
	Responsibility and Duty to the Nation and Society	Responsibility to Company Employees	Basic Ethics for Employees	Compliance with the Code of Ethics
Key Ethics Regulations	'Employees' Code of Ethics		Regulations on Protection and Compensation for Reporting	

Ethics and Compliance Related Regulations and Guidelines

Contacting Competitors regulations and guidelines	4 Practices for fair trade	Fair-trade compliance program operating regulations, Reward and disciplinary regulations, Reward and protection regulations	Improper solicitations and graft regulations

Ethics Compliance Strategy

KOLON INDUSTRIES establishes company-wide anti-corruption targets annually to realize honest and transparent management and continuously monitors the implementation status.

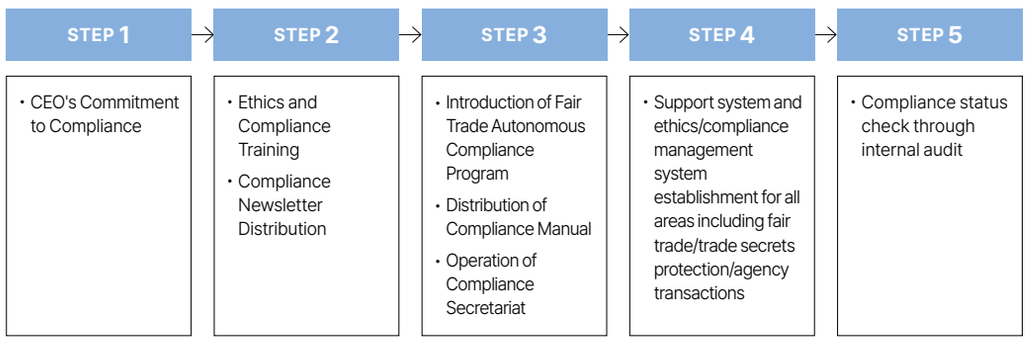
2025 Company-Wide Anti-Corruption Targets

STEP 1 Establishment of Anti-Corruption Management System	STEP 2 Zero Corruption-Related Incidents	STEP 3 Promoting a Culture of Anti-Corruption
• Posting Anti-corruption Management Policy • Establishing Anti-Corruption Targets for All Departments • Conducting Implementation Checks during Internal Audits	• Raising awareness and motivation so that employees fully recognize the potential for corruption in routine tasks. • Each department independently establishes corruption-related risks and management plans, with implementation checks conducted during internal audits.	• Cultural campaign of not receiving holiday gifts • Ethical Management Training and Newsletter Distribution • Collecting Ethical Management Pledges from Employees upon Joining • As part of preventive audit activities, conducting audit briefings and campaigns to encourage reporting.

Ethical Management

Ethics Compliance Activities

KOLON INDUSTRIES CP (Compliance Program) Process



Strengthening the Autonomous Compliance System through Internal and External Certification Audits

Since introducing the integrated internal audit system in 2022, KOLON INDUSTRIES has conducted comprehensive annual inspections of all departments under the supervision of the Legal/Compliance Team to verify regulatory compliance and ISO requirements. During internal audits, corrective actions are requested for identified issues, enabling autonomous improvement of internal work processes. In 2024, the integrated internal audit system was applied 100% across all business sites. Additionally, to realize global-level ethical management, the company continues to expand ISO 37001 (Anti-Corruption Management System) certified business sites. The company undergoes annual external audits to maintain certification status and successfully completed the certification renewal audit in December 2023, extending the certification period for all domestic business sites until 2026. Furthermore, through annual external audits by third-party certification bodies, the independence and objectivity of the anti-corruption management system are verified. In 2025, the certification scope will be expanded to include merged business divisions (CSM, CIM businesses and related domestic business sites) to continue ongoing improvement activities.

Status of Internal Ethics Audits and Risk Assessments

Category	Unit	2022	2023	2024
Business Sites Applying Integrated Internal Audit System[1)]	%	100	100	100
Business Sites Conducting Internal Audits[2)]	%	16.7	38.9	21.5

1) Ratio of business sites applying domestic standards
2) Ratio of overseas sites implementing standards

Continuous Revision of the Compliance Manual

KOLON INDUSTRIES produces and actively utilizes a Compliance Manual that compiles sector-specific legal information, step-by-step checklists, actual Q&A (FAQ), and internal processes to enhance employees' awareness of autonomous compliance and encourage voluntary practice. In 2024, Compliance Manuals addressing key compliance issues such as trade secrets, agencies, subcontracting, and unfair joint actions were distributed, and standard contracts for subcontracting and agency sectors were revised to reflect relevant legal amendments. Additionally, a bi-monthly compliance newsletter is published, and related training is conducted regularly to continuously support employees' adherence to laws.

Compliance Training

KOLON INDUSTRIES promotes voluntary compliance policy implementation by employees and spreads a compliance culture through sector-specific compliance education and compliance letters for employees. The education and letters explain the latest domestic and international laws and regulatory trends necessary for work, focusing on real cases. The 2024 compliance letter provided guidance on newly established trade secret infringement acts, precautions in agency transactions, and personal information protection. The same year's compliance education shared key laws and cases on trade secret protection, subcontracting transactions, agency transactions, and personal information protection to proactively prevent compliance risks.

Spreading Ethical Management Culture

KOLON INDUSTRIES operates various systems and educational programs to foster a transparent ethical culture that employees can experience firsthand. Especially for employees who find PC use difficult due to fieldwork, ethical education materials are provided, and ethical management education content is made accessible at all times for all employees. Furthermore, to spread the ethical management culture throughout the entire value chain, ethics management newsletters are regularly sent to suppliers.

Ethics Reporting and Measures

KOLON INDUSTRIES receives ethics reports through various channels including the ethics management website, its own reporting site (www.injeopenit.com), phone, mail, and email; all report contents are strictly confidential. Under the 'Protection and Reward Regulations for Reports,' informants' identities are thoroughly protected; unauthorized disclosure or insinuation of identity is prohibited and subject to severe discipline if violated. All reports are systematically processed from reporting to CEO notification, investigation, and feedback on results. Additionally, if inappropriate money or gifts are received from stakeholders, a 'Case Receipt Report' must be prepared and reported to the Ethics Management Division, detailing the provider, receipt circumstances, and handling results. The company actively promotes an ethical management culture through campaigns targeting suppliers and operating notification centers at each business site.

Risk Management

Risk Management System

KOLON INDUSTRIES classifies risks into 'financial, environment, safety & health, ethics, supply chain, and information security,' and systematically manages each risk based on its impact, likelihood of occurrence, and related management regulations. Financial risks are periodically assessed by the Finance Team, while non-financial risks are regularly checked by each responsible organization according to management guidelines.

Risk Management MAP



Risk Types	Responsible Management Organizations	Key Assessment Systems
Financial Risk	Finance Team, Internal Control Team	Financial risk assessment, internal accounting control system
Environmental Risk	Environment Management Team	Environmental risk assessment, environmental regulatory risk assessment
Safety and Health Risk	Safety & Health Management Team, ESH Audit Team	Process risk assessment, business site risk assessment, work risk assessment, chemical risk assessment
Ethics and Compliance Risk	Ethics Management Division, Legal/ Compliance Team	Internal audit
Supply Chain Risk	Purchasing Team 1 & 2, Quality Management Team, ESG Planning Team	Supplier ESG evaluation
Information Security Risk	Legal/Compliance Team	Security vulnerability checks, Mock hacking training

Risk Management Policy

As uncertainty intensifies in a rapidly changing business environment, systematically managing potential risks is essential for the company's sustainability and enhancing stakeholder value. KOLON INDUSTRIES defines market uncertainties and internal/external risks and opportunities as risks, selecting those with high likelihood and impact through the risk management process to respond effectively. Furthermore, if risks occur despite prior management, resources are utilized to minimize negative impacts and restore business operations, and plans are established to prevent recurrence.

Risk Management Process

STEP 1 Identification	STEP 2 Evaluation	STEP 3 Mitigation	STEP 4 Monitoring
Preparation of Business Environment Analysis Report • Classify and analyze risks into internal/ external/environmental/ regulatory/other categories according to risk type; prepare stakeholders' requirements report • Identify relevant stakeholders and analyze their requirements to reflect in risk assessments	**Preparation of Risk Assessment Table** • Assess likelihood and impact of potential risks/opportunities	**Preparation of Major Risk Management Plan** • Develop specific management/ improvement/strategic plans for major risks selected based on risk assessment criteria • Execution of major risk management/ improvement/strategic plans • Implement and verify effectiveness of management/ improvement/strategic plans outlined in the major risk management plan	**Preparation of Business Environment Analysis Report** • Key Performance Indicator (KPI) Management • Conduct management focused on effectiveness and efficiency indicators for continuous major risk management

Risk Management

Risk Management Activities

Management by Risk Type

Financial Risk

KOLON INDUSTRIES identifies financial risks such as exchange rates, credit, liquidity, and interest rates, analyzes the risks faced, and establishes appropriate control measures to formulate and operate efficient financial management policies.

Financial Risk Impact and Management Measures

Risk	Risk Impact	Risk Management Measures
Exchange Rate	During external economic crises, the won-dollar exchange rate exhibits high volatility, which can significantly impact business performance.	To minimize the impact of exchange rate fluctuations on business performance, segmented management policies are established and implemented for sales, finance, and investment positions. Various foreign exchange hedging instruments such as matching and forward contracts are utilized to operate foreign exchange management policies. Exchange positions for current and investment transactions are segmented, and foreign currency inflows and outflows are managed daily to minimize exchange rate exposure.
Credit	If the company's credit rating by credit rating agencies and financial institutions is downgraded, financial costs may increase and funding may become difficult.	By continuously analyzing and reviewing financial status including key financial indicators such as debt ratio, proactive responses are made to credit evaluations by credit rating agencies and financial institutions.
Liquidity	Failure to secure adequate liquidity to meet financial debt repayment obligations may lead to insolvency risk.	The target is to always maintain a certain level of liquidity to prevent disruptions in operating, financial, and investment cash flows due to external factors. To this end, cash flows are systematically managed daily, monthly, and yearly. Efforts are also made to stabilize borrowing structures by diversifying funding sources and adjusting the ratio of long- and short-term borrowings.
Interest Rate	Inadequate response to interest rate fluctuations can adversely affect business performance due to excessive financial costs.	Financial costs are analyzed and reviewed monthly to check whether fixed-rate and variable-rate borrowings are balanced. Interest rate risks are continuously managed through interest rate swap contracts and other measures.

Non-Financial Risk[1)]

Environmental Risk

All business sites of KOLON INDUSTRIES conduct annual Environmental Impact Assessments according to internal regulations. In particular, based on process flow diagrams, facilities that may impact the environment such as wastewater treatment plants and waste storage areas are thoroughly inspected. Facilities scoring 15 points or higher in this assessment are designated as significant environmental impact facilities, for which separate management plans are established and systematically managed.

Safety and Health Risk

KOLON INDUSTRIES manages safety and health risks by conducting annual risk assessments at each business site. Evaluation methods tailored to the characteristics of each workplace are applied to identify hazardous and risky factors, and risk reduction measures are developed and implemented accordingly. The assessment results are shared with all employees, and department-level training is enhanced with a focus on job-related risk reduction measures.

Supply Chain Risk

To manage supply chain risks, KOLON INDUSTRIES conducts ESG evaluations of its partners. This evaluation applies not only to existing supply chain management but also when registering new suppliers. It is conducted through document reviews and on-site audits, with results reflected in contract and bidding reviews and referenced in subsequent evaluation cycles. Additionally, suppliers submit commitment letters of Suppliers' Code of Conduct and agreement of integrity.

Ethics and Compliance Risk

KOLON INDUSTRIES operates a Compliance Program (CP) to manage ethics and compliance risks. To check CP compliance, an integrated internal audit is conducted annually, systematically evaluating ethics and compliance risks including standards, frequency, corrective actions, and implementation performance.

Information Security Risk

To manage information security risks, KOLON INDUSTRIES conducts both regular and ongoing security audits. Regular audits are performed biennially (one year for diagnosis, one year for improvement) using checklists based on ISMS (Information Security Management System) and ISO 27001 standards. Ongoing audits manage risks through identification and evaluation of individual items, combined with keyword monitoring and system audits. Furthermore, unannounced daily inspections such as PC power management and locker key control are conducted to establish a security culture.

1) Implement risk management activities including domestic and overseas business sites

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Financials

Summarized Consolidated Financial Statement

Category		Unit	2022	2023	2024
Assets	Current assets	KRW million	2,456,934	2,288,259	2,401,813
	Non-current assets	KRW million	3,546,529	3,714,460	4,846,238
	Total assets	KRW million	6,003,463	6,002,719	7,248,051
Liabilities	Current liabilities	KRW million	2,651,217	2,417,412	2,357,088
	Non-current liabilities	KRW million	619,144	655,649	1,117,962
	Total Liabilities	KRW million	3,270,361	3,073,062	3,475,050
Equity	Equity Attributable to Owners of the Parent	KRW million	2,609,702	2,801,455	3,645,874
	Equity Attributable to Non-Controlling Interests	KRW million	123,400	128,202	127,128
	Total equities	KRW million	2,733,102	2,929,657	3,773,002

Economic Performance by Business Segment

Category		Unit	2022	2023[1)]	2024
Industrial materials	Net sales	KRW million	2,369,461	2,201,117	2,250,836
	Operating income	KRW million	199,408	136,249	128,124
Chemicals	Net sales	KRW million	1,052,306	892,857	1,031,512
	Operating income	KRW million	47,429	58,212	82,158
Film/electronic materials	Net sales	KRW million	558,890	224,123	222,391
	Operating income	KRW million	-71,103	-48,564	-30,210
Fashion	Net sales	KRW million	1,228,557	1,274,338	1,211,912
	Operating income	KRW million	64,374	45,208	16,410
Others	Net sales	KRW million	158,259	142,473	126,353
	Operating income	KRW million	2,387	8,550	-37,757

1) Financial adjustment resulting from reclassification of industry sectors for certain overseas entities

Summarized Consolidated Income Statement

Category	Unit	2022	2023[1)]	2024
Sales	KRW million	5,367,474	4,734,907	4,843,003
Cost of Goods Sold	KRW million	3,886,298	3,398,327	3,518,940
Gross income	KRW million	1,481,176	1,336,581	1,324,063
Operating income	KRW million	242,496	199,655	158,723
Profit before tax	KRW million	169,698	146,681	121,410
Net income	KRW million	189,160	50,778	110,629
Comprehensive income	KRW million	223,874	43,497	669,309
Comprehensive income (equity of parent company)	KRW million	212,189	37,476	653,191

1) Correction of data due to the discontinuation of the film business in the manufacturing division

Economic Value Distribution (Based on Separate Financial Statements)

Category		Unit	2022	2023	2024
Company	Operating expenses[1)]	KRW million	1,432,534	1,174,525	1,244,203
	Employee salary	KRW million	327,439	321,342	337,879
	Welfare benefits	KRW million	21,659	24,472	23,968
	Investment in local communities[2)]	KRW million	2,061	1,223	1,492
Government	Corporate tax[2)]	KRW million	-16,865	39,142	10,612
Shareholder	Dividends[3)]	KRW million	39,502	39,502	39,502

1) Operating expenses include raw material purchases, service fees, and outsourcing costs for the current period.
2) Data correction due to the discontinuation of the film business in the manufacturing division
3) Dividends are based on the separate financial statements disclosed in the annual business report

ESG Factbook

Financials

Market Position

Category		Unit	2022	2023	2024
Starting Salary by Gender Compared to Minimum Wage	Minimum Wage	KRW	22,863,360	24,011,520	24,728,880
	Starting Salary for Men	KRW	54,369,434	57,209,677	57,188,840
	Starting Salary for Women	KRW	48,506,646	48,697,900	50,439,533
	Average Starting Salary	KRW	52,951,419	55,746,393	56,619,560
Ratio of Starting Salary by Gender Compared to Minimum Wage	Ratio of male starting wage to minimum wage	%	237.8	238.3	231.3
	Ratio of female starting wage to minimum wage	%	212.2	202.8	204
	Ratio of average starting wage to minimum wage	%	231.6	232.2	229.0

R&D Investment

Category		Unit	2022	2023	2024
R&D investment		KRW million	77,743	78,400	76,127
Domestic Patent	Patent Registered	Cases	1,434	1,313	1,357
	Patent Pending	Cases	564	591	571
Domestic Trademark	Trademark Registered	Cases	1,992	1,947	1,881
	Trademark Pending	Cases	285	289	82
International Patent	Patent Registered	Cases	1,357	1,538	1,723
	Patent Pending	Cases	819	980	983
International Trademark	Trademark Registered	Cases	1,933	2,075	1,978
	Trademark Pending	Cases	132	229	168

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Environmental

Environmental Investment

Category		Unit	2022	2023	2024
Environmental Investment[1]	Goal	KRW million	5,684	11,990	16,129
	Performance	KRW million	4,536	6,596	6,694
	Achievement rate	%	79.8	55.0	41.5

1) Based on environmental and safety investment items and execution amounts at domestic business sites, with some overlap in safety investment amounts.

Eco-friendly Procurement Performance

Category		Unit	2022	2023	2024
Purchase of Recycled Raw Materials for Packaging	Raw Material Purchase Amount Recycled Packaging Materials	KRW million	2,526	2,099	3,851
	Total Packaging Purchase Cost[1]	KRW million	44,532	36,218	38,804
	Percentage of Recycled Packaging Materials[2]	%	5.7	5.8	9.9
Usage of Sustainable Raw Materials[3]		ton	8,307	6,237	6,237

1) Data correction due to a calculation error
2) Data correction due to changes in total packaging purchase costs
3) Amount of PCR PET chip procured

Water

Category		Unit	2022	2023	2024
Water Withdrawals	Industrial water	m^3	3,949,816	3,785,251	4,861,179
	Municipal water	m^3	378,370	352,724	311,154
	Surface Water (Direct Withdrawal from Rivers, Lakes, etc.)	m^3	708,449	654,547	607,307
	Underground water	m^3	136,707	131,770	120,506
	Total water intake	m^3	5,173,342	4,924,292	5,900,146
Water Consumption	Total water consumption[1]	m^3	7,054,682	6,522,992	7,312,696
	Reduction in water consumption[1]	m^3	-1,628,963	531,690	-789,544
	Total water consumption in water stress areas	m^3	0	0	0
	Percentage of Total Water Usage in Water-Stressed Areas	%	0	0	0

1) Data correction due to change in calculation formula

Wastewater

Category		Unit	2022	2023	2024
Wastewater discharge	Total wastewater discharge	m^3	4,293,072	4,254,526	4,228,140
	Wastewater Recycled/Reused	m^3	1,881,340	1,598,700	1,412,550
	Percentage of Wastewater Recycled/ Reused	%	43.8	37.6	33.4
	Wastewater discharge intensity	ton/ KRW billion	1,116	1,290[1]	1,261

1) Correction of sales data due to the discontinuation of the film business in the manufacturing division

Water Usage Disclosure by Business Site (2024)

(Unit: m^3)

Category	Business site	Consumption	intake	Source			
				Municipal	Industrial	Underground	Surface
HQ	Magok	61,993	61,993	61,993	-	-	-
14HQ[1]	Gumi, Gimcheon 1, Gyeongsan	6,218,140	4,805,590	244,185	3,839,070	120,450	601,885
56HQ	Daesan, Gimcheon 2, Ulsan, Yeosu	1,027,141	1,027,141	4,976	1,022,109	56	-

1) Differences in water usage and water intake at 14HQ due to differences in water usage calculation methods (water intake + recycled water)

ESG Factbook

Environmental

Greenhouse Gas Emissions Status and Performance

Category		Unit	2022	2023	2024
Separate Standard[1]	Total GHG Emissions (Scope 1+2+3)	tCO_2e	2,626,668	2,349,602	2,600,496
	Total GHG Emissions (Scope 1+2)	tCO_2e	712,402	649,863	652,978
	Scope 1 Emissions	tCO_2e	140,694	116,786	111,334
	Scope 2 Emissions	tCO_2e	571,708	533,077	541,644
	Scope 3 Emissions[2]	tCO_2e	1,914,266	1,699,739	1,947,518
	Total GHG Emission Intensity[3]	tCO_2e/ billion KRW	682.8	712.8	775.4
	Year-over-Year GHG Emission Reduction -Direct Greenhouse Gas (Scope 1)	tCO_2e	7,663	23,908	5,452
	Year-over-Year GHG Emission Reduction -Indirect Greenhouse Gas (Scope 2)	tCO_2e	-37,440	38,631	-8,567
	Total Year-over-Year GHG Emission Reduction (Scope 1+2)	tCO_2e	-29,777	62,539	-3,115
Consolidated Basis[4]	Total Greenhouse Gas Emissions (Scope 1+2+3)	tCO_2e	4,648,219	4,306,241	4,517,578
	Scope 1 Emissions	tCO_2e	211,251	224,177	205,315
	Scope 2 Emissions	tCO_2e	1,129,882	1,000,827	1,086,680
	Scope 3 Emissions	tCO_2e	3,307,086	3,081,237	3,225,582
	Total Greenhouse Gas Emission Intensity	tCO_2e/ billion KRW	866.0	850.8	932.8
Zero-Emission Vehicles	Total Number of Vehicles	Units	149	147	167
	Number of Zero-Emission Vehicles Owned	Units	6	6	10
	Zero-Emission Vehicle Ownership Ratio	%	4.0	4.1	6.0

1) Correction of Emissions in Greenhouse Gas Statement Due to Emission Factor Changes
2) Increase in emissions due to reestablishment of FY2024 Cat.1 (Purchased Products and Services) calculation standards and temporary increase in emissions due to acquisition of tangible assets under FY2024 Cat.2 (Capital Goods)
3) Data Correction Due to Change in Greenhouse Gas Emission Intensity Calculation Method
4) All subsidiaries under the consolidated financial statements are included, excluding non-operating paper companies.

Energy

Category		Unit	2022	2023	2024
Electricity Production	Renewable Energy	MWh	476	467	366
Steam Production		GJ	95,023	139,059	40,029
Energy Consumption	Total Energy Consumption	GJ	7,260,722	6,469,278	6,564,362
	Energy Intensity	GJ/billion KRW	1,887	1,962[1]	1,957
	Total Non-renewable Energy Consumption	GJ	7,259,010	6,641,434	6,563,046
	Total Non-renewable Fuel Usage	GJ	1,867,229	1,600,206	1,332,941
	B-C Oil	GJ	297,311	199,153	63,330
	Diesel Fuel	GJ	4,957	7,922	8,699
	Other Gaseous fuel, by-product fuel	GJ	368,373	350,298	395,797
	LNG	GJ	1,188,606	1,031,462	854,237
	Gasoline	GJ	7,982	11,371	10,878
	Non-renewable Steam Usage	GJ	2,846,701	2,736,110	2,907,527
	Non-renewable Electricity Usage	GJ	2,545,080	2,305,118	2,322,578
	Total Renewable Energy Usage	GJ	1,712	1,680	1,317
	Solar Energy	GJ	1,712	1,680	1,317
	Total Renewable Energy Usage Ratio	%	0.02	0.03	0.02
	Total Electricity Consumption	MWh	707,442	640,777	645,526
	Electricity Consumption -Non-renewable Energy	MWh	706,967	640,311	645,161
	Electricity Consumption -Renewable Energy	MWh	476	467	366
	Total Steam Usage	GJ	2,846,701	2,736,110	2,907,527
	Steam Usage -Non-renewable Energy	GJ	2,846,701	2,736,110	2,907,527
	Steam Usage -Renewable Energy	GJ	0	0	0
	Year-over-Year Energy Consumption Reduction	GJ	497,833	791,444	-95,085

1) Correction of sales data due to the discontinuation of the film business in the manufacturing division

ESG Factbook

Environmental

Air Pollutants[1)]

Category		Unit	2022	2023	2024
Air Pollutants	NOx Emissions	kg	104,158	58,238	50,838
	SOx Emissions	kg	25,465	19,934	10,055
	Volatile Organic Compounds (VOC) Emissions	kg	4,137	5,287	5,793
	Particulate Matter (PM) Emissions	kg	23,935	38,398	31,138

1) Data corrected according to the annual air pollutant performance reporting verification standards

Water Pollutants

Category		Unit	2022	2023	2024
Water Pollution Emissions	Total Organic Carbon (TOC)[1)]	kg	-	-	45,796
	Biochemical Oxygen Demand (BOD)	kg	49,035	39,437	25,017
	Suspended Solids (SS)	kg	48,680	37,016	46,485

1) Indicator change from COD to TOC starting 2024 Recycling

Chemicals[1)]

Category	Unit	2022	2023	2024
Chemical Emissions	ton	51.8	16.2	19.9
Number of Chemical Spill Cases	Cases	0	0	0
Chemical Spill Volume	ton	0	0	0

1) Data correction according to the Annual Chemical Emission Survey Evidence Standard

Waste[1)]

Category		Unit	2022	2023	2024
Total Waste Generated		Ton	51,345.5	37,703.2	44,523.2
General Waste Generated		Ton	29,102.4	24,253.4	25,146.8
Designated Waste Generated		Ton	21,617.5	12,490.7	18,635.4
Construction Waste Generated		Ton	625.6	830.1	741.0
Total Waste Processed		Ton	51,335.6	37,062.1	44,441.5
General Waste Processed		Ton	29,078.5	23,840.0	25,065.0
General Waste Processing	Recycling	Ton	25,870.6	20,505.9	21,742.4
	Incineration	Ton	2,588.2	1,273.6	2,138.4
	Landfill	Ton	619.7	2,053.6	1,100.9
	Others	Ton		6.8	83.3
Designated Waste Treatment Volume		Ton	21,631.5	12,496.9	18,635.5
Designated Waste Processing	Recycling	Ton	19,444.8	10,497.7	16,196.3
	Incineration	Ton	2,158.6	1,982.5	2,403.2
	Landfill	Ton	28.1	12.1	15.3
	Others	Ton		4.6	20.6
Construction Waste Treatment Volume		Ton	625.6	688.9	741.0
Construction Waste Treatment	Recycling	Ton	0.0	0.0	0.0
	Incineration	Ton	0.0	0.0	0.0
	Landfill	Ton	0.0	0.0	0.0
	Others	Ton	625.6	688.9	741.0
Total Waste Recycling Amount		Ton	45,315.3	31,003.6	37,938.8
Total Waste Recycling Rate		%	88	82	85

1) Data correction according to the Annual Waste Performance Report Evidence Standard

ESG Factbook

Environmental

Environmental Management System Certification (ISO 14001)[1)]

Category		Unit	2022	2023	2024
Environmental Management System	Environmental Management System Certification (ISO 14001) - Number of Workplaces	Sites	14	14	14
	Environmental Management System Certification (ISO 14001) - Workplace Ratio	%	87.5	87.5	87.5

1) Calculated including Domestic Business Sites and Overseas Production Corporations

Energy Management System Certification (ISO 50001)[1)]

Category		Unit	2022	2023	2024
Environmental Management System	Energy Management System Certification (ISO 50001) - Number of Workplaces	Sites	4	4	4
	Energy Management System Certification (ISO 50001) - Workplace Ratio	%	44.4	44.4	44.4

1) Calculated for Domestic Business Sites only

Environmental Regulation Violations

Category		Unit	2022	2023	2024
Details of Environmental Regulation Violations	Number of Cases	Cases	1	1	3
Number of Complaints and Responses	Number of Cases	Cases	0	0	0
Number of Emission Charge Delinquencies	Number of Cases	Cases	0	0	0
Water Resource Related Legal Violations	Number of Sanctions	Cases	0	0	0
	Fines[1)]	KRW	0	0	0
Environmental Risk Assessment	Number of Workplaces Conducting Environmental Risk Assessments[2)]	Units	9	9	9
	Ratio of Workplaces Conducting Environmental Risk Assessments[2)]	%	100	100	100

1) Including Fines and Penalties
2) Calculated for Domestic Business Sites only

Environmental Management Goals[1)] and Performance

Category	Units	2022		2023		2024	
		Goal	Performance	Goal	Performance	Goal	Performance
Waste	Ton	55,890.3	51,345.5	55,132.7	37,703.2	35,991.4	44,426.2
Water	Ton	6,816,589.3	7,054,682.0	7,185,186.0	6,522,992.0	5,784,743.6	7,307,274.0
GHG	Ton	654,080.6	712,402.2	759,400.1	649,863.5	580,705.6	652,978.0
Energy	GJ	7,652,282.6	7,260,721.7	8,246,276.8	6,469,277.6	6,158,784.1	6,564,362.4

1) Goals: Expected production volume for the year * (Previous year's usage/production volume unit intensity)

ESG Factbook

Social

Employee Status[1)]

Category		Unit	2022	2023	2024
Domestic and Overseas Total Employees and Executives	Male	Number of People	4,747	4,417	4,792
	Female	Number of People	2,320	2,302	2,816
	Total	Number of People	7,067	6,719	7,608
Domestic and Overseas Employees – Regular Employees	Male	Number of People	4,147	4,037[2)]	4,312
	Female	Number of People	1,810	1,709[2)]	2,190
	Total	Number of People	5,957	5,746[2)]	6,502
Domestic and Overseas Employees – Contract Employee	Male	Number of People	600	380	480
	Female	Number of People	510	593	626
	Total	Number of People	1,110	973	1,106
Domestic and Overseas Employees – Part-time	Male	Number of People	16	15	30
	Female	Number of People	14	19	27
	Total	Number of People	30	34	57
Domestic and Overseas Employees - Executives	Male	Number of People	52	51	70
	Female	Number of People	1	1	12
	Total	Number of People	53	52	82
	Female Ratio	%	1.9	1.9	14.6
Domestic and Overseas Employees - Management Positions	Male	Number of People	870	791[2)]	883
	Female	Number of People	134	136[2)]	156
	Total	Number of People	1,004	927[2)]	1,039
	Female Ratio	%	13.4	14.7[2)]	15.0
	Disabled Persons	Number of People	5	1	3
Domestic and Overseas Employees - Non-Management Positions	Male	Number of People	3,882	3,575	3,839
	Female	Number of People	2,186	2,165	2,648
	Total	Number of People	6,068	5,740	6,487
	Female Ratio	%	36.0	37.7	40.8

1) 2024 data includes Manufacturing + FnC + Overseas Subsidiaries
2) Data correction due to calculation error

Employee Status by Region[1)]

Category	Unit	2022	2023	2024
Korea	Number of People	2,935	2,804	3,858
China	Number of People	1,082	859	799
Other Asia	Number of People	2,386	2,500	2,481
America/Europe	Number of People	664	556	470
Total	Number of People	7,067	6,719	7,608

1) 2024 data includes Manufacturing + FnC + Overseas Subsidiaries

Employee Diversity[1)]

Category		Unit	2022	2023	2024
Female Ratio	Female Worker Ratio	%	32.8	34.3	37.0
	Female Manager Ratio	%	13.4	14.7[3)]	15.0
	Female Executive Ratio	%	1.9	1.9	14.6
	Female Ratio in Revenue-Generating Departments	%	-	-	15.1
R&D Research and Development Employees		Number of People	369	352	355
Disabled Worker Ratio[2)]		%	1.5	1.0	0.7
Employed Minorities Groups and Vulnerable Workers	Number of Disabled Workers	Number of People	109	66	54
	Number of Female Workers	Number of People	2,320	2,302	2,816
	Total	Number of People	2,429	2,368	2,870
	Percentage of Employed Minority Groups and Vulnerable Workers	%	34.4	35.2	37.7
	Percentage of Minority and Vulnerable Workers in Management Positions	%	13.8	11.1[3)]	14.6

1) 2024 data includes Manufacturing + FnC + Overseas Corporations
2) Data correction due to calculation criteria change
3) Data correction due to calculation error

ESG Factbook

Social

New Hiring Status

Category		Unit	2022	2023	2024
Number of New Local Talent Hires		Number of People	148	108	65
New Hires by Region	Korea	Number of People	219	160	201
	China	Number of People	148	78	58
	Other Asia	Number of People	1,605	1,279	966
	America/Europe	Number of People	1,495	1,097	712
New Hires at Home and abroad	Male	Number of People	1,878	1,372	943
	Female	Number of People	1,589	1,242	994
	Total	Number of People	3,467	2,614	1,937
	Male Ratio of New Hires	%	54.2	52.5	48.7
	Female Ratio of New Hires	%	45.8	47.5	51.3

Turnover Status

Category	Unit	2022	2023	2024
Voluntary Turnover Rate	%	6.1	5.4	7.7

Employee Compensation

Category	Unit	2022	2023	2024
Annual Total Compensation of Headquarters' Highest Paid Executive (CEO)	KRW	3,301,240,480	502,740,040	502,740,040
Median Annual Total Compensation of Employees and Executives	KRW	67,359,900	68,248,764	72,670,200
CEO to Employee Wage Ratio	Times	49	7.4	6.9
Minimum Wage	KRW	22,863,360	24,011,520	24,728,880
Average Starting Salary	KRW	52,951,419	55,746,393	56,619,560
Average Starting Salary to Minimum Wage Ratio	%	231.6	232.2	229.0

Gender Wage Indicators

Category	Unit	2022	2023	2024
Unadjusted Average Gender Wage Gap	KRW	18,650,777	17,566,075	15,821,295
Average Male Salary	KRW	76,274,477	76,981,494	74,515,253
Average Female Salary	KRW	57,623,701	59,415,419	58,693,958
Female-to-Male Base Salary Ratio	Times	0.76	0.77	0.79

Flexible Work System Operation Status

Category		Unit	2022	2023	2024
Flexible Working Hours System	Male	Number of People	389	391	388
	Female	Number of People	8	21	8
	Total	Number of People	397	412	396
Selective Working Hours System	Male	Number of People	666	897	1,429
	Female	Number of People	251	309	809
	Total	Number of People	917	1,206	2,238

ESG Factbook

Social

Maternity and Parental Leave Status

Category		Unit	2022	2023	2024
Number of Maternity Leave Takers	Male	Number of People	65	53	102
	Female	Number of People	14	12	35
	Total	Number of People	79	65	137
Number of Parental Leave Takers	Male	Number of People	14	6	12
	Female	Number of People	19	16	37
	Total	Number of People	33	22	49
Return to Work Rate After Parental Leave	Male	%	100	90.0	93.2
	Female	%	100	100	90.9
	Total	%	100	96.6	93.9
After Returning to Work More than 12 months Worker Ratio	Male	%	100	92.3	91.7
	Female	%	100	92.9	81.8
	Total	%	100	88.0	94.6

Internal Reporting System

Category		Unit	2022	2023	2024
Internal Reporting System	Number of Internal Reports	Cases	1	2	1
	Number of Internal Reports Processed	Cases	1	2	1
	Internal Report Processing Rate	%	100	100	100

Performance and Career Development

Category		Unit	2022	2023	2024
Regular performance and career development reviews at all business sites	Number of Employees	Number of People	6,156	6,083	6,575
	Employees who received career development reviews	%	87.1	90.5	86.5

Education Investment Status

Category		Unit	2022	2023	2024
Safety and Health Education	Number of Target Employees and Executives	Number of People	2,881	2,741	3,796
	Training Completion Rate of Target Employees and Executives	%	100	100	100
	Number of On-site Partner Company Employees Targeted	Number of People	1,771	1,714	1,623
	On-site Partner Company Employees Completed Training	Number of People	1,771	1,714	1,623
	Training Completion Rate of On-site Partner Company Employees	%	100	100	100
	Emergency Response Drills	Times	199	205	242
Anti-corruption Education	Number of People Who Received Anti-corruption Education[1]	Number of People	1,501	0	2,657
Human Rights Education	Number of employees who completed human rights policy/procedure training	Number of People	2,841	2,593	3,757
	Employee Human Rights Training Hours	Hours	11,364	9,827	13,309
Information Security - New and Experienced Employee Training	Number of Employees Targeted for Training	Number of People	219	160	202
	Number of Employees Completed Training	Number of People	219	160	202
Total Employee Training Hours		Hours	85,361	84,212[2]	156,472
Average Training Cost per Employee		KRW	910,660	863,881	683,865
Average Annual Training Hours per Employee		Hours	29.1	30.0	40.6

1) Ethics management training hosted by the holding company is conducted biennially.
2) Data correction due to calculation error.

ESG Factbook

Social

Collective Agreement Status

Category		Unit	2022	2023	2024
Collective Agreement Status	Number of Employees Joined Labor Union	Number of People	904	882	799
	Labor Union Membership Rate	%	30.8	31.5	30.5
	Number of Employees Covered by Collective Agreement	Number of People	934	901	833
	Percentage of Employees Covered by Collective Agreement	%	31.8	32.1	31.8
	Number of Employees Joined Employee Representative Organization	Number of People	2,398	2,256	2,030
	Number of Employees Eligible to Join Employee Representative Organization	Number of People	2,398	2,256	2,030
	Employee Representative Organization Application Rate	%	100	100	100

Human Rights Management

Category		Unit	2022	2023	2024
Child Labor	Number of Domestic Child Labor Workers	Number of People	0	0	0
	Number of Overseas Child Labor Workers	Number of People	0	0	0
	Total Number of Child Labor Workers	Number of People	0	0	0

Health Checkup Support and Implementation Status

Category	Unit	2022	2023	2024
Health Checkup Rate for Employees and Executives[1)]	%	97.2	100.0	101.0

1) Rate exceeds 100% due to timing differences in aggregation (base population according to business report disclosure)

Occupational Safety and Health Management System

Category		Unit	2022	2023	2024
Workplaces Applying Occupational Safety and Health System	Occupational Safety and Health Management System (ISO 45001) - Number of Workplaces	Sites	6	12	12
	Occupational Safety and Health Management System (ISO 45001) - Workplace Ratio[1)]	%	37.5	75	75
Employees subject to the Occupational safety and health system	Occupational Safety and Health Management System (ISO 45001) - Employee Ratio	%	15.4	100	100
	Occupational safety and health management system by internal audits - Employee Ratio[1)]	%	84.6	0	0
On-site Partner company Employees subject to the Occupational safety and health system	Occupational Safety and Health Management System (ISO 45001) - On-site Partner company Employee Ratio	%	6.7	11.7	18.1
	Occupational safety and health management system by internal audits - On-site Partner company Employee Ratio	%	93.3	88.3	81.9
Total Occupational Safety and Health Management System Application Rate		%	100	100	100

1) Calculated including Domestic Business Sites and Overseas Production Corporations

ESG Factbook

Social

Health and Safety Performance

Category		Unit	2022	2023	2024
Employee Work-related Fatalities	Total Employee Work Hours	Hours	6,114,192	5,841,293	8,036,986
	Number of Fatalities Due to Work-related Injuries	Number of People	0	0	0
Employee Work-related Serious Injuries	Number of Serious Injuries Due to Work-related Injuries	Number of People	6	8	6
Employee Work-related Injury	Number of Recorded Accidents	Cases	15	11	12
	TRIR (Total Recordable Incident Rate)	RATE	2.5	1.9	1.6
Fatalities due to work-related diseases		Number of People	0	0	0
Occurrence of employee work-related diseases		Cases	0	0	0
Supplier Work-related Fatalities	Total number of partner company employees	Number of People	1,529	1,448	1,658
	Total working hours of partner companies	Hours	2,996,840	2,838,080	3,262,944
	Number of fatalities due to work-related injuries	Number of People	0	0	0
Supplier Work-related Serious Injuries	Number of Serious Injury Cases	Number of People	7	3	3
Supplier Work-related Injuries	Number of Recorded Accidents	Cases	11	4	6
	TRIR (Total Recordable Incident Rate)	RATE	3.7	1.4	1.8
Number of Supplier Fatalities Due to Occupational Diseases		Number of People	0	0	0
Number of Supplier Occupational Disease Cases		Cases	0	0	0

Consumer Protection

Category		Unit	2022	2023	2024
Information Protection	Ratio of investment in information security to total IT budget[1]	%	5.8	2.8	3.2
Number of complaints where customer privacy violations have been proven	Number of customer personal information protection violation complaints raised by external parties and confirmed by the organization	Cases	0	0	0
	Number of complaints filed by regulators regarding violations of customer privacy	Cases	0	0	0
	Number of customer data leakage cases	Cases	0	0	0
	Number of customer data theft cases	Cases	0	0	0
	Number of customer data loss cases	Cases	0	0	0

1) Data correction due to re-estimation of standards

Employee Lost Time Injury Rate

Category		Unit	2022	2023	2024
Lost Time Injury	Total Lost Time Days – Employees and executives	Days	750	935	580
Lost Time Injury Rate for Direct Employment	LTIFR	RATE	1.96	1.88	1.12
Lost Time Injury Severity Rate for Direct Employment	LTISR	RATE	0.12	0.16	0.07

Supplier Lost Time Injury Rate

Category		Unit	2022	2023	2024
Supplier Lost Time Injury Rate	LTIFR	RATE	3	1.41	1.57
Supplier Lost Time Injury Severity Rate	LTISR	RATE	0.29	0.23	0.19

ESG Factbook

Social

Product Responsibility

Category		Unit	2022	2023	2024
Product/Service Responsibility Activities	Number of product recalls due to safety issues	Cases	0	0	0

Social Contribution Investment and Performance

Category		Unit	2022	2023	2024
Cash Donations	Total	Thousand KRW	1,020,030	397,130	436,269
Scholarship Program Operation Performance	Scholarship Support Amount	Thousand KRW	169,200	164,250	227,400
	Number of Scholarship Recipients	Number of People	99	97	99
Win-Win Fund		Thousand KRW	10,000,000	10,000,000	10,000,000
Total Social Contribution Cost		Thousand KRW	1,101,067	531,558	605,530
Total Employees and Executives Volunteer Hours		Hours	2,289	4,078	5,323

Kolon Social Volunteer Group Activity Details

Category		Unit	2022	2023	2024
Kolon Social Volunteer Group Activity Details	Number of Activities	Times	65	115	119
	Number of Participants	Number of People	416	905	726
	Activity Hours	Hours	2,289	4,032	2,840

Win-Win Management Performance

Category	Unit	2022	2023	2024
Win-Win Growth Evaluation Grade	Grade	Good	Good	Good

Safety Investment

Category		Unit	2022	2023	2024
Safety Investment	Target Amount	KRW	14,713,370,000	7,426,500,000	20,906,104,000
	Actual Amount	KRW	12,555,092,000	6,586,316,560	14,878,914,346
	Implementation Rate	%	85.3	88.7	71.2

Supply Chain ESG Management Status[1)]

Category		Unit	2022	2023	2024
Total Number of Partners		Units	367	361	352
Suppliers Signed the Supply Chain Code of Conduct	Number	Units	77	170	352
	Ratio	%	21	47.1	100
Regarding Environmental, Labor, and Human Rights Requirements Suppliers with Contracts Including Clauses	Number	Units	77	170	352
	Ratio	%	21	47.1	100
Suppliers Conducting Social/Environmental Impact Assessments	Number	Units	123	121	125
	Ratio	%	33.5	33.5	35.5
Suppliers whose contracts were terminated due to negative sustainability impacts	Number	Units	0	0	0
	Ratio	%	0	0	0
Suppliers that implemented corrective actions for negative sustainability impacts	Number	Units	0	0	1
	Ratio	%	0	0	100

1) Limited to Manufacturing Division, Fashion Division Data to be Included from 2025

ESG Factbook

Governance

Board of Directors Operation

Category		Unit	2022	2023	2024
Number of Board Meetings Held	Regular Board Meeting	Times	4	4	4
	Extraordinary Board Meeting	Times	5	10	7
	Total Number of Board Meetings Held	Times	9	14	11
Agenda Deliberation and Reporting Items[1]	Board Agenda Deliberation and Reporting Cases – Total Agendas	Cases	35	41	39
	Board Agenda Deliberation and Reporting Cases – ESG Agendas	Cases	4	4	5
Board Efficiency	Average number of concurrent duties per board member	Units	0	0	0
	Number of Important Board Reports	Times	13	13	15
	Number of Agendas with Dissent or Amendment Opinions by Outside Directors	Cases	0	0	0
Board Compensation Amount	Compensation per inside director[2]	KRW	472,119,388	460,453,028	462,469,257
	Variable pay (including performance bonuses, stock-based compensation, bonuses, restricted stock units or full stock units)	KRW	107,862,400	0	0
	Retirement pay	KRW	2,750,000,400	0	1,497,321,120

1) Data correction due to indicator name change
2) Data correction due to change in calculation criteria for compensation per inside director

Board Composition and Attendance Rate

Category		Unit	2022	2023	2024
Outside Directors	Number of Outside Directors	Number of People	4	4	5
	Ratio of Outside Directors	%	57.1	57.1	62.5
	Attendance Rate of Outside Directors	%	100	94.6	93.6
Inside Directors	Number of Inside Directors	Number of People	3	3	3
	Inside Director Attendance Rate[1]	%	96.3	75.0	94.4
Average Board Term (Years)[2]		Years	2.9	3.0	3.0
Board Composition	Male	Number of People	6	6	7
	Males Over 50	Number of People	6	6	7
	Female	Number of People	1	1	1
	Females Over 50	Number of People	1	1	1
	Over 50	Number of People	7	7	8
	Over 50 Ratio	%	100	100	100
Percentage of Female Directors	Number of Female Directors	Number of People	1	1	1
	Percentage of Females Among Directors	%	14.3	14.3	12.5
	Total Number of Board Members	Number of People	7	7	8
Percentage of Male Directors	Percentage of Males Among Directors	%	85.7	85.7	87.5

1) Data corrected due to change in calculation criteria
2) Data corrected due to change in calculation criteria

Internal Audit and Risk Assessment Related to Ethics

Category		Unit	2022	2023	2024
Workplaces Assessed for Corruption Risk[1]	Number of Workplaces Assessed for Corruption Risk	Units	3	7	4
	Ratio of Workplaces Assessed for Corruption Risk	%	16.7	38.9	21.1

1) From 2024, ratio calculation includes Fashion division workplaces.

Anti-Corruption Management System

Category		Unit	2022	2023	2024
Workplaces Certified for Anti-Corruption Management System	Number of Certified Workplaces (Domestic)	Units	8	9	9
	Number of Certified Sites (Overseas)	Units	0	0	0
	Certified Site Ratio[1]	Cases	88.9	100	90

1) From 2024, ratio calculation includes Fashion division workplaces.

ESG Factbook

Governance

Ethics/Compliance Activities and Performance

Category		Unit	2022	2023	2024
Anti-corruption	Number of employees and executives notified of anti -corruption policies and procedures	Number of People	2,935	2,804	3,861
	Percentage of employees who received notice of anti -corruption policies and procedures	%	100	100	100
	Number of employees and executives who received anti-corruption training - Domestic[1)]	Number of People	1,501	0	2,657
	Percentage of employees and executives who received anti-corruption training - Domestic[1)]	%	51.1	0	68.9
Environmental Compliance	Number of environmental law violations	Cases	1	1	3

1) Anti-corruption training is conducted biennially; from 2024, the calculation ratio includes business sites in the Fashion Division

Status of Disciplinary Actions for Ethics Management Violations

Category		Unit	2022	2023	2024
Bribery/Embezzlement/ Breach of Trust	Number of reports	Cases	0	0	0
	Number of investigations	Cases	0	1	2
	Number of disciplinary actions	Cases	0	1	2
Violation of Approval Regulations	Number of reports	Cases	0	0	0
	Number of investigations	Cases	1	3	4
	Number of disciplinary actions	Cases	1	3	3
Environmental/Safety Accident Violations	Number of reports	Cases	0	0	0
	Number of investigations	Cases	1	1	0
	Number of disciplinary actions	Cases	1	1	0
Human Rights Violation(Sexual Harassment / Workplace Bullying, etc.)	Number of reports	Cases	2[1)]	4	3
	Number of investigations	Cases	2	4	3
	Number of disciplinary actions	Cases	2	3	2
Others	Number of reports	Cases	0	0	0
	Number of investigations	Cases	6	5	2
	Number of disciplinary actions	Cases	6	5	2

1) Data correction due to calculation error

APPENDICES



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Company-wide ESG Policy 111

ESG Certification Status 112

Association Membership Status 114

Independent Assurance Statement 115

GHG Emission Verification Statement 117

ESG Initiatives

KOLON INDUSTRIES reported for the reporting period in accordance with the GRI Standards. At the time of report publication, no GRI Sector Standard applicable to KOLON INDUSTRIES' business sector had been released, so no separate Sector Standard was applied.

GRI Index

GRI Standards_ General

● : Material Issue Linkage, Reasons for Omission - Ⓐ Not Applicable, Ⓑ Legally Prohibited, Ⓒ Confidential, Ⓓ Incomplete Information

GRI STANDARD	DISCLOSURE		Report Page	Remarks
GRI 2: General Disclosures	2-1	Organizational Details	6-11	
	2-2	Entities Included in the Sustainability Management Report	2	
	2-3	Reporting Period, Frequency, and Contact Information	2	
	2-4	Restatements	2	
	2-5	External Assurance	2	
	2-6	Key Activities, Value Chain, and Other Stakeholders	8-11, 18	
	2-7	Number of Employees	93	
	2-8	Workers Who Are Not Employees	93	
	2-9	Governance Structure and Composition	79-80	
	2-10	Appointment and Selection of the Highest Decision-Making Body	79	
	2-11	Chair of the Highest Decision-Making Body	79	
	2-12	Role of the Highest Decision-Making Body in Overseeing Key Business Impacts	79	
	2-13	Delegation of Responsibility for Business Impacts	15	
	2-14	Role of the Highest Decision-Making Body in Sustainability Management Reporting	15	
	2-15	Conflict of Interest	79	
	2-16	Communication on Key Issues	16-18	
	2-17	Expertise of the Highest Decision-Making Body	79	
	2-18	Assessment of the Highest Decision-Making Body's Performance	80	
	2-19	Remuneration Policy	80	
	2-20	Remuneration Determination Process	80	
	2-21	Ratio of Annual Total Remuneration	99	
	2-22	Sustainability Management Strategy Statement	5	
	2-23	Policy Declaration	39, 53, 59, 61, 67, 72, 82, 84	
	2-24	Policy Internalization	15	
	2-25	Processes to Address Negative Impacts	60	
	2-26	Mechanism for Seeking Advice or Raising Concerns	57	
	2-27	Compliance with Laws and Regulations	100	
	2-28	Association Membership	114	
	2-29	Stakeholder Engagement	18	
	2-30	Collective Agreement	58	

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GRI Index

GRI Standards_ General

GRI STANDARD	DISCLOSURE		Report Page
GRI 3: Material Topics	3-1	Materiality Assessment Process	16
	3-2	List of Material Issues	17
	3-3	Management of Material Issues	18, 22-36, 46-51, 67-69, 70-71, 82-83

Verified Topic Standards Related to Material Topics

KOLON INDUSTRIES Material Topics	Report Page
Climate Change	GRI 302, GRI 305
Sustainable Business	GRI 301, GRI 303, GRI 306
Supply Chain	GRI 308, GRI 414
Product Quality	-
Corporate Ethics and Compliance	GRI 205, GRI 206
Stakeholder Communication	-

GRI Standards_ Economic

GRI STANDARD	DISCLOSURE		Report Page
● GRI 205: Anti-corruption	205-1	Number and Percentage of Business Sites Assessed for Risks on Corruption and Significant Risks Identified	99
	205-2	Communication and Training on Anti-corruption Policies and Procedures	100
	205-3	Confirmed Incidents of Corruption and Actions Taken	100
● GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	100

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GRI Index

GRI Standards_ Environment

GRI STANDARD	DISCLOSURE		Report Location	Remarks
● GRI 301: Raw Materials	301-1	Weight or volume of used raw materials	89	
	301-2	Proportion of recycled materials used	89	
	301-3	Proportion of recycled content in sold products and their packaging		© Confidential
● GRI 302: Energy	302-1	Energy consumption within the organization	90	
	302-2	Energy consumption outside the organization		© Confidential
	302-3	Energy intensity	90	
	302-4	Reduction of energy consumption	90	
	302-5	Reduction of energy requirements of products and services	90	
● GRI 303: Water and Wastewater	303-1	Water management	44	
	303-2	Management of impacts related to wastewater discharge	42	
	303-3	Total volume and proportion of reused and recycled water	89	
	303-4	Wastewater discharge	89	
	303-5	Water consumption	89	
● GRI 305: GHG Emissions	305-1	Direct GHG (GHG) emissions (Scope 1)	90	
	305-2	Energy indirect GHG (GHG) emissions (Scope 2)	90	
	305-3	Other indirect GHG (GHG) emissions (Scope 3)	90	
	305-4	GHG (GHG) emission intensity	90	
	305-5	Reduction of GHG (GHG) emissions	90	
	305-6	Ozone-depleting substances (ODS) emissions		No emissions
	305-7	NOx, SOx, and other significant air emissions	91	
● GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	41	
	306-2	Management of significant waste-related impacts	41	
	306-3	Waste generated	91	
	306-4	Waste recycled during processing	91	
	306-5	Waste directly disposed of	91	
● GRI 308: Supplier Environmental Assessment	308-1	New suppliers screened using environmental criteria	67	
	308-2	Negative environmental impacts in the supply chain and actions taken	68	

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GRI Index

GRI Standards_ Society

GRI STANDARD	DISCLOSURE		Report Location	Remarks
GRI 401 : Employment	401-1	Newly Hired and Departed Employees	94	
	401-2	Benefits Provided to Full-time Employees but Not to Temporary or Part-time Workers	57-58	
	401-3	Parental Leave	96	
GRI 403 : Health and Safety	403-1	Health and Safety Management System	64	
	403-2	Hazard Identification, Risk Assessment, and Incident Investigation	65	
	403-3	Workplace Safety Programs	66	
	403-4	Worker Participation, Consultation, and Communication on the Health and Safety Management System	66	
	403-5	Worker Training on the Health and Safety Management System	66	
	403-6	Worker Health	57	
	403-7	Prevention and Mitigation of Health and Safety Impacts Directly Linked to Business Relationships	66	
	403-8	Workers Covered by the Health and Safety Management System	62	
	403-9	Work-related Injuries	97	
	403-10	Work-related Illnesses	97	
GRI 404 : Training and Education	404-1	Average Hours of Training per Year per Employee	95	
	404-2	Employee Job Training and Career Support Programs	54-55	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	95	
GRI 405 : Diversity and Equal Remuneration	405-1	Composition of Governance Bodies and Employees by Category	93, 99	
	405-2	Ratio of Basic Salary and Remuneration of Women to Men	94	
GRI 408 :	408-1	Business Sites and Suppliers Identified as Having a High Risk of Child Labor Occurrence	59	
GRI 409 :	409-1	Business Sites and Suppliers Identified as Having a High Risk of Forced or Compulsory Labor Occurrence	59	
GRI 414 : Supplier Social Assessment	414-1	New Suppliers Screened Using Social Impact Assessment Criteria	67	
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	68	
GRI 418 : Customer Privacy	418-1	Complaints Confirmed Concerning Breaches of Customer Privacy and Loss of Customer Data	97	

ESG Initiatives

TCFD Index

Subject	TCFD Recommendations	CDP Score Acquisition Items
Governance	a) Description of Board of Directors' activities overseeing climate change-related risks and opportunities	C1.1c, C1.2, c1.3a
	b) Description of management's role in assessing and managing climate change-related risks and opportunities	
Strategy	a) Description of climate change-related risks and opportunities in the short, medium, and long term	C3.1, C3.2, C3.2a, C3.3
	b) Description of the impact of climate change-related risks and opportunities on the organization's business, strategy, and financial planning	
	c) Explanation of management strategy flexibility considering various climate change scenarios, including the below 2°C scenario	
Risk Management	a) Description of procedures for identifying and assessing climate change-related risks	C2.2, C2.2a, C2.2g, C2.3a, C2.3b, C2.4a, C2.4b
	b) Description of procedures for managing climate change-related risks	
	c) Explanation of how procedures for identifying, assessing, and managing climate change-related risks are integrated into the organization's overall risk management system	
Metrics and Targets	a) Disclosure of indicators used by the organization to assess climate change-related risks and opportunities according to management strategy and risk management procedures	C4.1, C4.1a, C4.1b, C4.1c, C4.2c, C4.3a
	b) Disclosure of Scope 1, 2, and Scope 3 (if applicable) GHG emissions and related risks	
	c) Explanation of targets used by the organization to manage climate change-related risks and opportunities and performance against those targets	

ESG Initiatives

SASB Index

Subject	Code	Indicator Content	KOLON INDUSTRIES Response	Report Location
Governance	RT-CH-110a.1	Direct GHG Emissions	Scope 1 greenhouse gas emissions in 2024: 111,334 tCO_2e	90
	RT-CH-110a.2	Long-Term/Short-Term Strategies for Direct GHG Emissions and Reduction Targets	KOLON INDUSTRIES has established a long-term 2050 Net Zero goal and is carrying out many activities to reduce greenhouse gases. It is carrying out carbon reduction activities by scope and managing greenhouse gases and energy in a correlated manner. In addition, it has completed LCA for a total of 1,626 items and plans to expand LCA performance and LCA performance plans.	22-36
Air Quality	RT-CH-120a.1	NOx Emissions	2024 NOx Emissions: 50,838 kg	91
		SOx Emissions	2024 SOx Emissions: 10,055 kg	
		VOC Emissions	2024 VOC Emissions: 5,793 kg	
Energy and Raw Materials	RT-CH-130a.1	Total Energy Consumption	2024 Total Energy Consumption: 6,564,362 GJ	90
		Renewable Energy Ratio	2024 Renewable Energy Consumption Ratio: 0.02%	
		Total Self-generated Energy	2024 Renewable Energy Production: 366 MWh (Solar Power Generation), 40,029 GJ (Steam Production)	
Water Resources	RT-CH-140a.1	Total Water Intake Volume	2024 Total Water Withdrawal: 5,900,146 m^3	89
	RT-CH-140a.2	Number of Water Quality Permit, Standard, and Regulation Violations	2024 Number of Water Quality Permits, Violations of Water Quality Standards and Regulations: 0	92
	RT-CH-140a.3	Water-related Risks and Risk Mitigation Strategies	KOLON INDUSTRIES is measuring and managing the amount of water demand by water source at its domestic business sites and is taking various measures to reduce the impact on water resources.	42
Hazardous Chemicals Management	RT-CH-150a.1	Hazardous Waste Generation and Recycling Ratio	2024 Designated Waste Generation: 18,635.4 tons / 2024 Designated Waste Recycling Rate: 86.9%	91
Community Relations	RT-CH-210a.1	Engagement Process for Managing Risks and Opportunities on Community Benefits	KOLON INDUSTRIES continues to work on mutual support activities with local governments, etc., and conducts social contribution activities that fit each theme by dividing social contribution activities into Eco-life, Future-life, and Share-life, and seeks coexistence with the local community. In addition, we minimize risks from the external environment by remotely blocking all factors that may have a negative impact on the local community and the surrounding environment according to business activities and managing the potential to produce hazardous chemicals.	74-77

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SASB Index

Subject	Code	Indicator Content	KOLON INDUSTRIES Response	Report Location
Workforce Health and Safety	RT-CH-320a.1	Injury Rate (TRIR) and Fatality Rate of Employees and Contract Workers	2024 Employee TRIR: 1.6 (RATE) / 2024 Employee Death Rate Due to Job-Related Injuries: 0%	97
	RT-CH-320a.2	Assessment, Monitoring, and Reduction Efforts for Long-Term (Chronic) Health Risks of Employees and Contract Workers	KOLON INDUSTRIES considers safety as its top priority with the motto of 'No Compromise on Safety'. We manage safety activities by conducting risk assessments at our workplaces every year and identifying and eliminating risk factors within our workplaces. In addition, we manage safety management indicators through safety goals established for this purpose, convene a safety management committee every six months to monitor organization members and enable improvements, and use the ESH system to improve the efficiency of safety and health activities.	63-66
Environmental Safety Responsibility for Chemicals	RT-CH-410.b.1	Proportion of Products Containing Hazardous Substances Classified as Category 1 or 2 under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)	KOLON INDUSTRIES plans to input data on the relevant indicators starting from 2025 after verification.	-
	RT-CH-410b.2	Chemical Management Strategy	In order to preserve a clean and healthy environment, all threatening chemicals are databased and thoroughly managed based on an IT system. In particular, when using new chemicals, the workplace Environment and Safety Team and the headquarters environmental management team conduct a double review in accordance with the 'Chemical Substance Pre-Evaluation Manual' to minimize the use of hazardous chemicals, and even when they are inevitably used, they are managed so that they can only be used for the designated purpose.	43
		Strategy for Developing Alternatives that Reduce Human and Environmental Impact	KOLON INDUSTRIES is conducting eco-friendly product development and material research through CO_2 reduction PLA material research and eco-friendly Lyocell research and development. The company is also striving to provide clean hydrogen solutions for a sustainable future through hydrogen technology. In addition, it is leading the eco-friendly materials market by developing biodegradable materials and processes that can minimize negative impacts on the environment and developing bioplastic PEF.	46-51
Legal and Regulatory Environmental Management	RT-CH-530a.1	Company Position on Government Regulations/ Policy Proposals Addressing Environmental and Social Factors	KOLON INDUSTRIES actively complies with environmental and social government regulations by constantly checking the relevant domestic and international laws and regulations and revisions of regulatory authorities in accordance with the 'Environmental Safety Law Management Regulations' and reflecting (and judging more strictly) them in internal procedures. In addition, we are actively participating and cooperating with newly proposed regulations and policies such as the Serious Disaster Punishment Act.	84
Process Safety and Emergency Response	RT-CH-540a.1	Number of Process Safety Incidents (PSIC), Process Safety Total Incident Rate (PSTIR), Process Safety Incident Severity Rate (PSISR)	KOLON INDUSTRIES plans to input data starting from 2025 after establishing the standards for the relevant indicators.	-
Activity Metrics	RT-CH-000.A	Reportable Production Volume by Segment	KOLON INDUSTRIES manages production volume as production performance, which can be found in the business report on p.36.	-

* RT-CH-410a.1 (Profit from Products Designed for Resource Efficiency in the Use Phase) indicator is not managed

ESG Initiatives

UNGC Index

Principle	Contents	Key Activities	Related Page
Principle 1	Enterprises should support and respect internationally proclaimed human rights.	Kolon Industries respects the human rights and labor rights of all individuals as stated in the Universal Declaration of Human Rights, the Convention on the Rights of the Child, and domestic and international labor-related laws.	59
Principle 2	Enterprises should make every effort to avoid involvement in human rights abuses.	Kolon Industries conducts Human Rights Impact Assessments to mitigate potential human rights risks at business sites and provides human rights education to prevent violations proactively.	60
Principle 3	Enterprises should uphold the effective recognition of the right to freedom of association and collective bargaining.	Kolon Industries guarantees employees' free membership in labor unions in accordance with the Labor Standards Act and strives to maintain trusted labor-management relations through various communication channels.	58
Principle 4	Eliminate all forms of forced labor.	Kolon Industries has established human rights policies and supplier codes of conduct to protect the human rights of all stakeholders affected throughout its business activities. It also aims to build a fair corporate culture free from discrimination based on race, gender, religion, and other factors.	59
Principle 5	Effectively abolish child labor.		
Principle 6	Eliminate discrimination in employment and occupation.		
Principle 7	Enterprises should support a precautionary approach to environmental challenges.	Kolon Industries actively responds to climate change by participating in global initiatives such as the Science Based Targets initiative (SBTi) and the Carbon Disclosure Project (CDP).	36
Principle 8	Undertake initiatives to promote greater environmental responsibility.	Kolon Industries has set a 2050 Net Zero target for a sustainable future and carries out various activities to reduce the company's environmental impact.	22-36
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Kolon Industries strives to build a sustainable industrial ecosystem through the development and production of eco-friendly materials and components.	46-51
Principle 10	Enterprises should work against corruption in all its forms, including extortion and bribery.	Kolon Industries expands ISO 37001-certified anti-corruption management system sites and operates a company-wide compliance system to practice global-level ethical management.	82-83

ESG Initiatives

UN SDGs

UN SDGs		Kolon Industries Key Activities	Report Page
Poverty Eradication	End poverty in all its forms everywhere	Scholarship support for vulnerable children and youth	75
Health and Welfare	Ensure healthy lives and promote well-being for all at all ages	Health and medical support	57
		Health and safety management at business sites	61-66
Quality Training	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Job competency enhancement programs and work skill improvement programs	53-55
		Eco-Friendly education and hope activities support for vulnerable children	75-76
Gender Equality	Achieve gender equality and empower all women and girls	Implementation of rules to prevent discrimination and harassment	59
		Prohibition of gender discrimination specified in human rights policy	59
Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all	Wastewater reuse and recycling	89
		Operation of wastewater treatment facilities, prevention of groundwater contamination, and strengthening water management processes	42
Sustainable Clean Energy	Ensure access to affordable, reliable, sustainable, and modern energy for all	Review commercialization of aramid carbon capture and storage facilities and secure renewable energy	35
		Expansion of fuel cell business	48
Decent Work and Economic Growth	Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all	Development of core materials related to eco-friendly hydrogen	48
Industries, Innovation, and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	ISO 9001 certification obtained across all business sectors including overseas business sites	70
		Securing quality capabilities	70
Sustainable Cities and Communities	Create inclusive, safe, resilient, and sustainable cities and human settlements	Community contribution activities	74-77
		Dream Partners Week activities	76
Sustainable Production and Consumption	Ensure sustainable consumption and production patterns	Establishment and implementation of SPE strategy for circular economy	46-51
		Operation of upcycling product brand	51
Climate Change Response	Urgent response to climate change and its impacts	Establishment of carbon neutrality target to achieve 2050 Net Zero	35
		Participation in energy efficiency target system and efforts to improve energy efficiency through various programs	32-33
Protection of terrestrial ecosystems	Sustainable protection, restoration, and enhancement of terrestrial ecosystems, sustainable forest management, desertification prevention, halting and reversing land degradation, and stopping biodiversity loss	Implementing biodiversity risk identification Use of animal-friendly yarns in the Fashion Division	45
Justice, Peace, and Effective Institutions	Promoting peaceful and inclusive societies for sustainable development, ensuring justice for all, and building effective, accountable, and inclusive institutions at all levels	Establishment of Employee Code of Ethical Conduct p.68	82
		Operation of ethics reporting and whistleblowing channels	83
Global Cooperation	Strengthening implementation means and activating global partnerships for sustainable development	Operation of the Win-Win Fund	69
		Participation in and activities under various initiatives such as UNGC and Responsible Care	14

Company-wide ESG Policy

Environmental Policy

Environmental Policy

KOLON INDUSTRIES recognizes the nature of its business—centered around chemicals and high-performance materials—and places the environment at the core of its corporate values. The company integrates environmental responsibilities across all business areas, including climate change response, resource efficiency, biodiversity conservation, and chemical management, in pursuit of a sustainable future. To this end, it establishes and implements its environmental policy based on the following principles.

Environmental Policy Statement

KOLON INDUSTRIES recognize that the "environment" is not merely a matter of compliance, but a strategic foundation reflecting the nature of a chemical materials company—and an essential basis for corporate survival and competitiveness. The company responsibly addresses key challenges for future generations—such as climate change response, resource circulation, and biodiversity conservation—through a company-wide, system-based environmental management framework. This policy clearly defines the environmental principles and implementation directions we are committed to upholding.

Biodiversity Protection Policy

Biodiversity Protection Policy

Principles

- Precautionary approach
- Management of direct and indirect impacts
- Consideration of biodiversity throughout the supply chain
- Transparent disclosure of biodiversity-related information
- Collaboration with stakeholders

Human Rights Management Policy

Human Rights Management Policy

General Principles

- Prohibition of child labor and protection measures for young workers
- Diversity, equity, inclusion, and prohibition of discrimination in hiring and work
- Equal compensation
- Guarantee of a living wage
- Humane treatment
- Prohibition of workplace harassment
- Prohibition of forced labor and human trafficking
- Fair wages and benefits
- Career development and employee training
- Ensuring a safe working environment
- Freedom of association and collective bargaining
- Information protection
- Ensuring the safety of products and services
- Protection of the human rights of local communities

Sustainable Supply Chain Policy

Sustainable Supply Chain Policy

KOLON INDUSTRIES operates a supply chain management system that encompasses economic, social, and environmental responsibilities—including labor and human rights, ethics, safety, and the environment—in order to strengthen supply chain sustainability. This system is being established as a company-wide policy.

ESG Certification Status

Manufacturing Division

Business Site	Certification Status							
	ISO 9001 (Quality)	IATF 16949 (Automotive)	ISO 14001 (Environment)	ISO 45001 (Health & Safety)	ISO 50001 (Energy)	ISO 37001 (Anti-Bribery)	Environmental Product Declaration (EPD)	ISCC+
Gumi[1]	●	● (Cord, Aramid, SPB, Chamude, AKILEN)	●	●	-	●	● (SPB)	● (PET Tire Cord)
Gyeongsan	●	● (Chamude, FCH, AKILEN)	●	●	-	●		
Gimcheon1	●		●	●	-	●		
Gimcheon2	●		●	●	●	●		● (Phenol formaldehyde, p-t-octylphenol formaldehyde, 4-tert-butylphenol formaldehyde)
Ulsan	●		●	●	●	●	● (HIKOREZ, HIKOTACK)	
Yeosu	●		●	●	●	●	● (HIKOREZ, SUKOREZ)	● (HIKOREZ, HIKOTACK, SUKOREZ, PMR)
Daesan	●		●	●	●	●	● (SUKOREZ)	● (SUKOREZ)
Siheung	●		●	●		●		
Magok[2]	●	●	●	●	-	●		● (Trader)
KNC		●	●	●				
KSC	●		●	●				
KHC	●							
KVC		●	●					
KIB		●	●	●				
KIN	●							
KMX		●	●					
KUSA								● (Trader with storage)
KEU								
Certification criteria and scope	* Based on product	* Based on product	* Based on business site	* Based on business site	* Based on business site	* Based on business site	* Based on product	* Based on product

1) Since the production site and R&D are located within the same operating site and operated as a single management unit, they are marked as a single business site
2) Since the headquarters and R&D are located within the same operating site and operated as a single management unit, they are marked as a single business site

ESG Certification Status

Fashion Division

Brand	Certification Status				
	GRS (Global Organic Textile Standard)	FSC (Forest Stewardship Council)	LWG (Leather Working Group)	RDS (Responsible Down Standard)	RWS (Responsible Wool Standard)
le cashmere	Yarn				
RE;CODE	Fabric	Viscose			
BOLDEST					
HENRY COTTONS					
KOLON SPORT	Filling			Down	
IRO			Sheepskin		
WAAC					
epigram				Down	Wool
Archivepke					
series;					
SUECOMMA BONNIE					
G/FORE					
customellow				Down	

Association Membership Status

Association Name	Year Joined
Korea Petrochemical Industry Association	1977.04
Korean Association of Occupational Health Nurses	2023.09
Korea Industrial Safety Association Seoul	2022.06
The National Quality Master Association	2022.04
Korean Standards Association	2022.01
Korean Foundation of Quality	2022.01
Korea Emissions Market Association	2019.09
Korea Display Industry Association	2018.12
UN Global Compact (UNGC)	2018.11

Association Name	Year Joined
Korea Responsible Care Council	2018.05
The Korean Microelectronics And Packaging Society	2024.03
Korea Exchange Co., Ltd.	2016.01
Korea Intellectual Property Association	2013.03
Korea PCB & Electronics Packaging and Circuit Association (KPCA)	2013.01
Korea Foundry Society	2013.01
Korea AEO Association	2011.05
International Association of Phenol and Resin	2007.11
Korea Productivity Center	2007.04

Association Name	Year Joined
The Society of Adhesion and Interface, Korea	2007.01
Korea Chamber of Commerce and Industry	1997.07
Korea Chemicals Management Association	1997.03
Korea Packaging Association	1993.01
Korea Industrial Technology Association	1993.01
IMI International Management Institute	1990.01
Korea International Trade Association	1990.01
Korea Enterprises Federation	1990.01
Federation of Korean Industries	1990.01

Independent Assurance Statement

To readers of KOLON INDUSTRIES SUSTAINABILITY REPORT 2024

Introduction

Korea Management Registrar (KMR) was commissioned by KOLON INDUSTRIES to conduct an independent assurance of its Sustainability Report 2024 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of KOLON INDUSTRIES. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with KOLON INDUSTRIES and issue an assurance statement.

Scope and Standards

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

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 205: Anti-Corruption
  - GRI 206: Anti-Competitive Behavior
  - GRI 301: Materials
  - GRI 302: Energy
  - GRI 303: Water and Effluents
  - GRI 305: Emissions
  - GRI 306: Effluents and Waste
  - GRI 308: Supplier Environmental Assessment
  - GRI 414: Supplier Social Assessment

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

KMR's Approach

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

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

Limitations and Recommendations

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

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Kolon Industries on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Independent Assurance Statement

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

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

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

Impact
KOLON INDUSTRIES identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

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

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

KMR Korea Management Registrar

SRV1000 Sustainability Committee Assurance

AA1000 Licensed Report 000-129/V3-ERHEB

June 2025, Seoul, Republic of Korea

CEO E. J Hwang

GHG Emission Verification Statement

KOLON INDUSTRIES, Inc.

Scope 1,2

Verification Scope

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

Verification Standards and Guidelines

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

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2024-155 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2024-169 provided by Ministry of Environment, Republic of Korea)
- 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

Kolon Industries, Inc.'s GHG emissions satisfies the under Reasonable Assurance (less than ±2.5% of total emissions).

Verification Conclusion

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

2024 GHG Emissions(Scope1, Scope2) (Unit: tCO_2eq)

Year	Scope 1	Scope 2	Total
2024	111,333.501	541,643.965	652,969

※ The emissions are based on the data reported in the statement submitted in March 2025 and are subject to change.
※ Note : Decimal place is not considered when calculating the emission of each workplace.

한국표준협회장

Scope 3

SCOPE

Verification of places of business and emission facilities under the control of KOLON INDUSTRIES, Inc.
- KOLON INDUSTRIES, Inc. and Subsidiaries

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Operational guidelines for reporting and certification of the Greenhouse Gas emissions trading scheme (Ministry of Environment, 2025-28)
- Guidelines on the Operation of the Greenhouse Gas Target Management System for Public Institutions
- WRI/WBCSD GHG Protocol (2013)

PROCEDURE

The assurance was conducted by the KMR based on a risk analysis approach and data evaluation. The data and factors applied to the calculation of GHG emissions were determined to be appropriate based on objective evidence.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATION

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

GHG Emission Verification Statement

KOLON INDUSTRIES, Inc.

OPINION

- The assurance engagement was performed to satisfy a limited assurance level, and no significant distortions were found in the verification results
- According to KMR's approach, nothing was found that would lead to a finding that Kolon Industries, Inc. failed to disclose data and information that was accurate and reliable in all material respects.

GHG emissions(tCO_2 eq.)

Category	Kolon Industries, Inc.	Subsidiaries
CAT 1	1,477,176	960,914
CAT 2	161,028	17,475
CAT 3	173,034	107,337
CAT 4	44,237	56,220
CAT 5	14,990	15,718
CAT 6	1,944	1,399
CAT 7	2,896	8,593
CAT 8	128	211
CAT 9	18,978	8,580
CAT 10	9,859	337
CAT 11	-	-
CAT 12	3,738	45,394
CAT 13	194	-
CAT 14	4,784	685
CAT 15	34,531	55,199
Total	1,947,518	1,278,064

※ Note: The total amount and the sum of emissions by item may differ depending on the valid numerical notation in the verification opinion.
※ CAT 11 excluded from 2024 emissions calculation

RESULTS

Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

※ The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.
※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

KMR ISO 14064-1 | IAF MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT | National Institute of Environmental Research

Jun 4, 2025

Authorized By
CEO Eun Ju, Hwang

KOLON INDUSTRIES