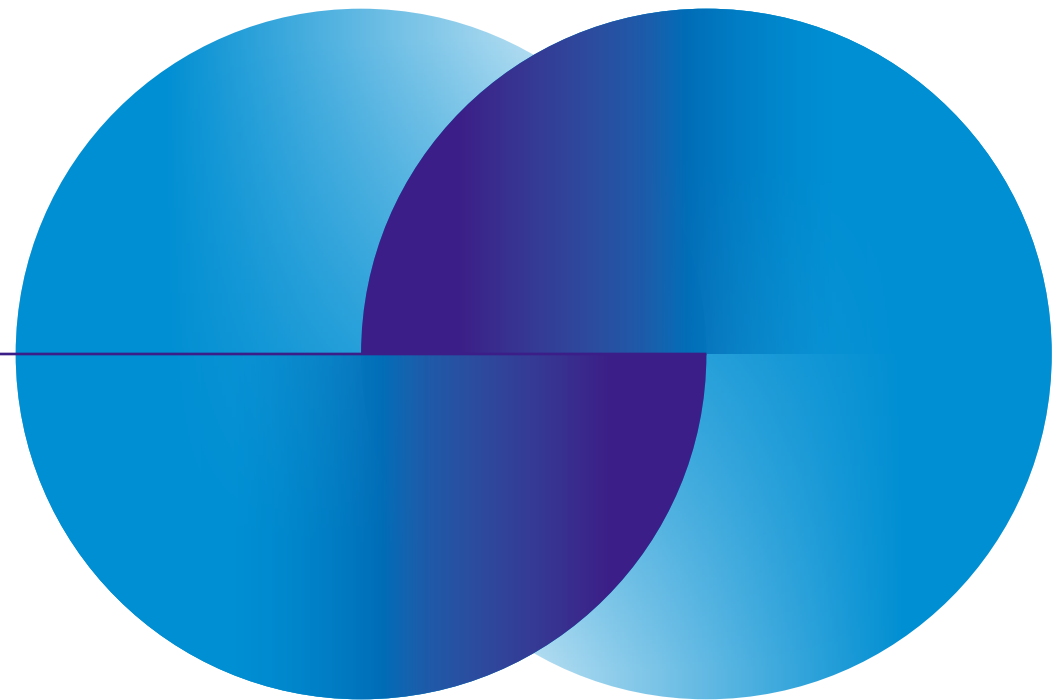


SOULBRAIN

SUSTAINABILITY REPORT 2023

ENVISION YOUR FUTURE BEYOND TECHNOLOGY



ABOUT THIS REPORT

Company Overview






Name	Soulbrain
CEO	Hwan Chul Roh
HQ	34, Pangyo-ro 225-beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea
Establishment	Jul. 1, 2020 ¹⁾
Business	Production and sale of chemical materials for semiconductors, displays, secondary battery electrolytes, and electronics
Website	www.soulbrain.co.kr/en/

Contact Information

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Interactive PDF User Guide

This report comes in an interactive PDF format to help readers conveniently toggle between pages within the report.

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1) Spun-off from Soulbrain Holdings

Report Overview

This report is Soulbrain's first official sustainability report, following last year's ESG Compact Report 2022. This report aims to communicate to wide-ranging stakeholders our financial/non-financial performance in the environmental, social, and governance areas and our activities and efforts to advance sustainability management.

Looking ahead, Soulbrain will heed the voice of our stakeholders, both their expectations and requirements, through transparent sustainability disclosure.

Reporting Standards

This report was prepared in accordance with the sustainability reporting guidelines of the GRI Standards 2021 in reflection of the metrics set by the SASB (Sustainability Accounting Standards Board) and the TCFD (Task Force on Climate-related Financial Disclosures).

Credibility of the Report

To ensure the credibility of the reporting content, this report was assured by Korea Management Registrar (KMR), a third-party assurance provider, in conformity with the AA1000AS international assurance standards, and independent assurance statement appears on page 65, 66.

Reporting Scope

The financial information contained in this report was prepared in accordance with the K-IFRS. For non-financial information, this report covers the environmental, social, and governance performance of the Soulbrain Headquarters, its R&D centers, and plants in Gongju and Paju. Any discrepancy in reporting scope was separately noted within the report.

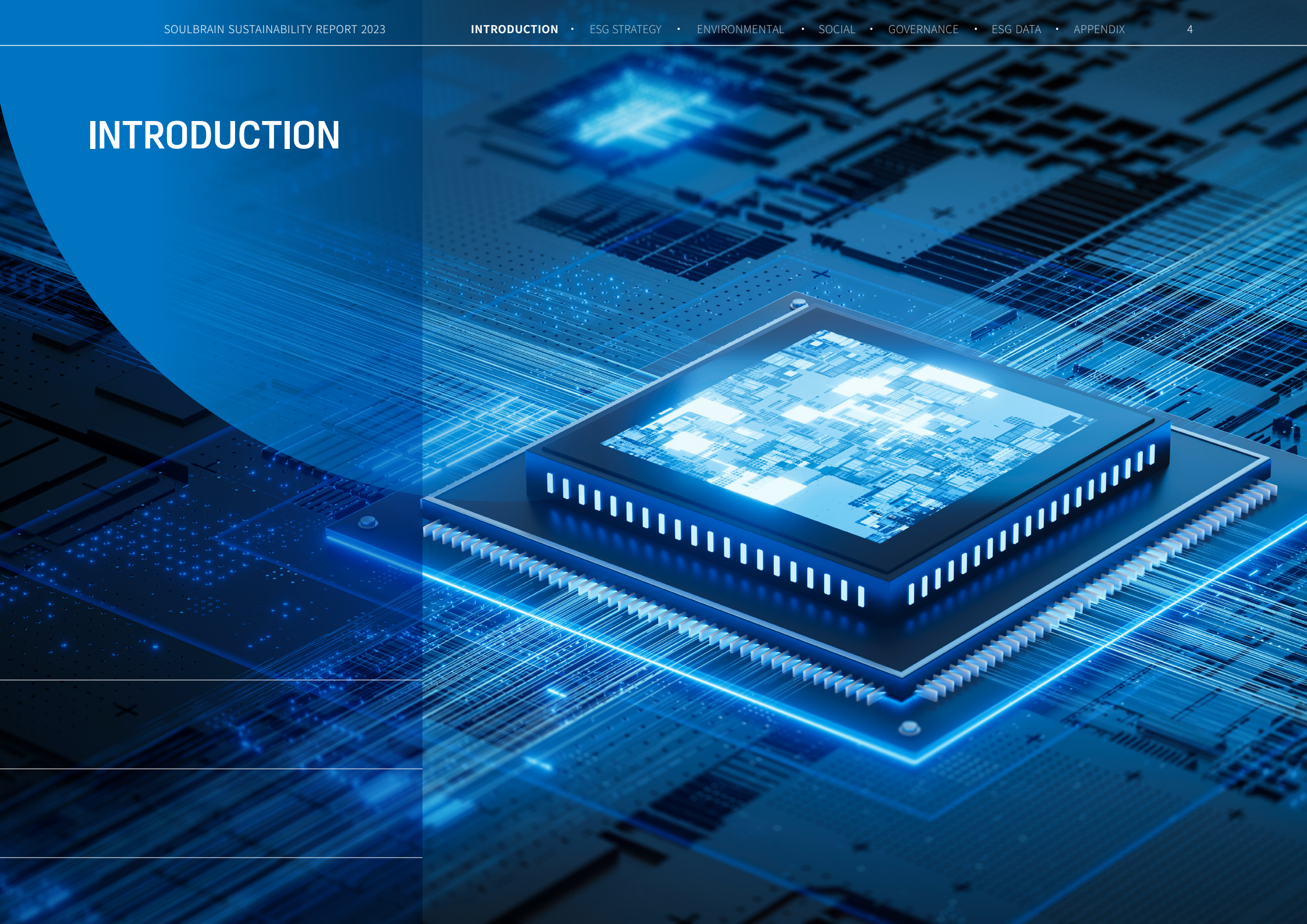
Reporting Period

This report spans the fiscal year 2023 (Jan. 1 to Dec. 31, 2023), and this extends to the first half of 2024 for information considered material to stakeholders. This report also presents three-year data for quantitative performance requiring a comprehensive view of yearly trajectory.

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INTRODUCTION



CEO Message



Soulbrain will innovate tomorrow,
leaping past the boundaries of
technology, to take our place as a
company creating sustainable value. 

CEO, Soulbrain

노한길



Dear Esteemed Stakeholders of Soulbrain,

The year 2023 has been characterized by mounting uncertainties across the global business landscape amid the spread of protectionism and worldwide disruptions along the supply chain. Despite such challenges, Soulbrain has continued our steadfast performance, thanks in large part to our team of dedicated employees, customers, and suppliers who all prepared and preemptively addressed such a less-than-favorable business climate.

At Soulbrain, we recognize the need for corporate social responsibility as an essential part of our business conduct in combating the climate crisis and achieving net-zero. We take this journey alongside our customers and suppliers to successfully navigate the restructuring global supply chain landscape.

As a company, we introduced environmental, safety, health and energy management systems from early on. This paved the way for us to take specific actions at scale in 2021, reducing accidents to zero and operating the Greener Soulbrain Council to track environmental performance indicators. Especially noteworthy in 2022 was the completion of our GHG inventory of domestic operations, which guided our efforts to establish mid/long-term GHG emissions reduction plans.

Last year, we laid down the groundwork to bring our ESG management to a whole new level in a systemic and sustained way. We established our ESG Management Strategy, reviewed our decarbonization roadmap and net-zero plans, and created a dedicated organization to introduce Life Cycle Assessment (LCA). The sum of such efforts solidified our climate crisis response as requested by our supply chains and customers.

In keeping current with the emerging global carbon emissions regulations, we analyzed the requirements of global sustainability rating agencies, including the CDP and the TCFD, to proactively reduce carbon emissions while performing LCAs to minimize our environmental impact, starting with our key products such as secondary battery materials.

Going forward, we aim to faithfully fulfill our social responsibility in the areas of environment, safety, and compliance and to pursue partner collaboration with suppliers and co-prosperity with the communities where we operate. This will serve to enhance our credibility as a business as we continue to closely communicate with our stakeholders.

Soulbrain will shape a sustainable future through sustained investments and innovations towards ESG management, and we hope to provide a clear view of our corporate vision and ESG management activities through this report. We are ever grateful for your support and interest over the years, and look forward to your continued encouragement as we rise to new challenges and venture forward.

We appreciate your confidence in what Soulbrain has to offer in the upcoming future.
Thank you.

Company Overview

About Soulbrain

Soulbrain celebrates our 38th anniversary this year. Since our foundation, Soulbrain has produced and supplied core IT materials, pursuing the 'localization of advanced technology' along the way. Serving the nation's key cutting-edge industries – semiconductor, display, and secondary battery – from their early days, we have been growing hand-in-hand with customers based on deep-rooted trust over the years. Ensuring the timely supply of a wide-array of products and solutions that are distinguished for their technology excellence, we vow to do our part in furthering the growth and development of our nation and customers.

Mission

Soulbrain, a Company that Creates Sustainable Value

Vision

Building a Better Future through Convergence

Core Values



Principle

Compliance with rules and regulations
as the top priority



Integrity

Maintaining high ethics to be worthy
of recognition and respect

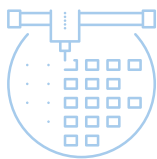


Creativity

Continuously improving existing
methods to create new value

Company Overview

About Business



Semiconductor Materials

Soulbrain has been growing as a reliable supplier of etchants, cleaning agents, CMP slurry, precursors, and other varying chemical materials required for key semiconductor processes. We provide the world's top-tier semiconductor companies with ultra-high purity chemical materials, and are broadening our global footprint with our production bases in Korea and China. We are also pursuing the development of novel materials to effectively cater to the revolutionizing technology of semiconductor processes, from ultrafine processes to the shift to 3D architecture.



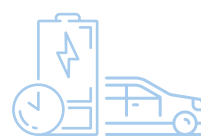
Display Materials

Developing and supplying new differentiated products in line with shifting LCD technologies and the expanding OLED market, Soulbrain is leading the charge in the display materials and parts industry. We ensure the reliable supply of display materials, and our flagship products include etchants used for electrochemically etching metals for wire formation, BOE for cleaning, organic materials for LCD and OLED panels, and key panel parts including thin glass.



Lithium-ion Battery Materials

Soulbrain is globally recognized for our top-notch competitive edge in lithium-ion battery electrolyte business. Operating plants to mass-produce electrolytes in Korea, the US, Malaysia, and Hungary, we supply high-quality electrolyte products to global battery makers. Not only do we develop battery materials for small-sized IT devices and power tools, but we also focus on the development of mid/large-sized battery materials for EVs and ESSs through close partnerships with customers, building dominance in the next-generation battery market.



Electronic Materials

Soulbrain is raising our profile in electronic materials business, drawing on our exceptional proprietary chemical material technology encompassing both inorganic and organic chemistry and our accumulated mass-production know-how. Supplying EV electronic materials and other functional electronic materials, we are honing our competitive edge with our unrivaled technology and products in the green energy industry emerging rapidly for its future growth potential.

ESG STRATEGY



ESG Management Strategic Framework

Vision

Building Trust, Creating Sustainable **VALUE**

Strategic Direction

Vision to
Green Growth

Align with
Stakeholders

Lead
Our People

Uppgrade Product
Sustainability

Embrace
Responsibility

Focus Area

We pursue green growth.

We align with stakeholders.

We journey together with
our people.

We upgrade the
sustainability of our
products.

We conduct business
responsibly based on trust.

Advance the environmental
management system

Promote responsible supply
chain management

Nurture top talent

Develop green products and
technology

Advance governance

Achieve net-zero emissions

Contribute to local
community

Internalize human rights
management

Manage product
environmental footprint

Drive ethical management
and compliance

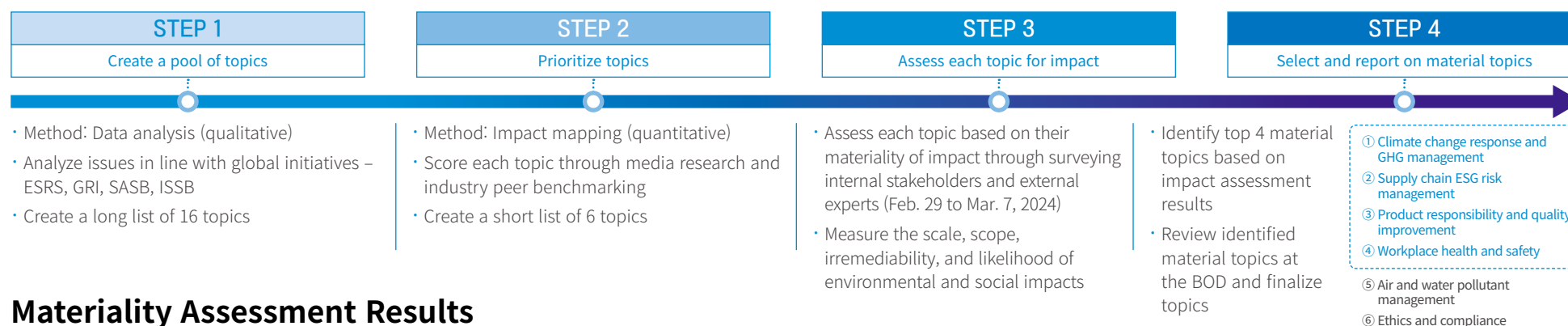
Minimize environmental
impact from operations

Strengthen health and safety
management







Materiality Assessment

Materiality Assessment Process

To advance sustainability management, Soulbrain conducted materiality assessment to identify and manage issues that may bring material environmental and social impact. We created a pool of topics by analyzing the requirements set out by international disclosure standards, and identified top priority topics in line with internal/external environmental analysis results generated through media research and benchmarking of industry peers. This was followed by assessing the impact of each top priority topic through surveying internal stakeholders and external experts to arrive at four material topics that should be our focus areas. We established our ESG strategies and implementation plans on material topics with the Board of Directors leading the way, and will continuously monitor our progress forwards to bolster our execution of sustainability management.

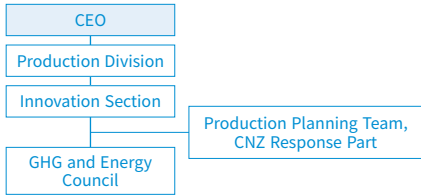

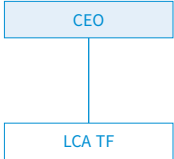
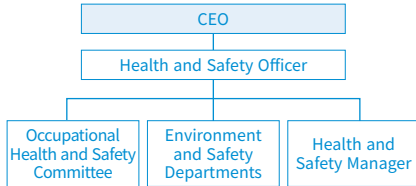


Materiality Assessment Results

Ranking	Material Topic		Materiality of Impacts			
			Environmental and Social Impact	Impact Characteristics	Materiality level of Impact	UN SDGs
1	Environmental	Climate Change Response and GHG Management	Insufficient management of GHG emissions generated across the value chain may give rise to negative climate change impact, such as abnormal climatic events and natural disasters.	Negative-potential	● ● ○	 
			Actively engaging in climate change responses (reducing GHG emissions, joining environmental initiatives) helps meet relevant customer needs and improve corporate brand image.	Positive-potential	● ● ●	
			The increasing external demand for renewable energy use may incur additional management costs.	Negative-actual	● ● ●	
2	Social	Supply Chain ESG Risk Management	Conducting supplier ESG assessment and monitoring their improvement help prevent, mitigate, and eliminate adverse social and environmental impact within the value chain.	Positive-potential	● ● ● ○	
3	Environmental · Social	Product Responsibility and Quality Improvement	Taking into account environmental issues that may arise from production to use concerning chemicals and GHG in product development and manufacturing could minimize negative environmental impact.	Positive-potential	● ● ● ○	
			Developing and manufacturing products with enhanced safety and quality helps boost customer satisfaction and business competitiveness.	Positive-actual	● ● ●	
4	Social	Workplace Health and Safety	Establishing a health and safety management system and bolstering workplace safety management help ensure health and safety for employees.	Positive-actual	● ● ●	 
			Any failure to meet the obligations to ensure health and safety pursuant to the Serious Accidents Punishment Act may give rise to legal risks.	Negative-potential	● ○ ○	

Materiality Assessment

Material Topic Management

Category	Climate Change Response and GHG Management	Supply Chain ESG Risk Management	Product Responsibility and Quality Improvement	Workplace Health and Safety
Governance	 <ul style="list-style-type: none"> BOD: Manage and monitoring environmental management performance, including climate change response GHG and Energy Council: Develop department-level GHG emissions reduction plans and analyze performance CNZ (Carbon Net-Zero) Response Part: Manage GHG emissions and respond to external requirements 	 <ul style="list-style-type: none"> Purchase Section: Conduct supply chain ESG assessment, manage high-risk suppliers and support capacity enhancement Partner Collaboration Team: Strengthen fair trade/partner collaboration, pursue mutual growth activities, and facilitate supplier communication 	 <ul style="list-style-type: none"> LCA (Life Cycle Assessment) TF: Pursue product LCAs in Korea and overseas and communicate with customers and other key stakeholders 	 <ul style="list-style-type: none"> Health and Safety Officer: Monitoring overall health and safety operations by developing occupational injury prevention plans and health and safety management regulations among others Environment and Safety Departments: Manage and oversee workplace health and safety
Strategy and Policy	<ul style="list-style-type: none"> Establish low carbon, green growth management guidelines Pursue the 'Greener Soulbrain to 2050 Net-Zero' initiative in line with the SBTi's WB2C(Well-below 2°C) pathway 	<ul style="list-style-type: none"> Establish supply chain ESG management policies in line with the RBA Require suppliers to understand fully and pledge to comply with the supplier code of conduct in contract signing 	<ul style="list-style-type: none"> Establish a product LCA process and increase the number of target products in Korea and overseas Ensure change management, prevent reoccurrence of similar issues, and operate a supplier management system to maintain No.1 quality 	<ul style="list-style-type: none"> (Safety) Set department-level action items and manage performance (Health) Assess musculoskeletal hazards on new processes and all other processes each year and improve straining tasks
Risk Management	<ul style="list-style-type: none"> ISO 50001(energy management system) certification Identify climate-related risks/opportunities, and the resulting financial impacts Prepare for response at overseas operations to meet customer needs Develop GHG emissions reduction plans Optimize the HVAC system 	<ul style="list-style-type: none"> Conduct annual supplier ESG assessments to evaluate their ESG implementation in each area of labor, health and safety, environment, ethics, and management system Provide feedback by grade and follow-up 	<ul style="list-style-type: none"> ISO 9001 (quality management system) certification IATF 16949 certification <ul style="list-style-type: none"> - 2021: Extension of IATF 16949:2016 (adding copper plating solutions) - 2023: Extension of IATF 16949:2016 (adding secondary battery lead tab materials) 	<ul style="list-style-type: none"> Conduct regular/on-demand health and safety risk assessments Develop emergency action plans Collect suggestions and take action through the supplier health and safety council
Metrics & Targets	<p>Metric Scope 1 emissions in 2023: 11,030.7 tCO₂-eq</p> <p>Metric Scope 2 emissions in 2023: 47,640.7 tCO₂-eq</p> <p>Target Set 2050 Net-Zero goals</p> <p>Target Scope 1 emissions in 2024: 10,741.8 tCO₂-eq</p> <p>Target Scope 2 emissions in 2024: 46,342.4 tCO₂-eq</p>	<p>Metric Suppliers who received ESG assessments in 2023: 8 companies</p> <p>Target Update the supplier code of conduct in line with the RBA 8.0 and increase the number of suppliers receiving assessments to advance supply chain management in 2024</p>	<p>Metric Number of products which received LCAs in H1 2024: 2 products</p> <p>Target Conduct additional LCAs on 2 products in H2 2024</p>	<p>Metric Occupational injuries affecting employees and suppliers in 2024: Zero</p> <p>Metric Work-related injuries and illnesses in 2023: Zero</p> <p>Target Maintain zero occupational injuries</p> <p>Target Reduce work-related illnesses to zero through robust health management</p>

ESG Highlights

Environmental

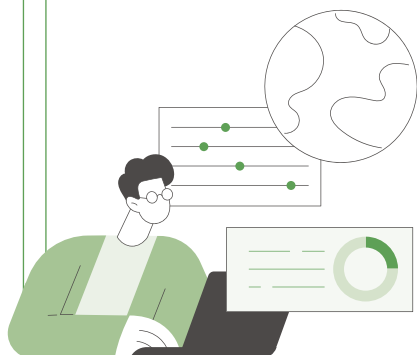
Climate Change Response and GHG Management

Under the direct leadership of the CEO

Creating a dedicated climate crisis response organization

Reducing Scope 1, 2 emissions by 2,184 tCO₂-eq

Initiating product LCAs and establishing LCA development plans



Social

Human Resources Management

Producing ESG training content and conducting training

online for employees



Human Rights Management

Establishing a mid/long-term goal management system for human rights management and stipulating human rights management policies



Supply Chain ESG Risk Management

Stipulating supply chain ESG management policies



Establishing a supply chain ESG assessment system and conducting assessments on 8 suppliers



Workplace Health and Safety

Health and safety management system

Extending the certification coverage of ISO 45001

(2 sites → 4 sites)



Community

Establishing a mid/long-term goal management system for CSR

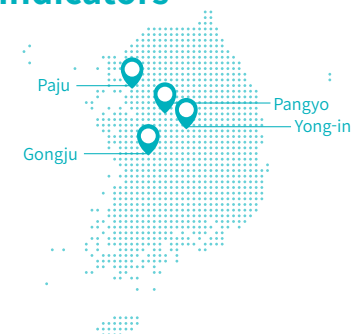


Governance

Ethical Management

4 domestic business sites*

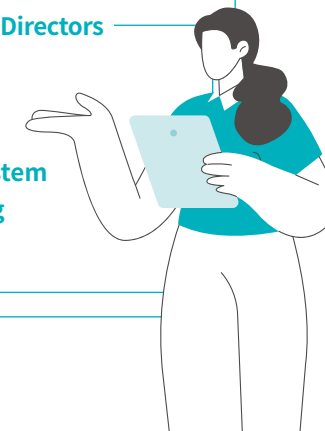
Conducting corruption risk assessment and managing relevant performance indicators



*Pangyo HQ, Gongju Plant, Paju Plant, Yong-in R&D Center

Board of Directors

Establishing a Board assessment system and performing assessments



ENVIRONMENTAL

Climate Change Response and GHG Management

Governance

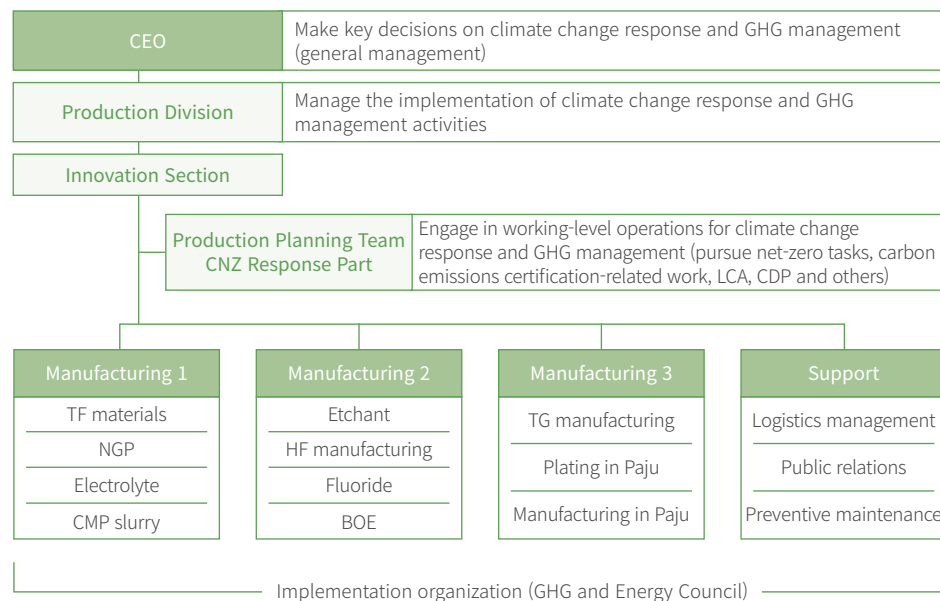
In April 2024, we established the CNZ¹⁾ Response Part as a dedicated climate change response organization under the Production Planning Team, the Innovation Section, and the Production Division which is under the direct leadership of the CEO. The Part is responsible for working-level climate change response operations related to GHG emissions reduction and energy-saving activities among other tasks. It is also tasked with responding to requests for cooperation to perform LCAs in compliance with the EU's Batteries Regulation, responding to CDP assessments, and operating the energy management system²⁾.

GHG and Energy Council

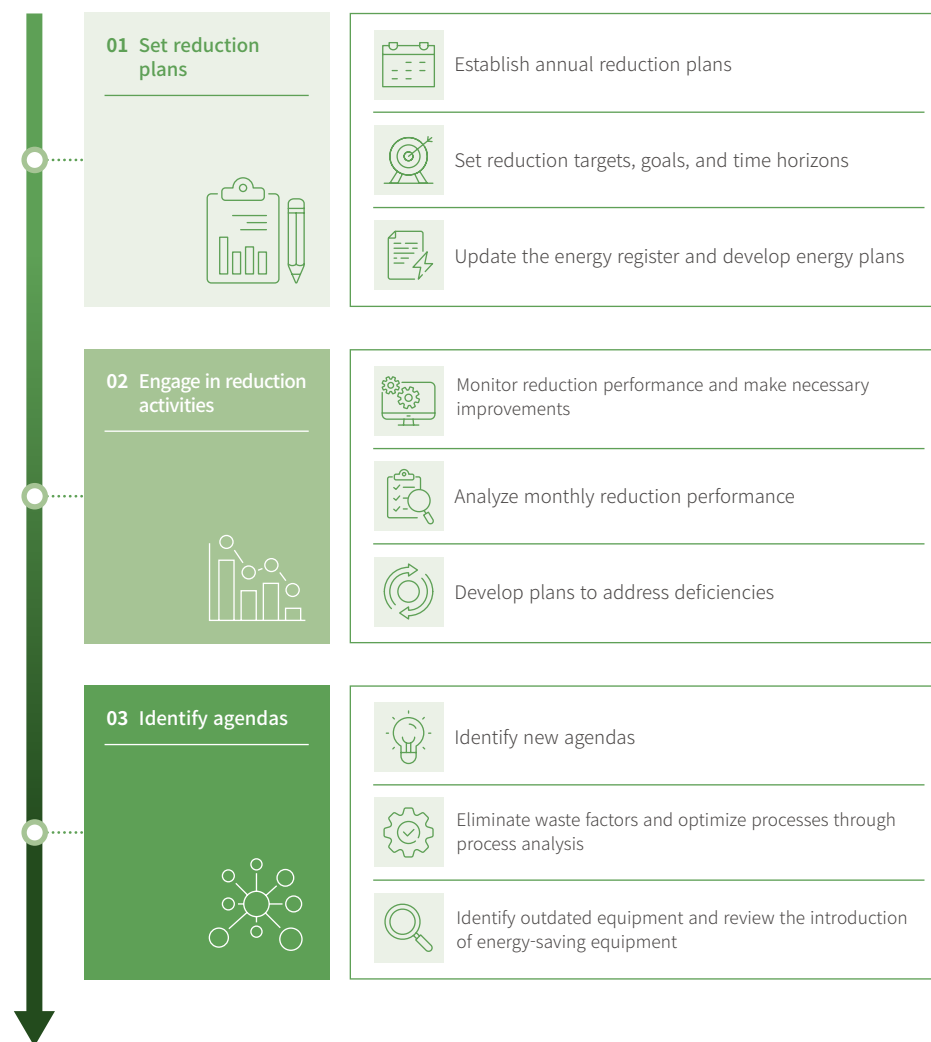
To drive our GHG and energy reduction activities, we operate the GHG and Energy Council, composed of responsible personnel from various departments. The Council serves to develop departmental plans to achieve the set GHG emission and energy reduction goals and to identify improvement plans through the analysis of monthly reduction performance. Department-level goal attainment is reviewed through monthly meetings, and the Council facilitates the sharing of reduction efforts and relevant ideas to advance our reduction activities.

1) Carbon Net-Zero

2) ISO 50001:2018



Operational Process of the GHG and Energy Council



Climate Change Response and GHG Management

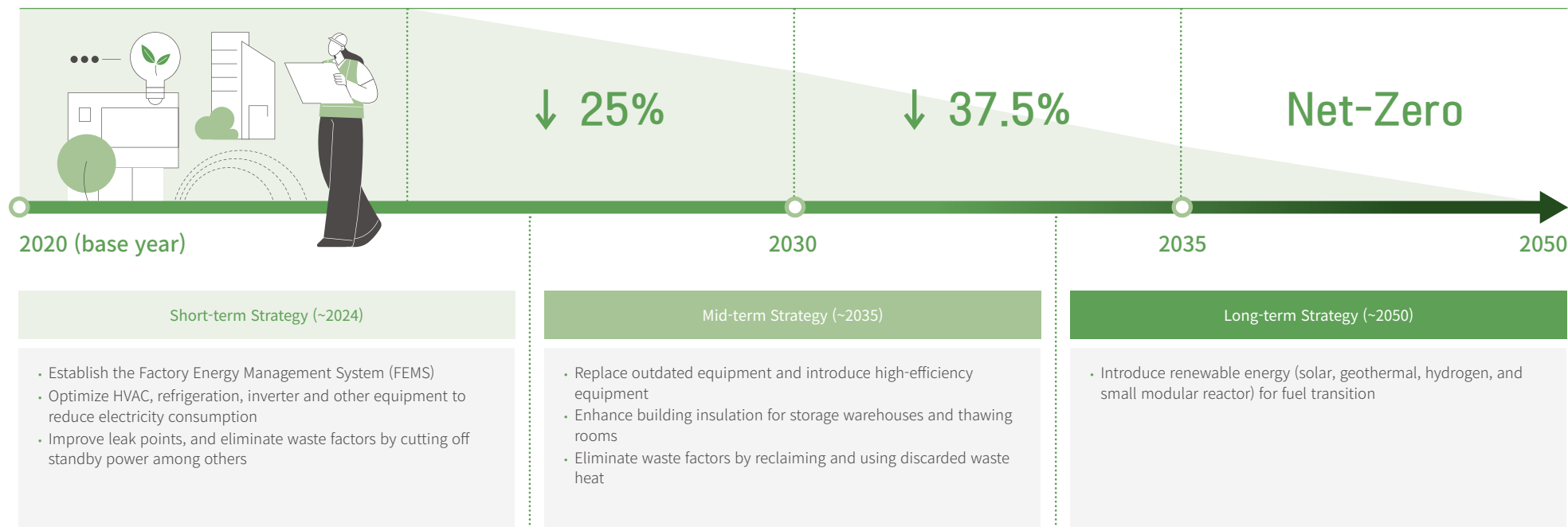
Strategy

Net-Zero Roadmap

Soulbrain has set the goal of 'Greener Soulbrain to 2050 Net-Zero', which follows the Absolute Contraction Approach (ACA¹⁾) in alignment with the SBTi WB2C (Well-below 2°C) pathway aiming to achieve a minimum of 2.5% reductions in annual GHG emissions. Our goal is to reduce GHG emissions by 37.5% by the year 2035 against the 2020 base year, and we will progressively achieve reductions in GHG emissions in line with our short-term, mid-term, and long-term strategies.

1) Approach to reduce GHG emissions by a fixed annual rate against baseline emissions

Reduction Targets and Strategies by Time Horizon



Climate Change Response and GHG Management

Risk Management

Key Risks and Opportunities

We identified climate-related risks and opportunities to assess their potential financial impacts. In doing so, we developed our response strategies to maximize the positive impacts of identified opportunities while minimizing the adverse impacts arising from risks, which were categorized into transition risks and physical risks in line with TCFD recommendations. Soulbrain aims to keep updating our climate-related risk and opportunity management system to strengthen our capabilities to tackle climate change.

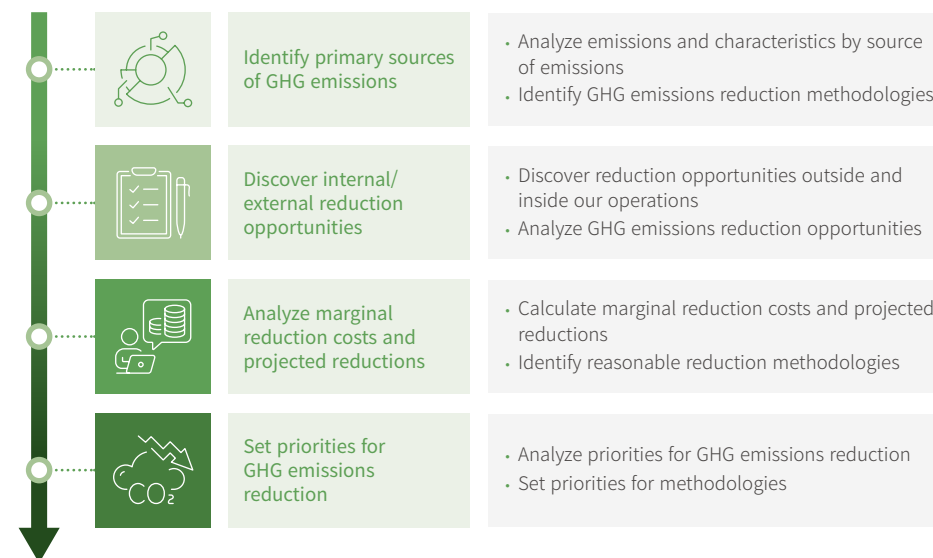
Category	Factor	Potential Financial Impact	Response Strategy
Risk	EU Batteries Regulation	• Decrease in revenue due to insufficient response to LCA measurement	• Prepare to respond to customer requests at overseas operations (electrolyte manufacturing)
	Enhanced ESG regulations	• Weakened product competitiveness due to insufficient response to various external regulations	• Develop GHG emissions reduction plans • Keep track of wide-ranging green energy generation technologies to achieve RE100
	Summer heatwaves	• Rise in cooling costs due to abnormal weather conditions	• Optimize cooling and HVAC systems
Opportunity	Enhanced awareness on the need for cost savings resulting from increased energy costs	• Savings in energy costs through optimized equipment operation	• Realign and optimize key processes • Identify and eliminate waste factors

Activity and Performance

GHG Emissions Reduction

To achieve our 2050 Net-Zero goal, we regularly measure and review our reduction performance to enhance our efforts in reducing GHG emissions. This involves the classification of emission sources through GHG inventories for the systematic management of GHG emissions from our operations, and the calculation of material-specific emissions to identify the primary sources of emissions. We also analyze risks and opportunities associated with GHG emissions reduction activities to diversify our reduction efforts. This is achieved by selecting optimal reduction items based on the analysis of marginal reduction costs and projected reductions in GHG emissions, taking into account the characteristics and investment costs of respective reduction measures. These plans are then implemented at the departmental level. In 2023, our LNG consumption was reduced through the use of waste heat from the incineration facility in Gongju, allowing us to achieve our GHG emissions reduction target against the 2022 base year.

GHG Emissions Reduction Process



Climate Change Response and GHG Management

Activity and Performance

Metrics & Targets for GHG Emissions Reduction

To reach our 2050 Net-Zero goal, we keep track of Scope 1 and 2 GHG emissions across our Pangyo Headquarters, Gongju Plant (including Soulbrain RASA), Paju Plant and Yong-in R&D Center. In particular, we seek out ways to manage GHG emissions that arise with our expanding operations, considering our new plant that became operable in 2023 and the construction of a second electrolyte plant in 2024. Going forward, we will continue our efforts to drive green management.

Unit: tCO₂-eq

Category	2021	2022	2023	2024 Target
Scope 1 emissions	15,240.0	14,472.8	11,030.7	10,741.8
Scope 2 emissions	44,505.4	46,382.2	47,640.7	46,342.4

GHG Emissions Reduced in 2023

Target	Emissions reduced
1,403 tCO ₂ -eq	2,184 tCO ₂ -eq

Case - Rewards for GHG emissions reduction efforts

We launched a reward program for GHG emissions reduction efforts in 2024. This program offers individual rewards to encourage individual members to take an interest in GHG emissions and energy reduction and eliminate waste factors. Team rewards are also provided to establish a collaborative system that aligns team members towards their shared goals, including equipment optimization. This reward program will help us enhance interest and participation among all our employees to achieve our GHG emissions and energy reduction targets.

Energy Management

Soulbrain continues to roll out activities to reduce energy use and improve energy efficiency as we establish our energy management system. In 2020, we achieved the ISO 50001 energy management system standard and equipped all our plants with an energy monitoring system, which aggregates energy consumption data from key equipment in real time and analyzes their operational conditions to pursue optimal energy efficiency. We also installed ultrasonic acoustic measuring cameras to identify air leak points and waste heat generated across the plant to reduce wasted energy. In 2023, we set priority tasks of installing inverters and improving process efficiency, optimizing equipment, and eliminating waste factors while developing and implementing department-level reduction plans to achieve 8.37 TJ in total energy savings.

Energy Consumption Reduced in 2023

Optimize equipment	Install inverters and improve process efficiency	Eliminate waste factors
<ul style="list-style-type: none">Improve operational efficiency through equipment maintenance/repairOptimize the uptime of cooling/heating devicesOptimize process temperature and pressure	<ul style="list-style-type: none">Install additional inverters, including air-cooled heat exchange pumpsReduce power consumption through frequency control for existing inverters	<ul style="list-style-type: none">Reduce compressors' operating power by eliminating air leak pointsRecover condensate heat from steam traps
Energy savings of 2.44 TJ	Energy savings of 4.43 TJ	Energy savings of 1.50 TJ

Increased Adoption of Renewable Energy

We are meticulously reviewing options to introduce renewable energy as a way to mitigate GHG emissions from our manufacturing operations. The solar power generators installed at our Gongju Plant optimize their power generation times according to seasonal sunlight durations to improve production efficiency, and the electricity generated as such is all used for our manufacturing operations. Our monthly average production and use of renewable energy amounted to 0.05 TJ in 2023.



Solar power generators at the Gongju Plant

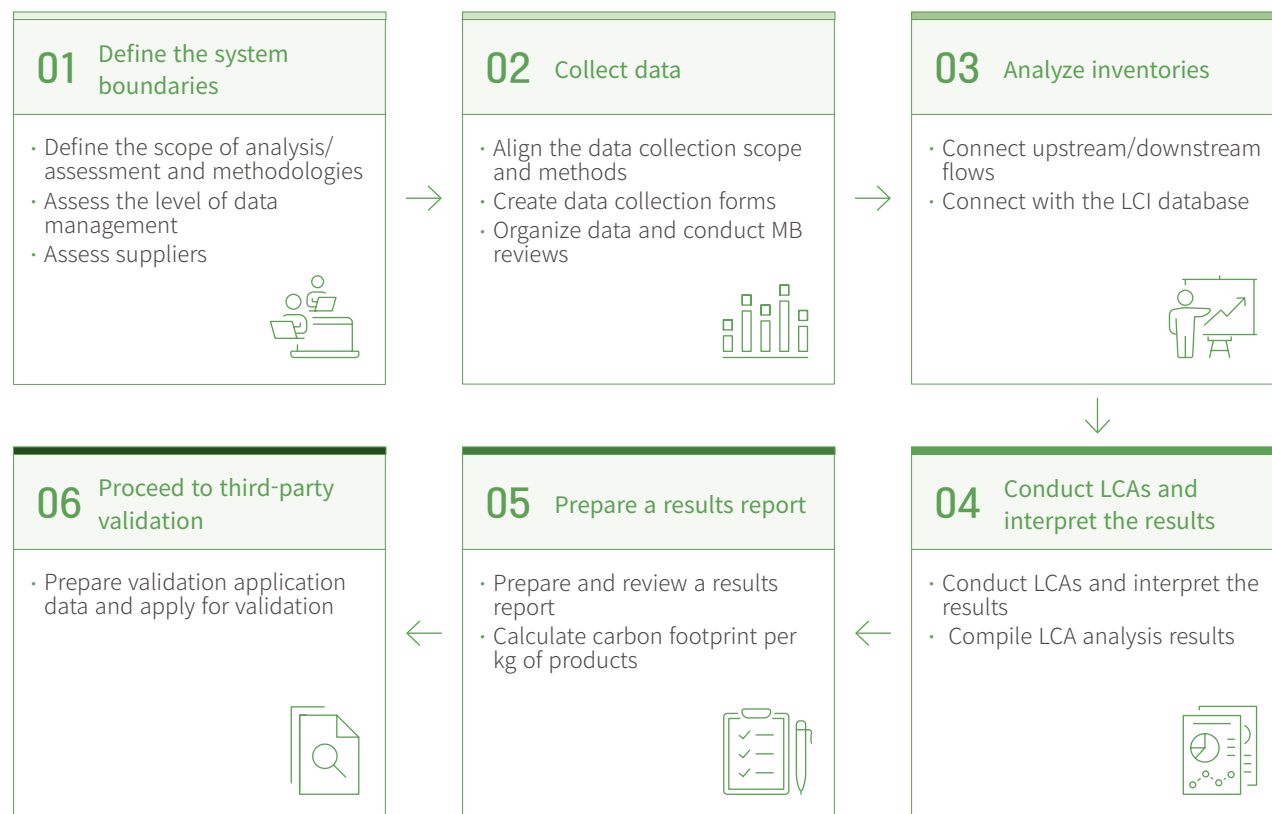
Climate Change Response and GHG Management

Activity and Performance

Conducting LCAs for Product Environmental Impact Management

Soulbrain performs Life Cycle Assessments (LCA) to do our part in ensuring responsible product manufacturing by analyzing the environmental impact of our products and to respond to external requirements and regulations demanding carbon footprint calculations. Our LCA Task Force, staffed with specialists, leads the effort in conducting LCAs on our domestic and overseas products and actively engages with customers and other key stakeholders. In the first half of 2024, two products manufactured at our US corporation received LCAs, and we plan to complete LCAs and third-party verifications on two more domestic products in the second half of 2024.

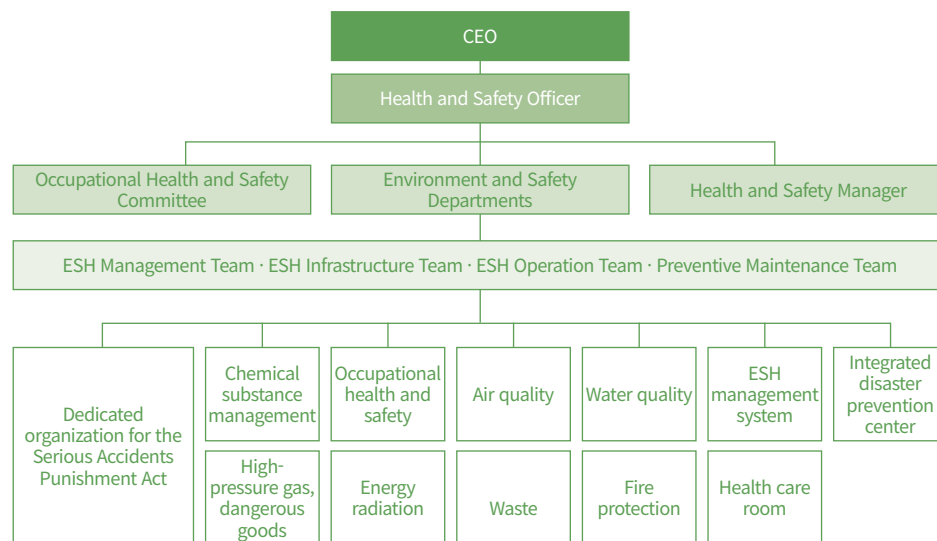
LCA Process



Environmental Management

Governance

At Soulbrain, our environmental management strategy is primarily driven by the environment, safety, and health organization operating under the direct leadership of the CEO, and environmental management agendas and performance are reported to the Board of Directors annually. Metrics on GHG emissions reduction and environmental pollution management are included in the KPIs for the head of the Production Division and are managed on a monthly basis to enhance our environmental management capabilities at all levels. We have also certified our operations to ISO 14001 to establish and operate a well-structured environmental management system.



Reporting and Decision Items for the Board of Directors in 2023

Date	Agenda	Detail
Mar. 2023	Reporting ESG management plans	Report net-zero and GHG emissions reduction plans
Apr. 2023	Approval of 2023 health and safety plans (ESH management performance for 2022)	Report environmental and energy management guidelines and 2022 performance

Strategy

Environmental Management Policy

Soulbrain Co., Ltd. is committed to fulfilling our responsibilities towards local communities and the environment as a corporate citizen. Our CEO makes the final decisions on major environmental management issues, including water resources and air quality, and key issues are escalated to the highest decision-making body, the Board of Directors, to bolster environmental management at all levels of the company.

- 1 We prioritize the environment above all else throughout our entire business operations to abide by this policy.
- 2 We obtain and maintain legitimate environmental permits to ensure the credibility of the environmental information associated with production.
- 3 We refrain from reckless discharge to protect water resources and strive to reach our short-term environmental reduction targets and long-term environmental policy goals.
- 4 We comply with internal regulations to prevent air pollution in local communities and operate optimal pollution control facilities to minimize the discharge of pollutants.
- 5 We ensure our employees embed environmental compliance into their daily routines to take a proactive approach to environmental improvement activities.
- 6 We provide stakeholders with transparent environmental information and communicate with them sincerely.

This policy applies to all business sites of Soulbrain Co., Ltd., all employees working at Soulbrain, and all stakeholders who cooperate in our business areas.

CEO, Soulbrain 

Environmental Management

Risk Management

Key Risks and Opportunities

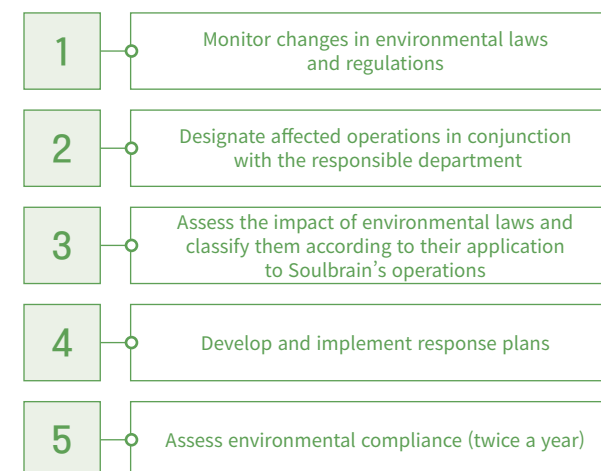
We analyze the environmental impacts of waste, water resources, air and water pollutants, and chemical substances to identify relevant risks and opportunities each year, and assess the resulting potential financial impacts to develop our response strategies. We will continue to maintain our environmental management system on par with global standards and respond to negative or positive environmental impacts to strengthen our environmental management capabilities.

Category		Factor	Potential Financial Impact	Response Strategy
Waste	Risk	Demand from governments and customers to recycle waste	Increased risk from the generation of non-recyclable waste such as used acids	Continuously discover waste treatment vendors to support recycling
Water	Risk	Demand from governments and customers to reduce wastewater	Quality improves in proportion to the amount of wastewater generated for some processes, which makes it unfeasible to reduce wastewater at the expense of quality	Expand the wastewater treatment facility and review the reuse of wastewater through reverse osmosis
Air and water pollutants	Risk	Enhanced standards for environmental pollutant discharges	Penalties and fines or an order to cease facility operations imposed due to exceeding the set emission thresholds,	Tighten emission management standards to 80% of the legally permissible levels and bolster the management of pollution control facilities
Chemicals and hazardous chemicals	Risk	Enhanced standards for handling hazardous chemicals under the Chemical Substances Control Act	Costs incurring due to replacing containers handling hazardous chemicals	Participate in the transport container council led by the Ministry of Environment to ensure tests are conducted to extend the use of existing containers
	Opportunity	Improved reputation through sharing of accident prevention knowledge and support for regulatory compliance for adjacent businesses in the Gongju area	Improved corporate image through cooperation with adjacent companies, prevented risk through protecting local communities from accidents	Hold regular meetings each quarter

Environmental Regulation Monitoring

We closely monitor changes in ESG-related laws and regulations, including the Framework Net-Zero Act and the Energy Use Rationalization Act. Upon detecting such changes—new enactments or amendments to existing laws—we convene the regular monthly GHG and Energy Council meeting to review the application of these laws to our operations and assess their impacts on our business conduct. Depending on the need to comply with these laws, we work with the responsible department to identify the affected operations and develop response plans while conducting regulatory compliance assessments twice a year. In 2023, among 37 environmental laws, we identified 19 environmental laws that apply to our business and responded accordingly. Going forward, we will ensure rigorous environmental compliance and enhance our sustainability capabilities in the process.

Environmental Regulation Monitoring Process



Environmental Management

Risk Management

Eco-friendly Investment

We prioritize environmental risks when making new investments. Our investment management regulations specify that the Environment and Safety Departments provide investment support to identify environmental risks and opportunities that may arise in the investment process and review compliance with environmental safety regulations. Managers of environment-related departments—the heads of the Environment and Safety Departments, the ESH Operation Team, and the ESH Infrastructure Team—are mandated to attend the Investment Deliberation Committee to ensure rigorous environmental reviews are made in the investment decision-making process.

In addition, we establish our environmental investment plans each year to strengthen our eco-friendly capabilities, and our environmental investments amounted to KRW 3.4 billion in 2023. These investments served to replace outdated equipment with high-efficiency alternatives to improve efficiency in pollutant treatment and reduce energy consumption and to install Internet of Things (IoT) devices on main equipment within the plant to enable real-time monitoring of air pollutant emissions.

Eco-friendly Investments Made in 2023

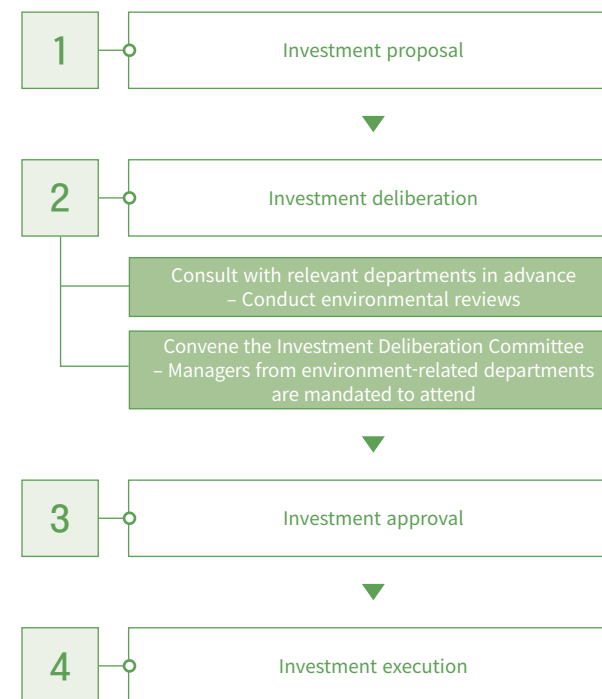


Total environmental investments made in 2023 ► **KRW 3.4 billion**

Case – Smart stormwater pollution prevention equipment

Stormwater pollution occurs when chemicals on the surface of the premises are washed away with rainwater into streams, rivers, or the sea, polluting water resources as a result. To prevent such stormwater pollution, we introduced smart stormwater pollution prevention equipment. Sensors were installed at the bottom of the chemical storage areas, and when any leaks are detected, the entire process pipelines are shut off to minimize such leaks. This is paired with the installation of emergency containment equipment to automatically control stormwater pollution through the real-time monitoring of the acidity of discharged rainwater. This ensures that the floodgate-open when the acidity level is within the safe range (pH 6.5–8.5), and in the event the acidity level is outside this range, the floodgates turn into closing and the polluted stormwater is separately treated by outsourcing companies to prevent it from being released untreated into the environment.

Investment Process



Environmental Management

Activity and Performance

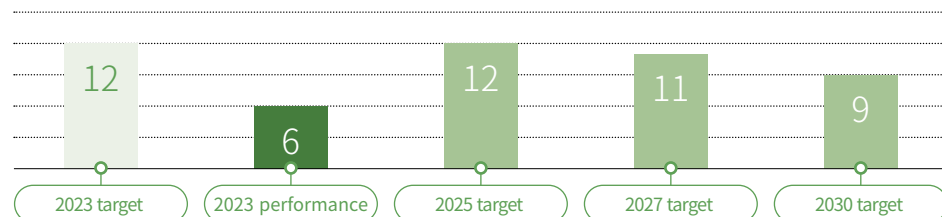
Waste Management

To minimize and efficiently manage waste generated from our manufacturing operations, we set standards for waste discharge, sorting, and collection, and introduced and operate a mechanized system for waste collection. Partnering with waste treatment vendors that recycle waste, we ensure waste landfill or incineration is minimized while promoting resource circularity to the fullest extent possible.

We have set our waste discharge and recycling targets for 2030 to reduce waste, identifying and implementing relevant tasks each year at the departmental level. Process optimization has allowed us to reduce the generation of liquid waste such as used hydrochloric acids and etchants. Systems have also been developed to internally reuse a portion of waste liquids or sell them to third parties to minimize waste generation.

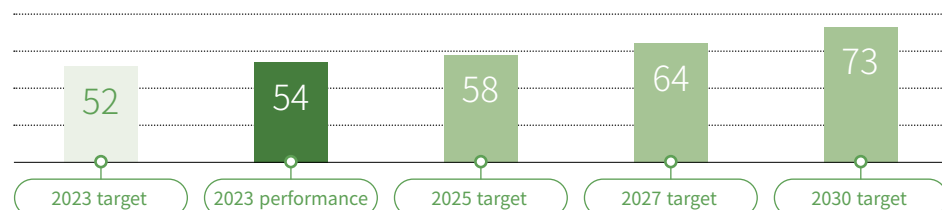
Mid/long-term Targets for Waste Discharges

Unit: %, against production volume



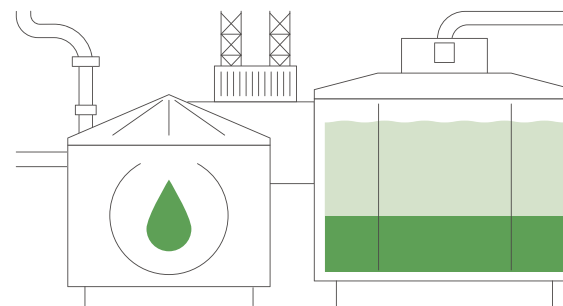
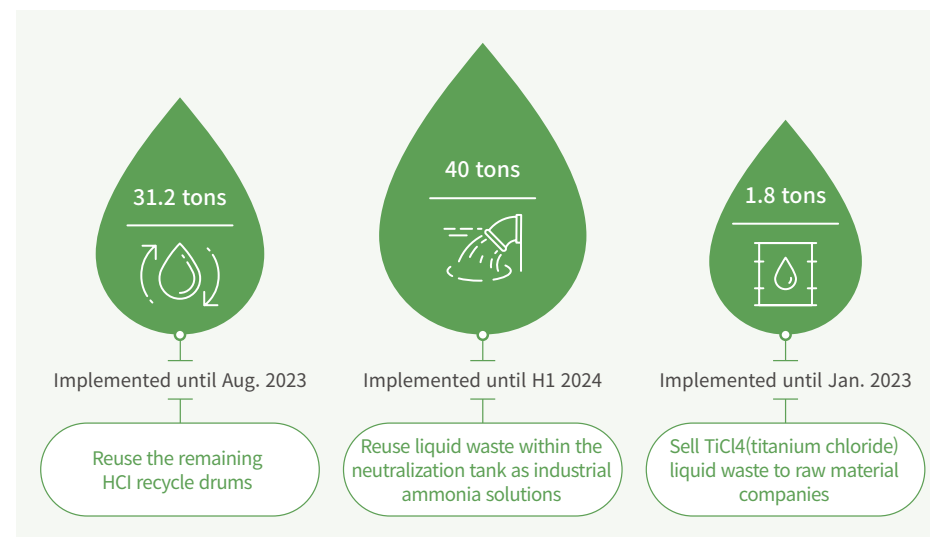
Mid/long-term Targets for Waste Recycling

Unit: %



Furthermore, we established a closed-loop waste circulation system whereby used office supplies that were internally verified for their recycling potential are provided to departments wishing to use them, which would otherwise be discarded, encouraging our employees to participate in waste recycling. Such efforts enabled us to achieve both waste discharge and recycling targets set against production volume in 2023.

Our Resource Circulation Performance



Environmental Management

Activity and Performance

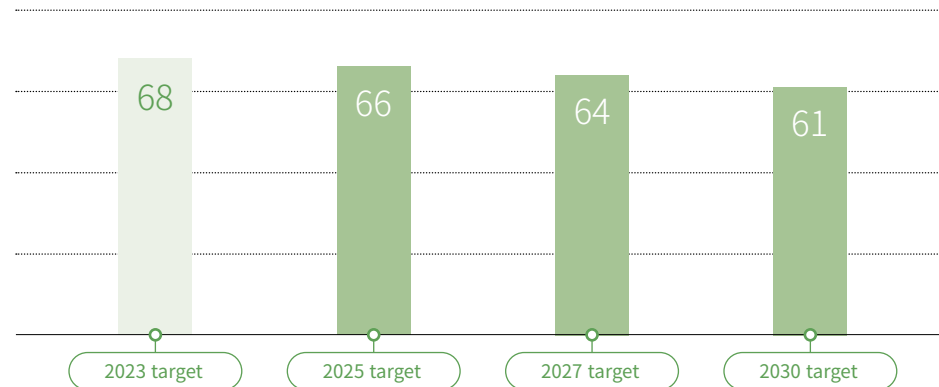
Water Resources Management

We strive to minimize our impact on water resources through systematic management of water and wastewater. To this end, we monitor water and wastewater for their quantities and characteristics at respective business sites and make equipment investments to reduce and recycle wastewater, protecting water resources in the process. Specifically, our Gongju Plant recycles over 15% of the RO reject water discarded in the ultra-pure water production process, and is working continuously to increase recycling efficiency.

We have set our mid/long-term target for reducing wastewater discharges by 2030 and establish and implement specific reduction plans each year. In 2023, a range of reduction measures were identified, from installing scrubber circulating water diffusion filters to making process changes such as optimizing the cleaning of grinding equipment. These efforts allowed us to reduce wastewater discharges by 946 tons from 2022.

Mid/long-term Targets for Wastewater Discharges

Unit: %, against production volume



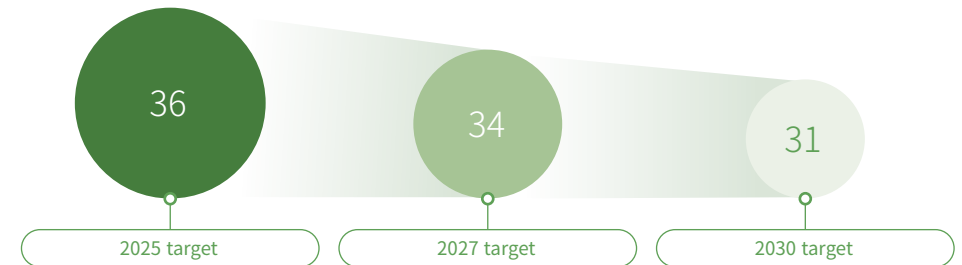
Air and Water Pollutant Management

We apply internal standards that are more stringent than legal thresholds to ensure rigorous management of all air and water pollutants. Regular inspections are performed on facilities discharging and controlling air and water pollutants, while control facilities optimized for specific pollutants are operated to efficiently treat discharged pollutants.

Furthermore, we have set our mid/long-term targets for reducing air and water pollutants by 2030 and have defined our plan to minimize our environmental impact in the process. To achieve these targets, we aim to develop optimal reduction plans based on current data on pollutant discharges in 2024 and invest in high-efficiency pollutant control facilities starting in 2025 to further reinforce our air and water pollutant management capabilities.

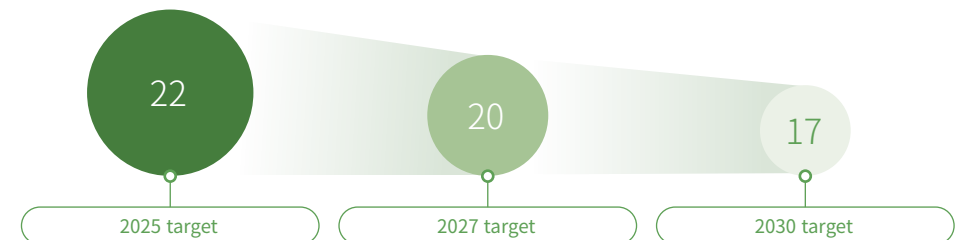
Mid/long-term Targets for Air Pollutant Emissions

Unit: ppm



Mid/long-term Targets for Water Pollutant Discharges

Unit: ppm



Environmental Management

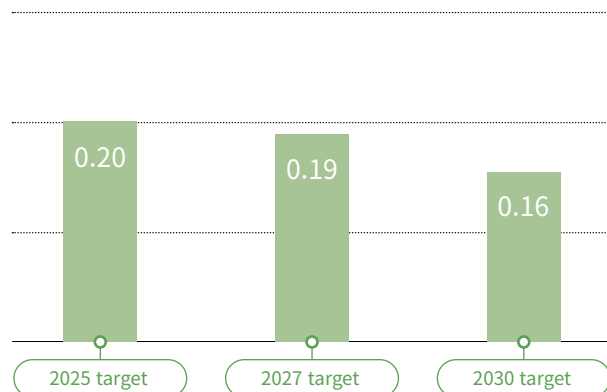
Activity and Performance

Chemical Substance Management

Soulbrain established a well-organized chemical substance management system to ensure process safety and keep our employees safe in the process and to deliver even safer products to customers and consumers. This starts with thoroughly reviewing domestic/global chemical-related laws and regulations and monitoring new chemical substances to prevent the generation of material codes for restricted or prohibited materials identified as a result. In addition, we set our mid/long-term targets for reducing the discharge of hazardous chemicals to enhance our environmental safety capabilities on an ongoing basis. Regular inspections are performed each week on facilities storing or using hazardous chemicals, and HMI (Human-Machine Interface) is deployed to monitor concentration, pressure, and other data in real time to prevent fires, explosions, and leaks from ever occurring.

Mid/long-term Targets for Hazardous Chemical Discharges

Unit: %, against production volume



Environmental Management Training

We provide our employees with environmental management training to raise their environmental awareness and competency. In 2023, quarterly training was conducted for employees involved in manufacturing operations on the concepts of GHG emissions reduction and net-zero, and relevant domestic/global trends. Members of the GHG and Energy Council completed training to improve their understanding of ISO 50001 (energy management system) and training to nurture internal auditors. Furthermore, we provided members of the GHG and Energy Council, as well as ESG-related division heads and team leaders, with training to enhance their basic understanding of ESG management. For personnel responsible for discharging and collecting waste, we conducted training on methods to store and handle waste by type to strengthen our environmental management and resource circularity capabilities. Going forward, Soulbrain will provide a range of environmental training programs to encourage our team members to participate in environmental management and achieve our eco-friendly management goals.



Waste discharge guide training

Environmental Management Training Provided in 2023

Category		Topic	Participants
GHG and Energy Council training	Q2 2023	Overall understanding of climate change status and net-zero	856 persons
	Q3 2023	Concept of sustainability and achieving sustainability through net-zero efforts	775 persons
	Q4 2023	Concept of climate justice and domestic/global trends	666 persons
ISO 50001 energy management system practice and internal auditor training	Apr. 2023	Working-level energy management system training and internal auditor development training	18 persons
Understanding ESG management	Jan. 2023	Concept of environmental, social, and governance, and understanding its background	38 persons
Environmental training for cleaning staff	Dec. 2023	Separate storage of designated waste and understanding solid waste	5 persons
Waste discharge guide training	Jul. to Oct. 2023 (13 occasions)	Handling and storage of different types of waste	192 persons

SOCIAL



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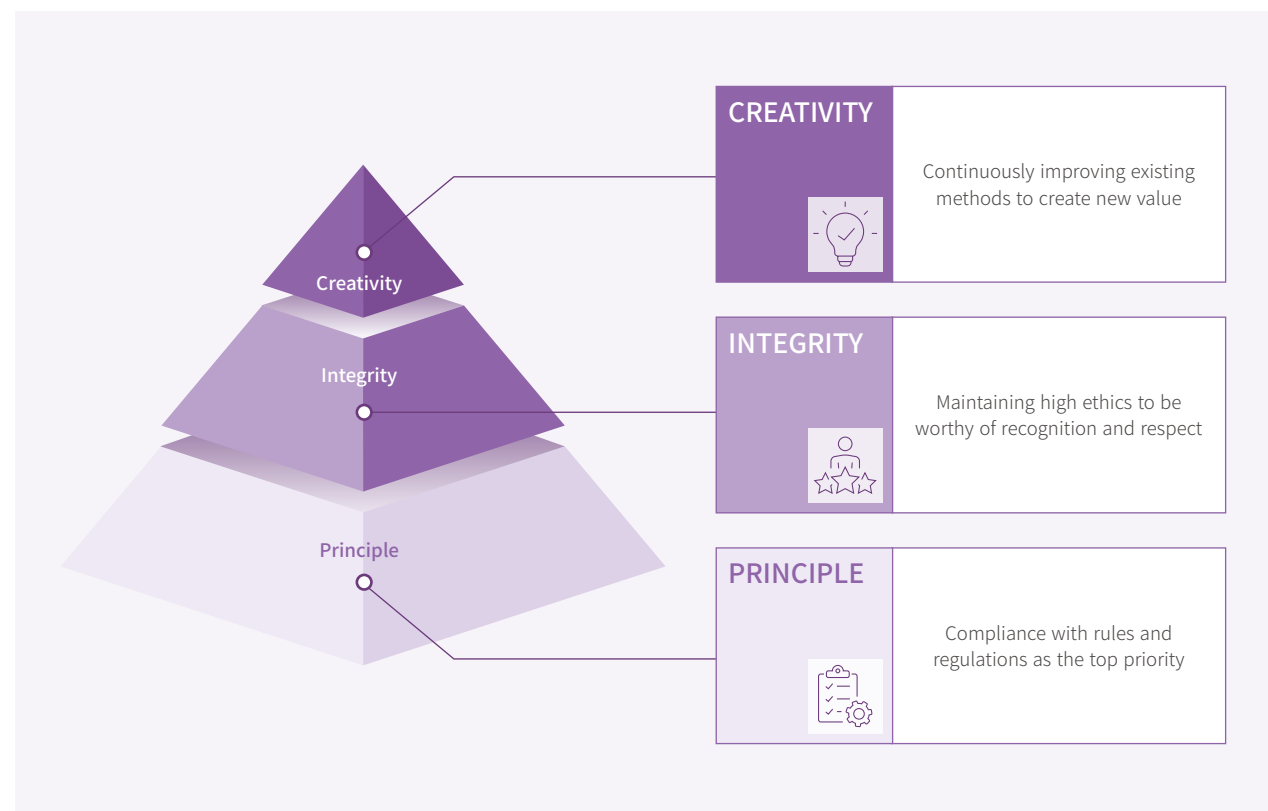
Human Resources Management

Strategy

HR Philosophy

Our team of employees at Soulbrain complies with principles and is recognized for their integrity and creativity. Working at a chemical company handling hazardous substances means that our employees should prioritize abiding by rules and principles with utmost ethics all while thinking outside the box to embrace new perspectives.

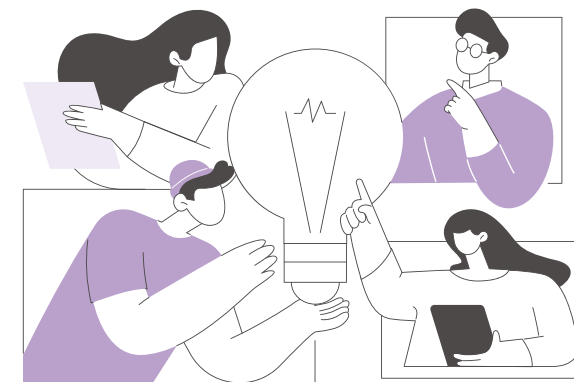
Ideal Soulbrain Employee



Talent Recruitment

We follow the principles of fairness and transparency to bring in outstanding talent. We provide applicants from diverse backgrounds with equal opportunity, and ensure they are not discriminated against on the grounds of gender or education that are irrelevant to their competency.

We are diversifying our talent pipeline through industry-academia partnerships we forge with universities specializing in our industry, and provide internship and learning programs. Our efforts also continue to hire people with disabilities and of national merit to improve the diversity of our workforce. Going forward, Soulbrain will seek out diverse and talented individuals through systematic recruitment.



Human Resources Management

Strategy

Employee Competency Development

With a goal of 'nurturing market-leading talent', we provide a range of training programs to systematically support our employees along their competency development journey. In addition to leadership and job training, we also support corporate culture improvement and career development to ensure employee satisfaction and engagement on top of competency development. Our level-based training focuses on helping employees understand their roles and develop leadership skills to facilitate effective performance generation in sync with one's job level and growth cycle with an emphasis on performance management leadership, mentoring practices for organizational heads, and organization-specific core competency enhancement.

Our reemployment support service is available for retirees as well as incumbent employees. This aims to encourage retirees to start anew after retirement and involves various training and consulting, from reemployment strategy to financial planning and life planning to ensure they lead a thriving life. In 2023, we supported 11 former employees through this service.

In 2024, we plan to provide employees with online ESG training that we internally developed to improve our sustainability management capabilities at all levels based on the shared understanding on ESG. Going forward, we will leverage our advanced training programs and systems to boost organizational performance and efficiency and drive sustainable growth in the process.

Training	Topic	Timeline	Participants
Soulbrain's ESG Management Story for Soulbrain Employees	Understanding ESG, characteristics of each ESG area and case studies, Soulbrain's ESG priorities and task progress status	H1 2024	423 persons



Level-based training



Job training

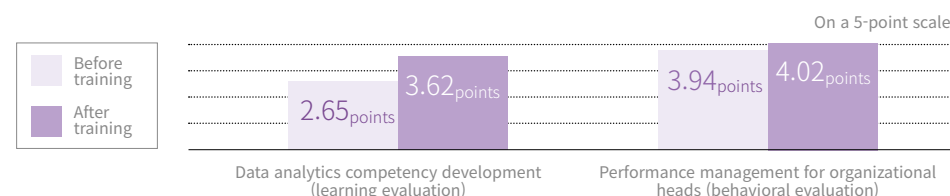
Measuring the Effectiveness of Training Programs

We evaluate our training programs for their effectiveness based on the learning evaluation model to objectively measure training outcomes. In 2023, internal evaluations were made after the completion of two training programs to analyze participants' learning performance and behavioral performance¹⁾ and identify the effectiveness of these programs. This demonstrated improvement in learning and behavioral performance for both of these programs. We also survey participants for their satisfaction with our training programs and to factor in the results in upgrading training content and developing training curricula.

1) Impact of behavioral change on one's work performance

Training Program Effectiveness – Learning and Behavioral Evaluation

Training	Timeline	Participants
Data analytics competency development	Apr. to May 2024	39 persons
Performance management for organizational heads	Feb. 2024	63 persons



Training	Topic	Satisfaction in 2023
Job training	<ul style="list-style-type: none"> Operate internal training programs and in-house training platforms to improve work efficiency and expertise, actively support external training expenses to help employees focus on their competency enhancement Curriculum: Job competency enhancement 	4.6/5 points
Level-based training	<ul style="list-style-type: none"> Engage in various activities to help employees understand and concur on organizational directions, core values, and work methods while taking action accordingly themselves Curriculum: Understanding of our value system, organizational roles and responsibilities, taking specific actions to act on department-level culture 	4.3/5 points
Special training	<ul style="list-style-type: none"> Promptly provide training required to build consensus on organizational goal attainment and respond to pending issues Curriculum: Use and vision of generative AI 	4.2/5 points

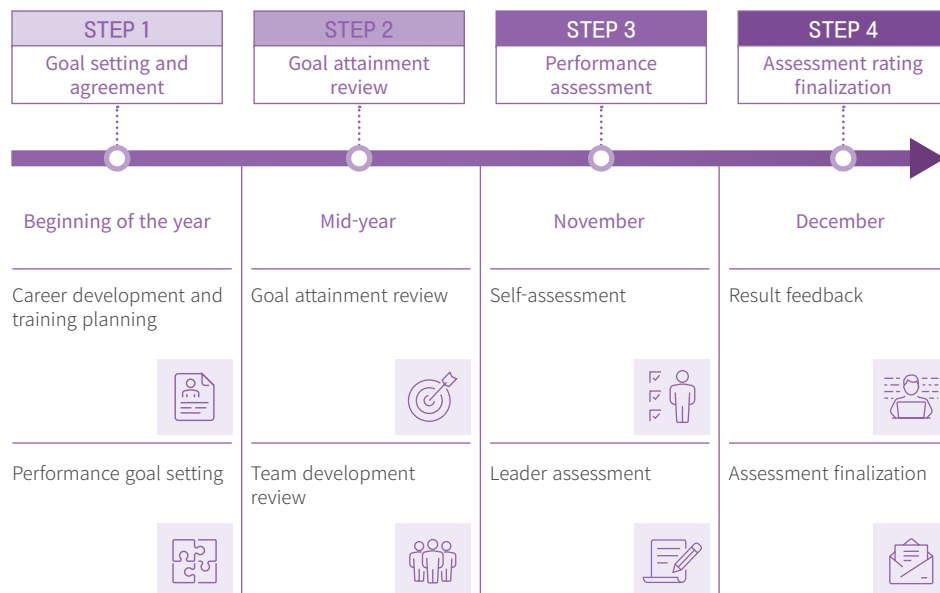
Human Resources Management

Strategy

Fair Assessment and Compensation

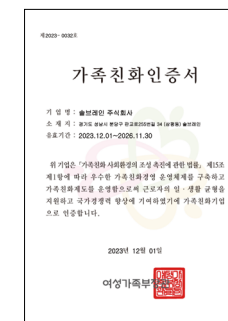
We operate a systemic performance management process to maximize our business performance and support the growth of our employees. This begins with the interview made with one's leader at the beginning of the year to set career development plans and goals, and mid-year reviews are performed on the attainment of the set goals. Development review serves to offer feedback among leaders and team members: this mutual feedback process allows our employees to share their feedback on their work execution and performance with co-workers to promote growth and set the course ahead. This ends with a year-end performance assessment on the completeness, contribution, and innovation of the work performed, which also considers the behaviors displayed in the performance generation process to evaluate the process involved as well as the results. Each performance management process is accompanied by one-on-one interviews between leaders and team members and surveys on the effectiveness of interviews to provide feedback on talent development and leadership.

Performance Management Process



Flexible Work Environment

We support a wide array of programs to provide an engaging workplace for employees. Our flexible work hours enable employees to work according to their own schedules, and our employees may use reduced work hours for childcare indefinitely, along with support for outsourced childcare center expenses, parental leave, paternity leave, and fertility leave to fully support employees' childbirth and childrearing. In 2023, we were certified as a family-friendly business by the Ministry of Gender Equality and Family in recognition of such efforts.



Family-friendly business certificate

Welfare and Benefits Programs¹⁾

Category	Area of Support	Description
Infrastructure	In-house cafe	Operate in-house cafes at the Pangyo office building and the Gongju Plant
	Cafeteria	Provide employees with meals across the entire operations
	Health care room	Take care of employee health with the help of dedicated nurses
	Gym	Indoor gym, outdoor sports fields, yoga class (Pangyo)
Major Welfare and Benefits Programs	Dormitory	Make dormitories available for employees living far away from their workplace
	Housing loan	Provide housing loans for residential stability
	Health checkup	Provide comprehensive health checkups for employees and their family member (1 person)
	Tuition support	Provide kindergarten, elementary/middle/high school and university tuition support and admission congratulatory money for employees' children
	Summer vacation	Provide summer vacation and vacation allowances apart from annual leave
	Birthday celebration	Provide birthday day-off and congratulatory money
	Long-term employee benefits	Provide vacation and congratulatory money for employees reaching their 3rd, 5th, 10th, 15th, 20th, 25th, and 30th year at the Company
	Support for family events	Provide financial support and leave for various family events
	Resorts	Make condominiums and resort facilities available for employee use
	Others	Provide gifts on company anniversaries and national holidays, purchase group accident insurance, operate commuter buses, and provide work uniforms, etc.

1) Made available equally for permanent and temporary employees

Human Resources Management

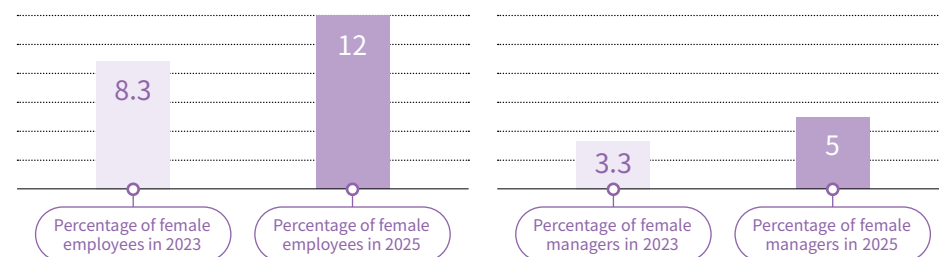
Activity and Performance

Mid/long-term Goal

We believe that a corporate culture respecting the diverse experiences and backgrounds of employees is key to fostering flexible and insightful thinking, and thus will continue with our efforts to create a more diverse workforce. To this end, we set a goal of increasing the percentage of female employees to 12% by 2025.

Mid/long-term Goals for Employee Diversity

Unit: %



Workplace Satisfaction Survey

We conduct biennial workplace satisfaction surveys to improve employees' work engagement and productivity. The survey consists of 15 categories, including working conditions, communication, supervisors, and co-workers, to assess our organizational effectiveness in various field. The survey results inform our efforts to gauge employee satisfaction, set priorities for our HR and labor policies, and identify organization-level management plans. In 2023, 745 employees responded to the survey, and this provided the necessary inputs to improving our work environment for greater employee satisfaction.

Workplace Satisfaction Survey Results for 2023

Unit: Points

Workplace Satisfaction Items	Top 3 Items		
3.2/5	Co-workers 3.5/5	Awareness of corporate vision 3.4/5	Supervisor 3.3/5

Labor-Management Council

The One-Heart Council, our labor-management council joined by 7 representatives each from labor and management, convenes regularly on a quarterly basis to improve working conditions and the working environment for employees. The improvements made in 2023 include the provision of summer vacation allowances and national holiday gift expenses, increases in work allowances for legally qualified leaders, renovation of the parking lot, and expansion of the in-house labor welfare funds. Going forward, the One-Heart Council will take on a more active role to reach out to more employees and to strengthen the trust-based relationships between labor and management.



One-Heart Council

Human Rights Management

Strategy

Human Rights Management Policy

Soulbrain respects the rights of all stakeholders – employees, customers and investors, suppliers, and local communities – to pursue happiness as dignified and unique individuals, and does our utmost to provide a safe and flourishing work environment. As a member of the UN Global Compact (UNGC) and the RBA (Responsible Business Alliance), we honor the human rights and labor standards of international organizations, including the UN Universal Declaration of Human Rights, fundamental conventions of the ILO (International Labor Organization), and the OECD Guidelines for Multinational Enterprises and, stipulated our own Human Rights and Labor Code of Conduct to abide by these standards.

We also established our Human Rights Management Policy, taking into account key human rights risks. This policy outlines our operational guidelines on the ban of compulsory labor, protection of underage workers, and other human rights risks, and includes specific action plans to implement human rights management, such as human rights and labor risk assessments and grievance redress mechanism.

Risk Management

We introduced human rights and labor risk assessment to review and systematically manage human rights risks that may arise in our business operations, and conduct such assessments twice a year in the first half and second half. For human rights risks identified through assessment¹⁾, corrective action is developed and taken immediately, and improvements made are shared with relevant departments.

In the first half of 2024, we used the human rights risk assessment checklist for risk assessment, and plan to perform a survey by extending the scope of human rights management risk assessment in the second half of the year.

1) Assessment metrics which scored 2 or below out of 5 points

Human Rights Risk Management Process



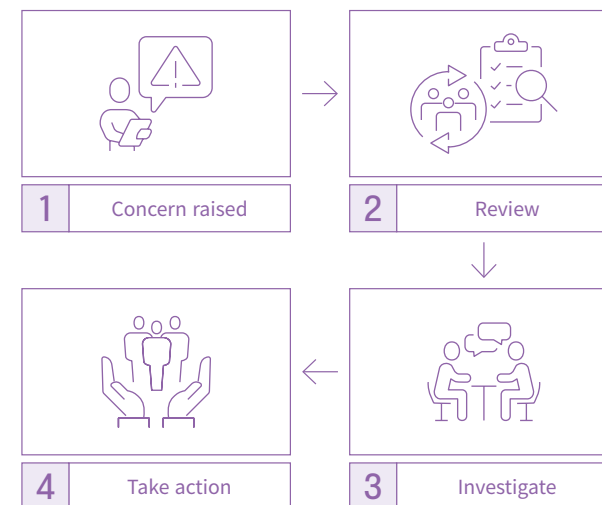
Human Rights and Labor Risk Assessment Results in H1 2024

Assessment Category (items)	Average Score
Ban on compulsory labor (2)	4.5/5 points
Protection of underage workers (2)	5/5 points
Compliance with work time regulations (4)	5/5 points
Wages and benefits (3)	5/5 points
Humane treatment (3)	4/5 points
Non-discrimination (1)	5/5 points
Maternity protection (1)	5/5 points

Human Rights Grievance Mechanism

We operate channels for all our stakeholders, including employees, customers, and suppliers, to raise their concerns for human rights violations regarding workplace bullying, sexual harassment, and compulsory labor, etc. A variety of channels are made accessible, from the Online Whistleblowing Channel to sending e-mails and reporting verbally offline, and the submitted reports are appropriately handled according to the set process. In 2023, 2 human rights concerns were received and were fully addressed.

Process to Handle Human Rights Violation Concerns



Human Rights Management

Activity and Performance

Mid/long-term Goal

We set our mid/long-term goals to advance human rights management. Our goal is to systemize, regularize, and upgrade our human rights management by 2026, and we implement specific action plans to eliminate labor and human rights risks including workplace bullying and others.

Mid/long-term Goals for Human Rights Management

Year	Goal	Specific Action Plan
2024	Systematize human rights management	<ul style="list-style-type: none"> Establish policies and systematic human rights activities for relevant departments Establish and implement a human rights impact assessment process (risk management, workplace bullying index measurement, etc.)
2025	Regularize human rights management	<ul style="list-style-type: none"> Conduct a human rights impact assessment Develop improvement tasks based on assessment results
2026	Upgrade human rights management	<ul style="list-style-type: none"> Extend the scope of human rights risk management Strengthen proactive risk management

Human Rights Training

We provide our employees with regular human rights training to respect their human rights and prevent relevant risks. This goes beyond legal compliance to raise employees' human rights awareness and promote diversity and inclusion to create a culture of mutual respect. We will continue to assume our essential role in developing various training activities to elevate human rights awareness at all levels and establishing a positive working environment.

Human Rights Training Provided in 2023

Target	Training	Topic
All employees	Prevention of workplace bullying	Cases of workplace bullying, legal definition of workplace bullying prevention and responses
	Prevention of sexual harassment at work	Cases and prevention of sexual harassment
	Improvement in perceptions on disability	Sharing of best practices, lectures by instructors with visual impairments, Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities

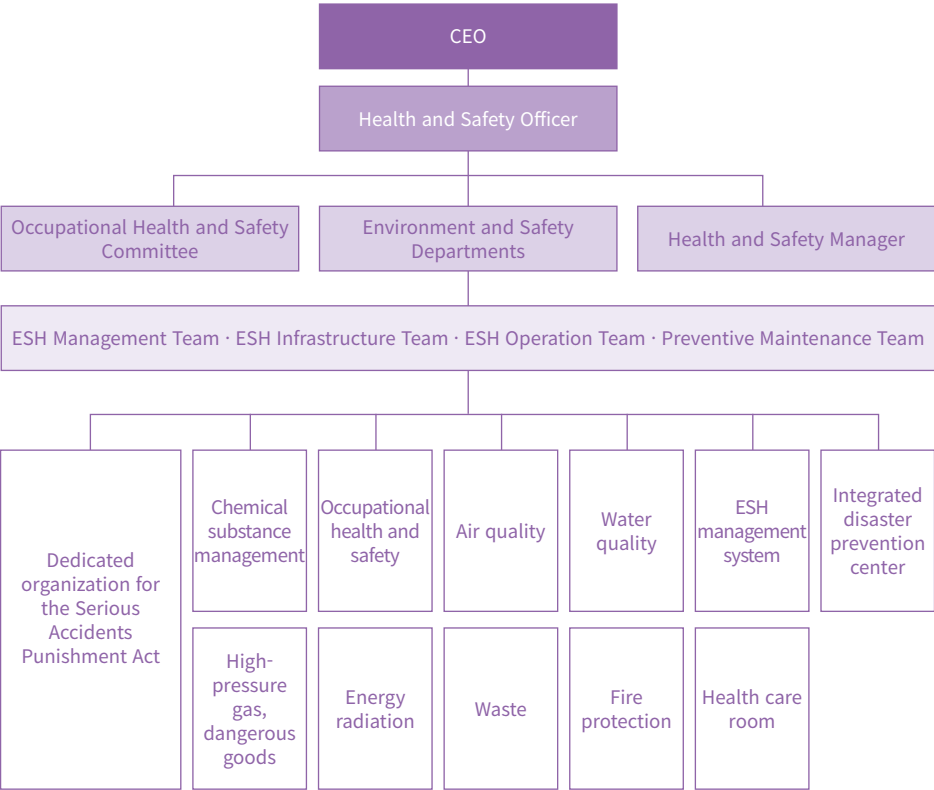


Human rights training programs

Workplace Health and Safety

Governance

At Soulbrain, a dedicated health and safety organization is operating under the direct leadership of the CEO. We have established a company-wide management system to enhance our health and safety management capabilities, and provide a healthy and safe workplace for all employees.



PSM Council

We operate the PSM (Process Safety Management) Council attended by personnel from key departments and affiliates to discuss pending health and safety issues and share relevant information. The Council meets each month to identify health and safety issues, develop response plans, and review their implementation. In 2023, a total of 53 agendas were raised to deliberate on key pending issues and establish appropriate countermeasures to improve our health and safety management capabilities.

PSM Council's Key Activities in 2023		
Discuss specific implementation details for 12 PSM items and their management plans	Share amendments made to pertinent laws and their noteworthy details	Update guidelines
Share deficiencies in process safety and discuss necessary improvements	Respond to PSM implementation audits	
		PSM Council activity

Workplace Health and Safety


Strategy

Health and Safety Management Policy

Soulbrain Co., Ltd. recognizes the health and safety of its employees, customers, and local communities as a top priority, and strives to create a safe and healthy workplace based on continuous improvement of best practices in the field of health and safety.

- 1 We value the life and safety of our employees and stakeholders as our top priority business goal in our entire business conduct.
- 2 We strictly comply with pertinent laws and internal regulations for health and safety, and establish and implement our own standards that exceed the legal requirements.
- 3 We proactively invest in safety management and continuously identify potential risks as part of our daily routine to ensure workplace safety on par with the highest standards.
- 4 We establish and implement emergency response plans and health promotion activities in preparation for accidents and illnesses.
- 5 All employees fulfill their role and responsibility to establish a culture of safety, and actively consult on and participate in health and safety activities.
- 6 We disclose health and safety information transparently to our employees and stakeholders.
- 7 We provide suppliers and community stakeholders with full support to improve their health and safety.

This policy applies to all business sites of Soulbrain Co., Ltd., all employees working at Soulbrain, and all stakeholders who cooperate in our business areas.

CEO, Soulbrain 

Risk Management

Risk Assessment

To prevent and systematically respond to health and safety incidents, we conduct risk assessments to identify risks and develop and implement mitigation measures for risk management. Regular risk assessments are performed on our work activities, chemicals, and processes, along with JSA (Job Safety Analysis), process change reviews, and near-miss risk assessments that are made on an as-needed basis. We established relevant procedures to ensure responsible personnel are designated for specific processes and risk assessments are performed and managed based on a deep understanding of the process involved. It was demonstrated that our health and safety risk levels declined through risk assessments and mitigation measures, and we achieved reductions in 2023 risk levels against 2021 and 2022 levels.

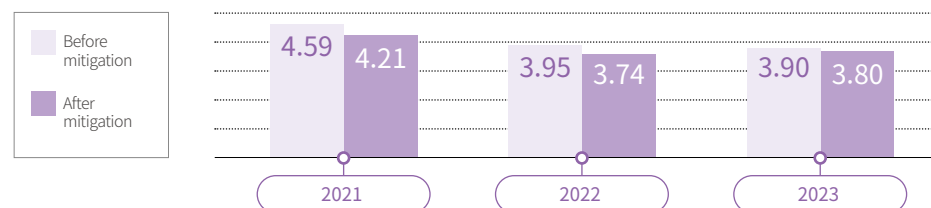
We also support our on-site suppliers with risk assessment to manage their health and safety-related risks, and provide assistance through direct investment for issues requiring improvement. As such, Soulbrain will continue with our efforts to manage and mitigate health and safety risks for all our stakeholders.

Health and Safety Risk Assessment Process



Effectiveness of Health and Safety Risk Assessment – Change in Risk Level

Unit: %



Workplace Health and Safety

Risk Management

Regular Risk Assessment Results in 2023

Type of Assessment	Completion of Improvement by Target of Assessment				Supplier	Improvement Identified	Improvement Completed	Improvement completion rate
	Soulbrain	Improved Identified	Improvement Completed	Improvement completion rate				
Work risk assessment (KRAS)	59 departments for manufacturing/research/support/administration	134	134 ¹⁾	100%	12 companies working for security/cleaning/cafe/teria/PM/facility management	2	2	100%
Chemical hazard risk assessment (CHARM)	25 departments using chemicals	29	29	100%	6 companies using chemicals	23	23	100%
Process risk assessment (K-PSR)	2 departments related to process management	13	13	100%	-	-	-	-

1) Improvement was completed for 1 case in Q1 2024

Emergency Action Plan

To ensure a prompt response to health and safety accidents, we develop and implement emergency action plans. Response plans are established based on the scope of impact determined through department-level risk assessment, and drills are conducted twice a year, once during the daytime and once at night. For accidents that are far-reaching in scope or bring impact beyond the Company, situation-specific scenarios are developed and drills are conducted at the response headquarters level once a year. We also conduct joint drills with suppliers and assist them with training on emergency action guidelines to ensure all our stakeholders can swiftly respond to emergencies.



Hazardous chemical spill drill



Firefighting drill

Activity and Performance

Mid/long-term Goal

We develop and implement action plans each year to reach our goal of maintaining zero accident rates, and these efforts allowed us to achieve zero occupational injuries in 2023. We have been committed to eliminating hazards and risks within the workplace by establishing an ESH system, conducting self-reviews in line with the Serious Accidents Punishment Act, and developing ESH action plans and assessing their implementation. This achievement was made possible through the joint endeavors of Soulbrain and our suppliers, based on free-flowing communication at the supplier health and safety council. In 2023, we extended the coverage of our ISO 45001 certification from 2 to 4 business sites to reinforce our ESH system operations. Going forward, Soulbrain will do its utmost to maintain zero occupational injuries and keep all workers safe.

Health and Safety Performance in 2023

2023 goal

(2022 injury rate 0.22)

Achieve zero injury rates

2023 performance

Zero injury rates



ISO 45001 certificate

Mid/long-term Goals for Health and Safety

Safety	Goal	Maintain zero occupational injury rates	
	Strategy	2024	Strengthen safety infrastructure through enhanced risk assessment and company-wide risk elimination
		2025	Raise safety awareness and response capabilities through continuous training and rigorous drill programs
		2026	Introduce advanced safety technology and strengthen on-going monitoring to fully establish a preventive safety management system
Health	Goal	Achieve zero work-related illnesses through robust health management	
	Strategy	2024	Reinforce acute poisoning management to prevent high-consequence injuries
		2025	Implement health promotion programs to prevent cerebro/cardiovascular disease prevention
		2026	Implement voluntary health programs through employee participation

Workplace Health and Safety

Activity and Performance

Health and Safety Training

Soulbrain regularly provides 16 health and safety training programs, including statutory trainings. To ensure the safety of workers, we internally develop MSDS (Material Safety Data Sheet) training, PSM (Process Safety Management) training, and training for workers handling high-pressure gases, offering them online each month. To reduce injury rates among new hires, we provide them with monthly health and safety group training, and conduct up to 112 hours of training, including training on actual accidents that occurred by job function, on-site tours, CPR training, and firefighting drills, in addition to statutory training, before assigning them to their given roles. In 2023, the completion rate of health and safety training reached 100%, and we will strive to offer upgraded training programs.

Health and Safety Training Program

Type	Training	Cycle
Regular training	Regular worker training	Quarterly
	Regular PSM training	Monthly
	Training for workers whose work involves hazardous chemicals	Annually
	Training for personnel handling hazardous chemicals	Biennially
	Training to prepare for chemical spills	Semi-annually
	High-pressure gas safety training	Monthly
	Specialized training for disaster prevention personnel	Semi-annually
On-demand training	Training for new hires	Upon recruitment
	Training provided upon changes in work content	For change in work content
	Special safety training	Upon commencement of work
	GHS MSDS	For change in MSDS
Job training	health and safety personnel training	Upon appointment / 2 years
	Safety manager training	Upon appointment / 2 years
	Health manager training	Upon appointment / 2 years
	Supervisor training	Annually
	Training for personnel and technical staff managing hazardous chemicals	Biennially

Health Promotion Program

Employee Health Promotion Program

We offer a range of programs to provide a healthy workplace through disease prevention and health promotion for our employees. Each year, general/special health checkups, comprehensive checkups, and vaccinations are made available, and the in-house health care room established at respective sites provides follow-up management based on health checkup results and regular health promotion programs. For the mental health of our employees, we partner with the Mental Health Welfare Center in Gongju City to provide regular counseling and preventive training for employees in need of assistance.

Taking Care of Workers Exposed to Chemical Substances

We engage in weekly monitoring of workers handling chemical substances for their work history, tasks performed, and exposure to hazards by unit process. Risk assessments are performed on all chemical substances to manage workers' exposure levels, and the chemical exposure data is systematically managed from the start to the end of work to proactively prevent any work-related illnesses caused by exposure to chemicals.



Health care room



Workplace Health and Safety

Activity and Performance

Health and Safety Management for Suppliers

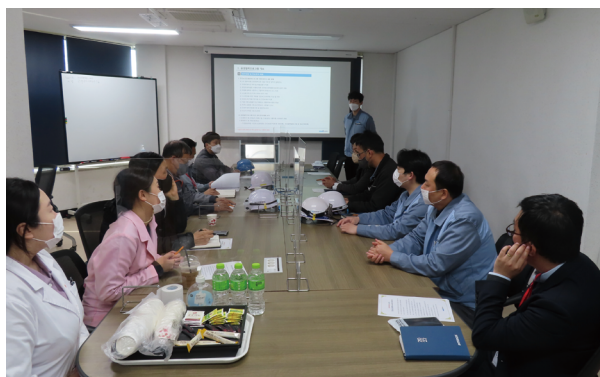
Soulbrain convenes the supplier health and safety council each month with on-site and off-site suppliers to receive and discuss their suggestions and to share health and safety information with them, including safety training and cases of accidents. In 2023, the council served to receive 5 suggestions, including requests for training and environmental improvement, and action was taken to address all of them.

Prior to signing subcontracts, we review candidates for the presence of a health and safety management system and its implementation to ensure we work with suppliers equipped with the ability to prevent occupational injuries. Once selected, all suppliers receive regular semi-annual safety assessments, and systemic audits are performed according to assessment results, including patrol audits, joint audits and on-demand audits, to prevent health and safety incidents and pursue improvement for identified issues. We also provide health and safety information through our supplier portal to stay connected with suppliers.

Supplier Health and Safety Assessment in 2023

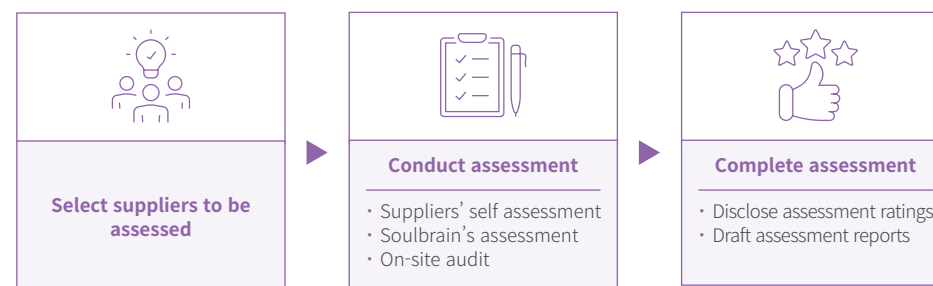
To manage health and safety risks along supply chains, we conduct regular supplier health and safety assessments each year and select assessment targets in line with supply chain assessment standards by taking into account their company size, the annual purchases we make with them, and their importance in our supply chains. Assessment items cover emergency response plans, occupational injuries and illnesses, and occupational hygiene among others, and suppliers are graded based on a five-scale risk grade scheme according to assessment results. Furthermore, we communicate the necessary improvements identified through assessments to all suppliers. For suppliers categorized as high-risk, we demand that they develop plans for risk mitigation and monitor their implementation. In 2023, we performed health and safety assessments on 8 suppliers, and none of them were classified as high-risk. From 2024 onwards, we will introduce incentives tied to health and safety assessment results to further upgrade suppliers' health and safety management capabilities.

Apart from annual health and safety assessments, we conduct joint health and safety audits each quarter. This serves to review the health and safety performance of suppliers' work processes to identify necessary improvements and take action accordingly. The joint health and safety audits regularly performed over the years allowed us to reduce the number of identified improvements from 41 cases in 2021 to 16 in 2023, and all the identified issues were addressed through improvements to reach 100% in improvement rates.



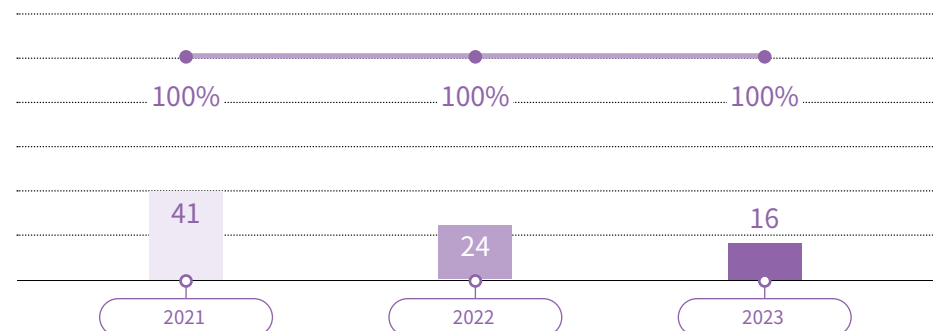
Supplier health and safety council

Supplier Health and Safety Assessment Process



Joint Health and Safety Audit Results – Cases Requiring Improvement, Improvement Rates

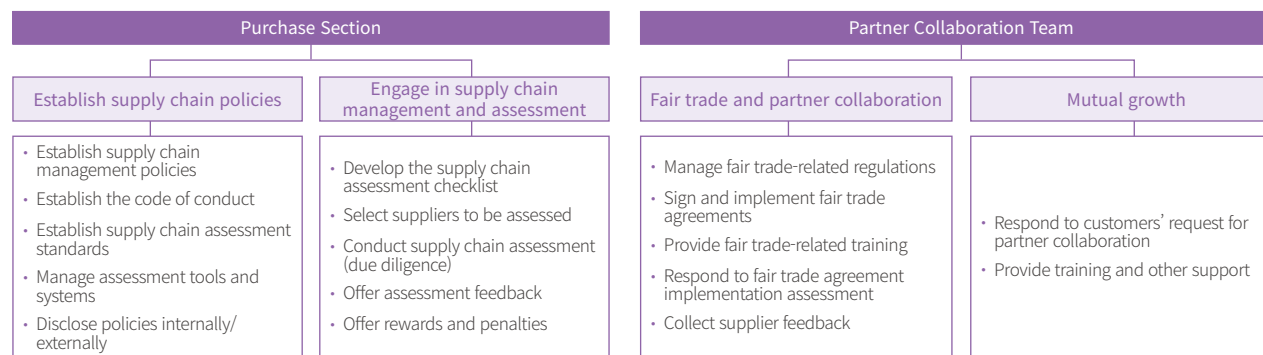
Unit: Cases



Supply Chain ESG Risk Management

Governance

Soulbrain organized a dedicated department and promotes its management and operation to systematically manage supply chain ESG risks and to prevent unfair and unlawful transactions through the signing of fair trade agreements and standard subcontracts, facilitating partner collaboration and mutual growth with suppliers.



Strategy

Supply Chain ESG Management Policy

We stipulated our supply chain ESG management policy to maintain sustainable supply chains and systematically manage supplier ESG risks. In line with the Code of Conduct Version 7.0 of the RBA (Responsible Business Alliance), this policy sets out the ESG code of conduct for all our suppliers to observe in the areas of labor, health and safety, environment, ethics, and management systems. We also arrange a pledge to abide by the supplier code of conduct to ensure suppliers fully understand our ESG code of conduct when entering into contracts with us and faithfully honor this code.

1 Purpose

This policy aims to ensure workplace safety for all domestic and overseas operations of Soulbrain and our suppliers and to conduct business in a way that is environmentally friendly and ethical while respecting all employees.

2 Scope of Application


This policy sets out provisions to be observed by all lower-tier suppliers who provide raw/subsidiary materials and products to our primary suppliers as well as by Soulbrain and our primary suppliers. Respective supplier sites are required to implement this policy in a way that is verifiable through records and documents. Managers and workers operating at these sites are also required to clearly explain the content of this policy. Soulbrain may visit these sites and request improvements for the purpose of reviewing their compliance with this policy.

3 Soulbrain's Supply Chain ESG Code of Conduct

- 1) Labor (ban on compulsory/child labor, adherence to labor laws)
- 2) Health and safety (healthy and safe workplace)
- 3) Environment (minimal adverse impact on local communities, the environment, and natural resources)
- 4) Ethics (anti-bribery, anti-corruption, prohibition of extortion and embezzlement)
- 5) Management system (compliant management system)

4 Assessment

Soulbrain may review compliance with the Soulbrain Supply Chain ESG Code of Conduct, and established the Soulbrain Supply Chain ESG Assessment Standards to this end and conducts assessments accordingly.

CEO, Soulbrain 

Case – Responsible Minerals Sourcing

As social and environmental risk management gains greater importance in the mining and sourcing of minerals, the scope of mineral supply chain management is extending to include more diverse minerals. Soulbrain includes all minerals that may give rise to human rights violations or environmental destruction in their extraction and sourcing process, such as cobalt, in addition to 3TG (Tin, Tantalum, Tungsten, and Gold) mined in the Democratic Republic of the Congo and its adjacent countries. We also have our suppliers sign the pledge not to use conflict minerals to fully abide by the principle of responsible mineral sourcing.

Supply Chain ESG Risk Management

Risk Management

Supply Chain ESG Assessment

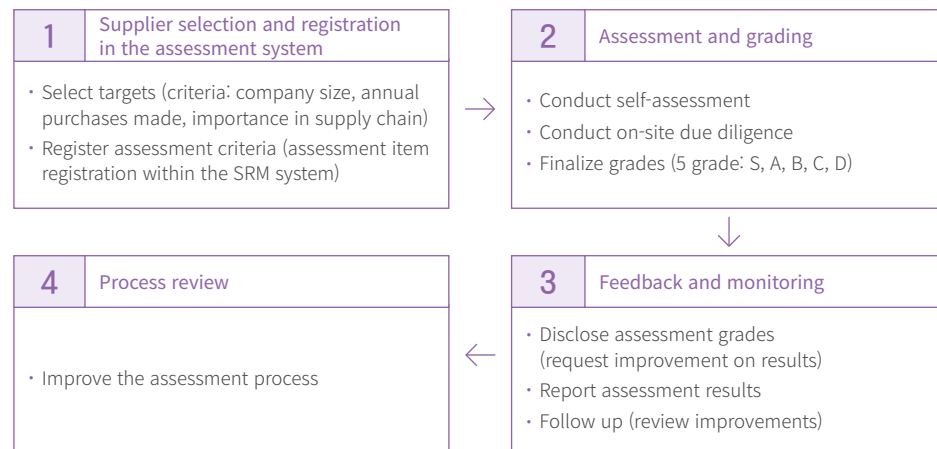
Supply Chain ESG Assessment Standards

We established our standards to assess suppliers for their compliance with the Soulbrain ESG Code of Conduct, and these standards serve as the basis in conducting supplier assessments. Such assessments consist of 38 items spanning the 5 areas of labor, health and safety, environment, ethics, and management system to verify the sustainability performance of suppliers.

Supplier Assessment and Management Process

We implement the supply chain ESG assessment process that we established to systematically manage supplier ESG risks. Assessment targets are selected in consideration of their company size, annual purchases made, and their importance in our supply chain, and assessments are made through our procurement system (SRM). Assessment items are prepared in accordance with our ESG Code of Conduct, and suppliers are graded based on a combination of their self-assessment results, Soulbrain's supplier assessment results, and, when necessary, on-site due diligence results. Suppliers graded low are classified as high-risk and are required to develop and implement risk improvement and mitigation plans while receiving continuous reviews for their improvement. In 2023, we conducted ESG assessments on 8 suppliers to assess the ESG implementation of our supply chains, along with relevant training as well as consulting provided by external specialized organizations to assist suppliers in enhancing their ESG capabilities.

Supply Chain ESG Assessment Process



Activity and Performance

Fair Trade Implementation

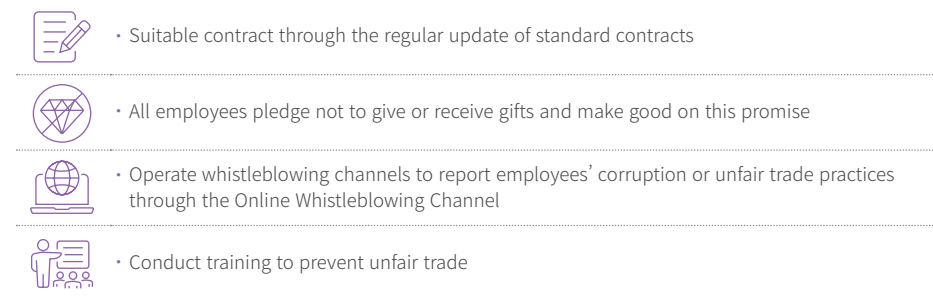
We strive to build mutual trust with suppliers based on fair trade. To this end, we integrated four actions for fair trade, including fair supplier selection and contract signing, into our company regulations and take action accordingly. Going forward, we aim to establish a financial and non-financial risk management process (risk identification – mitigation – follow-up monitoring – reporting to the Board of Directors) covering the risk of unfair trade and unfair competition to pursue partner collaboration and mutual growth with suppliers.

We also sign fair trade agreements and introduce standard subcontracts to prevent unfair and unlawful trade and establish a culture of fair trade. We do not take advantage of our dominant position to coerce unfair practices nor unduly exercise our influence, and we vow to do our utmost to pursue partner collaboration and mutual growth with suppliers.

4 Actions for Fair Trade



Prevention of unfair trade and unfair competition



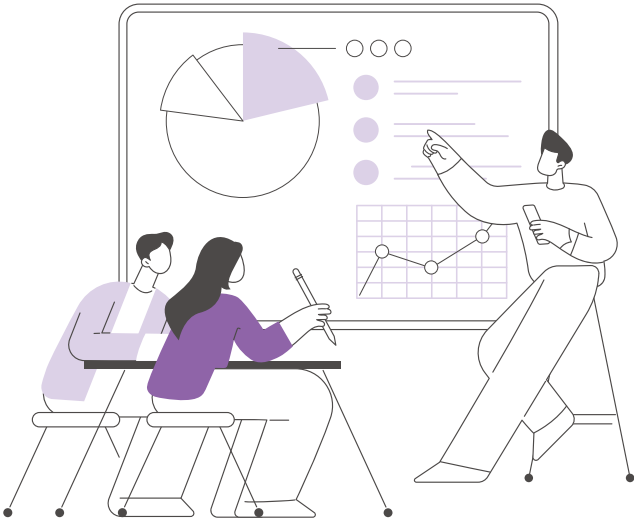
Supply Chain ESG Risk Management

Activity and Performance

Fair Trade Training

We conducted unfair trade prevention training for all employees in the first half of 2024. Work is underway to develop training plans for the second half of the year for employees who have yet to complete such training and for new hires. We will continue to provide regular training to reinforce the principle of fair trade.

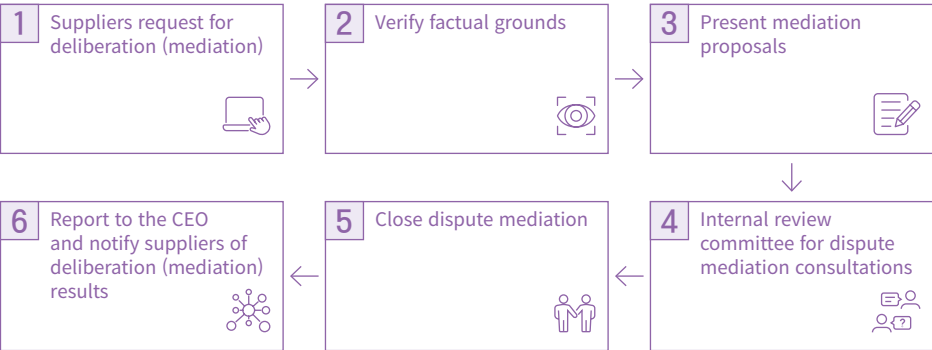
Training	Topic	Timeline	Participants
Unfair trade prevention training	Regulations and cases of unfair trade, insider trading, and market disruption activities	Apr. to May 2024	999 persons



Facilitating Supplier Communication

We have various channels available to heed supplier grievances and suggestions. Our suppliers may provide their feedback on improvement in transactional relationships, compensation, or payments, or raise their concerns over unethical language, behavior, or attitudes through the supplier Online Whistleblowing Channel on our electronic procurement system (SRM) or the Partner Collaboration Community on our website. We also operate the dispute mediation committee to address disputes that may arise during transactions to enhance trust-based relationships with suppliers. In 2023, zero grievances or suggestions were submitted. Soulbrain aims to facilitate communication with suppliers on an ongoing basis to solidify mutual partnerships.

Subcontractor Dispute Mediation Process



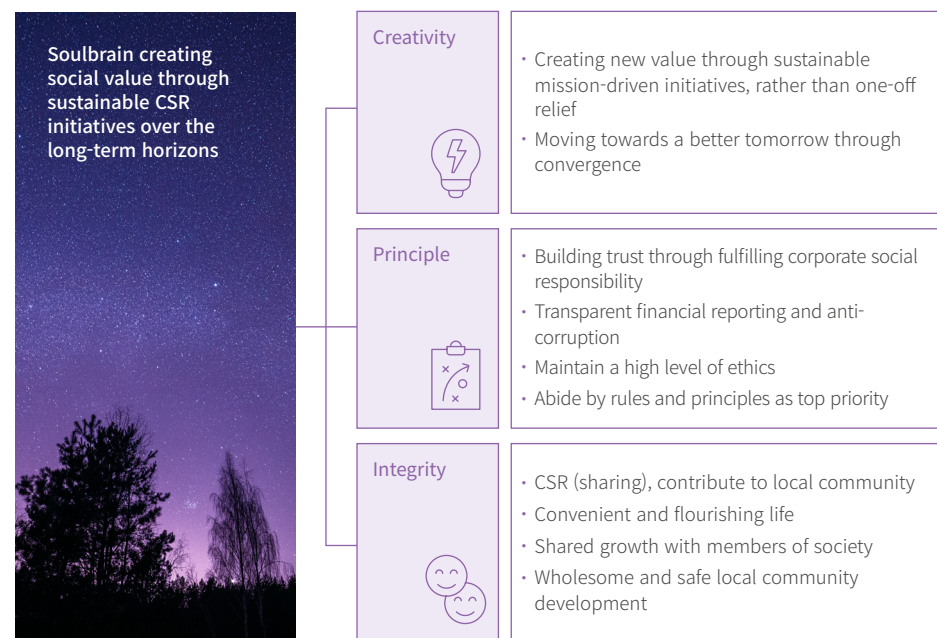
Community

Strategy

To live by the value of sharing, Soulbrain drives sustainability management through our Nanum Foundation. Recognizing our corporate social responsibility and appreciating the communities where we are based for their supporting our growth and development along the way, we vow to take the lead in undertaking corporate social responsibility initiatives to create a flourishing society for all.

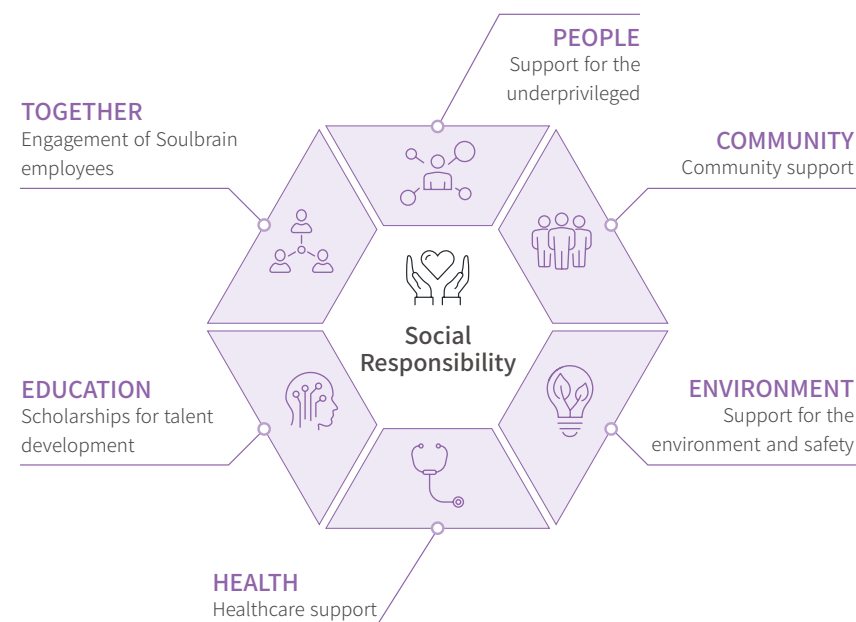
CSR Policy

The Soulbrain Nanum Foundation made its SDGs declaration to define SDGs (SOUL + DGs) as its top priority to pursue in contributing to achieving the shared goal of humanity. We will lend a helping hand to local communities and vulnerable individuals to leave no one behind and act on the sustainable value of sharing.



Strategic Approach

Embed responsible business conduct for the good of society		
Expand CSR activities (protect the underprivileged)	Respect human rights and diversity (contribute to local communities)	Ensure equal, quality education (nurture future talent)



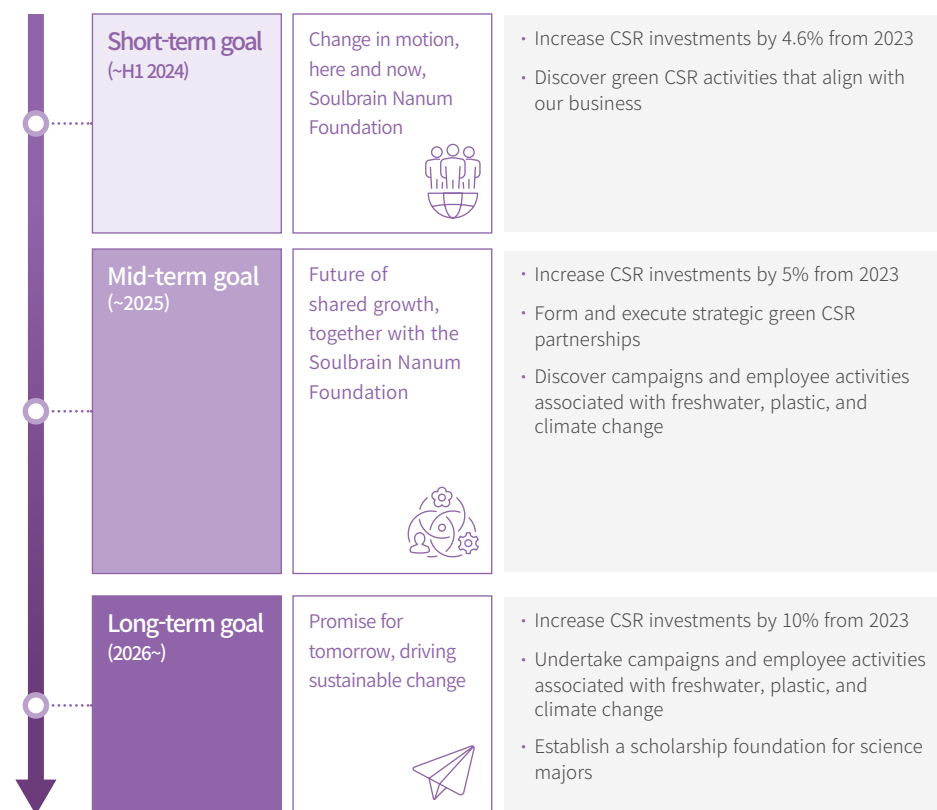
Community

Activity and Performance

Mid/long-term Goal

To live by the value of sharing, we advance sustainable and responsible business conduct through our Soulbrain Nanum Foundation. While protecting the socially underprivileged and fostering future talent to pursue shared growth with society, we also assist our local communities in building self-reliance. Our mid- and long-term CSR goals align with this mission, and we will continue progressing towards these goals through our CSR activities.

Mid/long-term Goals for CSR



CSR Activities

The Soulbrain Nanum Foundation engages in a wide array of CSR activities, including the Seok Ho Scholarships, SOULBOX donations, and The Lounge as a profit-making business to create sustainable value. Since the inception of the foundation in 2013, we have committed to building closer ties and pursuing co-prosperity with local communities beyond mere monetary support, focusing on improving welfare, culture, and quality education for local communities in the process. In 2023, we undertook a total of 30 activities, investing over KRW 860 million in CSR activities.

Seok Ho Scholarships

Starting with donations made to Sungkyunkwan University back in 2007, Soulbrain has been operating the Soulbrain Seok Ho Scholarships as our flagship program to provide stable educational opportunities to the educationally-underprivileged and nurture outstanding talent across local communities. We support middle and high school students noted for their exceptional achievements and leadership in Gongju and Paju to foster them into future leaders. We specifically support educational expenses for students from financially-strapped families to help them continue their education. We also provide scholarships to undergraduates majoring in science in the Seoul metropolitan region and Chungnam to build a network of beneficiaries and a self-reinforcing cycle of promoting shared growth with local communities. We supported a total of 175 undergraduates in 2023 and will strive to foster local talent and offer equal educational opportunities.

SOULBOX Donation

We donate SOULBOX containing 13 items of daily necessities, garments, and food supplies to vulnerable and poverty-stricken individuals in local communities. Its name, which originates from our company name Soulbrain, embodies our warm-hearted and sincere commitment to lending a helping hand to people in need. Since 2018, we have teamed up with Gongju City to donate SOULBOX to congratulate childbirths in the city, providing families with newborns much-needed supplies to help create a childbirth/childrearing-friendly environment. We also donate SOULBOX consisting of baby products along with various supplies to child foster care institutions and facilities for single mothers.



Seok Ho Scholarships



SOULBOX donation

Community

Activity and Performance

The Lounge, Our Profit-making CSR Business

We directly operate The Lounge, an Italian restaurant, and its cafeteria, and direct all profits generated to social-giving causes. The Lounge also serves as a venue for the 'SOUL Table of Sharing' program, which invites children from nearby local children's centers and foster care facilities to provide them with high-quality meals for free, offering them a memorable experience in the process.



The Lounge



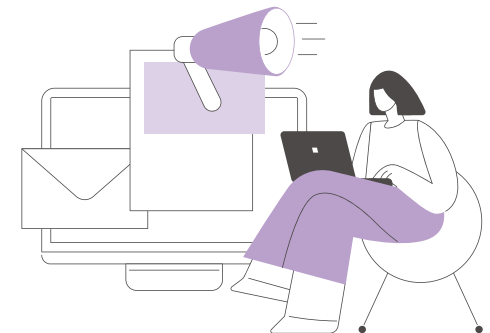
SOUL Table of Sharing

Communicating with the Community Stakeholders

Soulbrain continuously communicates with local residents living in the vicinity of our operations to proactively identify potential environmental and social impacts on local communities and provide them with assistance. We gather grievances raised by local residents through our website, discussions, and other varied channels to extend as much assistance as possible. In 2023, we supported individuals who lost their homes due to the fire in Junghak-dong, Gongju City, by providing basic daily necessities, garments, and home appliances so that they could return to their normal routines. Meanwhile, we operate an emergency response system to keep local residents safe. We inform them of hazardous or high-risk facilities to prepare for fires, explosions, or chemical spills and instruct them on action guidelines in the event of emergencies. Such information is communicated at least once a year through our website, community leaders, and public hearings. For seniors with mobility challenges, we have also established bus transport plans to ensure they can move conveniently in the event of an emergency.



Support for individuals affected by the fire in Junghak-dong, Gongju City



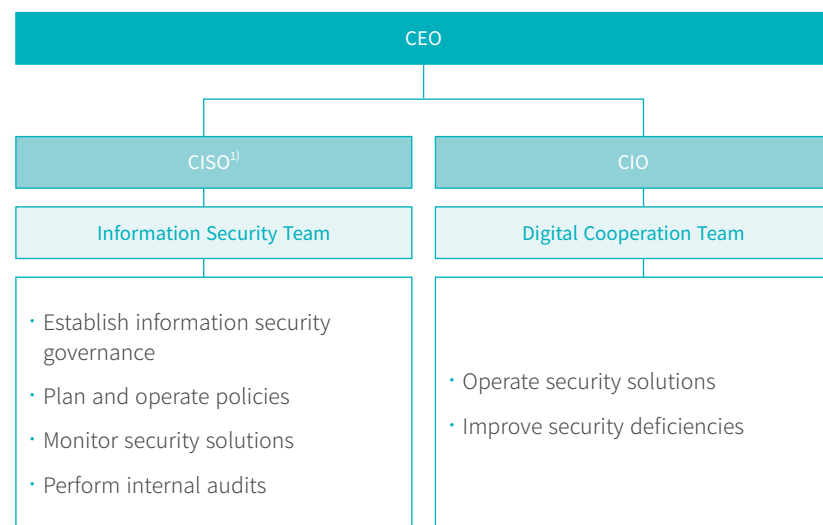
GOVERNANCE



Information Security and Data Privacy

Governance

Our annual information security operational plans are developed under the management and oversight of the CISO (currently held by the CEO) to keep our security performance up to date. We reviewed our security capabilities through the national core technology information security survey and developed plans to improve identified deficiencies while organizing the Information Security Committee and the National Core Technology Information Security Council to establish an approval process to manage and report relevant operational matters. Moving forward, we will achieve ISO 27001 to establish our information security and data privacy management system and verify its operations.



1) The CEO concurrently serves as the CISO

Strategy

Information Security and Data Privacy Policy

As a company holding national core technology, Soulbrain stipulates and operates our information security policy paper and guide along with industrial technology protection guidelines among others. To safeguard information assets and industrial technologies essential to our business and technological operations, we review pertinent laws and regulations each year to advance our policies and guidelines. We also ensure that all our stakeholders, including employees and suppliers, comply with our information security policy.

Soulbrain's Information Security Regulations²⁾

1 Purpose

These regulations, serving as the highest-level standards to promote information security at Soulbrain Holdings and its affiliates (hereinafter "the Company"), aim to establish the security of information handled on the information system and to ultimately expand and support the Company's business fundamentals. As the highest-level regulations governing the Company's information security, the purpose of these regulations is to respond to laws and regulations associated with intellectual property rights and data privacy, among others, as well as to other contractual requirements, and to set basic guidelines to protect the Company's critical information assets from the threats of information misuse, damage, falsification, or leakage by unauthorized parties.

2 Scope of Application

These regulations apply to the IT infrastructure used for the Company's business conduct, its associated employees, contract employees, and outsourcing company employees, as well as to the Company's information assets, including national core technology, and all relevant operations involving the use of information systems. Unless otherwise stipulated in mandatory laws and regulations concerning data privacy and information security, including but not limited to the Act on Prevention of Divulgence and Protection of Industrial Technology (hereinafter "Industrial Technology Protection Act"), the Personal Information Protection Act, and the Act on Promotion of Information and Communications Network Utilization and Information Protection (hereinafter "Information Communications Network Act"), pertinent matters shall be governed by the provisions of these regulations.

2) Excerpted from the regulations



Information Security and Data Privacy

Activity and Performance

Raising Information Security Awareness

We engage in a wide array of activities to raise employees' information security awareness. In 2023, we provided all our employees with security training designed for specialists handling national core technology and supported our key personnel to receive on-site and online training by the Korean Association for Industrial Technology Security to keep up with various incidents of industrial technology leaks. This is paired with monthly on-site departmental inspections and PC inspections to manage information security-related risks.

Starting in 2024, we plan to conduct mock drills to enhance our capabilities to respond to technology breaches and cyber attacks. In performing mock drills against technology leaks, response organizations will be set according to scenarios to train countermeasures for security breaches. Leveraging the programs offered by the Korean Association for Industrial Technology Security and the Korea Internet & Security Agency, we will perform semi-annual drills to brace for ransomware and other cyber attacks.

Information Security and Data Privacy Training Programs

Target	Training	Topic
Personnel handling national core technology	Security training for specialists handling national core technology	<ul style="list-style-type: none"> • Introduction to the national core technology system and technologies designated by sector • Security management plans for personnel responsible for national core technology • Response plans for the leak of national core technology
All employees	Security training for incumbent employees	<ul style="list-style-type: none"> • Roles of general employees in security management • Security obligations and rules for general employees
	Breach by insiders	<ul style="list-style-type: none"> • Cases of technology leaks by insiders • Methods to prevent technology leaks by insiders
	Breach by outsiders	<ul style="list-style-type: none"> • Cases of technology leaks by outsiders • Prevention of and response to breaches committed by outsiders • Precautions for preventing breaches by outsiders
	Breach by cyber attacks	<ul style="list-style-type: none"> • Type of cyber attacks • Learning countermeasures through the analysis of cases of cyber attacks • Methods to prevent cyber attacks and implement security activities

Target	Training	Topic
All employees	Accidental breaches	<ul style="list-style-type: none"> • Cases of accidental breaches • Management and prevention plans for accidental breaches • Learning legal actions associated with breaches
	Breach occurring during telework	<ul style="list-style-type: none"> • Cases of technology leaks occurring during telework • Security rules to observe while teleworking
Security offenders	Training for security offenders	<ul style="list-style-type: none"> • Types and examples of internal security incidents • Actions to take for security incidents and breaches
New hires	Security training for new hires	<ul style="list-style-type: none"> • Security awareness-raising for new hires
Employee nearing their retirement	Security training for employees nearing their retirement	<ul style="list-style-type: none"> • Risk of technology leaks by retirement or turnover • Security compliance requirements for retirees
Overseas business travelers	Industry security rules for business travel	<ul style="list-style-type: none"> • Industry security rules to observe when traveling overseas for business

Ethical Management

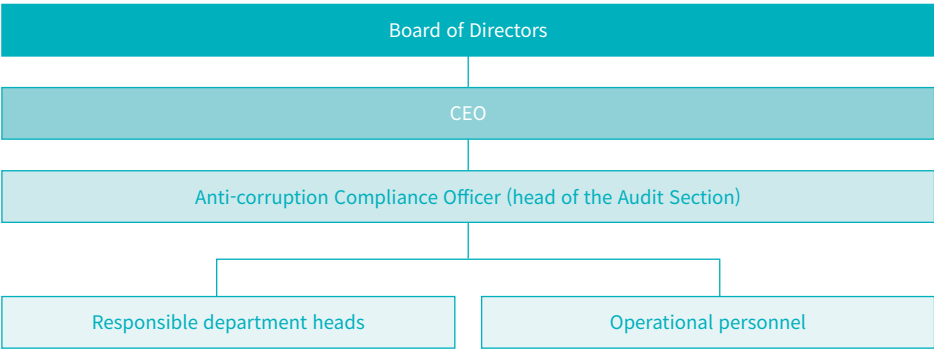
Soulbrain drives compliance management to bring our mission of ‘creating sustainable value’ to life. Guided by our commitment to legal and regulatory compliance, we abide by internal and external standards to meet the requirements of a wide range of stakeholders and social expectations. Moving forward, we plan to establish our Compliance Program system to advance our execution-driven compliance management capabilities.

Governance

Soulbrain first certified our operations to the ISO 37001 international anti-corruption management system standard in 2021 and successfully passed its surveillance audits to maintain our certification in 2024. To establish an anti-corruption management system, we defined our anti-corruption management guidelines and developed an organizational system under the leadership of the CEO, consisting of the anti-corruption compliance officer, heads of relevant departments, and qualified operational personnel. To manage our anti-corruption management system, we track compliance performance indicators in alignment with corruption risk assessment results and provide anti-corruption management review reports to the Board of Directors each year to report relevant activity results and operational performance.

We also identify corruption risks associated with procurement operations and abide by pertinent legal provisions and regulations to advance fair trade. In 2023, risk assessments were performed to ensure compliance with fair trade laws and subcontract laws while improvements were made to address identified deficiencies to enhance our fair trade capabilities in the process. We plan to designate and operate a responsible department to ensure fair trade compliance and continue our efforts to build ethical management capabilities on par with global standards.

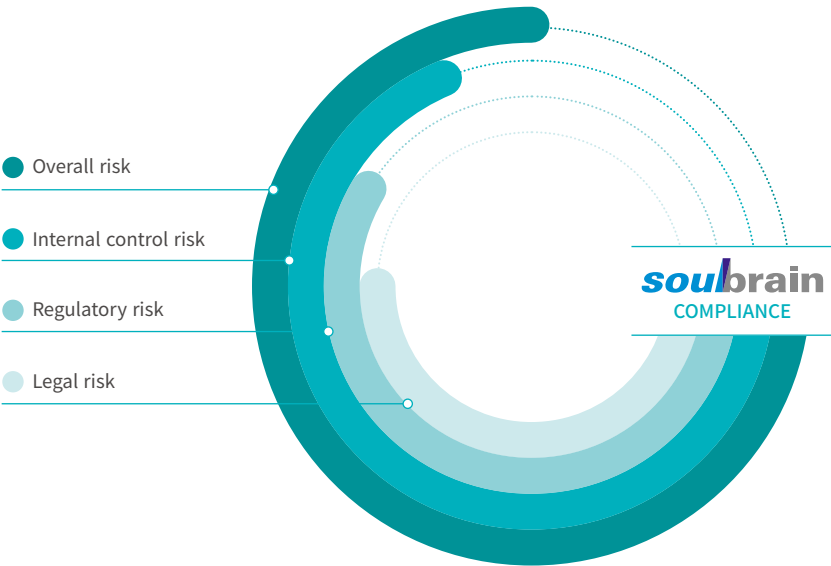
Organizational Chart for Our Anti-Corruption Management System



Strategy

Ethical Management Policy

We have stipulated the Code of Ethics and the Code of Conduct to set the principles governing our employees’ proper value judgment and behaviors. The Employee Code of Ethics embodies Soulbrain’s commitment to ethics for all our stakeholders, including customers, investors, suppliers, employees, and local communities. The Employee Code of Conduct outlines the principles we expect our employees to follow to prohibit insider trading and unfair trade, ban taking any bribes or valuables, and avoid business involving conflicts of interest, along with standards for enhanced ethical awareness. We have made the Employee Code of Ethics and the Employee Code of Conduct publicly available on our website to provide our employees and our wide-ranging stakeholders with a necessary ethical guide.



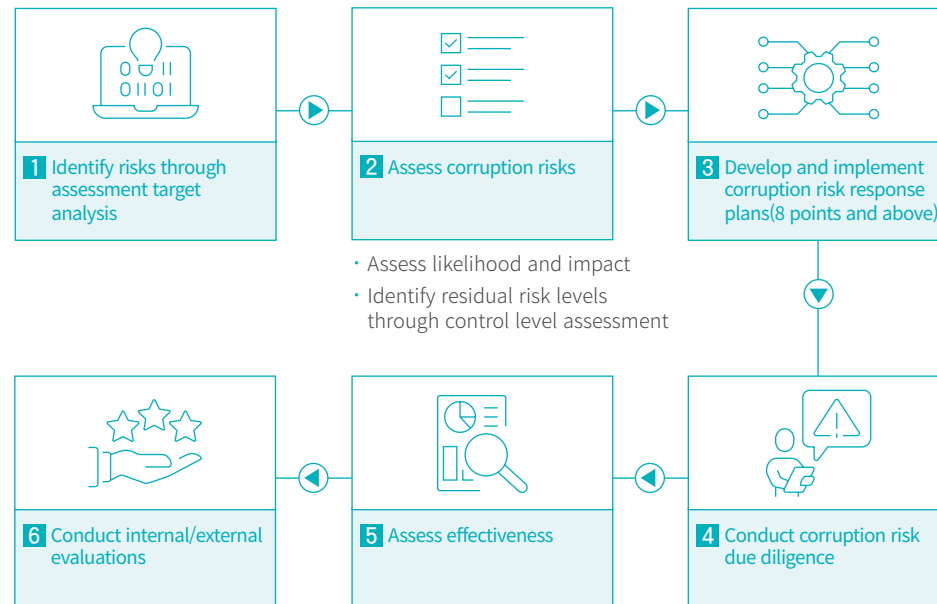
Ethical Management

Risk Management

Corruption Risk Management

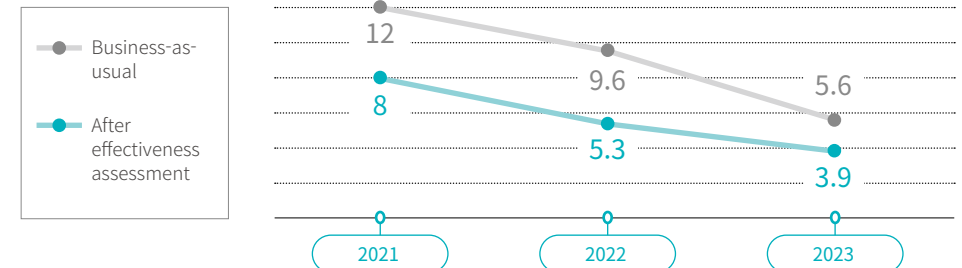
To respond to corruption risks and reduce the likelihood of their occurrence, we perform corruption risk assessments at our Headquarters in Pangyo, Gongju Plant, Paju Plant, and Yong-in R&D Center. We identify corruption-related risks and opportunities by method and type of corruption in line with internal/external issues and stakeholder requirements, and determine residual risk levels by considering the likelihood and impact of these risks. For risks with high residual risk levels (8 points and higher), we develop response plans and make improvements by conducting ethical management training, signing pledges, and bolstering internal control levels. These improvement measures are evaluated for their effectiveness by comparing residual risk levels before and after implementing the improvements. In fact, residual risk levels declined following improvements for all risks identified through the corruption risk assessments conducted in 2023. Our corruption risk levels have consistently declined between 2021 and 2023 through our corruption risk management efforts. Our plan for 2024 is to develop corruption risk assessment and improvement activity plans for our Malaysian corporation to expand and advance our anti-corruption system.

Corruption Risk Management Process



Effectiveness of Corruption Risk Management – Change in Residual Risk Levels

Unit: Points



Anti-corruption Management System Performance in 2023

Selected 19 personnel for ISO 37001 operation	Conducted corruption risk assessments	Conducted internal auditor development training	Conducted internal audits on 19 teams	Achieved and maintained ISO 37001
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Reporting Corruption Risk Management to the Board of Directors

Agenda	Reporting 2023 anti-corruption management review results
Date of reporting	Dec. 19, 2023
Detail	<ul style="list-style-type: none"> Corruption risk monitoring results Effectiveness analysis of corruption risk responses Corruption risk management improvement plan

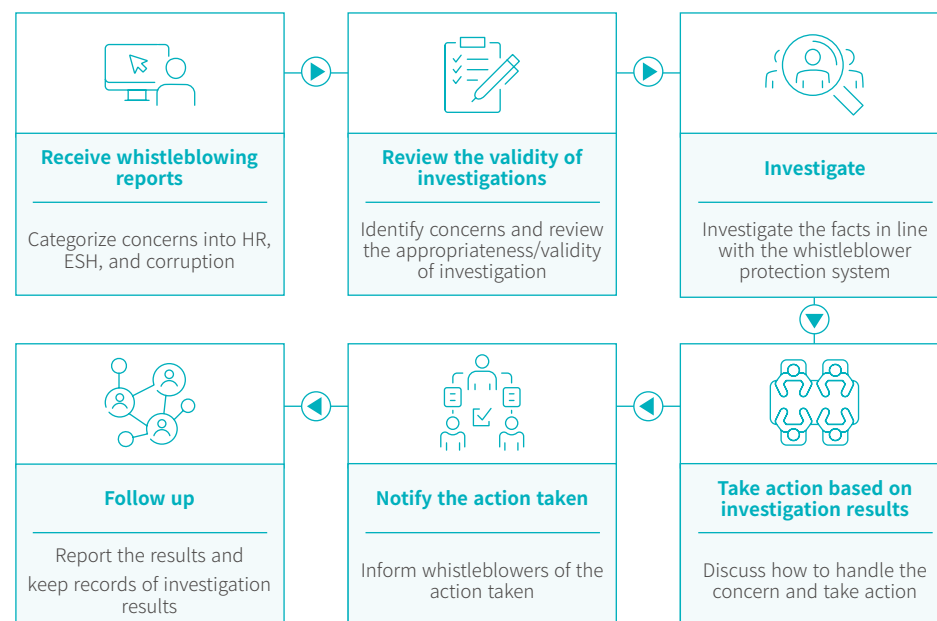
Ethical Management

Risk Management

Operating Ethical Whistleblowing Channels

All our stakeholders are free to access our Online Whistleblowing Channel at any time and from any location to raise concerns about ethical misconduct, including corruption, unfair practices, workplace bullying, sexual harassment, and illegal activities related to the environment, health, and safety. We ensure an impartial whistleblowing handling process to prevent the risk of unethical conduct while championing transparency to become a company trusted by stakeholders. Whistleblowers may raise their concerns either under their real name or anonymously. We have stipulated whistleblower protection so that their identity and the reports they submit remain strictly confidential and that they are free from any discrimination or disadvantages associated with whistleblowing. In 2023, we received four reports: appropriate action was taken according to the established handling process, and 100% of the cases were handled through effective management.

Whistleblowing Handling Process



Activity and Performance

Ethics Training

To raise employees' awareness of ethics and disseminate a culture of compliance management, we independently produce and implement compliance and ethics management training programs. In 2023, these programs provided employees with basic training on Soulbrain's compliance management, outlining factors that undermine ethical decision-making and emphasizing the importance of principles to assist our employees in making ethical and appropriate decisions. Such training addressed ethical requirements in line with our Employee Code of Ethics and the Employee Code of Conduct in 2021, and the causes behind corruption scandals and their prevention measures in 2022, ensuring our compliance and ethical management training is differentiated by keeping abreast of emerging social issues and stakeholder requirements. Following the completion of training, we survey participants for their satisfaction and collect feedback to consistently upgrade our training programs. Meanwhile, we suspended the exchange of gifts with suppliers during the New Year and Korean Thanksgiving holidays and promoted our Online Whistleblowing Channel among suppliers, providing them with campaigns and ethical management training to establish a culture of compliance management alongside our stakeholders.

Ethics Training Provided in 2023

Training	Compliance and ethical management training in 2023
Date	Aug. 2023
Topic	Understanding Soulbrain's compliance management, importance of principles, factors undermining ethical decision-making, ethical decision-making methods
Participants	464 persons
Completion rate	100%

Board of Directors

Composition of the Board of Directors

Composition of the Board of Directors

On the strength of our transparent governance, Soulbrain commits to building trust-based relationships with stakeholders and pursuing sustainable value over the long haul. Our Board of Directors, the highest decision-making body, and one outside director considering one’s expertise.

Director	Name	Gender	Career	Tenure (Date of Appointment)
Inside director	Hwan Chul Rho	Male	<ul style="list-style-type: none">Chair, Board of DirectorsCurrent) CEO, Soulbrain	Mar. 2024 to Mar. 2027 (Mar. 2021)
Inside director	Suk Hwan Youn	Male	<ul style="list-style-type: none">Current) Head, Production Division	Mar. 2024 to Mar. 2027 (Mar. 2021)
Outside director	Gil Ho Yang	Male	<ul style="list-style-type: none">Current) Outside director, Soulbrain	Mar. 2023 to Mar. 2026 (Mar. 2023)

Ensuring Independence and Transparency of the Board of Directors

To ensure the independence of the Board of Directors, Soulbrain appointed outside directors who have had no transactions with the Company for the past three years, considering their relationship with the largest shareholder and related parties. Our Board of Directors transparently makes decisions on business operations from an impartial perspective based on independence.

Improving Expertise and Diversity of the Board of Directors

We provide a range of training to enhance the expertise of our outside directors. In 2023, we conducted training on technology protection and security incident prevention considering our possession of national core technology, along with compliance and ethical management training to assist the Board of Directors in reinforcing its expertise and decision-making capabilities. We also operate an organization that supports the work of outside directors, providing assistance across overall business operations including the Annual General Meeting of shareholders and the Board of Directors.

Operation of the Board of Directors

Our Board of Directors convenes regularly or on an as-needed basis. In 2023, the Board met 15 times to make decisions on 15 agenda items in total. To ensure fair decision-making, any decision made at the Board requires a majority of directors present and a majority of attending directors voting for or against.

Board of Directors Meetings Held in 2023

Meetings Held	Decision Item	Attendance of Inside Directors	Attendance of Outside Directors
15 meetings	15 items	100%	100%

Assessment of the Board of Directors

We initiated assessing the performance of Board members and outside directors in 2024. Annual self-assessments are conducted for all Board members and outside directors, and the results are reported to the Board of Directors. Going forward, Soulbrain will disclose these assessment results through our sustainability reporting and will do our utmost to make Board operations more effective.

Board Assessment Items

Target	Item	Description
All directors	Composition of the Board	<ul style="list-style-type: none">Board’s competency, expertise, and experienceBoard’s independence <ul style="list-style-type: none">Director succession, appointment, and recruitment
	Operation of the Board	<ul style="list-style-type: none">Board meeting schedule, frequency, and agendasCompleteness of meeting materials <ul style="list-style-type: none">Efficient meeting proceedings and practices
	Performance of the Board	<ul style="list-style-type: none">Proposing and discussing meeting agendasAdequacy of key strategy and goal reviews <ul style="list-style-type: none">Advice to leadershipManagement oversight and check
Outside directors	Participation	<ul style="list-style-type: none">Active participation in Board operations
	Expertise	<ul style="list-style-type: none">Holding and using expertise and experiences
	Operational contribution	<ul style="list-style-type: none">Focused discussion of key mattersExpressing key opinions on proposed agenda itemsAssuming mediator roles <ul style="list-style-type: none">Fulfillment of director roles and responsibilitiesExclusion of personal interests and development of ethics awareness

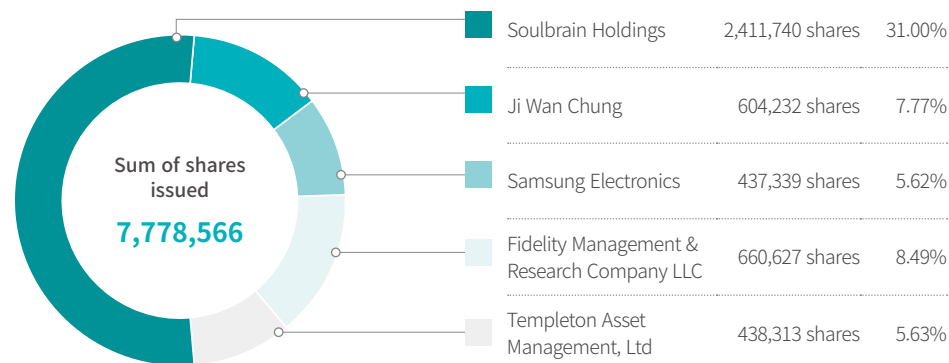
Protecting Shareholder Rights and Interests

Enhancing Shareholder Value

Shareholder Composition and Overview

Soulbrain issued a total of 7,778,566 common shares as of December 31, 2023. Of these shares, 7,743,142 carry voting rights, excluding 35,424 treasury shares owned by the Company. We guarantee the one share, one vote principle for all shareholders. Soulbrain will do our utmost to heed the voices of minority shareholders as well as key major shareholders.

Shareholders with 5% or more ownership



Overview of Minority Shareholding

Number of minority shareholders

22,325 persons
(99.94%)

Number of minority shareholdings

3,262,431 shares
(41.94%)

Shareholder Return Policy

Soulbrain establishes and implements dividend policies to enhance shareholder value through shareholder returns. Our policy ensures a ratio of 400% or higher in cash dividend per share to maintain a minimum level of shareholder return and that we adjust dividend amounts upwards subsequently. In 2023, we paid KRW 15.486 billion in total dividends and achieved a 400% ratio of cash dividend per share.

Dividends Paid

Category	Unit	2021	2022	2023
Total dividends	KRW 100 million	151.44	155.09	154.86
Dividend per share	KRW	1,950	2,000	2,000
Dividend payout ratio	%	10.2	9.53	11.88
Cash dividend yield	%	0.69	0.90	0.67

Facilitating Shareholder Communication

We strive to facilitate communication with stakeholders and enhance stakeholder trust in doing so. The IR section of our official website makes information readily accessible for shareholders, and our website is available in English for foreign shareholders. We have also adopted electronic voting for the Annual General Meeting of shareholders to ensure our shareholders can duly exercise their voting rights through various methods, and also inform shareholders of how to use electronic voting in the AGM convocation.

ESG DATA

Environmental

GHG Emissions¹⁾²⁾

Category		Unit	2021	2022	2023
Scope 1		tCO ₂ -eq	15,239.98	14,472.79	11,030.70
Scope 2		tCO ₂ -eq	44,505.41	46,382.16	47,640.67
Total GHG emissions (Scope 1 & 2)		tCO ₂ -eq	59,745.39	60,854.95	58,671.38
GHG emissions intensity	Scope 1	tCO ₂ -eq/KRW billion	15.54	13.82	13.37
	Scope 2	tCO ₂ -eq/KRW billion	45.39	44.28	59.90

1) Restated the 2021 and 2022 data due to change in calculation scope

2) Scope of calculation: Pangyo Headquarters, Gongju Plant (including Soulbrain RASA), Paju Plant and Yong-in R&D Center

Reduction in GHG Emissions³⁾

Category		Unit	2021	2022	2023
Total reductions achieved		tCO ₂ -eq	-7,922.26	-1,109.56	2,183.57
Total reduction rate ³⁾		%	-15	-2	4

3) Restated the 2021 and 2022 data due to change in calculation scope

Energy Consumption

Category			Unit	2021	2022	2023
Direct energy	Fixed combustion	Gas(LNG)	TJ	298.83	283.95	216.02
		Kerosene	TJ	-	-	-
	Mobile combustion	Gasoline	TJ	0.41	0.41	0.62
		Diesel	TJ	0.77	0.61	0.58
	Total		TJ	300.01	284.97	217.23
Indirect energy	Electricity ⁴⁾		TJ	929.43	964.29	994.90
	Steam		TJ	3.07	3.74	3.20
	Total		TJ	932.50	968.03	998.10
Renewable energy consumption			TJ	-	0.75	0.64
Total energy consumption ⁴⁾			TJ	1,232.51	1,253.76	1,215.96
Energy consumption intensity ⁴⁾			TJ/KRW billion	1.26	1.20	1.53

4) Restated the 2021 and 2022 data due to change in calculation scope

Waste Generation

Category		Unit	2021	2022	2023
Designated waste discharged		ton	38,820	19,455	11,305
Intensity of designated waste discharge		ton/KRW billion	39.59	18.57	14.21
Designated waste treated by method	Incineration	ton	431	386	311
	Neutralization	ton	12,411	6,821	3,810
	Concentration by evaporation	ton	8,995	5,822	3,038
	Others	ton	-	-	-
	Recycling	ton	16,984	6,426	4,147
	Total	ton	38,820	19,455	11,305
General waste discharged		ton	10,166	7,452	4,412
Intensity of general waste discharged		ton/KRW billion	10.37	7.11	5.55
General waste discharged by method	Incineration	ton	63	-	-
	Neutralization	ton	-	-	-
	Concentration by evaporation	ton	-	-	-
	Others	ton	152	23	1
	Recycling	ton	9,951	7,428	4,411
	Total	ton	10,166	7,452	4,412
Waste recycling	Amount recycled	ton	26,935	13,854	8,558
	Recycling rate	%	55	51	54
Waste discharged per person ⁵⁾		ton	35.99	19.53	13.51

5) Restated the 2021 and 2022 through correction of calculation errors

Environmental

Water Withdrawals

Category			Unit	2021	2022	2023
Total water withdrawn			ton	484,936	586,017	553,300
Water withdrawal intensity			ton/KRW billion	494.53	559.41	695.69
Water withdrawn by business site	Headquarters	Tap water	ton	14,146	15,701	16,505
		Ground water	ton	-	-	-
	Gongju Plant	Tap water	ton	320,621	411,233	350,358
		Ground water	ton	42,775	47,765	51,358
	Paju Plant	Tap water	ton	10,641	9,861	1,559
		Industrial water	ton	96,753	95,365	130,378
	R&D Center	Tap water	ton	-	6,092	3,142
		Ground water	ton	-	-	-

Water Consumption

Category			Unit	2021	2022	2023
Total water consumed ¹⁾²⁾			ton	696,709	746,155	677,545
Water consumption intensity ²⁾			ton/KRW billion	710.49	712.27	851.91
Water consumed by business site	Headquarters		ton	14,146	15,701	16,505
	Gongju Plant		ton	575,169	607,630	521,908
	Paju Plant		ton	107,394	116,732	135,990
	R&D Center		ton	-	6,092	3,142
Total water recycled			ton	211,773	160,138	124,245
Water recycled by business site	Headquarters		ton	-	-	-
	Gongju Plant		ton	211,773	148,632	120,192
	Paju Plant		ton	-	11,506	4,053
	R&D Center		ton	-	-	-

1) Total water consumption = Total water withdrawn + total water recycled

2) Restated the 2021 and 2022 data due to change in calculation criteria

Wastewater Discharges

Category	Unit	2021	2022	2023
Total discharges	ton	196,578	202,678	201,732

Air Pollutant Emissions

Category		Unit	2021	2022	2023
Nitrogen oxides (NOx)	Emissions	ton	5.75	15.84	2.99
	Emissions intensity	ton/KRW trillion	5.86	15.12	3.76
Sulfur oxides (SOx)	Emissions	ton	0.35	0.02	0
	Emissions intensity	ton/KRW trillion	0.36	0.02	0
Particulate matter	Emissions	ton	0.01	2.20	2.17
	Emissions intensity	ton/KRW trillion	0.01	2.10	2.73
Total hydrocarbons (THC)		ton	5.92	3.07	1.54
Hydrogen chloride (HCl)		ton	0.13	0.27	0.22
Hydrogen fluoride (HF)		ton	0.11	0.07	0.04
Ammonia (NH ₃)		ton	0.38	0.09	0.57

Water Pollutant Discharges

Category	Unit	2021	2022	2023
TOC discharged	ton	2.24	1.69	1.41
BOD discharged	ton	1.55	1.64	1.05
SS discharged	ton	1.37	1.06	0.55
Intensity of water pollutants discharged	ton/KRW trillion	5.26	4.19	3.78

Consumption and Discharge of Hazardous Chemicals

Category	Unit	2021	2022	2023
Total consumption	ton	245,869	384,107	88,484
Total discharges ³⁾	ton	334	717	590
Chemical leaks	cases	0	0	0

3) Total discharge of hazardous chemicals = Air emissions + wastewater transfers + waste transfers

Environmental

Environmental Compliance

Category	Unit	2021	2022	2023
Non-compliance	cases	1	0	0
Sanctions imposed for non-compliance	cases	1	0	0
Penalties imposed for non-compliance	KRW million	0.6	0	0

Eco-friendly Vehicles Owned

Category	Unit	2021	2022	2023
ICE vehicles	vehicles	5	6	6
Eco-friendly vehicles (electric, hydrogen)	vehicles	7	18	24
Percentage of eco-friendly vehicles out of total corporate fleet vehicles	%	58	75	80
Total vehicle purchases	KRW million	313	622	501
Purchase of eco-friendly vehicles ¹⁾	KRW million	229	622	317
Percentage of eco-friendly vehicles out of total vehicle purchases	%	73	100	63

1) EVs, electric forklifts

Eco-friendly Sales

Category	Unit	2021	2022	2023
Eco-friendly revenue ²⁾	KRW million	156,402	198,868	117,129
Percentage of eco-friendly revenue	%	15	18	14

2) Calculation criteria: Revenue from secondary battery material business

Eco-friendly Investment

Category	Unit	2021	2022	2023
Eco-friendly investments made	KRW million	5,655	6,712	3,405

Key Environmental Certifications Achieved

Category	Unit	2021	2022	2023
ISO 14001	sites	2	2	2
ISO 50001	sites	1	1	1

Social

Workforce¹⁾

Category		Unit	2021	2022	2023
Total employees		persons	1,372	1,383	1,195
By gender	Male	persons	1,267	1,274	1,092
	Female	persons	105	109	103
Number of permanent employees	Male	persons	1,017	1,116	1,032
	Female	persons	91	90	97
	Total	persons	1,108	1,206	1,129
Percentage of permanent employees	Male	%	74.1	80.7	86.4
	Female	%	6.6	6.5	8.1
	Total	%	80.8	87.2	94.5
Number of temporary ²⁾ employees	Male	persons	250	158	60
	Female	persons	14	19	6
	Total	persons	264	177	66
Percentage of temporary employees	Male	%	18.2	11.4	5.0
	Female	%	1.0	1.4	0.5
	Total	%	19.2	12.8	5.5
Employees by age group	Under 30	persons	928	297	196
	30~50	persons	384	1,022	964
	Over 50	persons	60	64	35
Employee diversity	Percentage of female employees	%	7.7	7.9	8.6
	Female managers ³⁾	persons	2	2	2
	Percentage of female managers ⁴⁾	%	2.9	3.2	3.3
	Employees of national merit	persons	25	25	20
	Employees with disabilities	persons	19	21	13

1) Restated the 2021 and 2022 data due to change in calculation criteria

2) Direct contract positions

3) Female employees in team leader and above positions

4) Restated the 2021 and 2022 data through correction of calculation errors

Recruitment

Category	Unit	2021	2022	2023
Total new recruitment of permanent positions	persons	120	34	31
Young adults ⁵⁾	persons	101	25	31
Female	persons	18	6	9
People with disabilities	persons	0	0	1
Talent outside the Seoul metropolitan region ⁶⁾	persons	70	20	15
High school graduates	persons	29	1	2
Total new recruits ⁷⁾	persons	355	124	46

5) Under 35

6) Recruited outside the Seoul metropolitan region (excluding Seoul and Gyeonggi)

7) Total recruits including temporary positions

Turnover⁸⁾

Category		Unit	2021	2022	2023
Voluntary turnover	Male	persons	193	140	75
	Female	persons	17	15	5
Voluntary turnover by age group	Under 35	persons	173	119	52
	35~50	persons	34	30	22
	Over 50	persons	3	6	6
	Total	persons	210	155	80
Total voluntary turnover		persons	210	155	80
Voluntary turnover rate		%	12.8	9.8	5.6
Average length of employment ⁹⁾		years	6.2	6.7	7.8

8) Restated the 2021 and 2022 data due to change in calculation criteria

9) Based on annual reports

Social

Parental Leave

Category		Unit	2021	2022	2023
Number of employees subject to parental leave management ¹⁾²⁾	Male	persons	334	315	326
	Female	persons	23	22	23
	Total	persons	357	337	349
Number of employees who took parental leave	Male	persons	14	16	29
	Female	persons	3	2	7
	Total	persons	17	18	36
Percentage of employees who returned to work after parental leave ³⁾	Male	%	100	93.7	96.2
	Female	%	100	100	100
	Total	%	100	94.4	96.9
Percentage of employees who continued to work after parental leave ⁴⁾	Male	%	100	67	82
	Female	%	100	100	100
	Total	%	100	77	85

1) Pursuant to Article 19-1 of the Equal Employment Opportunity and Work-Family Balance Assistance Act

2) Restated the 2021 and 2022 data due to change in calculation criteria

3) Percentage of employees who returned to work after parental leave in the concerned year

4) Percentage of employees who worked 12 months and longer out of employees who returned to work after parental leave in the preceding year

Retirement Pension

Category		Unit	2021	2022	2023
Pension fund for pension payments (retirement pension assets under management)		KRW million	6,512	8,089	10,614
Subscription by type of plan	DB	persons	-	-	-
	DC ⁵⁾	persons	1,214	1,400	1,364
	Total	persons	1,214	1,400	1,364

5) Refer to the total number of employees who made contributions and the reserves accumulated in the concerned year and exceed the number of employees as of year-end

Labor-Management Relationships

Category		Unit	2021	2022	2023
Labor-Management Council and Occupational Health and Safety Committee convened		occasions	8	8	8

Training Outcomes⁶⁾

Category		Unit	2021	2022	2023
Total employees who received training ⁷⁾	Male	persons	1,385	1,373	1,216
	Female	persons	139	129	128
	Total	persons	1,524	1,502	1,344
Training hours per person ⁸⁾⁹⁾	Male	hours	18	26	13
	Female	hours	40	48	25
	Total	hours	20	28	14
Total training hours ⁹⁾		hours	28,903	40,909	17,276
Total training expenses ⁹⁾		KRW million	315	303	183
Training execution costs per person ⁹⁾		KRW 1,000/person	219	207	152
Satisfaction with training ¹⁰⁾		points	4.46	4.12	4.38

6) Restated the 2021 and 2022 data due to change in calculation criteria (excluding satisfaction with training)

7) Including resignations

8) Total training hours/number of employees: Irrelevant to total number of employees who received training

9) Include Soulbrain Holdings' data for 2021 and 2022

10) Based on satisfaction with internal training (excluding external training)

Human Rights Management

Category		Unit	2021	2022	2023
Ethics training	Participants	persons	425	431	464
	Total training hours	hours	425	431	464
	Training hours per person	hours	1	1	1
Human rights training	Training provided	occasions	3	3	3
	Participants	persons	1,393	1,393	1,251
	Total training hours	hours	4,179	4,179	3,753
	Training hours per person	hours	3	3	3
Violation of human rights (including discrimination) handled		cases	0	1	2

Social

Grievance Handling

Category		Unit	2021	2022	2023
Grievances handled	Grievances submitted	cases	176	142	83
	Handling rate	%	85	75	76
Human rights grievances handled	Grievances submitted	cases	0	1	2
	Handling rate	%	100	100	100
Supplier grievances handled	Grievances submitted	cases	0	0	0
	Handling rate	%	-	-	-
Supplier health and safety grievances handled	Grievances submitted	cases	0	6	5
	Handling rate	%	-	100	100

Workplace Health and Safety Management

Category		Unit	2021	2022	2023
Employee injuries	Injury rate ¹⁾	%	0.29	0.22	0
	Frequency rate ²⁾	-	1.21	0.91	0
	Lost time injury rate (LTIR) ³⁾	-	0.24	0.18	0
	Total recordable injury rate (TRIR) ⁴⁾	-	0.42	0.30	0
Supplier worker injuries ⁵⁾	Injury rate ¹⁾	%	0.37	0	0
	Frequency rate ²⁾	-	1.55	0	0
	Lost time injury rate (LTIR) ³⁾	-	0.31	0	0
	Total recordable injury rate (TRIR) ⁴⁾	-	0.62	0	0
High-consequence injuries		cases	0	0	0
Work-related injuries and illnesses	Male ¹⁾	persons	4	3	0
	Female	persons	1	0	0
	Total ¹⁾	persons	5	3	0
On-site safety inspection	Total inspections made	cases	916	648	772
	Inspections made per site	cases	916	648	772
	On-site non-conformities identified	cases	1,263	653	977
Assignment of safety managers	Percentage of permanent positions	%	100	100	100
	General checkups ⁶⁾	persons	1,325	1,405	1,307
Health checkups provided	Special checkups ⁶⁾	persons	1,245	1,595	1,738
	Comprehensive checkups	persons	446	690	549
Health counseling provided		persons	7,672	11,996	4,141

1) Restated the 2022 data through correction of calculation errors

2) Frequency rate = Number of injuries / total hours worked per year * 1,000,000

3) Lost time injury frequency rate (LTIFR) = Number of lost time injuries / total hours worked per year * 200,000

4) Total recordable injury rate (TRIR) = (Total recordable injuries * 200,000) / total hours worked per year

5) Restated the 2021 data due to change in calculation criteria

6) Include duplicates of general and special checkups; General checkups are regularly provided by the employer for worker health management while special checkups are provided to concerned workers only, before and after assignment

Occupational Safety Training Outcomes⁷⁾

Category	Unit	2021	2022	2023
Total employees who received training	persons	17,120	19,248	14,973
Training courses	courses	17	9	11

7) Restated the 2021 and 2022 data due to change in calculation criteria

Supply Chain ESG Assessment⁸⁾

Category	Unit	2021	2022	2023
Suppliers that received ESG assessment	companies	-	-	8
Suppliers that received on-site due diligence	companies	-	-	3

8) Conducted starting from 2023

CSR Outcomes

Category	Unit	2021	2022	2023
Donation revenue ⁹⁾	KRW million	1,017	1,689	1,077
CSR expenses (including CSR, energy welfare, and mutual growth support)	KRW million	919	1,270	864
Profit-generating business (including The Lounge and in-house cafes)	KRW million	176	306	125
Employees who joined the Nanum membership ¹⁰⁾	persons	208	213	233
Average amount per employee	KRW/person	10,721	10,587	10,837

9) Donations made to the Soulbrain Nanum Foundation through donations made by employees who are Nanum members, corporate donations, and other one-off donation and charity events

10) Employees at Soulbrain and other affiliates who make monthly donations to the Soulbrain Nanum Foundation

Community Activity and Investment

Category		Unit	2021	2022	2023
Community volunteering and donation	Frequency	occasions	36	28	30
	Amount	KRW million	919	1,269	863
Donations to relevant organizations		occasions	36	28	30
Purchase of Onnuri Gift Certificates		KRW million	510	600	820

Governance

Statements of Financial Position

	Category	Unit	2021	2022	2023
Assets	Current assets	KRW million	438,576	458,877	345,056
	Non-current assets	KRW million	391,370	476,030	650,387
	Total assets ¹⁾	KRW million	829,947	934,907	995,443
Liabilities	Current liabilities	KRW million	173,146	127,596	71,114
	Non-current liabilities	KRW million	4,615	8,072	5,507
	Total liabilities	KRW million	177,761	135,668	76,621
Equity	Paid-in capital	KRW million	3,889	3,889	3,889
	Retained earnings	KRW million	196,640	344,290	459,143
	Other components of equity	KRW million	451,656	451,060	455,789
	Total equity	KRW million	652,185	799,239	918,822

1) Restated the 2021 data through correction of calculation errors

Statements of Comprehensive Income

	구분	단위	2021	2022	2023
Revenue		KRW million	1,023,913	1,090,867	844,029
Cost of sales		KRW million	-768,539	-793,061	-650,950
Gross profit		KRW million	255,375	297,806	193,079
Selling and administrative expenses		KRW million	-66,534	-90,756	-59,591
Operating profit		KRW million	188,841	207,051	133,488
Other non-operating income		KRW million	14,509	31,485	33,336
Other non-operating expenses ²⁾		KRW million	-7,450	-27,714	-15,988
Financial income ³⁾		KRW million	10,174	9,057	14,055
Financial costs		KRW million	-2,847	-4,436	-3,588
Equity method loss on joint venture investment		KRW million	-3,190	-	-
Gain on disposal of joint venture investment		KRW million	3,187	-	-
Profit before income tax		KRW million	203,224	215,443	161,304
Income tax expenses		KRW million	-51,003	-47,770	-30,348
Profit for the year		KRW million	152,221	167,673	130,955
Attributable to owners of the parent company		KRW million	148,517	162,794	130,363
Attributable to non-controlling interests		KRW million	3,704	4,879	592
Other comprehensive income for the year		KRW million	6,658	-1,724	344
Gain (loss) on foreign currency translation		KRW million	6,658	-1,724	344
Total comprehensive income for the year		KRW million	158,878	165,949	131,299
Controlling interests		KRW million	155,175	161,069	130,707
Non-controlling interests		KRW million	3,704	4,879	592

2), 3) Restated the 2021 and 2022 data through correction of calculation errors

	Category	Unit	2021	2022	2023
Earnings per share attributable to controlling interests					
	Basic earnings (loss) per share	KRW 1,000	19	21	17
	Diluted earnings (loss) per share	KRW 1,000	19	21	17
	Net profit margin ⁴⁾	%	14.9	15.4	15.5
	Equity turnover ratio ⁵⁾	%	157.0	136.5	91.9

4) Net profit margin = Profit for the year/revenue

5) Equity turnover ratio = Revenue/total equity

Statements of Cash Flows

	Category	Unit	2021	2022	2023
Cash flow from operating activities		KRW million	131,901	190,815	221,046
Cash flow from operations		KRW million	179,738	236,504	261,833
Interest received		KRW million	530	1,808	9,620
Interest paid		KRW million	-792	-308	-83
Income tax paid		KRW million	-47,575	-47,189	-50,324
Cash flow from investing activities		KRW million	-53,091	-146,012	-214,976
Increase in other receivables		KRW million	-	-	-515
Decrease in other receivables		KRW million	-	12,397	-
Net increase (decrease) in other financial assets		KRW million	8,020	-64,223	41,560
Acquisition of property, plant and equipment		KRW million	-62,166	-94,037	-129,367
Disposal of property, plant and equipment		KRW million	169	220	500
Acquisition of investment properties		KRW million	-	-	-515
Acquisition of intangible assets		KRW million	-125	-846	-20
Receipt of government grants		KRW million	4,160	478	382
Acquisition of equity investments in associates		KRW million	-	-	-127,100
Increase in non-controlling interests		KRW million	-	-	100
Decrease due to business combination		KRW million	-3,148	-	-
Cash flow from financing activities		KRW million	-100,422	-44,081	-13,472
Repayment of borrowings		KRW million	-83,497	-23,314	-
Paid-in capital increase of subsidiary		KRW million	-	-	9,800
Repayment of lease liabilities		KRW million	-1,781	-1,872	-1,755
Dividends paid		KRW million	-15,144	-16,467	-18,949
Acquisition of treasury stock		KRW million	-	-2,428	-2,568
Net increase (decrease) in cash and cash equivalents		KRW million	-21,612	723	-7,402
Cash and cash equivalents at the beginning of year		KRW million	184,121	168,689	167,741
Effect of exchange rate changes on cash and cash equivalents		KRW million	6,180	-1,670	488
Cash and cash equivalents at the end of year		KRW million	168,689	167,741	160,827

Governance

Economic Performance Distribution

Category	Unit	2021	2022	2023
Total taxes paid to government (income tax)	KRW million	-51,003	-47,770	-30,348
Total amount paid to employees (labor expenses and welfare and benefits expenses)	KRW million	106,363	128,899	133,376
Expenses paid to outsourcing suppliers (outsourcing expenses, etc.)	KRW million	17,155	12,348	17,079
Donation expenses	KRW million	424	1,478	817
Expenses paid to material suppliers (material costs)	KRW million	595,366	605,640	425,592
Interest paid to creditor lending institutions	KRW million	668	225	-

R&D and Patent

Category	Unit	2021	2022	2023
R&D investment	Technology development outsourcing expenses	KRW million	-	-
	In-house technology development expenses	KRW million	20,605	23,952
	Total	KRW million	20,605	23,952
	Technology developers ¹⁾	persons	107	104
Patents registered	Research projects ¹⁾	cases	22	40
	Industrial property rights (patent)	cases	40	98

1) Restated the 2021 and 2022 data due to change in calculation criteria

Board of Directors

Category	Unit	2021	2022	2023
Board activity	Meetings held	occasions	12	13
	Number of decision items ²⁾	items	13	12
	ESG-related agendas proposed	items	2	2
	Average attendance of non-executive directors	%	100	100

2) Restated the 2021 and 2022 data due to change in calculation criteria

Anti-corruption and Ethical Management

Category	Unit	2021	2022	2023
Ethical management (anti-corruption) training provided	occasions	1	1	1
Percentage of employees who participated in ethical management training	%	100	100	100
Non-compliance with the Code of Ethics (including corruption) submitted and handled	cases	11	9	3
Legal action taken against unfair trade practices	cases	0	0	0
Sanctions against other regulatory non-compliance	cases	0	0	0
Monitoring status	Submission to the whistleblowing channel	cases	14	11
	Disciplinary action against non-compliance with ethical management	cases	0	1
	Improvements made after audit	cases	33	14

Workplace Corruption Risk Assessment

Category	Unit	2021	2022	2023
Corruption risk assessment	Number of sites ³⁾	sites	4	4
	Percentage of sites	%	100	100

3) Pangyo Headquarters, Gongju Plant, Paju Plant and Yong-in R&D Center

Confirmed Incidents of Corruption and Unfair Trade and Actions Taken

Category	Unit	2021	2022	2023
Corruption	cases	0	1	0
Legal action against unfair trade practices ⁴⁾	cases	0	0	0

4) Based on disciplinary actions taken across the board

APPENDIX

GRI Index

Topic	GRI Standards	Page	Note
GRI 2: General Disclosures			
2-1	Organizational details	2	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	52-59	
2-5	External assurance	65-66	
2-6	Activities, value chain and other business relationships	7, 39	
2-7	Employees	55	
2-8	Workers who are not employees	55	
2-9	Governance structure and composition	49	
2-10	Nomination and selection of the highest governance body	49	
2-11	Chair of the highest governance body	49	
2-12	Role of the highest governance body in overseeing the management of impacts	11	
2-13	Delegation of responsibility for managing impacts	14, 19, 32	
2-14	Role of the highest governance body in sustainability reporting	10	
2-15	Conflicts of interest	49	
2-16	Communication of critical concerns	30, 48	
2-17	Collective knowledge of the highest governance body	49	
2-18	Evaluation of the performance of the highest governance body	49	
2-19	Remuneration policies	-	Annual report p.205-207
2-20	Process to determine remuneration	-	Annual report p.205-207
2-21	Annual total compensation ratio	-	
2-22	Statement on sustainable development strategy	9	
2-23	Policy commitments	15, 19, 30, 33	
2-24	Embedding policy commitments	33, 37	
2-25	Processes to remediate negative impacts	30, 48	
2-26	Mechanisms for seeking advice and raising concerns	30, 48	
2-27	Compliance with laws and regulations	59	
2-28	Membership associations	15	
2-29	Approach to stakeholder engagement	48, 50	
2-30	Collective bargaining agreements	29	
GRI 3: Material Topics			
3-1	Process to determine material topics	10	
3-2	List of material topics	10	
3-3	Management of material topics	11	

Topic	GRI Standards	Page	Note
Climate Change Response and GHG Management			
GRI 302: Energy			
302-1	Energy consumption within the organization	52	
302-2	Energy consumption outside the organization	52	
302-3	Energy intensity	52	
302-4	Reduction of energy consumption	17	
302-5	Reduction in energy requirements of products and services	-	Not applicable
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	52	
305-2	Energy indirect (Scope 2) GHG emissions	52	
305-3	Other indirect (Scope 3) GHG emissions	-	Not applicable
305-4	GHG emissions intensity	52	
305-5	Reduction of GHG emissions	52	
305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable
Supply Chain ESG Risk Management			
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	-	Did not disclose due to managerial decision
308-2	Negative environmental impacts in the supply chain and actions taken	37-38	
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	-	Did not disclose due to managerial decision
414-2	Negative social impacts in the supply chain and actions taken	37-38	
Product Responsibility and Quality Improvement			
GRI 301: Materials			
301-1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	-	Did not disclose due to managerial decision
301-2	Recycled input materials used	22	
301-3	Reclaimed products and their packaging materials	-	Did not disclose due to managerial decision
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	-	Did not disclose due to managerial decision
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	20, 33	

GRI Index

Topic	GRI Standards	Page	Note
Workplace Health and Safety			
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	32-34	
403-2	Hazard identification, risk assessment, and incident investigation	33-34	
403-3	Occupational health services	35	
403-4	Worker participation, consultation, and communication on occupational health and safety	32	
403-5	Worker training on occupational health and safety	35	
403-6	Promotion of worker health	35	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36	
403-8	Workers covered by an occupational health and safety management system	33	
403-9	Work-related injuries	57	
403-10	Work-related ill health	57	

Topic	GRI Standards	Page	Note
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	59	
201-2	Financial implications and other risks and opportunities due to climate change	16	
201-3	Defined benefit plan obligations and other retirement plans	56	
GRI 205: Anti-Corruption			
205-1	Direct economic value generated and distributed	59	
205-2	Financial implications and other risks and opportunities due to climate change	48, 59	
205-3	Defined benefit plan obligations and other retirement plans	59	
GRI 206: Anti-Competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59	

Topic	GRI Standards	Page	Note
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	23	
303-2	Management of water discharge-related impacts	23	
303-3	Water withdrawal	53	
303-4	Water discharge	23, 53	
303-5	Water consumption	53	
GRI 305: Emissions			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	53	
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	20	
306-2	Management of significant waste-related impacts	20, 22	
306-3	Waste generated	52	
306-4	Waste diverted from disposal	52	
306-5	Waste directed to disposal	52	
GRI 401: Employment			
401-1	New employee hires and employee turnover	55	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	28	
401-3	Parental leave	56	
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	56	
404-2	Programs for upgrading employee skills and transition assistance programs	27	
404-3	Percentage of employees receiving regular performance and career development reviews	28	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	49	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	56	
GRI 413-1: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	40-42	

SASB Index

Sustainability Disclosure Topics and Accounting Metrics : Resource Transformation - Chemicals

Topic	Code	Metric	Page
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	52p
	RT-CH-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	15p, 17p
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	53p
Energy Management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	52p
Water Management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	53p
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Zero incidents
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	23p
Hazardous Waste Management	RT-CH-150a.1	(1) Amount of hazardous waste generated, (2) percentage recycled	52p
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	42p
Workforce Health & Safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	57p
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	33-36p
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	54p
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Not applicable
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	24p
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Not applicable
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	18p, 20p, 33p
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	34p, 57p
	RT-CH-540a.2	Number of transport incidents	Not applicable
Activity Metrics	RT-CH-000.A	Production by reportable segment	Annual report p.16

TCFD Index

Core Elements	Recommendations	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	14p
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	14p
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	15-16p
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	15-16p
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	15-16p
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	16p
	b) Describe the organization's processes for managing climate-related risks.	15-16p
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	16p
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	17p
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	17p, 52p
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	15p, 17p

Independent Assurance Statement

To readers of Soulbrain Sustainability Report 2023

Introduction

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

Scope and Standards

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

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

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 301 : Materials
 - GRI 302 : Energy
 - GRI 305 : Emissions
 - GRI 308 : Supplier Environmental Assessment
 - GRI 403 : Occupational Health and Safety
 - GRI 414 : Supplier Social Assessment
 - GRI 416 : Customer Health and Safety
- SASB Sustainability Disclosure Topics & Accounting Metrics
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of Soulbrain's 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 Soulbrain 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.

Independent Assurance Statement

Conclusion and Opinion

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

Inclusivity

Soulbrain 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

Soulbrain 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

Soulbrain 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 Soulbrain's actions.

Impact

Soulbrain 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 Soulbrain and did not provide any services to Soulbrain that could compromise the independence of our work.

June 2024 Seoul, Korea

CEO *E. J. Hwang*



soulbrain