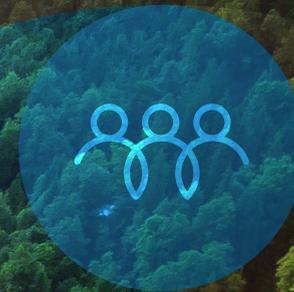


BGF 2024 Sustainability Report



Be Good Friends,
BGF



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About This Report



Reporting Overview

This report introduces the activities, performance, goals and progress status of the tasks in 9 areas to achieve BGF group's ESG management goals. BGF group will continue to transparently disclose ESG management activities and performance and to communicate with stakeholders by publishing ESG reports every year.

Reporting Standards

This report meets the requirements of the Global Reporting Initiative (GRI) Standards 2021, a global reporting guideline for sustainability, and reflects ISO26000, the UN Sustainable Development Goals (UN SDGs), and UNGC indicators and targets.

Reporting Performance

This report covers activity and performance from January 1, 2023 to December 31, 2023. Quantitative performance includes data from the most recent three years (2021-2023) to allow for trending, and for some information included activity from the first half of 2024.

Reporting Scope

The reported data focuses on the ESG management activities and performance of BGF, the holding company of the BGF Group, BGF Ecomaterials and its subsidiaries in the materials sector, and BGF Retail, its subsidiary in the distribution sector, and includes some results of other subsidiaries. The results of operations of each company include financial data on a consolidated basis, and the financial information is prepared in accordance with Korean International Financial Reporting Standards(K-IFRS). Where the scope of reporting differs, the scope of reporting of such information is indicated separately in the notes.

Reporting Inquiries

Please contact us below for any inquiries.

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Department BGF Retail ESG Team
Tel 02)528-9929
Email hongvolution@bgf.co.kr
Published June 2024

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! **Interactive User Guide**

BGF has added the following interactive features to increase readers' access to contents and provide richer information.

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CEO Message



“Let’s be good friends who make the world more convenient with sincere innovation.”

BGF aims to be a Life Network Company that provides the best products and services anytime, anywhere. This corporate vision has become a reason for constant challenge and innovation, and in the 10 years since the group’s founding in 2012, BGF has grown to become Korea’s No. 1 convenience store company and a leading player in the high-tech materials industry. BGF’s journey of change and growth has always been guided by its unchanging value, ‘A good friend to customers and society.’

The year 2023 was another year of challenges and opportunities. Prolonged high inflation and high interest rates and the subsequent economic downturn amplified the uncertain business environment, while the accelerated digital transformation following the pandemic brought major changes across the distribution industry. In addition, the climate crisis has become a daily issue, demanding that we all take responsibility for the global environment. At a time when the paradigm of corporate management is rapidly changing, BGF aims to find the solution to sustainable growth in ESG management, which is based on environmental, social, and governance principles and fulfills its responsibilities as a corporate citizen.

First of all, BGF’s distribution sector is enriching people’s daily lives by providing an integrated shopping experience that transcends online and offline boundaries to maximize customer convenience. The materials sector plans to strengthen its market competitiveness by diversifying its eco-friendly portfolio and continuing to explore new growth engines. BGF will also endeavor to expand the economic and social value created by the company by establishing sound and transparent governance and strengthening synergies between the two business industry, distribution and materials.

Going forward, BGF will be committed to fulfilling its social responsibility to all stakeholders, including shareholders, customers, employees, and communities, through genuine ESG management, which encompasses environmental protection, social responsibility, and ethical management. We look forward to your interest and encouragement in BGF’s exciting journey to become a respected 100-year company, a good friend of the earth and society.

Thank you.

CEO of BGF Co., Ltd.

Hong Jung Kook

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Company Profile

Corporate Overview

BGF is striving to create new value and make life easier for customers in various business sectors such as distribution, manufacturing, service, and eco friendliness. The corporate identity of 'Be Good Friends' reflects BGF's will to be a company that is a welcome friend in the daily lives of customers through all its management and business. BGF will continue to grow as a company that aims to be a good friend to customers and society, pursues transparency in management, creates future value, and fulfills its social responsibilities and roles.

Company name	BGF Co., Ltd.		
Headquarter location	405, Teheran-ro, Gangnam-gu, Seoul, Korea (Samsung-dong)		
CEO	Hong Jung Kook		
Foundation	December 1, 1994		
Total assets	KRW 2.1712 trillion		
Key Businesses	Holdings and Investment businesses		
Employees	49 people (separate)		
Homepage	http://www.bgf.co.kr		

(Unit : KRW 100 million)

Category	2021	2022	2023
Sales revenue	1,502	4,350	4,432
Operating income	379	612	705
Net income	360	262	691

About Groups

BGF group is engaged in various business sectors, including distribution, manufacturing, and services, to enrich the lives of customers and create value. BGF group started as a convenience store business in October 1990, and was incorporated in 1994 with the purpose of chaining convenience stores. In 2017, BGF Retail, a convenience store business sector, was established as a spin-off company to secure management transparency and achieve qualitative growth, and the name of the spin-off subsidiary was changed to BGF. BGF is a holding company for investment purposes, and its main revenues are brand usage revenue from BGF brand users, management support service revenue from providing business services, dividend revenue from subsidiaries, and rental revenue.

Corporate Philosophy

Management philosophy
To grow into a company that realizes customer value and contributes to social development by providing the best products and services anytime, anywhere.

VISION

Good friend BGF

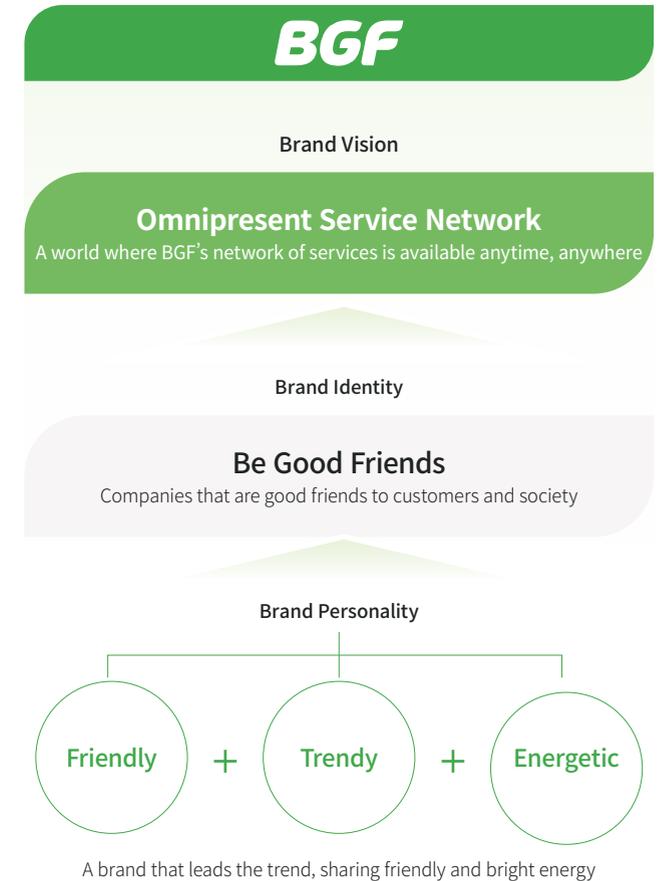


Core Values

Management Principle

- Adhere to rules and order**
 - Does it violate laws and rules?
 - Can we also apply the principles applied this case next time?
 - Do you have a clear conscience?
- Pursuing Essence**
 - Does it lead to profit generation?
 - Will the return on investment outweigh the people and money you put in?
 - Can you specify your plans and outcomes into numbers?
- Crisis Preparation**
 - Has the plan been thoroughly analyzed and prepared from a pessimistic perspective?
 - Do we have a plan B when we can't implement plan A?
 - Do you have enough task force and funding?

Brand Organization



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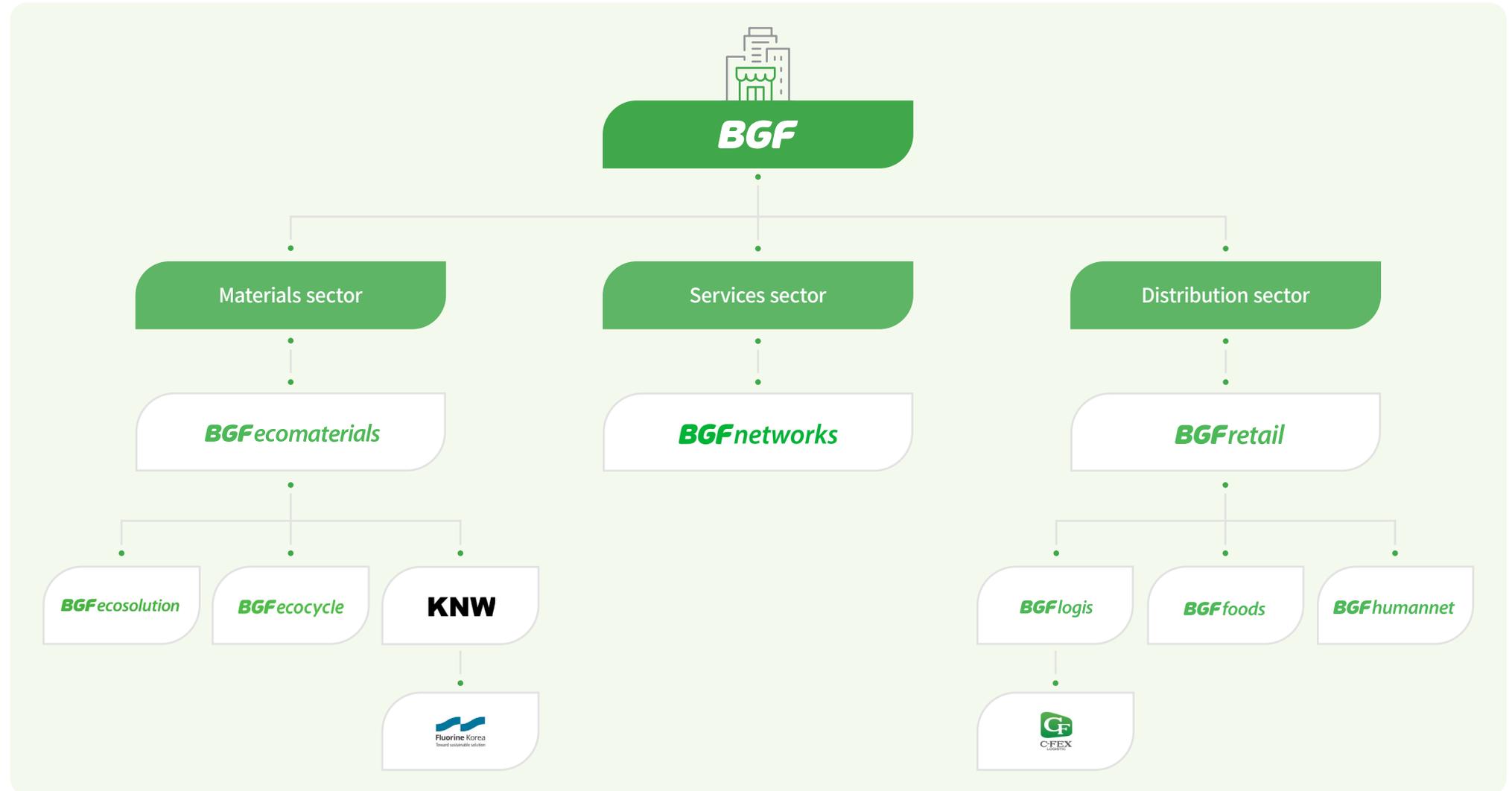
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About Affiliates

About our Major Affiliates



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About Affiliates

About our Major Affiliates

Materials sector

※ Sales revenue : Separate / Employees: Full-time

Classification	BGF Ecomaterials	BGF Ecocycle	BGF Ecosolution	Fluorine Korea	KNW
Introduction	BGF Ecomaterials is a manufacturer and marketer of general-purpose plastic materials, including engineering plastics with improved thermal properties and mechanical strength compared to regular plastics.	BGF Ecocycle is a company specializing in recycled materials and has the only value chain in Korea for the eco-friendly plastic market, from waste plastic collection to recycling.	BGF Ecosolution is leading the way in creating an ecosystem for the use of biodegradable materials, including sourcing white bio raw materials, compounds, processing technology development, and product development. White biomate rials have the advantage of a shorter decomposition period compared to general plastics and can reduce the amount of carbon emitted during production.	Fluorine Korea, a company specializing in the manufacturing and production of fluorine chemical products, reliably produces and provides fluorine-based products used in various industries such as semiconductors, displays, and secondary batteries.	KNW is a company that develops and produces adhesive tapes and films based on bonding technology, used for automotive interior materials, materials for electronics processing, etc.
CEO	Jung-Hyuk Hong	Jun-Oh Baek (Chief Executive Officer)	Jung-Hyuk Hong	Jung-Hyuk Hong	Hyundal Park
Foundation	October 13, 1997	January 21, 2021	September 18, 2011	July 12, 2005	January 12, 2001
Key Businesses	Engineering plastic material manufacturing and sales business	Comprehensive waste recycling and recycling business	Manufacturing and sales of biodegradable eco-friendly products	Fluorine compound processing/ manufacturing/distribution and sales business	Industrial tape and film manufacturing and sales
Headquarter Location	142, Sangduwon-gil, Jangan-myeon, Hwaseong-si, Gyeonggi-do	11, Geonjiro 121beon-gil, Seo-gu, Incheon	185, Parang-ro, Seo-gu, Incheon	100, Jinjin-ro, Onsan-eup, Ulju-gun, Ulsan	51, Donyu 3-ro, Munsan-eup, Paju-si, Gyeonggi-do
Sales Revenue (KRW million)	170,253 (Separate domestic corporation)	6,531	14,721	65,168	24,792
Employees	165	69	35	134	44

Services and Distribution sector

Classification	BGF Networks	BGF Retail	BGF Logis	BGF Foods	BGF Humannet
Introduction	BGF Networks operates various life service businesses such as digital signage advertising, mobile services, and home delivery through the CU platform to provide convenience to customers' lives.	BGF Retail is a company that operates the convenience store chain business, and its main business is the franchise business of CU, the largest convenience store brand in Korea.	BGF Logis has a distribution network of more than 30 logistics networks nationwide and provides logistics services optimized for CVS business, including stable supply of goods to CUs nationwide.	BGF Foods is a control tower that supplies high-quality and safe food to CUs nationwide, and has established and operates an integrated management system for the production of convenience foods, including the production of snacks and meal kits.	BGF Humannet provides outsourced management business and store support services for efficient store operations. Based on our specialized store management capabilities, we reliably operate and support specialty stores in various regions and locations.
CEO	Jungwook Yeon	Seungbae Min	Min-Jae Lee	Youngmin Song	In-ho Lee
Foundation	December 4, 2009	November 1, 2017	April 1, 2016	January 21, 2008	March 23, 2009
Key Businesses	Advertising, courier, and e-commerce businesses	Convenience store franchising business	Logistics and warehousing businesses	Food manufacturing and distribution businesses	Staffing agencies, outsourced operations
Headquarter Location	24F, 85, Gwangnaru-ro 56-gil, Gwangjin-gu, Seoul	405, Teheran-ro, Gangnam-gu, Seoul	58, Giheung-ro, Giheung-gu, Yongin-si, Gyeonggi-do	66, Sansansudan 3-ro, Deoksan-eup, Jincheon-gun, Chungcheongbuk-do	22, Nonhyeon-ro 85-gil, Gangnam-gu, Seoul
Sales Revenue (KRW million)	87,061	8,131,702	309,235	168,291	84,978
Employees	64	2,603	454	67	61

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Business Portfolio

Materials sector



Polymer Materials Business

BGF materials' polymer materials business ranges from engineering plastics for the automotive and electrical / electronics industries, to bioplastic materials for consumer goods and packaging, to PCR plastics materials that internalize the entire process from sorting plant to recycling.

Business Company

BGFecomaterials **BGFecocycle**
BGFecosolution



Fabricated Materials Business

The BGF group's processed materials business produces high-value-added adhesive film materials for various industries, including displays, automotive, electrical and electronics, and specialty fibers for automotive seats and interiors.

Business Company

KNW



Fluoride Business

In the BGF group's materials sector, the Fluorine Materials business produces fluorine-based gas materials, which are key materials used as cleaning / etching gases, insulating gases, electrolyte solvents and additives in high-tech industries such as semiconductors, energy generation, and secondary batteries.

Business Company



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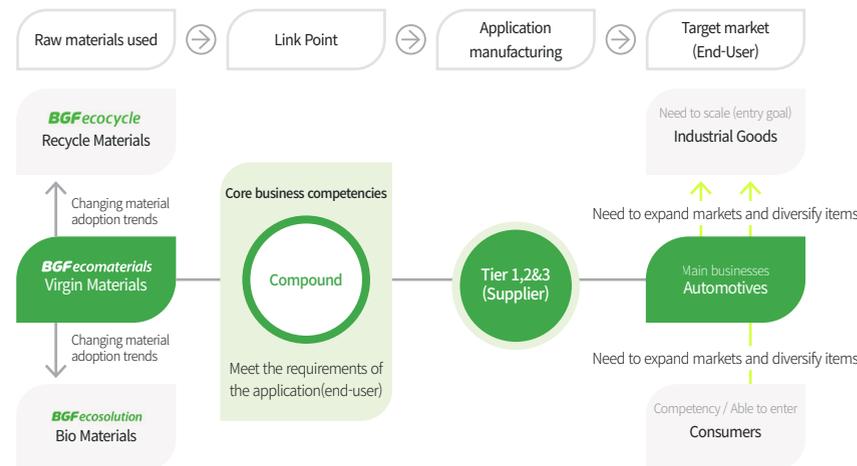
BGFecomaterials

BGF Ecomaterials is a company that produces and sells high-functional polymer materials, a 21st century high-tech material that is closely related to industries such as the automotive, electrical and electronic, and furniture sectors. We have a wide range of end-users in the automotive, electrical / electronics, home appliances, furniture, and industrial parts industries, and we mainly supply materials for parts for automobile manufacturers. We manufacture and plate engineering plastics and general-purpose plastic materials with improved thermal properties and mechanical strength compared to general plastics. In the case of engineering plastics, they are used in a variety of industries, including automotive, electronics, and furniture, as metal substitutes.

Main business Developing and producing highly functional plastics

Application area Automotive interior and exterior materials, furniture, appliances, electrical and electronic materials, etc.

Materials sector | Business portfolio



About Business Company

BGFecosolution

BGF Ecosolution is a manufacturing company that is replacing existing chemical-based petroleum-based materials by developing plant-based, biodegradable white biomaterials. In preparation for the future plastics market, where environmental considerations are essential, we are expanding our business from the consumer goods sector based on the production of bioplastic compounds and foaming products that match the properties of general-purpose plastics. BGF Ecosolution is sourcing white bio raw materials, developing compounds, processing technologies, and developing products. White biomaterials have the advantage of having a shorter decomposition period than general plastics and reducing the amount of carbon emitted in the production process.

Main business Developing and producing biodegradable plastics

Application area PLA Foam semi-finished products, electrical and electronic packaging, food packages, consumer products, etc.

About Business Company

BGFecocycle

BGF Ecocycle is a recycling company specializing in recovering used and discarded plastics and producing them into recycled materials. We specialize in high quality post-consumer recycled (PCR) materials that can be used for high-value recycling in the automotive, electrical/electronic, and other industries. BGF Ecocycle is a company leading the virtuous cycle of resources by recycling materials, such as collecting and sorting waste from households and businesses, and developing and producing recycled materials by recovering plastics that are discarded after use.

Main business Waste sorting plant and production of recycled plastic materials

Application area Demand for building materials, export pallets, and other recycled raw materials

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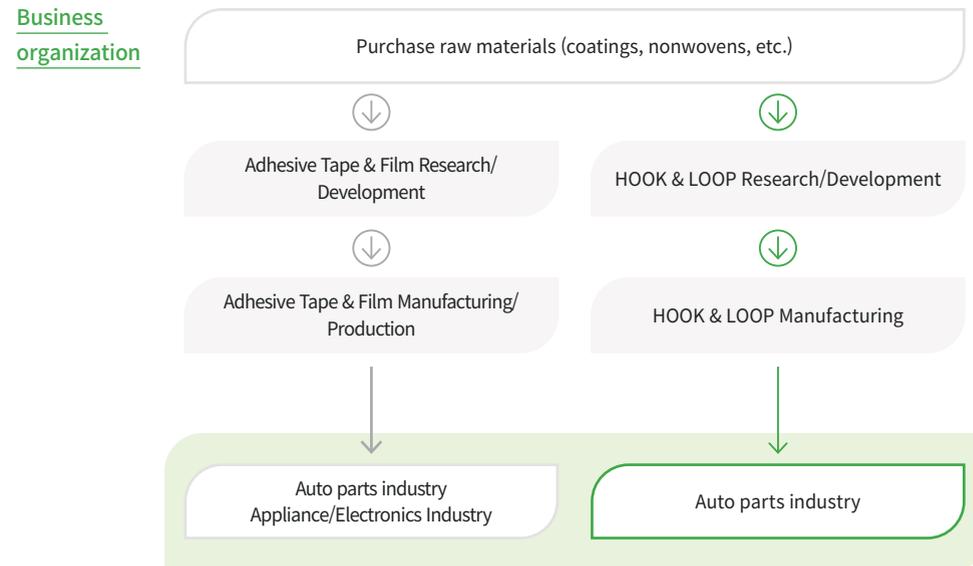
About Business Company



KNW is a company that develops and produces adhesive tapes and films used for automotive interior materials, electronics processing materials, etc. based on adhesive technology. Based on its unrivaled technology, KNW develops and produces high-value-added adhesive film materials applied to various industries such as electrical and electronic, automotive, display, and processed materials such as specialty fibers applied to automotive seats and interior materials.

Main business Develop and produce adhesive products and processed materials

Application area Automotive seating and heating materials, automotive interiors, display processes, etc.

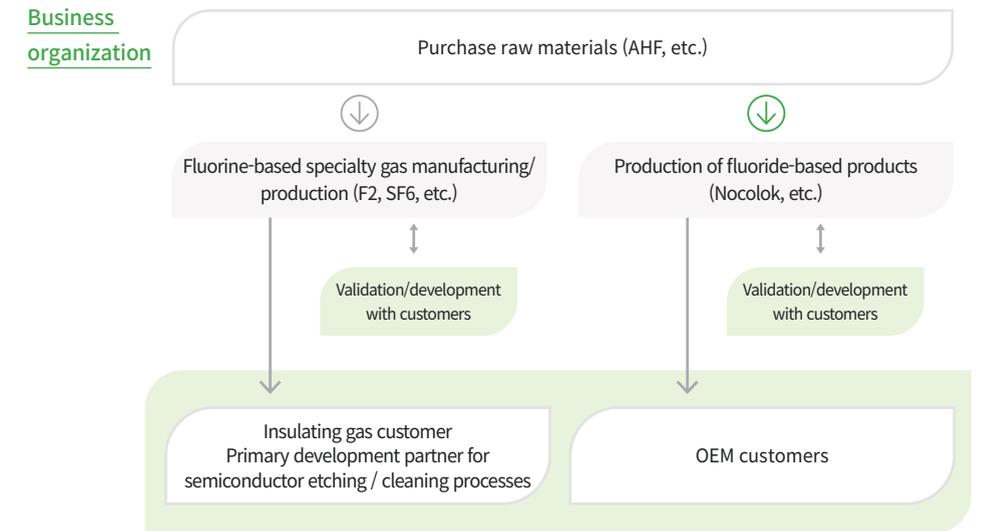


About Business Company

Fluorine Korea is a company specializing in the manufacture and production of fluorine chemical products and provides fluorine-based products used in various industries such as semiconductors, displays, and secondary batteries. Fluorine Korea produces fluorine-based industrial gas materials, which are core materials utilized as cleaning / etching gases, insulating gases, electrolyte solvents and additives in high-tech industries. We are expanding the development scope of various fluorochemical products and securing domestic supply chain security through independence in the industrial gas business.

Main business Production of fluorine-based gases and related products

Application area Semiconductor processing, secondary battery materials, energy generation, etc.



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Digital Sector

Digital Signage Service

BGF Networks provides convenience to customers' lives by operating various life service businesses such as digital signage advertising business based on CU platform, mobile services (mobile gift certificates, other services) and home delivery. We provide various advertising methods utilizing digital signage media in about 3,400 CU stores nationwide and provide the best advertising effects at reasonable advertising costs.

Business Company **BGFnetworks**



In-store installation at Korea's No. 1 convenience store, CU-based multimedia, best location, and highest revenue



Provide a variety of information and entertainment that is unique to CU, including broadcasting and entertainment that captures consumers' attention



The best advertisement method to show where and when customers are buying

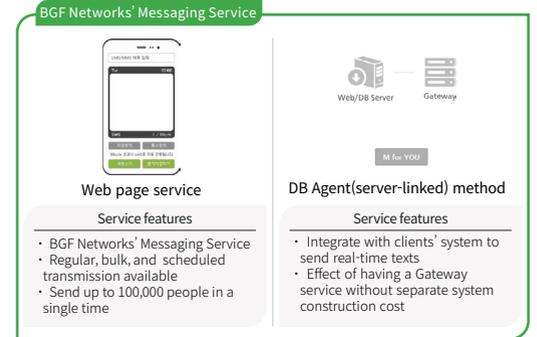
E-gift Card Service

BGF Networks is engaged in the business of issuing, selling, and operating reloadable gift cards and mobile gift certificates. E-gift cards and mobile gift certificates are prepaid card-type products that can be freely used like cash at CUs and affiliates nationwide.



Messaging Services

BGF Networks operates a messaging service business to provide customers with group texting services for product promotions and service notifications.

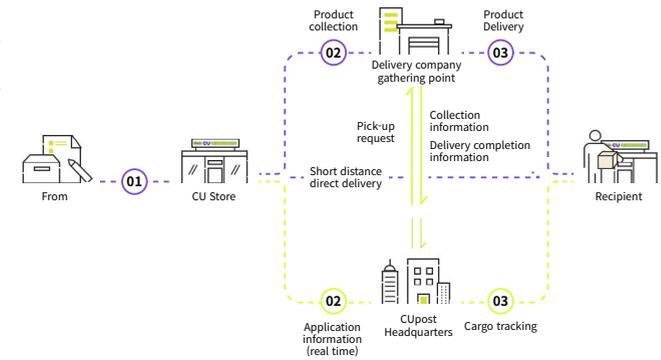


Cash Receipts Service

As a cash receipt business corporation, BGF Networks notifies the National Tax Service of the transaction details of cash receipt merchants to provide tax deductions to consumers and tax credits to merchants.

Courier Service

BGF Networks operates a CU store delivery service that is conveniently available anytime, anywhere using POST BOX devices installed in CU stores nationwide.



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Distribution Sector



About Business Company

BGF Retail is a company engaged in the convenience store chain business, focusing on the franchise business of the convenience store brand 'CU'. Starting with the Garaksiyoung store in 1990, the company launched its own brand CU in 2012, and is now a leading convenience store in Korea and has expanded into overseas countries such as Mongolia, Malaysia, and Kazakhstan.

Distribution Business

BGF Retail is a comprehensive distribution company that realizes customer value and contributes to social development by providing products and services tailored to customers' lifestyles. In particular, the convenience store chain business is operated as a joint growth system in which franchisors and franchisees win-win. The franchisor provides BGF Retail's trademarks, service marks, trade names, business signs, etc. and provides support and training for management activities. The franchisee operates the store by utilizing the franchisor's quality standards, business methods, and systems to sell products. Sales profits from the sale of products are shared with the franchisor in a certain percentage. As a nationwide network of convenience stores, BGF Retail sells a variety of products tailored to the needs of customers by location and region. BGF Retail franchisees sell a wide variety of items, mainly groceries and miscellaneous goods, with no individual item exceeding 5% of total sales.



Major Affiliates

- BGFretail**
- BGFlogis**
- BGFfoods**
- BGFhumannet**

About the brand

Brand Vision

Omnipresent Service Network
A world where BGF's network of services is available anytime, anywhere

Brand Identity

Be Good Friends
Companies that are good friends to customers and society

Brand Personality

Friendly, Trendy, Energetic
A brand that leads the trend, sharing friendly and bright energy

Distribution Brand

CU, BGF Retail's convenience store brand, a good friend to customers and society



Private Brand (PB) Brand

HEYROO
CU-integrated PB brands that address potential customer needs with competitive prices and quality, such as snacks, beverages, dairy products, instant noodles, etc.

get
A coffee brand that delivers the authentic flavor of coffee, anytime, anywhere

delaffe
A brand of cup-and-ice pouch beverages that offers new and different flavors at affordable prices.

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Global Network

Materials Sector

Global Network

BGF Ecomaterials and its subsidiaries are actively responding to global demand by establishing overseas entities for production and sales, including 9 production facilities and 5 offices in 12 cities in overseas countries such as the United States, China, India, and Vietnam.



Korea

- Seoul: ● Offices ● Offices
- Hwaseong: ● Headquarters/Factory/R&D ● Factory
- Incheon: ● R&D ● Headquarters/Factory/R&D
● Headquarters/Factory
- Paju: ● Headquarters/Factory/R&D
- Seongnam: ● Offices ● Offices
- Ulsan: ● Headquarters/Factory

Asia

- China Suzhou: ● Production corporation
- Vietnam Hochiminh: ● Offices
- China Suzhou: ● Offices
- India Chennai: ● Sales corporation
- China Cangzhou: ● Production corporation

America

- USA Georgia: ● Production corporation

Distribution Sector

Global Network

Based on its know-how in operating convenience stores in Korea, BGF Retail signed Master Franchise Contracts (MFCs) with distribution companies in Mongolia in 2018, Malaysia in 2020, and Kazakhstan in 2023. As of the end of December 2023, the number of CU stores in Korea was 17,762, and the number of overseas stores exceeded 500 for the first time in the industry, expanding its global network. In June 2023, CU entered the Kazakhstan market for the first time in the domestic convenience store industry, and in March 2024, it opened its first store in Kazakhstan. BGF Retail exports CU's high-quality PB products to more than 12 countries and contributes to the overseas sales expansion of small and medium-sized domestic partners to strengthen mutual growth.



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Material sector

Business maintenance

- Change company name to BGF Ecomaterials



Awards

- BGF Ecomaterials receives Ministerial Award for Korea Design Award



Expanding business

- BGF Ecomaterials acquires KNW, Fluorine Korea
- BGF Ecocycle recycling sorting plant completed



Distribution Sector

Awards and certifications

- Presidential Citation at the 28th Korea Distribution Awards (Dec. 2023)
: ESG Supporting Category
- iF Design Award Honorable Mention
: Winner of the Grand Prize in the 'User Interface (UI)' category of the iF Design Award 2023 by International Forum Design, Germany
- 3 wins at the 2023 YouTube Works Awards



ESG

- KCGS consolidated ESG rating of 'A' for the 4 consecutive year
- Included in DJSI KOREA for 2 consecutive years



Expanding business

- First domestic convenience store to enter Kazakhstan
- First in the industry to reach 500 global convenience store openings and 100 million annual visitors



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ESG Management Strategy

ESG Management Direction

To realize true ESG management, BGF group established the ESG Management Committee in 2021 and established three mid- and long-term goals and 9 core areas to be achieved by 2025, including building an eco-friendly value chain (planet), creating an ecosystem for mutual growth (partners), and supporting healthy and happy lives (people). As global regulations and disclosure requirements on environmental and social issues are intensifying, BGF plans to continue to discuss and manage ESG management issues with its major affiliates, including BGF Retail, in order to keep pace.

Sustainability Principles and Policies

BGF is a member of the United Nations Global Compact and fulfills its obligations as a member by supporting its 10 principles, including human rights, labor, environment, and anti-corruption, and publishing an annual implementation report. Through the UNGC Korea Association, BGF has also officially declared its CEO's pledge of support for the achievement of the UN Sustainable Development Goals (SDGs).

ESG Strategy

BGF has an ESG Management Committee that meets quarterly to ensure sustainable growth of our business and our stakeholders, and has established a decision-making system for directional ESG management, including submitting agenda items to the BOD for major ESG decisions. In addition, BGF has established ESG areas related to our business activities as core areas to carry out tasks, and transparently report our progress and activities through the sustainability report.



Embedding ESG Practices

In July 2022, BGF launched the group-wide Employee Action Declaration for ESG management to expand consensus and awareness of ESG management practices across the business. BGF has defined principles of action to implement the Action Declaration to provide direction and guidance for the business, provides ESG training for all employees, regularly sends out ESG letters, and provides ESG management training to franchisees operating BGF Retail's CU brand.

Employee Commitment Statement for ESG Management

- 1_ We present and practice environmental protection rules to establish a climate-friendly culture.
- 2_ We actively communicate and cooperate with stakeholders to achieve mutual growth.
- 3_ We continually innovate to benefit the environment and society through BGF Infrastructure.

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ESG Governance

ESG Management Direction

BGF group’s ESG management aims to create integrated value by combining economic value through maximizing profits and shareholder value with social value as a corporate citizen. We strive to achieve our ESG vision of being a “good friend of the earth and society” by clearly recognizing the expectations of various stakeholders surrounding the company and reflecting them in our company policies to maximize economic, environmental, and social value.

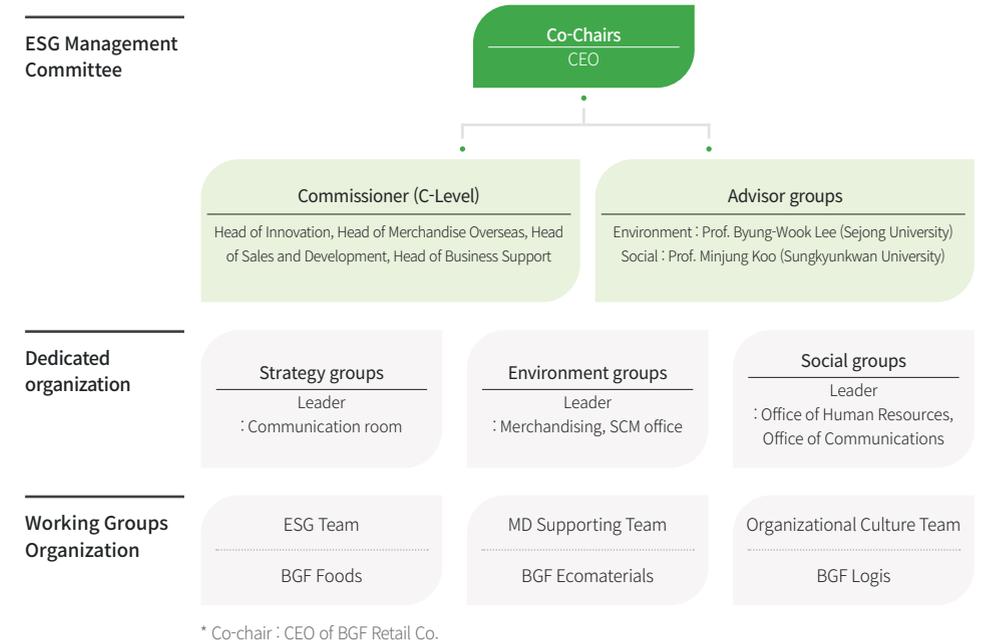
ESG Management Committee

BGF group is committed to proactively identifying and responding to ESG risks that may arise in our business and turning them into new business opportunities. The ESG Management Committee reviews long-term strategies, policies, and risks, analyzes sustainable management performance on a quarterly basis, and discusses areas for improvement. In 2023, the ESG Management Committee was expanded and reorganized to include all major BGF group companies. The ESG Management Committee regularly reports on key ESG issues to the Board of Directors, which oversees BGF group’s ESG management activities by reviewing and approving sustainable management issues raised by the ESG Management Committee. In addition, a group of advisors with expertise in the environmental and social fields has been established to advise on ESG risk management and key issues. A dedicated organization that reviews ESG material issues by strategy, environment, and society groups reports quarterly on the progress made in accordance with the ESG strategy and policies. In addition, we have established practice promotion departments within related affiliates and organizations to make proactive decisions on key ESG topics and manage risks across the business. To ensure that these decisions and activities are linked to performance, we utilize environmental management performance as an evaluation indicator for key executives, linking it to compensation and managing it.

Board training

BGF group organized a training program for independent directors on ESG sustainability mandates trend in 2023 and how companies can respond. The training focused on the strengthening of global ESG regulations, disclosure issues, and key ESG risks in the environment and society. BGF group will continue its activities to support the efficient and professional decision-making of environmental governance organizations.

ESG Management Organization and Roles



The 2023 ESG agenda

Classification	Integration
Board of Directors	<ul style="list-style-type: none"> • Introduced electronic voting for the Annual General Meeting of Shareholders • Approval of ESG management strategy direction and key tasks for each group • Changing the composition of the ESG Management Committee • New welfare support system • Improve personnel system

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Environmental Management

Environmental Policies

BGF group has established and operated an environmental management policy to continuously improve its environmental performance throughout its business activities and effectively manage environmental risks.

Environmental Management Policy

Based on its corporate philosophy, BGF will contribute to the realization of a sustainable society by providing products and services that contribute to the global environment and utilizing all management resources as effectively as possible.

- 01 We comply with laws and establish the industry-leading, both international and nationwide, environmental goals.
- 02 To provide eco-friendly services, we seek continuous innovation in the entire process of our business.
- 03 As corporate citizens, we proactively work for the environmental improvement of the local community based on our social responsibility.
- 04 We disclose our information transparently and communicate with stakeholders earnestly.
- 05 We prioritize the natural environment in all our business activities to follow these policies.

Environmental Management System

BGF Ecomaterials and KNW have established an environmental management system that meets global standards to proactively identify and continuously improve environmental risks in the manufacturing process. BGF Ecomaterials has ISO 14001 certification for its environmental management system and IATF 16949 certification for its automotive quality management system at its domestic (Hwaseong) and overseas (U.S., China) sites, covering its engineering plastic compound manufacturing activities. In addition, BGF Ecomaterials regularly reviews and evaluates manufacturing-related laws such as air, noise, waste, and water resources through monthly meetings based on the Safety and Environment Office, which is the environmental department. KNW acquired ISO 14001 certification in 2009, covering the entire manufacturing process of industrial specialty films, to manage environmental issues, and one domestic plant (Paju) is certified for the environmental management system, while Fluorine Korea is certified for the environmental management system at one domestic plant (Ulsan).

Environmental Management Organization

BGF group has established an environmental management organization to carry out environmental management activities. BGF Ecomaterials has a Chief Environmental Officer at the C-level, the Chief of Operating Office (COO), who has regular review and decision-making authority regarding environmental management, and a Safety and Environment Office as a dedicated organization to conduct environmental and health and safety management activities. KNW has its CEO as the Chief Environmental Officer, and its production, research, and management departments carry out environmental management activities according to environmental areas categorized by site and are regularly reviewed. In addition, BGF Ecomaterials participates in the ESG Management Committee organized by BGF and reports on environmental management performance and goals when major environmental issues arise.

BGF Ecomaterials and KNW



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Environmental Training

BGF Ecomaterials regularly implements environmental training once a year under the leadership of the Safety and Environment Office, and employees who need to strengthen their competencies, such as environmental managers, participate in ISO 14001 internal auditor training provided by independent organizations. In addition, BGF Ecomaterials and KNW provide environmental education every year to environmental managers in fields where environmental management is highly important in the manufacturing industry. BGF Ecomaterials has completed statutory training on air, water quality, waste, noise and vibration environmental technologies, and KNW has completed specialized training on air and waste management.

2023 Training history

BGF Ecomaterials

Training content		Unit	Participants
ISO14001 Practitioner Training		People	6
Environmental technician statutory training	Air pollution	People	1
	Water quality	People	1
	Waste	People	1
	Noise and vibration	People	1

KNW

Training content	Unit	Participants	Cycles
Hazardous chemical user training	People	4	Once a year
Hazardous chemical manager training	People	4	Once a year
Chemical business site worker training	People	33	Once a year

Environmental Investments

BGF Ecomaterials and KNW are working to improve the workplace environment by reducing air pollutants generated at the workplace and enhancing energy efficiency. In particular, BGF Ecomaterials replaced activated carbon, an adsorbent for air pollution prevention facilities, and installed waste storage facilities in 2023, while KNW carried out activities to replace low-NOx burners and activated carbon in boilers.

Classification	Unit	BGF Ecomaterials	KNW
Environmental Investment	KRW million	303	14

Environmental Violations

BGF Ecomaterials and KNW are conducting compliance activities based on environmental laws to manage environmental risks in their business activities. BGF Ecomaterials' main laws include the Air Pollution Control Act, Noise and Vibration Control Act, Waste Management Act, and Water Pollution Control Act, while KNW's main laws include the Air Pollution Control Act, Waste Management Act, Water Pollution Control Act, and Chemicals Control Act. There have been no violations of environmental laws in the past three years.

Classification	Unit	2021	2022	2023
BGF Ecomaterials	Case	0	0	0
KNW	Case	0	0	0

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Greenhouse Gas / Energy Reduction

Under the environmental promotion goal of building an eco-friendly value chain, BGF group is making efforts to minimize energy used throughout corporate operations and the supply chain and to use energy efficiently. BGF Retail, a distribution company, is establishing mid- to long-term greenhouse gas quantitative goals and making disclosures in accordance with the TCFD (Taskforce on Climate-Related Financial Disclosure) guidelines, and is carrying out various greenhouse gas and energy reduction activities in the supply chain. BGF Ecomaterials, a material sector company, is carrying out workplace-based greenhouse gas and energy reduction activities to ensure business sustainability and plans to strive for systematic emissions management and energy reduction.

BGF Ecomaterials

Transitioning to forklift electrification

BGF Ecomaterials is converting diesel forklifts used at its domestic plants (Hwaseong, Gyeonggi-do and Cheongna, Incheon) to electric forklifts to reduce greenhouse gas emissions. The company aims to reduce greenhouse gas emissions by converting diesel-powered forklifts, which generate noise, soot, and fumes that impair the working environment, as well as greenhouse gas emissions and air pollution from carbon dioxide emissions to electric forklifts. BGF Ecomaterials will proceed with the forklift electrification in stages.

Introducing a low-power hybrid injection molding machine

BGF Ecomaterials improved energy efficiency in the production of engineering plastic materials by replacing conventional injection molding machines used to heat raw materials and process molten plastic into products with low-power hybrid injection molding machines. In addition to energy savings, the replacement also reduced the use of consumables and hydraulic fluids by reducing noise and preventing machine obsolescence.

Greenhouse gas emissions

Classification	Unit	2021	2022	2023	2024 (Goals)
Total emissions	tCO ₂ e	7,220	7,367	7,586	7,661
Unit emissions	tCO ₂ e/KRW 100 million	4.8	4.1	4.5	-

※ Based on domestic plants (BGF Ecomaterials Hwaseong Plant)

Energy usage

Classification	Unit	2021	2022	2023	2024 (Goals)
Power energy usage	GJ	54.4	55.5	57.1	57.7
Renewable energy usage	GJ	-	-	-	-
Energy intensity	GJ/KRW 100 million	3.1	2.7	2.2	2.2

※ Based on domestic plants (BGF Ecomaterials Hwaseong Plant)

KNW

Low NOx burner replacement

KNW is gradually promoting the replacement of general burners, which are parts of boilers used in the product production process, with low-NOx burners. The burner ignites fuel and regulates the flow of air and gas. By replacing a regular burner with a low-NOx burner, combustion usage can be reduced by improving heat transfer rate and utilization efficiency through combustion gas recirculation. KNW is reducing greenhouse gas emissions by reducing air pollutants such as carbon and nitrogen oxides through burner replacement activities.

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Waste Management

The BGF group companies are individually engaged in circular resource management activities. BGF Ecomaterials has a circular business model based on the recycling and reuse of waste, while its subsidiary BGF Ecocycle is engaged in the circular recycling business, which involves the recovery of waste plastics to produce recycled materials. Through this process, BGF Ecocycle develops and produces recycling-based raw materials such as PCR (Post-Consumer Recycled), PIR (Post-Industrial Recycled), and R-Compound materials, and its product production activities require relatively little energy because it recycles discarded plastics. In addition, materials manufactured through recycling of end-of-life plastics are utilized in automotive interiors and exteriors, electronic and electrical components, furniture, home appliances, and household consumer products.

BGF Ecomaterials and BGF Ecocycle

Waste plastic recycling process



Performance

GRS Certification (Global Recycled Standard)

BGF Ecomaterials is certified by the Global Recycled Standard (GRS) to demonstrate that recycled materials are used in our products. The GRS certification covers the entire process from raw material collection and processing to finished product production and sales, and only products that contain at least 20% recycled content can be certified. The amount of waste reduced through waste recycling totaled 60.8 tons in 2023.

Number of GRS product	Waste reduced through recycling(t)		Average reduction rate
	2023	~2024.04	
3	60.8	26.9	56.3%

※ Products with GRS certification : PP (1 case), PA6 (1 case), PA66 (1 case)

Life Cycle Assessment (LCA)

BGF Ecomaterials has established its own LCA assessment process to quantify the carbon footprint of its products. As part of this, we are voluntarily implementing the LCA assessment process for products with low carbon emissions, such as Post-Consumer Recycled (PCR) base materials produced by BGF Materials. Currently, we have applied the LCA evaluation process to two automobile fuel door parts and identified a carbon emission reduction effect of about 15.1%, and we plan to implement LCA evaluation for HVAC (air conditioning system) parts, tailgate trim parts, etc. in 2024.

Classification	Number of items covered by LCA assessment	Average carbon emissions reduction
Automotive fuel door parts	2	15.1% (3.81CO ₂ eq/kg → 3.24CO ₂ eq/kg)

※ Products evaluated : New materials for automotive fuel door parts (1 case), recycled materials (1 case)

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Performance

Developing Biodegradable Compounds

BGF Ecomaterials is engaged in various activities, including sourcing white bio raw materials based on biodegradable plastics such as PLA and PBAT, compounding, and product development. White biomaterials have a shorter degradation period than ordinary plastics and are utilized in electrical and electronic packaging, food packages, and consumer goods products to reduce the amount of carbon emitted during production. In particular, BGF Ecosolutions, a subsidiary of BGF Ecomaterials, is a white bio company that replaces chemical materials previously used in plastic manufacturing with renewable resources such as plants or biomaterials based on microorganisms and enzymes. In June 2021, BGF Ecosolutions became the first white bio company in Korea to obtain all of the world’s most prestigious eco-friendly biodegradable and compostable certifications, including OK Compost Industrial (Compostable Certification for Europe), BPI (Biodegradable Certification for North America), and CMA (Compostable Certification for North America). These certifications require verification procedures such as hazardous substance, biodegradability, biocompostability, compostability, and soil toxicity tests at authorized overseas laboratories, so certified PLA products can prove to be reliable internationally. In addition, BGF Ecosolutions continues to research compounding technology for biodegradable plastics, including PLA, along with its unique technology for foaming PLA, and continues to develop biodegradable compounds with improved thermal properties and mechanical strength.

1) CMA (Compost Manufacturing Alliance) Certification

With the North American Composting Certification, CMA personally receives samples of the product requesting certification and observes the composting process for eight weeks before deciding whether it passes or fails.



2) BPI (Biodegradable Products Institute) Certification

Biodegradable and compostable certification in North America

3) OK Compost Industrial Certification

Issued by TUV Austria, a Belgian notified body for ISO standards, and used primarily in Europe.



Waste disposal

Classification		Unit	2021	2022	2023	2024 (Goals)
Waste disposal		Ton	439	348	426	398
General Waste	Total	Ton	378	293	370	356
	Landfill	Ton	47	56	47	46
	Incineration	Ton	314	93	312	300
	Recycling	Ton	17	145	10	10
Designated Waste	Total	Ton	60	55	56	42
	Landfill	Ton	-	-	-	-
	Incineration	Ton	26	55	56	42
	Recycling	Ton	34	-	-	-
Ratio of designated waste		%	13.7	15.8	13.2	10.6

※ Based on domestic workplaces (Hwaseong and Cheongna workplaces)

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Chemical Management

KNW and Fluorine Korea, affiliates of the BGF group's materials sector, produce electronic and automotive components and semiconductor materials, and also manufacture chemical products, including specialty gases for semiconductors. By producing and managing products through the chemical process of raw materials, we are strengthening our chemical management activities, and we regularly develop facilities for handling hazardous chemicals and chemical management training based on chemical management regulations. Although BGF Ecomaterials does not directly manufacture chemicals, we manage risks by providing MSDS(Material Safety Data Sheets) training for employees and attaching GHS warning signs to small containers on site.

KNW

Risk management

Plan/Purchase	Receiving/Warehousing	Usage Management	Risk management	Evaluation and Improvement
Obtain and transfer MSDSs to chemical substances manager	Create a management ledger including chemical substance receipt, usage, storage amount, etc.	Create a management ledger including chemical substance receipt, usage, storage amount, etc.	Implement emergency response procedures and training for leaks and fires	Improvement after evaluation of emergency response procedures and training efficiency

Training status

Classification	Unit	Number of participants
Hazardous chemical manager training	People	4
Hazardous chemical director training	People	4
Chemical worker training	People	33

Management of Air Pollution

BGF Ecomaterials and KNW have established their own risk management processes to minimize greenhouse gas emissions generated in the production process and to manage greenhouse gas emissions risks that may arise in the course of business activities, and are conducting management and improvement activities.

KNW

Risk management

Authorization management	Operations Management	Self inspection of air pollution	Evaluation and improvement
Managing air pollutants emission facility and air pollution prevention facility licenses under the Air Pollution Control Act	Producing operation log of air pollution prevention facilities and managing consumable products, inspecting air pollution prevention facilities before its operation	Biannual air quality measurements for air pollutant emitting facilities	Evaluate and improve adsorbent efficiency with air pollution self measurements

Performance

KNW regularly replaces activated carbon, an adsorbent for air pollution prevention facilities, to improve its ability to adsorb pollutants and reduce pollutant emissions. In addition, KNW continues to reduce Nitrogen Oxide(NOx) emissions, an air pollutant, by replacing regular burners in boilers, which are air emission facilities, with low-NOx burners.

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Human Rights Management

Human Rights Management Policy

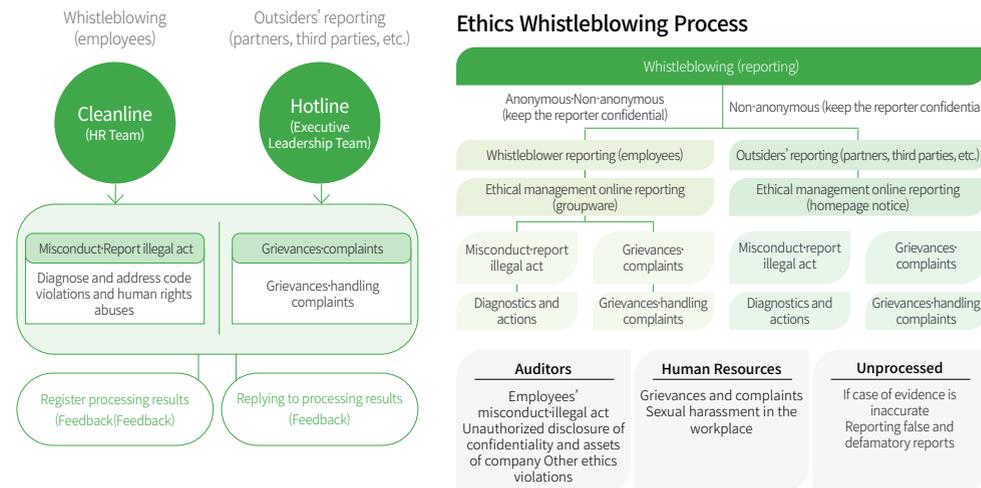
BGF respects the dignity of the human and the right to the pursuit of happiness for our stakeholders, including our employees, customers, franchisees and partners. BGF supports the international standards and guidelines on human rights and labor in the UN Global Compact Ten Principles and is committed to complying with labor and human rights laws and regulations wherever BGF operates.

Human Rights Education

To incorporate human rights awareness among employees, BGF provides mandatory training on sexual harassment prevention, workplace bullying, and disability awareness, and provides content for employees to autonomously receive human rights training through an online training platform(BSA).

Human Rights Grievance Channel

BGF operates a Clean Line system that allows employees to report if they have experienced or witnessed behavior that violates our human rights management principles. The Clean Line, which utilizes an independent third-party platform, ensures the anonymity of the reporter and the confidentiality of the report. We also identify human rights risks through control systems such as hotlines. BGF Ecomaterials and KNW, our affiliates, have online reporting channels through groupware, reporting channels through the website, and written reports through the suggestion box, and no reports were received in 2023.



Talent Development

Operating Systems

The BGF group is committed to strategic workforce planning to recruit and retain talented individuals who have a significant impact on the sustainability of the company, and to a fair and transparent recruitment process. BGF Retail, our retail subsidiary, conducts large-scale open recruitments in the first and second half of each year and provides a wide range of job information through various platforms, including online job fairs, dedicated career websites, and internships. BGF group affiliates also have dedicated recruitment websites by providing job relevant information.

Performance Renumeration and Reward systems

BGF group has a fair and transparent evaluation system, and operates a compensation system based on the HR direction of fostering talent, implementing a fair system, and motivating people. The evaluation system is based on the MBO method and is conducted twice a year in the first and second halves of the year. The final evaluation is conducted in three stages (self-evaluation - first evaluation - second evaluation), including a performance development interview, and a separate evaluation appeal procedure is operated. In the event of an appeal, the 'Evaluation Secretariat' adjusts and reviews the evaluation to ensure fairness. The salary system was established in accordance with BGF's compensation principles, including rewarding performance, compensating roles and responsibilities, and streamlining the operation of the compensation system.

BLP (BGF Leader Program)

As a core talent development program for all affiliates, BGF aims to secure substantial growth engines by providing BLP training to foster experts. Those in responsible positions are supported to develop practical skills through training on changes in the distribution environment, digital marketing, big data analysis and utilization, and product and marketing strategy, while those in senior positions are provided with training on organizational innovation and leadership to develop them into experts in organization and leadership.

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Realizing GWP

Work and Life balance

As a major member of the BGF Group, BGF Ecomaterials is committed to the mutual growth of individuals and the company through work-life balance, and operating various supporting policies under the direction of ‘Work, Life, Family.’

BGF Ecomaterials

Classification	Supporting policies
Work	Employee recognition, work anniversary rewards, company clubs
Life	Medical check-up, medical expense reimbursement, cafeteria within company and dorm
Family	Child tuition, condolence vacation and incentives, birthday and anniversary celebrations

Benefits

BGF group does not differentiate between regular and non-regular employees, and provides health checkups, group accident insurance, group sickness insurance and flu vaccinations to support employees’ healthy lives. In addition, BGF group provides EAP (Employee Assistance Program) services to help employees manage and resolve stress properly.

Labor-Management Council

BGF group operates labor-management councils, a representative body for employees, at each affiliate to strengthen communication and create a win-win labor-management culture that promotes common interests between the company and employees. Through the quarterly labor-management council meetings, we improve welfare benefits, office environment, and organizational culture systems, and the contents of the meetings are open to all employees. The results of the Labor-Management Council at BGF’s main affiliate, BGF Ecomaterials, are shown below.

Classification	Number of meetings held(times)	Number of agenda(cases)	Agenda execution rate
BGF	4	16	100
BGF Ecomaterials	8	31	100%

※ KNW to establish labor-management council in 2024

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Occupational Health and Safety

Occupational Health and Safety Policy

BGF Ecomaterials and KNW include the creation of a safe workplace as a core element of their management and promote and implement systematic and efficient occupational health and safety activities, and have established a health and safety management policy that is shared throughout the company.

Health and Safety Policy

BGF Ecomaterials practices the following items as the highest management value for safety and security to provide the best products and services.

1. Establish a health and safety management system to minimize the impact on health and safety across management activities and promote continuous improvement.
2. Set goals according to health and safety policies and comply with legal and other requirements.
3. As a corporate citizen, we value people's lives and health, and our executives and employees adhere to and actively implement health and safety policies.
4. We transparently disclose health and safety-related information and communicate faithfully with stakeholders.

Health and Safety Goals

It is creating a safety culture that embeds safety as a core element of management, secures the corporate safety management system through continuous promotion, and achieves an accident-free workplace.



Mid- to Long-term Goals

Classification	2024	2025	2026	2027
BGF Ecomaterials	Driving safety improvements - Identify risks and challenges by sector Building a health and safety system - Operating an Occupational Health and safety Committee	Drive work standardization - Reinforce occupational safety guidelines and standards Recruit and develop a health and safety workforce - Establish a training system and capacity building programs	Diagnose safety environment level - Develop and evaluate BSRS* to establish and operate a diagnostic system Acquire ISO45001(Health and Safety Management System) certification	Build a culture by internalizing safe environments Achieving safe environment excellence
KNW	Building and Operating a health and safety system	ISO45001(Health and Safety Management System) certification	Health and safety management system operation and post-audit response	

* BSRS(BGF Safety Rating System)

Management Organization

BGF Ecomaterials has appointed the Chief Operating Officer (COO) as the head of health and safety management and operates a dedicated organization, the Safety and Environment Office, and has appointed supervisors for each department to establish a health and safety rule system. Accordingly, the company has established a plan for health and safety, and systematically manages legal matters and implementation plans related to health and safety. We conduct MSLT (Management Safety Leadership Tour) every quarter to inspect workplaces with executives and hold health and safety meetings with supervisors from time to time. We also check compliance with the 10 essential safety rules of BSGR (BGFEM Safety Golden Rule) through weekly safety and environmental site inspections.

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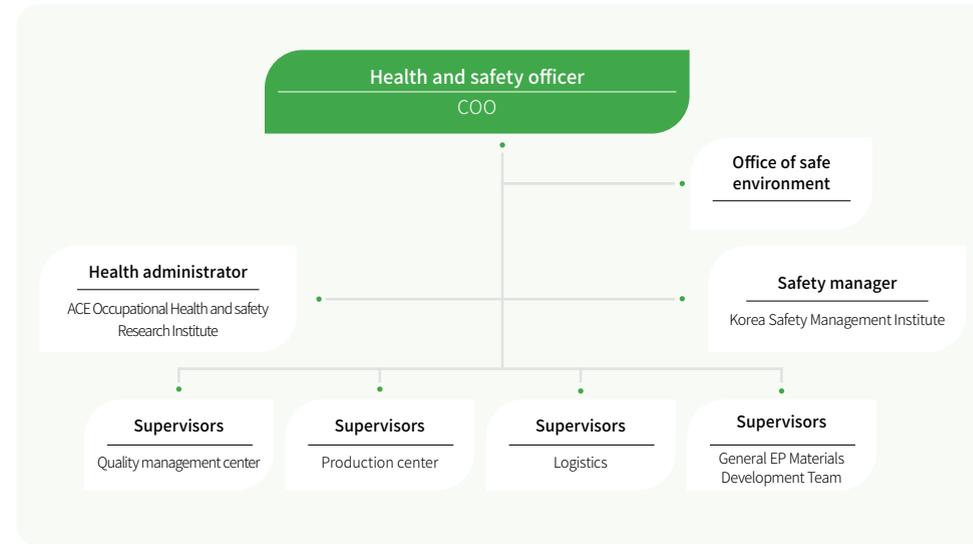
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Occupational Health and Safety

BGF Ecomaterials Management Organization



Risk Assessment

BGF Ecomaterials conducts an annual risk assessment to identify and improve health and safety risks. In 2023, the total number of reviews was 496, of which 16 high-risk items were identified. Measures for items identified as major high-risk items included additional installation of safety railings, installation of opening covers, and installation of safety rail-type portable ladders. Risk effectiveness evaluation was conducted by writing a report on risk reduction measures for the measures and confirming the details of corrective actions. Through this, the improvement effect was identified.

Classification	Number of reviews	High risk	Corrections
Risk assessment (cases)	439	16	16 (100%)

Occupational Injury Rates

Classification		Unit	2022	2023
BGF Ecomaterials	Incidents	%	0	0
	Diseases	%	0	0
KNW	Incidents	%	2.38	2.5
	Diseases	%	0	0

※ 2021 results excluded due to the acquisition of KNW in December 2021 and the change in the largest shareholder of BGF Ecomaterials.

※ Calculation method : Number of industrial accidents recognized by Korea Occupational Health and safety Agency (<https://certi.kosha.or.kr>)

* Calculation method : [Number of workers injured (accidental workers+illness workers)/Number of workers covered by workers' compensation insurance] x 100

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Occupational Health and Safety

Performance

Occupational Health and safety Committee

BGF Ecomaterials holds an Occupational Health and safety Committee once a quarter to discuss and resolve important issues related to health and safety at the workplace, and the committee is composed of an equal number of employer members(3) and employee members(3). The results of the meetings are shared on the company's groupware bulletin board, and the agenda discussed and finalized at the meeting is made applicable to all employees working at the workplace.

Operational performance

BGF Ecomaterials held four meetings of the Occupational Health and safety Committee in 2023. The main issues included improving the safety shoes offer cycle, installing rest facilities, strengthening processes in case of accidents, and improving the working environment, all of which were addressed through meetings.

Classification	Number of meetings held	Number of agendas	Agenda processing rate
Operation performance	4	16	16 (100%)

Health and safety assessments

Classification	Details	Remarks
Evaluating officer	<ul style="list-style-type: none"> Health and safety officer Supervisor training completion and performance evaluation(semi-annual) 	Administrative officer(1 person) Supervisors(4 people)
Evaluating compliance	<ul style="list-style-type: none"> Evaluating compliance with health and safety laws and regulations 	Once/Half
Risk assessment	<ul style="list-style-type: none"> Evaluating workplace hazards and establish actions 	496 total reviews Improved 16 high-risk items
Evaluation of excellent safety activities	<ul style="list-style-type: none"> Compliance with BSGR's 10 essential safety rules Safety slogan contest activities Conduct TBM safety exercises Near miss accident discovery and improvement activities Operation of safety golden award system 	Once/semi-annually ※ Contest: Awards to excellent candidates in early 2023

※ BSGR : BGF Safety Rating System

※ TBM : Tool Box Meeting

Performance

Health and safety training

Classification	Training content	Training for	Training period
Legal health and safety education	<ul style="list-style-type: none"> BSA Training 	Employees	All year round
Health and safety job training	<ul style="list-style-type: none"> Occupational health and safety statutory job training 	Health and safety officer (1 person) Supervisors (4 people)	All year round
Other health and safety training	<ul style="list-style-type: none"> Training on risk assessment results Training on workplace measurement results 	Hwaseong plant workers	All year round
Fire drills	<ul style="list-style-type: none"> Public-private fire drills Emergency evacuation drills CPR training 	Hwaseong plant workers	All year round

Building safety culture activities

BGF Ecomaterials internalizes safety culture through various trainings and campaigns for employees at its plants.

1. Establish and implement the 10 essential BSGR safety practices

- Compliance with internal policy speed of 10km
- Prohibit tampering with equipment safeguards
- No smoking except designated areas
- Fasten the seat belt loop when working at height
- Shut off and lock down before electrical work
- Wear a forklift seatbelt
- No phone while working and walking
- Wear the right protective gear for work
- Measure oxygen levels before entering a confined space
- Conduct TBM(Tool Box Meeting) before work

2. Run a safety slogan contest

3. TBM (Tool box meeting) and safety exercises (conducted daily)

4. Discovery and improvement of near misses (2023: 23 cases identified)

5. Implementation and improvement of MSLT (Management Safety Leadership Tour) (Number of implementations: 4 times, Number of discoveries: 53 cases)

6. Operation of the Safety Golden Award Award System

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Quality Management

BGF Ecomaterials and KNW have established a quality management policy and management system to provide the best product quality and service to satisfy customers, and are conducting quality assurance activities.

Quality Management Policy

1. Safety and quality are the top priority.
2. We supply products that earn customers' trust and maximum satisfaction.
3. We carry out quality assurance activities with the participation of all employees.

Management Organization



Management Systems

As a company that manufactures materials utilizing various raw and subsidiary material, BGF Ecomaterials strives to ensure safe product manufacturing and quality assurance by establishing a quality management control process throughout the entire process. BGF Ecomaterials utilizes an ERP system to systematically manage its product quality operations, and discovers quality-related risks through regular inspections every year, and registers the discovered risks by type to establish corrective measures and measures to prevent recurrence. In addition, it stabilizes product quality through regular inspections by partners, and strives to manage raw and subsidiary material quality by signing inspection agreements for all items and monitoring CoA (Certificate of Analysis). When conducting on-site quality inspections, BGF Ecomaterials also makes various efforts such as interacting with partners to check the quality of raw and subsidiary materials and prevent issues.

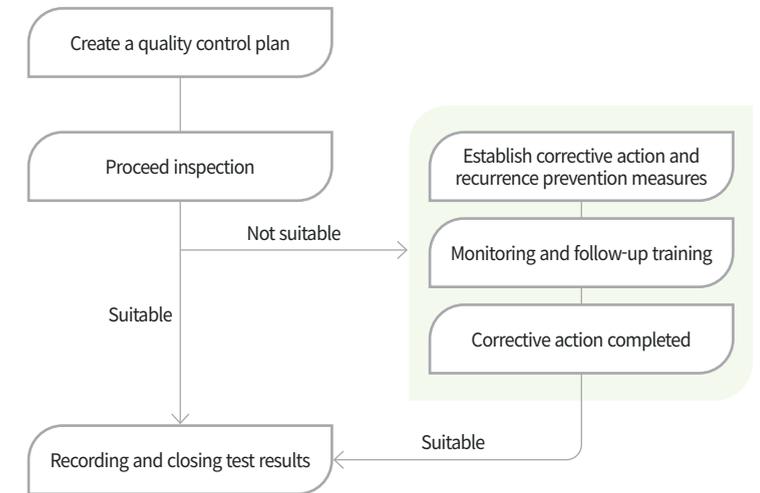
Quality management process



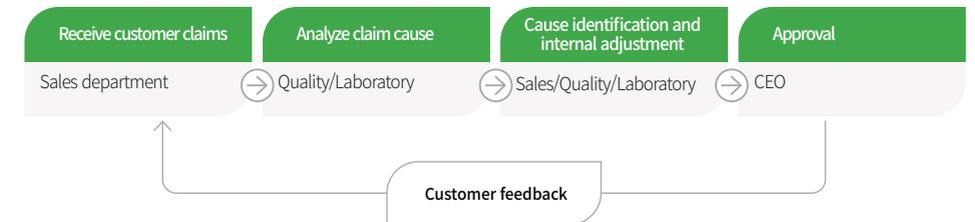
Certification Activities

BGF Ecomaterials acquired the International Automotive Industry Quality Management System (IATF 16949) certification in 2006 to ensure quality assurance specialized for plastic materials and new materials applied to automobiles.

Quality control process



Customer claim processing procedure



* Relief for consumer damage through internal consultation when providing feedback

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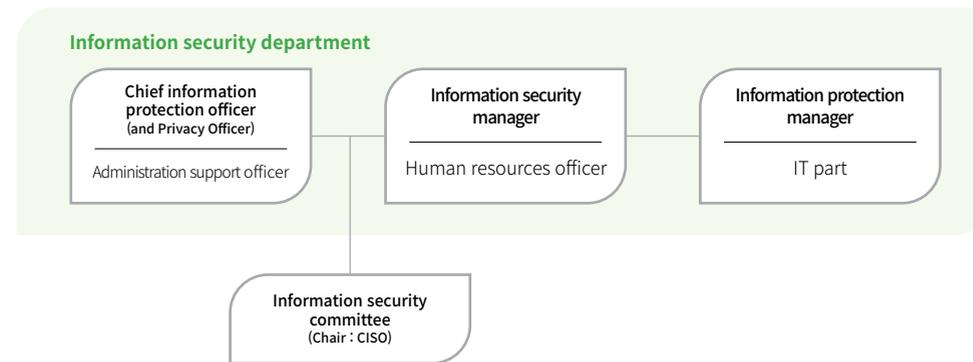
Information Protection

Information Security

BGF Ecomaterials complies with security regulations for all employees and external companies in accordance with the Information Security Management Regulations and prevents the risk of leakage of personal information and information assets. We promptly reflect any amendments to information security-related laws and regulations in our internal regulations, and we strengthen information security by upgrading our systems in accordance with the latest trends in cybersecurity.

Management Organization

BGF Ecomaterials has designated a Chief Information Security Officer (CISO) to establish a management system and manage and supervise information security activities, including the prevention of infringement incidents. The head of the Management Support Division, who chairs the Information Security Committee, is in charge of cybersecurity strategy, and the Information Security Committee, a subordinate organization, and a dedicated information security organization have established business rules and processes to manage information security. BGF Ecomaterials Security Management Department, the IT Division of the Human Resources and General Affairs Team, monitors the information security situation at all times according to the manual and continuously conducts information leakage prevention activities.



Information Security Training

BGF Ecomaterials conducts personal information protection and information security training for all employees once a year, and specialized training on the latest information security trends and security technologies for information protection personnel is conducted at least once a year. In addition, the company's information access control regulations are publicly available for all employees to view, and we conduct drills such as simulated hacking and disaster recovery for our information security. BGF Ecomaterials is also investing in information protection to strengthen information protection, and the amount of information protection investment is 16% of the total IT budget in 2023.

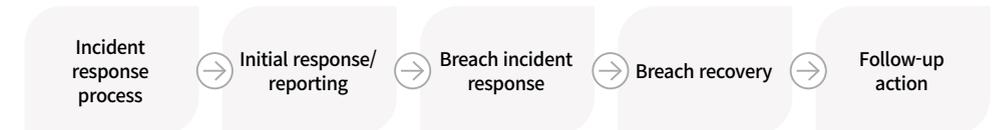
Classification	Contents	Unit	2022	2023
Employees	Training hours per employee	Hour	1	1

Information Breach Incident Response Process

BGF Ecomaterials has established an incident response process for quick and smooth action in the event of an information security breach. In the event of a situation, the Incident Response Team immediately assumes its role in accordance with the Security Incident Response Guidelines. The number of complaints of personal information leakage, information security breaches, and cybersecurity incidents in the last three years is zero.

Classification	Unit	2022	2023
Privacy breaches	Case	0	0
Information security breaches	Case	0	0
Cybersecurity breaches	Case	0	0

Incident response process



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Social Contribution

Corporate Social Contribution Strategy

Based on the management philosophy of growing into a company that contributes to social development, BGF has considered growing together with the local community as a corporate social responsibility from the beginning of its establishment, and is carrying out social contribution activities that are actually needed in the local community. For a happy Republic of Korea, we continue to communicate with members of society and stakeholders. We recognize the need for a strategic and sustainable social contribution model to not only invest and donate to the local community but also build trusting relationships, taking advantage of the characteristics of our business. We are pursuing strategic social contribution activities. In addition, BGF harmoniously connects the network capabilities and social issues of each company within the group to create emotional and economic value that is beneficial to all, based on business characteristics and status, sustainable management direction, and UN Sustainable Development Goals (UN SDGs). We have established three strategic directions for social contribution by comprehensively linking them. The three strategic directions for social contribution consist of contributing to social development through the public use of network capabilities, providing special psychological value in everyday life, and pursuing business for mutual growth with the local community. We are focusing on social and environmental issues with a focus on BGF retail, an affiliate in the distribution division. We are taking the lead in solving this problem.

Affiliate Key Activities

BGF group is carrying out volunteer activities with the participation of its affiliated employees, led by BGF Retail, a distribution sector affiliate. In particular, with interest in the growing problem of climate change and marine ecosystem pollution caused by waste discharge, executives and employees, CU store franchise owners, and employees' families work together to carry out environmental improvement volunteer activities such as pet beach environmental cleanup activities and urban forest management activities. Additionally, in November 2023, about 30 employees and their families participated in volunteer work to deliver briquettes to energy-vulnerable groups during the winter.



Caresea cleanups

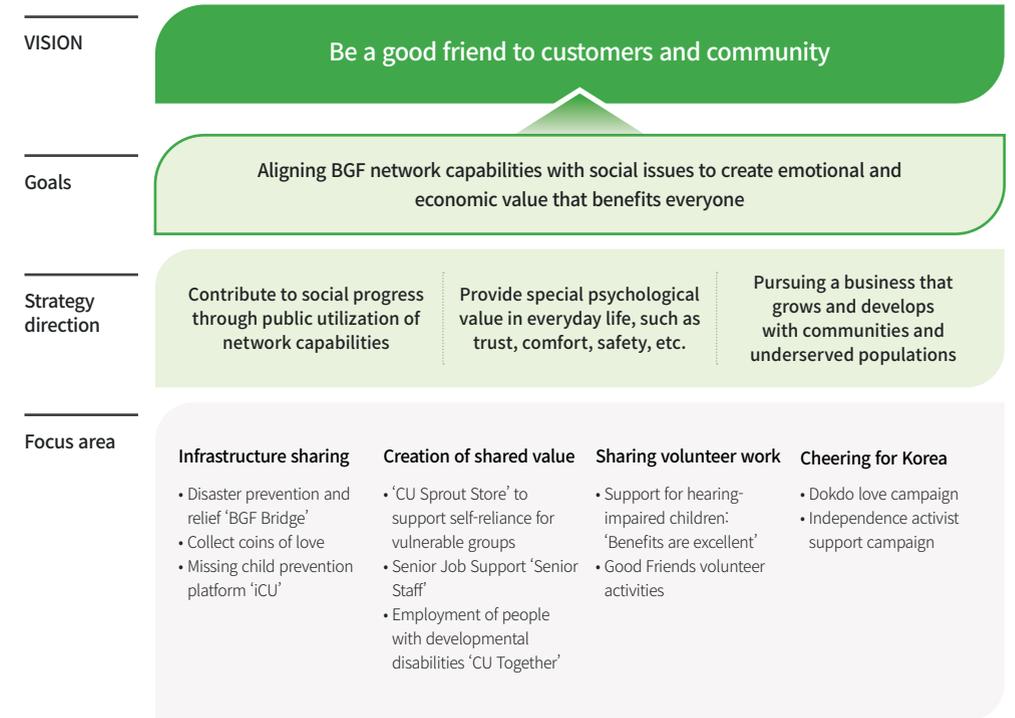


Urban forestry activities



Volunteer to share briquettes of love

Corporate Social Responsibility Vision



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BGF establishes an institutional foundation for reasonable coordination of opinions between internal and external stakeholders and manages the organizational system to ensure that management’s decisions and working-level staff perform their duties fairly. In addition, we strive to maximize shareholder profits and corporate value and establish a sound governance structure by ensuring that the functions of mutual checks and balances between the board of directors and management function well through board-centered management. The board of directors accepts the opinions of stakeholders and decides on matters stipulated in laws or articles of incorporation, matters delegated by the general shareholders’ meeting, basic management policies of the company, and important matters related to business execution, thereby assisting management in making sound decisions and supervising their business execution.

Board of Directors Operations

BGF holds board of directors meetings regularly and resolves matters stipulated in laws and articles of incorporation and major management-related matters. In addition, temporary board of directors meetings are held from time to time when necessary, and each director or auditor can request a convening by presenting agenda and reasons to the chairman of the board of directors. Pursuant to Article 8 of the Board of Directors Regulations, the Board of Directors must notify each director of the convening of a meeting at least 12 hours in advance, and a meeting may be held at any time without the convening procedure if all directors agree. When necessary, we improve the efficiency of board operation by reporting details of the agenda before the board meeting through an independent director reporting meeting. Resolutions of the Board of Directors are made with the attendance of a majority of directors and the approval of a majority of directors present, except as otherwise provided for in relevant laws and regulations. The majority of the board of directors is made up of independent directors, and they are given monitoring and checks functions and are required to perform functions independent of management. Directors with special interests in agenda items are restricted from exercising their voting rights to systematically prevent potential conflicts of interest. In 2023, the Board of Directors was held a total of 9 times, and 39 agenda items were reported or approved, and the average attendance rate at the Board of Directors was 100%.

Board Expertise and Diversity

BGF strives to create a Board of Directors with expertise and diversity to ensure sustainable growth and enhance corporate and shareholder value. In the case of independent directors, the Board of Directors and the Independent Director Nomination Committee select candidates who have extensive experience in specialized fields and meet the qualifications for independent directors. BGF does not limit the gender, age, region of origin, nationality, race, experience, and background of candidates to avoid representing specific interests, and strives to have a diverse board of directors so that the board can make decisions based on a broader range of views. On the other hand, if there is a shareholder proposal in accordance with applicable laws regarding the appointment of directors, the BOD submits it as an agenda item for the general meeting of shareholders within the scope of the law.

Board of Directors Composition

(As of the end of May 2024)

Classification	Name	Gender (age)	Professional Fields	Job Title	Key Experience	Period (Initial Appointment Date / Term Expiration Month)
Executive Directors	Jeong-Kook Hong	Male (40s)	General management	Chairman of the Board Independent director candidates Nominating committee members	Current) CEO of BGF Former) Head of BGF Retail Business Strategy Division	2013.11.12. ~ 2025.03.
	Chul-Han Ryu	Male (50s)	General management	Internal Transaction Committee Member	Current) BGF Finance Officer Former) BGF Retail Financial Support Manager	2020.03.25.~ 2026.03.
Independent Directors	Young-Hoon Sung	Male (60s)	Legal	Chair of the Internal Transactions Committee Independent director candidates Nominating committee members	Current) Attorney at Law Firm Pacific Former) 5th Chairperson of the National Human Rights Commission	2020.03.25.~ 2026.03.
	Bong-Hwan Kim	Male (50s)	Economy	Internal Transactions Committee Member Independent director candidates Nominating Committee Chair	Current) Professor, Seoul National University School of Public Administration Former) Independent Director and Audit Committee Member, Daewoo Shipbuilding & Marine Engineering	2023.03.28.~ 2026.03.

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Independence and Transparency of Independent Directors

BGF’s Articles of Incorporation stipulate that more than a quarter of the board members shall be independent directors, and the proportion of independent directors is 50%, which is the majority of all directors. The proportion of independent directors in the Internal Transaction Committee and the Independent Director Candidate Recommendation Committee, which are committees within the Board of Directors, is each 66.6%, and the chairs of the Independent Director Candidate Recommendation Committee and the Internal Transaction Committee are held by independent directors, thereby ensuring operational independence. The Chairman of the Board of Directors is concurrently held by the CEO through a resolution of the Board of Directors in accordance with the Articles of Incorporation. This is to enhance shareholder value through prompt decision-making based on management efficiency. In addition, in order to secure the independence of independent directors, the rights and duties of directors are specified in the Board of Directors regulations, etc., and various systems, such as executive liability insurance, are supported to enable independent directors to play an independent role. We are strengthening governance transparency by transparently disclosing the activities of the Board of Directors and committees through business reports and governance reports.

Director Selection Process and Terms

In accordance with Article 382 of the Commercial Code and Article 32 of the Articles of Incorporation, BGF selects the most suitable candidates for executive Directors based on their expertise and leadership, and for independent directors based on their ability to oversee the management of the company from an independent position without any conflict of interest with the company and its largest shareholder. Candidates for independent directors are put on the agenda of the general meeting of shareholders as an individual agenda item, and the term of office is set at three years or less upon appointment.

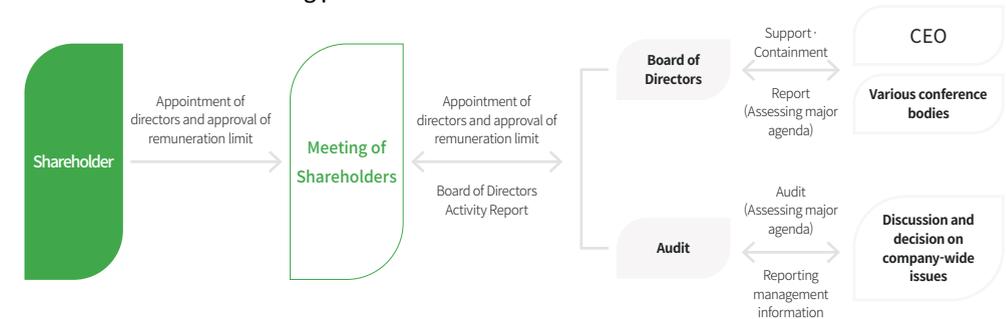
Committees within the Board

BGF has established and operates an Internal Transaction Committee and an Independent Director Candidate Recommendation Committee under the Board of Directors. The Internal Transaction Committee is delegated from the Board of Directors the authority to review and approve internal transactions between affiliates in order to supervise internal transactions and improve the transparency of company management. The Independent Director Candidate Recommendation Committee was established by a resolution of the regular board of directors meeting in November 2021, and is comprised of two independent directors and one executive director. Each committee is comprised of directors with expertise in the relevant field, and is delegated some of the functions of the Board of Directors stipulated in the laws and articles of incorporation, such as monitoring and advising on important issues.

Board committee roles and composition

Classification	Configuration	Attendance rate	Pros / cons ratio
Independent director candidates nominating committee	2 independent directors (including the chair) 1 executive director	100%	100%
Internal Transaction Committee	2 independent directors (including the chair) 1 executive director	100%	100%

Governance decision-making process



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Board of Directors Evaluation

The BGF has been conducting board and independent director evaluations since 2022 to enhance the effectiveness of the board and the credibility of its governance. The annual board evaluation is divided into four areas: roles and responsibilities of the board, composition and operational efficiency, and evaluation of the structure and operation of each committee under the board, and the evaluation method is a self-assessment method for all board members. In addition, independent directors self-assess their loyalty, expertise, and contributions. The evaluation results will be utilized as improvement measures for efficient BOD operation and will be used as a reference when discussing the selection of candidates for the Independent Director Nomination Committee. The 2023 evaluation results for reduced and independent directors received an average score of 4.75 out of 5.

Board of Directors Compensation

The remuneration of the registered directors and auditors is paid within the limits of the directors' remuneration approved by the General Meeting of Shareholders in accordance with applicable laws and the Articles of Association and consists of salary, bonuses, variable pay and other earned income. In the case of variable pay, performance indicators are determined by the Board of Directors annually and evaluated by applying weights to each individual evaluation item. The remuneration for independent directors and members of the Audit Committee consists of a salary, which is paid monthly in the amount of the annual salary divided by 12. The limit for directors' remuneration, approved through a resolution at the March 2024 general meeting of shareholders, is KRW 5 billion.

Protecting Shareholder Rights

BGF promotes various activities for transparent disclosure of information, active communication, and protection of shareholders' rights in order to become a company that is trusted by shareholders and to promote both corporate growth and shareholders' interests. In particular, to ensure that as many shareholders as possible can participate in management decision-making and have sufficient time to deliberate on agenda items, BGF discloses all matters related to the general shareholders' meeting as soon as possible within the deadline set by the relevant laws and regulations, in accordance with the Commercial Act and Articles of Incorporation. In fiscal 2024, the date, place, and agenda of the general meeting of shareholders were announced on the electronic disclosure system 15 days prior to the date of the general meeting of shareholders, and convening notices were sent to shareholders owning 1% or more of the total outstanding shares.

Voting Rights

At the 2023 general shareholders' meeting, voting rights were exercised through direct shareholder participation, proxy attendance by proxy, and electronic voting. Shareholders were able to attend the general shareholders' meeting smoothly through the implementation of a proxy voting recommendation system and voluntary participation in the general shareholders' meeting voluntary dispersion program. We provided support to enable participants to attend and exercise their voting rights as easily as possible. According to our Articles of Incorporation, the total number of shares that can be issued is 20,000,000 shares, and as of May 2024, the number of shares issued is 95,716,791 shares. Of the total issued shares, the number of shares with voting rights is 95,708,766 shares (99.99% of issued shares), excluding 8,025 treasury shares. In accordance with the Commercial Act, we recognize all shareholders with the right to one vote per share, and we strive to guarantee fair voting rights for shareholders in accordance with the Commercial Act and related laws. Additionally, in accordance with the Commercial Act, our shareholders may exercise their shareholder proposal rights in writing or electronically up to 6 weeks prior to the annual general shareholders' meeting. When a shareholder proposal is received, it is reported to the board of directors after verifying whether the shareholder is a shareholder according to internal standards and processing procedures, reviewing the law on the proposed agenda, and the board of directors holds a general shareholders' meeting, except in cases where the content of the shareholder proposal violates the law or the articles of incorporation. It is assumed as a matter of purpose. We respond in writing or electronically with reasons for adoption or non-adoption of agenda items, and when there is a request from a shareholder who made a shareholder proposal, the content of the proposal is included in the notice convening the general shareholders' meeting and the agenda is explained at the general shareholders' meeting.

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Ethics and Compliance

Ethics Policies and Strategies

BGF makes ethical business activities and compliance management a top management principle so that all stakeholders can conduct business in accordance with ethical judgment. BGF has internalized an ethical management culture by making it a principle of ethical management to legally comply with laws, company regulations, and various principles related to business, conduct business transparently, and make reasonable judgments to enhance the value of all stakeholders.

BGF Code of Ethics

- 1_ We provide good products and services in a timely manner to satisfy our customers and do our best to meet their needs and expectations.
- 2_ We make compliance with laws and ethics the top priority of our business activities and strictly separate business and personal affairs.
- 3_ We grant equal opportunities to all partners based on a spirit of mutual trust and recognize them as strategic business partners and pursue common development.
- 4_ We reject improper solicitations, gifts, entertainment, hospitality, and monetary transactions when dealing with stakeholders, including partners and public officials, we don't solicit or offer immoral behavior, such as endorsements, and does not take any unfair advantage.
- 5_ We will not personally use company property, information, or positions to further our personal interests, and we will not engage in any dishonest behavior such as fraud, embezzlement, or misappropriation.
- 6_ We strive to generate stable profits for the company through sound management activities, respect the rights of shareholders, and provide long-term benefits.
- 7_ We form a clean organizational culture based on mutual trust and respect, and strive to improve the quality of life for all employees.

➔ [BGF Code of Ethics](#)

Code of Ethics

BGF has established a code of ethics and detailed practice guidelines to establish sound decision-making and ethical judgment standards when carrying out work. Furthermore, we revised our Code of Ethics in July 2022 to recognize our role as a global corporate citizen and fulfill our responsibilities to various stakeholders, including customers, partners, employees, and national society. The revised code of ethics includes a company-wide code of conduct including corruption and bribery, discrimination, information protection, conflicts of interest, antitrust/anticompetitive practices, money laundering and insider trading, environment, health and safety, and whistleblowing systems. BGF has established a code of ethics for its employees and is making it public on its website.

Ethical Business Practices

BGF group employees share BGF's ethical management awareness and spread ethical management practices by pledging to comply with the Code of Conduct. To practice ethical management in daily life, we provide regular ethics training for employees every year, including ethics management training, sexual harassment prevention training, workplace harassment training, and disability awareness training, as well as case training on behavioral standards. In addition, we send out an ethics letter every quarter to raise awareness of ethical management among employees and share key guidelines related to ethical management. BGF also strictly prohibits the acceptance of any kind of money, including holiday gifts. To share this commitment with our stakeholders, we send out an ethical management cooperation letter under the name of the CEO before the Lunar New Year and Chuseok holidays. In case of BGF or BGF Retail employees receive gifts of valuable items, they are handled in accordance with the reporting procedure, and self-declared items that cannot be returned are auctioned in-house and donated to hearing-impaired children for cochlear implant surgery.

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Manage Ethical Risk

BGF's ethical management is promoted by the BGF Executive Leadership Team, which checks the implementation and compliance of the ethical management policies and policies, and manages ethical risks through activities to prevent fraud and irregularities. In order to manage ethical risks at the company-wide level, we spread the group's policies and policies through business diagnosis and audit activities, and internalize ethical management by operating training and programs to practice ethical management.

Internal Control Systems

BGF strives to raise the ethical awareness of employees and meet the level of social requirements for corporate ethics by having a system of responsibilities, duties, and reporting on the internal control system for realizing ethical management. In accordance with the Internal Audit Regulations, BGF regularly establishes an audit plan every year and conducts a comprehensive audit to evaluate the effectiveness of the work performance system and work processing process by function for the entire business, eliminate problems and propose improvement measures; a verification audit to check the implementation of follow-up measures based on the audit results; and a special audit that is conducted irregularly for violations of the Code of Conduct such as privacy, bribery and anti-corruption, and discrimination. The results of special audits on violations of the Code of Conduct by employees are disclosed to employees through the intranet.

Ethics reporting system

BGF operates an ethical management hotline to report ethical issues. The ethical management hotline is a control system that reports unethical behavior such as dishonesty and corruption by executives and employees online, by phone, or by mail, and takes corrective action. BGF strictly guarantees the identity of the reporter and conducts the investigation privately if desired. The department dedicated to promoting ethical management (management diagnosis team) promotes the establishment of an ethical management culture within the company by responding to the reporter with the results of the fact-checking investigation and sharing cases.

Voluntary reporting of bribes and valuables in-house auction system

BGF strictly prohibits the acceptance of anything of valuables, including holiday gifts. To share this commitment with our stakeholders, we send a letter on ethical management cooperation under the name of the CEO before the Lunar New Year and Chuseok holidays. If an employee receives anything of value, it is handled in accordance with the reporting procedure, and self-reported items that cannot be returned are auctioned off in-house and donated to deaf children for cochlear implant surgery. In 2023, we held a total of eight internal auctions, and all the winning bids were donated to cochlear implant surgery for hearing-impaired children.

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Performance Indicators

Business

BGF

Classification	Unit	2021	2022	2023	
Key Financial Performance	Sales Revenue	KRW million	150,188	434,997	443,174
	Operating Income (Loss)	KRW million	37,907	61,204	70,546
	Earnings before Income Taxes (Loss)	KRW million	43,537	38,895	79,932
	Net Income (Loss)	KRW million	35,977	26,177	69,137
	Total Assets	KRW million	1,981,622	1,938,014	2,171,266
	Total Equity	KRW million	1,732,763	1,736,523	1,900,643
	Return on Assets (ROA*)	%	2.0	1.3	3.4
	Return on Equity (ROE)**	%	4.3	1.5	4.8
	Stakeholders Allocation of economic performance (based on cash flow statement)	Shareholders and investors (dividends)	KRW million	10,528	11,821
Employee salary (except retirement salary)		KRW million	28,617	30,325	28,828
Partners		KRW million	49,948	247,369	186,796
Government (cash payments for corporate taxes)		KRW million	4,238	18,219	8,032
Community (donations)		KRW million	41	201	17

* ROA : Net income / Average Assets

** ROE : Controlling shareholders' net income / Controlling shareholders' equity (average)

※ Acquire an affiliate

2021.12 : Acquired BGF Ecomaterials (formerly Copra)

2023.04 : Acquired BGF Ecocycle (formerly Jayecocycle)

2023.08 : KNW acquired FK (Fluorine Korea)

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Performance Indicators

Business

BGF Ecomaterials

Classification	Unit	2021	2022	2023	
Key Financial Performance	Sales Revenue	KRW million	203,454	263,302	285,659
	Operating Income (Loss)	KRW million	22,268	15,925	17,193
	Earnings before Income Taxes (loss)	KRW million	2,829	37,485	(2,384)
	Net Income (Loss)	KRW million	793	28,880	(9,860)
	Total Assets	KRW million	306,764	352,144	570,459
	Total Equity	KRW million	156,133	201,945	436,751
	Return on Assets (ROA*)	%	0.3	8.8	(2.1)
	Return on Equity (ROE)**	%	0.6	16.1	(3.1)
	Stakeholders Allocation of economic performance (based on cash flow statement)	Shareholders and investors (dividends)	KRW million	2,027	2,390
Employee salary (except retirement salary)		KRW million	8,856	12,229	18,198
Partners		KRW million	-	-	-
Government (cash payments for corporate taxes)		KRW million	5,315	9,077	5,943
Community (donations)		KRW million	1	1	3

* ROA : Net income / Average Assets

** ROE : Controlling shareholders' net income / Controlling shareholders' equity (average)

※ Acquire an affiliate

2021.12 : Acquired BGF Ecomaterials (formerly Copra)

2023.04 : Acquired BGF Ecocycle (formerly Jayecocycle)

2023.08 : KNW acquired FK (Fluorine Korea)

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Performance Indicators

Environment

Greenhouse Gas and Energy

BGF (Separate basis)

Classification			Unit	2021	2022	2023	Remark
Greenhouse Gas emissions	Emissions	Scope1	tCO ₂ e	63.9	41.7	47.1	
		Scope2	tCO ₂ e	118.1	114.6	76.7	
		Total emissions	tCO ₂ e	182.0	156.3	123.8	
	Intensity	Per unit emissions	tCO ₂ e/KRW 100 million	0.4	0.3	0.2	
Energy Usage	Direct	Liquefied Natural Gas (LNG)	TJ	0.4	0.4	0.2	
		Gasoline	TJ	0.6	0.3	0.5	
	Indirect	Electricity	TJ	2.5	2.4	1.6	
		Total usage	TJ	3.5	3.1	2.4	
	Intensity	Per unit consumption	TJ/KRW 100 million	0.008	0.006	0.004	
Water Usage			m ³	1,343	1,190	848.1	
Waste	Amount of waste generated	Household waste	Ton	13.9	15.8	9.4	
	Waste recycling amount	Separate recycling (outsourcing)	Ton	3.3	5.4	3.6	
	Waste recycling rate		%	23.7	34.4	37.9	
Violation of Environmental Laws			Case	0	0	0	

※ Changed from 2023 : Reflects environmental data based on BGF separate standards

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Environment

Greenhouse Gas and Energy

BGF Ecomaterials

Classification		Unit	2021	2022	2023	Remark	
Greenhouse gas emissions	Emissions	Scope1	tCO ₂ e	-	-	-	No calculation details
		Scope2	tCO ₂ e	7,220	7,367	7,586	
	Total emissions	tCO ₂ e	7,220	7,367	7,586		
Intensity	Per unit emissions	tCO ₂ e/100 million	4.8	4.1	4.5		
Energy usage	Direct	GJ	-	-	-	No calculation details	
	Indirect	GJ	54.4	55.5	57.1		
	Energy use	Renewable energy usage	GJ	0	0	0	
	Intensity	Per unit usage	GJ/100 million won	3.1	2.7	2.2	Based on domestic business sites
Environmental investment amount		KRW million	-	10	303	Activated carbon replacement, Prevention facility replacement, Waste storage facility installation	
Violation of environmental laws		Case	0	0	0		

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Environment

Waste

BGF Ecomaterials

Classification	Unit	2021	2022	2023	Remark
Total waste generation	Ton	439	348	426	
General waste	Ton	378	293	370	
Landfill	Ton	47	56	47	
Incineration	Ton	314	93	312	
Recycle	Ton	17	145	10	
Other	Ton	-	-	-	
Designated waste	Ton	60	55	56	
Landfill	Ton	-	-	-	
Incineration	Ton	26	55	56	
Recycle	Ton	34	-	-	
Other	Ton	-	-	-	
Ratio of designated waste	%	13.7	15.8	13.2	

* Based on domestic business sites: BGF Ecomaterials Hwaseong Plant

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Other Environmental Indicators

BGF Ecomaterials

Classification		Unit	2021	2022	2023	Remark
Air pollutants	Dust emissions	Ton	-	0.03	0.03	
Raw materials	Total raw material usage	Ton	38,053	39,281	43,692	
	Recycled raw material usage	Ton	9,669	11,209	10,560	
	Ratio of recycled raw materials	%	20	22	19	
Water resources	Water (total usage)	Ton	13,230	12,728	13,043	Domestic business sites basis BGF Ecomaterials Hwaseong business site
	Industrial water	Ton	9,037	7,407	8,720	Water usage for general use
	Water	Ton	4,193	5,321	4,323	Water usage for general use
	Wastewater treatment volume	m ³	67.9	65.7	9.6	
Chemical emissions		Ton	-	0.2	0.3	
Environmental Management System (ISO14001)	Number of acquired business sites	Number	3	3	3	BGF Ecomaterials Hwaseong business site, US and China business sites
Eco-friendly purchasing	Purchase performance	KRW million	21,590	22,784	19,704	

* Based on domestic business sites: BGF Ecomaterials Hwaseong Plant

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Employees

BGF

Classification		Unit	2021	2022	2023	Remark
Number of employees	Total number of employees		People	117	56	56
	By contract type	Full-time	People	110	48	49
		Temporary	Executive (Male)	People	4	4
	Executive (female)		People	0	0	0
	Temporary		People	2	3	0
	Indefinite contract worker		People	1	1	3
	Total		People	7	8	7
	By gender	Male	People	87	44	44
		Female	People	30	12	12
	By age	20s	People	15	6	7
30s to 50 years old		People	100	47	44	
More than 50 years old		People	2	3	5	
By position	Executives	People	4	3	3	
	P3 and above	People	49	26	22	
	P2 and below	People	64	27	31	
Employment	New employment	Full-time	People	4	3	11
		Temporary	People	2	1	0
		Total	People	6	4	11
	By employment type	Open recruitment for high school graduates	People	1	0	0
		Open recruitment for new college graduates	People	1	0	9
		Experienced position	People	4	3	2
	By gender	Male	People	6	3	9
		Female	People	0	1	2
	By region	Metropolitan area	People	6	4	11
		Non-metropolitan area	People	0	0	0

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Employees

BGF Ecomaterials

Classification		Unit	2022	2023	Remark
Number of employees	Total number of employees	People	150	169	
	By contract type	Full-time	People	125	144
			Male	118	134
		female	7	10	
		Temporary	People	25	25
	Male		24	23	
		female	1	2	
	By gender	Male	People	142	157
		female	People	8	12
	By age	20s	People	22	23
30s to 50 years old		People	100	116	
More than 50 years old		People	28	30	
By occupation	General job	People	89	121	
	Technical job	People	61	48	
Employment	New employment	Full-time	People	62	40
		Temporary	People	16	5
	Total	People	78	45	
By employment type	Open recruitment for high school graduates	People	6	13	
	Open recruitment for new college graduates	People	2	2	
	Experienced position	People	70	30	
By gender	Male	People	74	41	
	Female	People	4	4	

*No data for 2021 due to corporate acquisition on 2021.12.22

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Retirement and Salary

BGF

Classification		Unit	2021	2022	2023	Remark		
Turnover	Number of turnover		People	20	72	10	Increase in the number of turnover due to transfers between affiliates	
	Involuntary turnover	Transfers between affiliates	People	12	65	6		
		Other	People	0	0	0	Expiration of contract period	
	Voluntary turnover		Total number of people	People	8	7	4	
	Voluntary transfer ratio		%	6.8	12.5	10.7	Number of voluntary turnover / Total number of employees	
Continuous years of service	Average years of service		Year	5.0	6.5	6.6		
	Gender	Male	Year	5.5	6.9	7		
		Female	Year	3.7	5.1	4.9		
Labor-management relations	Organization of labor-management council		-	Equal number of labor and management: 3 or more				
	Employees participating in the labor-management council		People	117	56	56	Total number of employees	
Salary	Male average (annual)		KRW million	77	75	97		
	Female average (annual)		KRW million	45	41	54		
	Overall average (annual)		KRW million	69	66	76		
	Male to female salary ratio		%	76	71	56	Based on earned income payment statement for contract worker as of the end of the relevant year, excluding executives	
	Salary ratio of female employees compared to male employees		%	117	105	104		
Retirement pension	Subscription rate		%	94	97	100		
	By subscription type	Defined benefit type (DB)	People	102	50	44		
		Defined contribution type (DC)	People	4	6	12		

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Retirement and Salary

BGF Ecomaterials

Classification		단위	2022	2023	Remark	
Turnover	Number of turnover	People	31	24		
	Involuntary turnover	Transfers between affiliates	People	6	2	
		Other	People	7	10	Executives, foreigners, etc.
	Voluntary turnover	Total number of people	People	18	12	
	Voluntary transfer ratio	%	58	50		
Continuous years of service	Average years of service	Year	4.6	4.3		
	Gender	Male	Year	4.5	4.3	
		Female	Year	6.3	4.9	
Labor-management relations	Organization of labor-management council	-	Equal number of labor and management: 3 or more			
	Employees participating in the labor-management council	People	6	6		
Salary	Male average (annual)	KRW million	58	64		
	Female average (annual)	KRW million	50	41		
	Overall average (annual)	KRW million	57	63		
	Male to female salary ratio	%	87	64		
Retirement pension	Subscription rate	%	61	79		
	By subscription type	Defined benefit type (DB)	People	80	114	
		Defined contribution type (DC)	People	12	19	

* No data for 2021 due to corporate acquisition on 2021.12.22

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Diversity and Parental Leave

BGF

Classification		Unit	2021	2022	2023	Remark	
Diversity	Disabled workers	People	1	1	0		
	Disabled worker ratio	People	0.85	1.78	0	Number of disabled workers/total number of employees	
	Foreign worker	People	0	0	0		
Female employees	By position	Number of female employees P5 level and above	People	0	0	1	Number of non-manager female employees matched in the remarks
		Number of female employees P3 level and above	People	5	5	4	
		Number of non-manager female employees	People	25	7	11	
	By contract type	Full-time female employees	People	30	12	12	
		Ratio of female employees among full-time employees	%	27.3	24.5	24.4	
		Female contract employees	People	0	0	0	
		Ratio of female employees among contract workers	%	0	0	0	
Parental leave	Number of people	Male	People	1	1	0	
		Female	People	1	3	0	
	Number of people eligible for return	Male	People	1	1	0	
		Female	People	1	0	0	
	Return rate	Male	%	100	100	0	
		Female	%	100	-	-	
Health and safety	Industrial accident	Case	0	0	0		

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Diversity and Parental Leave

BGF Ecomaterials

Classification		Unit	2022	2023	Remark	
Diversity	Disabled workers	People	1	1		
	Disabled worker ratio	%	0.7	0.6		
	Foreign workers	People	19	24		
	Foreign worker ratio	%	12.7	14.2		
Female employees	Number of female managers	People	1	1		
	Senior managers (number of female in top executives)	People	0	0		
	Middle managers (number of female in junior managers)	People	1	1		
	Ratio of female above manager level	%	0.8	0.69		
	By contract type	Full-time female employee	People	7	10	
		Ratio of female employees among full-time employees	%	5.6	7.0	
		Female contract employee	People	1	2	
	Ratio of female employees among contract workers	%	4.0	8.0		
Parental leave	Number of people	Male	People	0	1	
		Female	People	0	0	
	Number of people eligible for return	Male	People	0	1	
		Female	People	0	0	
	Return rate	Male	%	0	100	
		Female	%	0	0	

* No data for 2021 due to corporate acquisition on 2021.12.22

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Donations

BGF

Classification		Unit	2021	2022	2023	Remark
Employee participation in volunteer activities	Number of people	People	693	231	311	Integration of affiliates basis
	Activity time	Hour	1,761	1,114	1,288	

Occupational Health and safety

BGF Ecomaterials

Classification		Unit	2022	2023	Remark
Number of casualties	Employees	People	0	0	
Accident rate	Employees	%	0	0	
Number of deaths	Employees	People	0	0	
Lost-Time Injuries Frequency Rate (LTIFR)	Employees	Number of cases per million working hours	0	0	

* No data for 2021 due to corporate acquisition on 2021.12.22

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Governance

Board of Directors

BGF

Classification		Unit	2021	2022	2023	Remark
Board of Directors	Independence	Independent director	People	2	2	2
		Executive director	People	2	2	2
		Independent director ratio	%	50	50	50
	Diversity	Female independent director	People	0	0	0
		Ratio of female independent directors	%	0	0	0
	Efficiency	Attendance rate	%	94.5	100	100
	Operation	Number of events	Number	9	12	9
		Attendance rate	%	94.5	100	100
		Report and agenda	Case	38	33	39
		ESG agenda	Case	6	2	8
Compensation	Total CEO annual compensation	KRW million won	1,055	1,193	1,099	
	Average compensation per independent director	KRW million won	59	60	63	
	Audit fee	KRW million won	216	224	209	
Ethical management	Internal ethical management signature	People	117	56	56	
	- Employees	People	117	56	56	
	- Subsidiary employees	People	0	0	0	
	Internal Code of Ethics signature rate	%	100	100	100	
	- Employees	%	100	100	100	
	- Subsidiary employees	People	0	0	0	
Violation of Code of Conduct	Total number of violations	People	0	0	0	
	- Embezzlement	People	0	0	0	
	- Corruption and bribery	%	0	0	0	
	- Discrimination and harassment	People	0	0	0	
	Other	%	0	0	0	
Action taken for violation	Total number of actions	Case	0	0	0	
	- Suspension	People	0	0	0	
	- Salary reduction	People	0	0	0	
	- Reprimand	People	0	0	0	
	- Other	People	0	0	0	

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Governance

Board of Directors

BGF Ecomaterials

Classification		Unit	2022	2023	Remark
Board of Directors	Independence	Independent director	People	1	1
		Executive director	People	3	3
		Independent director ratio	%	25	25
	Diversity	Female independent director	People	0	0
		Ratio of female independent directors	%	0	0
	Efficiency	Average service period	Years	1.02	2.02
		Attendance rate	%	86	100
	Operation	Number of meetings held	Number	9	9
		Attendance rate	%	86.1	95
Report and agenda		Case	21	33	
ESG agenda		Case	0	0	
Compensation		Total CEO annual compensation	KRW million won	364	590
	Average compensation per independent director	KRW million won	37	36	
	Audit fee	KRW million won	50	50	
Ethical management		Internal ethical management signature	People	150	169
	- Employees	People	150	169	
	Internal Code of Ethics signature rate	%	100	100	
	- Employees	%	100	100	
	- Subsidiary employees	People	0	0	
Violation of Code of Conduct		Total number of violations	People	1	2
	- Embezzlement	People	0	0	
	- Corruption and bribery	%	0	0	
	- Discrimination and harassment	People	1	2	
	Other	%	1	0	
Action taken for violation		Total number of actions	Case	1	2
	- Suspension	People	0	0	
	- Salary reduction	People	1	0	
	- Reprimand	People	0	2	
	- Other	People	0	0	

* No data for 2021 due to corporate acquisition on 2021.12.22

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Compliance

BGF

Classification	Unit	2021	2022	2023	Remark
Number of violations of laws	Case	0	0	0	
	Violation of environmental laws	Case	0	0	0
	Violation of anti-competition laws	Case	0	0	0
	Violation of industrial safety regulations	Case	0	0	0
Fine amount	KRW	0	0	0	
	Violation of environmental laws	KRW	0	0	0
	Violation of anti-competition laws	KRW	0	0	0
	Violation of industrial safety regulations	KRW	0	0	0

Ethics Education

BGF

Classification	단위	2021	2022	2023	Remark
Ethics Education	Number of trainings	Number	2	2	2
Reporting and consultation (by policies)	Number of ethical reports via hotline	Case	0	0	0
	Number of clean line reports	Case	1	0	0
	Number of ethical reports processed via hotline	Case	0	0	0
	Number of clean line reports processed	Case	1	0	0

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Compliance

BGF Ecomaterials

Classification	Unit	2022	2023	Remark
Number of violations of laws	Case	0	0	
	Violation of environmental laws	Case	0	
	Violation of anti-competition laws	Case	0	
	Violation of industrial safety regulations	Case	0	
Fine amount	Case	0	0	
	Violation of environmental laws	Case	0	
	Violation of anti-competition laws	Case	0	
	Violation of industrial safety regulations	Case	0	

Ethics Education

BGF Ecomaterials

Classification	Unit	2022	2023	Remark
Ethics education	Number of participants	People	150	169
	Training time	Hour	1,200	338
	Training hours per employee	Hour	8	2
	Participation rate	%	100	100
	Number of trainings	Time	1	1
Reporting and consultation (by people)	Total	People	0	1
	Employees	People	0	1
	Business partner	People	0	0
	Customer	People	0	0
Reporting and consultation (by policies)	Number of ethical reports via hotline	Case	0	1
	Number of clean line reports	Case	0	0
	Number of ethical reports processed via hotline	Case	0	1
	Number of clean line reports processed	Case	0	0

* No data for 2021 due to corporate acquisition on 2021.12.22

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> **GRI Index**
UNGC (UN Global Compact)

GRI Index

Classification	Disclosure Indicators	Page	Remark
Universal Standards			
Organization and Reporting Practices	2-1	Organizational details	5
	2-2	Entities included in the organization's sustainability reporting	2, 6
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	Described by annotation
	2-5	External assurance	-
Activities and Employees	2-6	Activities, value chain and other business relationships	6
	2-7	Employees	5,7
	2-8	Workers who are not employees	47-48
Governance	2-9	Governance structure and composition	32, 36
	2-10	Nomination and selection of the highest governance body	35-36
	2-11	Chair of the highest governance body	35-36
	2-12	Role of the highest governance body in overseeing the management of impacts	35
	2-13	Delegation of responsibility for managing impacts	35-36
	2-14	Role of the highest governance body in sustainability reporting	35-36
	2-15	Conflicts of interest	36
	2-16	Communication of critical concerns	17,35-36
	2-17	Collective knowledge of the highest governance body	17,35-36
	2-18	Evaluation of the performance of the highest governance body	35-36
	2-19	Remuneration policies	37
Contribution, Policy and Implement	2-20	Process to determine remuneration	37
	2-21	Annual total compensation ratio	37
	2-22	Statement on sustainable development strategy	4
	2-23	Policy commitments	16
	2-24	Embedding policy commitments	16,19, 26,28,31,33,38
	2-25	Processes to remediate negative impacts	26,39
	2-26	Mechanisms for seeking advice and raising concerns	26,39
Stakeholder Engagement	2-27	Compliance with laws and regulations	56-57
	2-28	Membership associations (Initiatives)	16
	2-29	Approach to stakeholder engagement	17,35-36
	2-30	Collective bargaining agreements	27

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> **GRI Index**
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GRI Index

Classification	Disclosure Indicators	Page	Remark	
Topic Standards				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	16	
	3-2	List of material topics	16	
Response to Climate Change (Carbon neutrality)				
GRI 3: Material Topics 2021	3-3	Management of material topics	16	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	21,43	
	305-1	Direct (Scope 1) GHG emissions	21,43	
	305-2	Energy indirect (Scope 2) GHG emissions	21,43	
GRI 305: Emissions 2016	305-4	GHG emissions intensity	21,43	
Waste Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	16	
GRI 306 : Waste 2020	306-3	Waste generated	22-23	
	306-4	Waste diverted from disposal	22-23	
Products that consider Society and the Environment				
GRI 3: Material Topics 2021	3-3	Management of material topics	16	
Organization-specific indicator	-	Customer Value	31	
Community Contribution				
GRI 3: Material Topics 2021	3-3	Management of material topics	16	
Organization-specific indicator	-	Social Contribution	31	
Enhancing Employee Health and safety Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	16	
	403-1	Occupational health and safety management system	28-30	
	403-2	Hazard identification, risk assessment, and incident investigation	28-30	
	403-3	Occupational health services	28-30	
	GRI 403 : Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	28-30
		403-5	Worker training on occupational health and safety	28-30
		403-6	Promotion of worker health	28-30
	403-9	Work-related injuries	28-30	

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Material Topics				
Improving Green Packaging				
GRI 301 : Materials 2016	3-3	Management of material topics	16	
	301-1	Materials used by weight or volume	22-23	
	301-2	Recycled input materials used	22-23	
Non-Material Topics				
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	41-42	
	201-3	Defined benefit plan obligations and other retirement plans	49, 50	
	205-1	Operations assessed for risks related to corruption	38-39,56-57	
GRI 205 : Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	38-39	
	205-3	Confirmed incidents of corruption and actions taken	56-57	
	GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	56-57
GRI 207 : Tax 2017	207-4	Country-by-country reporting	41-42	
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	21	
	302-3	Energy intensity	21	
	302-4	Reduction of energy consumption	21	
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource	43-45	
	303-5	Water consumption	43-45	
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	47-48	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	27	
	401-3	Parental leave	52	
GRI 402 : Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-	Notice at least 50 days in advance based on the Labor Standards Act
	404-1	Average hours of training per year per employee	26	
GRI 404 : Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	26	
	404-3	Percentage of employees receiving regular performance and career development reviews	-	Percentage of employees receiving regular performance evaluations: 100%

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Classification	Disclosure Indicators		Page	Remark
Non-Material Topics				
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	38,47-48	
	405-2	Ratio of basic salary and remuneration of women to men	49-50	
GRI 412 : Human Rights Assessment 2016	412-1	Business sites subject to human rights impact assessment or human rights review	-	
	412-2	Training of employees on business-related human rights policies and procedures	26	
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	31	
	417-1	Requirements for product and service information and labeling	31	
GRI 417 : Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No violations or complaints
	417-3	Incidents of non-compliance concerning marketing communications	-	No violations or complaints
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No violations or complaints

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> UNGC (UN Global Compact)

UNGC

UN Global Compact

The UN Global Compact (UNGC) is an initiative that encourages companies to conduct sustainable management based on social responsibility and consists of 10 principles in four areas: human rights, labor, environment, and anti-corruption. BGF supports the UNGC 10 principles and strives to comply with the principles throughout management.

Classification	UNGC 10 Principles	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	23
	2. make sure that they are not complicit in human rights abuses.	23
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	24
	4. the elimination of all forms of forced and compulsory labour;	24
	5. the effective abolition of child labour; and	23
	6. the elimination of discrimination in respect of employment and occupation.	23
Environment	7. Businesses should support a precautionary approach to environmental challenges;	16
	8. undertake initiatives to promote greater environmental responsibility; and	17
	9. encourage the development and diffusion of environmentally friendly technologies.	17,19-20
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	37-38

BGF