Farm Hannong

# SUSTAINABILITY REPORT 2023

FARMHANNONG

# About this report

## Overview

FarmHannong would like to share our various efforts in sustainability management with stakeholders. This is the first report to transparently disclose our activities and performance in 2023. We aim to practice sustainable management by gathering stakeholders' opinions and summarizing the processes and effects reflected in management activities.

## Period and Scope

The reporting period is based on fiscal year data from January 1, 2023 through December 31, 2023. The reporting scope includes domestic and overseas operations, and the financial results are consistent with K-IFRS (Korean International Financial Reporting Standards) consolidation standards. Some quantitative data is for domestic operations only, please refer to the footnotes of each data for details. The reporting cycle is one year.

## Reporting Criteria

This report has been prepared to refer to the Global Reporting Initiative (GRI) Standards 2021, a global reporting standard. We also report our activities and performance based on the Sustainability Accounting Standards Board (SASB).

## Assurance

The report has been subject to third-party assurance by KSA, Korean Standards Association, an independent assurance organization, to ensure compliance with the report preparation process and the reliability of all information. The details of the assurance opinion are provided in the Appendix.

## Inquiries

For further inquiries regarding this report, please contact us with the information below.

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### Interactive Guide

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# CEO Message




**FarmHannong promises
to provide a healthy and prosperous tomorrow
based on our strong foundation in green
technology that goes back 70 years.**

## Dear FarmHannong stakeholders,

We would like to express our deepest gratitude for your continued support and affection for FarmHannong over the past year.

FarmHannong was founded in 1953 amidst the devastation of the Korean War.
We have grown alongside Korean agriculture by leading the market with our outstanding technology in industries closely related to the survival and health of the people, such as crop protection, seeds, and fertilizers.
Based on the expertise and know-how accumulated over the past 70 years, FarmHannong is focusing on expanding into overseas markets and advancing agriculture. We are also actively challenging the development of green bio solutions to solve the food crisis, which has become a real threat, and to add value to the agricultural industry.
Moving forward, FarmHannong will keep in mind that innovation in customer value and sustainable growth are not separate goals, but interconnected objectives that can create synergy.

**First, we will accompany global environmental goals by actively responding to climate change.**
Responding to Climate Change is an urgent task for all of humanity. This is particularly important for FarmHannong, given our diverse agricultural customer base, both locally and internationally, as it can significantly impact our business. We will strengthen our management of pollutants and take proactive measures to reduce greenhouse gas emissions, working towards an environmentally friendly industrial ecosystem.

**Second, we will pursue happiness throughout the value chain by playing a responsible role.**
Deeply recognizing that our employees are essential to our current success and future growth, we will do our best to support their growth and foster a rewarding workplace. In addition, we will recognize our suppliers as partners in shared growth and develop into a company that realizes social value through providing necessary technical support and responsible business practices.

**Third, we will drive sustainable growth by establishing a sound corporate governance.**
We will foster an environment that encourages constructive proposals, facilitates open discussions, and embraces social diversity, ensuring transparent and sound decision-making. Based on LG's 'Jeong-Do' Management philosophy, we will promote sustainable growth through collaborative oversight and mutual support.

The interest and support of our stakeholders are nourishing the healthy growth of FarmHannong. We look forward to your continued interest and advice.

Thank you

October 2024

Mu-Yong Kim,
CEO of FarmHannong Mu-Yong Kim

# About us

## FarmHannong, Leading Company of Korean Agricultural Industry

FarmHannong is the nation's top green bio company that developed together with Korean agriculture since its founding in 1953.

FarmHannong is first place in crop protection material market share and second in seed and fertilizer market share, and it is serving as a leader for improving the competitiveness and for the globalization of Korean agriculture based on extensive experience and advanced technologies.

FarmHannong is committed to being a trusted partner for farmers by providing high-quality products and services and distinguished farming solutions to contribute in improving farming productivity and supplying safe foods. By concentrating on the development of next-generation products such as new crop protection materials, functional seeds, controlled release fertilizers, etc., we will help realize easy farming and sustainable farming.

Under the vision of 'To be a Green Bio Company Enriching Human Life by providing differentiated customer value', FarmHannong will grow as a global green bio company that contributes to the construction of a healthy future.

## Company Overview

**Founding date**
April 1953

**CEO**
Mu-Yong Kim

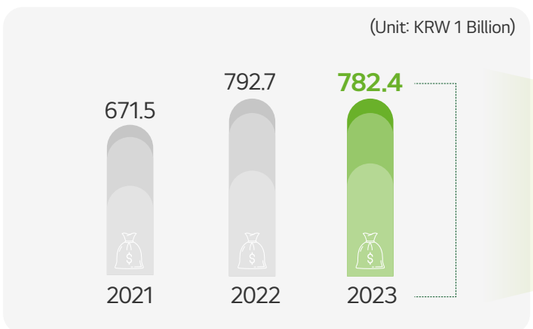
**Headquarters location**
5-6F, FKI Tower 24, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea

**Key Businesses**
Crop protection, fertilizer, and seeds

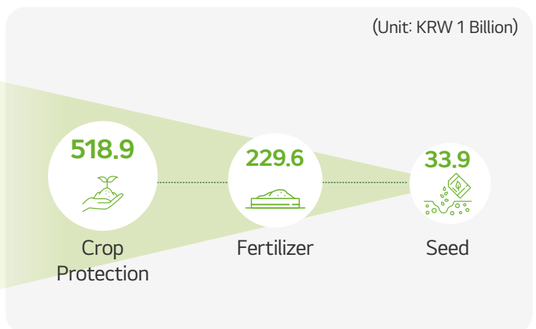
**Number of employees**
986
(as of the end of 2023, including overseas sites)

**Sales**
KRW 782.4 Billion
(based on consolidated financial statements, Year 2023 )

## Sales




## Sales by Business Unit in 2023




## Corporate Philosophy

Vision

**To be a Green Bio Company Enriching Human Life by Providing Differentiated Customer Value**

**Differentiated Customer Value**
We constantly develop and provide the best products and services beyond customer expectation with total solution for green biotechnology and farming technology.

**Enriching Human Life**
We furnish human with products and services that lead to abundance of high quality and high yield that contribute to safe and healthy lives.

**Green Bio Company**
We endeavor to become a global top 10 company that leads the world market with high technology covering the agrochemical/bio-logical material business and the agriculture ICT industry.

**Shared value**

**Customer Value Creation**
An attitude to deliver substantial helpful value in customer-centric perspective based on the in-depth understanding of the customer and market

**Challenge and Passion**
A will to achieve the goal at any cos with continuous self-improvement and passion for exceeding the limits

**Empathy and Communication**
An organizational culture to communicate with each other based on mutual recognition and respect and to show teamwork followed by one-team spirit in each employee

# About us

## Company history

### 1953-1967

**April. 1953**
Korea Agriculturals Co., Ltd. was established (Currently Crop Protection Business Division)

**March. 1956**
Completion of Incheon Crop Protection Production Facility of Korea Agriculturals Co., Ltd.

**August. 1965**
Yongnam Chemicals Co., Ltd. is established (Currently Fertilizer Business Department)

**March. 1967**
Completion of Production Facility(ammonia, sulfuric acid, phosphoric acid, urea and compound fertilizers) of Yongnam Chemicals Co., Ltd.

### 1976-1977

**December. 1976**
Completion of a new Production Facility(sulfuric acid, phosphoric acid, urea and compound fertilizers) of Yongnam Chemicals Co., Ltd.

**October. 1977**
Completion of Gumi Crop Protection Production Facility of Korea Agriculturals Co., Ltd.

### 1981-1988

**October. 1981**
Korea Agricultural Co., Ltd. was renamed as Hannong Co., Ltd.

**July. 1986**
Ulsan Petrochemicals Co., Ltd. became an affiliate of Dongbu Group

**February. 1988**
Dongbu Petrochemicals Co., Ltd. Acquired Youngnam Chemicals Co., Ltd.

### 1992-2006

**June. 1992**
Completion of Refining Phosphoric Acid Production Facility of Dongbu Chemicals Co., Ltd.

**May. 1995**
Hannong co., Ltd. became an affiliate of Dongbu Group

**March. 2006**
Dongbu Hannong Chemicals Co.,Ltd. was renamed as Dongbu Hannong Co., Ltd.

### 2012-2017

**November. 2012**
Acquired Monsanto Korea Inc.

**April. 2015**
Seperated from Dongbu Group

**April. 2016**
Dongbu FarmHannong Co., Ltd, became an affiliate of LG Chem, Ltd.(Renamed FarmHannong Co., Ltd.)

**December. 2017**
Aquired Crop Protection Business of LG Chem, Ltd.

### 2018-2023

**February. 2018**
Established FarmHannong Thailand Ltd. in Chiang Mai

**March. 2019**
Established FarmHannong Malaysia Ltd. in Kuala Lumpur

**February. 2020**
Established PT FarmHannong Indonesia in Jakarta

**October. 2021**
Established FARMHANNONG DO BRASIL LIMITADA in Sao Paulo

**October. 2023**
Terrad'or reaching $155 million in total sales since launch

### Farm Hannong

# About us

## FarmHannong Business Area




### Crop Protection

Fungicides, Insecticides, Herbicides, Growth Regulators, Novel Active Ingredients (6 types including rice herbicide, horticulture insecticide, non-selective herbicide), Bio-pesticide, Quarantine Treatments, Specialty Product

### Seed

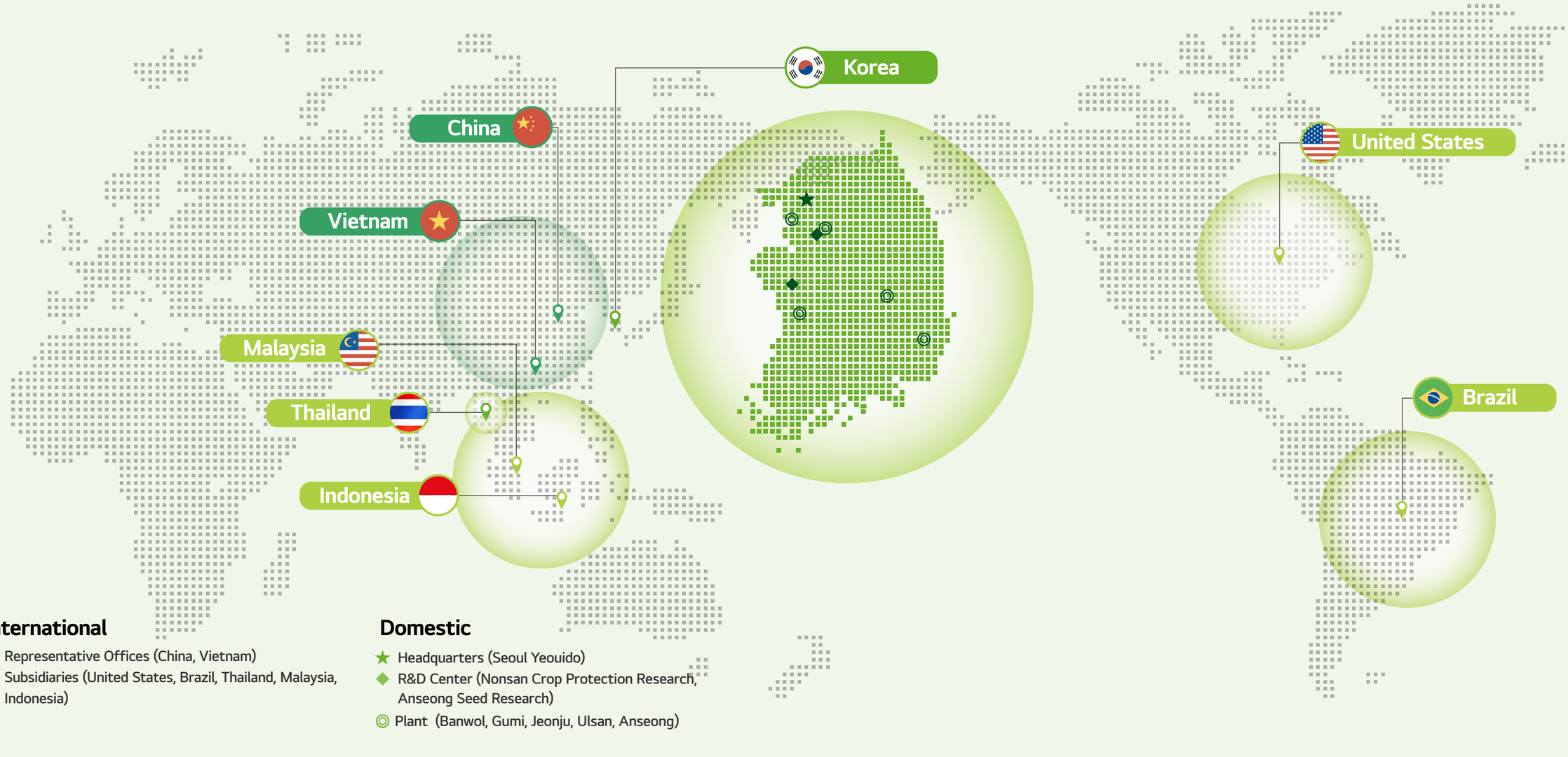
Vegetable Seeds ( Radish, Hot Pepper, Tomato, Chinese Cabbage, Onion, Spinach, Watermelon, Green Onion, Cucumber, Gourd, Melon, Korean Melon, Rootstock, etc.)

### Fertilizer

Controlled Release Fertilizer (CRF)
Water Soluble Fertilizer (WSF)
Rice Fertilizer, Horticulture·Orchard Fertilizers,
Organic Fertilizers

# About us

## Global Network




### International

- Representative Offices (China, Vietnam)
- Subsidiaries (United States, Brazil, Thailand, Malaysia, Indonesia)

### Domestic

- ★ Headquarters (Seoul Yeouido)
- ◆ R&D Center (Nonsan Crop Protection Research, Anseong Seed Research)
- ◎ Plant (Banwol, Gumi, Jeonju, Ulsan, Anseong)

# About us

## Global Business

### FarmHannong will be the Global Green Bio Company representing Korean agricultural industry.

With its long experience and advanced technology, FarmHannong is leading the way in enhancing the competitiveness of Korean agriculture and globalizing Korean crop protection products. As leading exporter of crop protection products in Korea, FarmHannong is increasing the awareness of Korean crop protection products in the global market and recognized for its technology, especially through the global export and contribution of its own developed products.

Launched in 2018, TERRAD´OR (Common name: Tiafenacil), a non-selective herbicide, has been well accepted by global farmers as the best product to solve resistant weeds problem. Terrad'or has received the approval of technology patent registration in 29 countries, including the U.S., Japan, and China, and is exported as finished products to 10 countries. With global sales of KRW 90 billion, mainly from the U.S., Canada, Asutralia, and Brazil, in 2024, Terrad'or is expected to drive FarmHannong's growth.

FarmHannong is actively expanding the business not only in Asia, its existing main business region but also in Oceania, North America, South America, and Africa. FarmHanong aims to become a global agricultural company that contributes to improving the productivity of farmers by R&D excellence. In particular, there has been huge demand in the solution of disease, insect and weed resistance, we seek to develop differentiated technologies and innovative products through concentration of the company's capabilities and joint research through open innovation. FarmHannong will become the Global Top Green Bio Company by expanding its overseas business into KRW 300 billion by 2028 and drive the global market by utilizing new materials to develop innovative crop protection products as growth engines.



### Australia



TERRAD'OR, FarmHannong's representative brand of non-selective herbicides, has grown rapidly in Australia since it has been launched in 2021, becoming the first country to reach KRW 30 billion revenue in its third business year of TERRAD'OR.In strong partnership with Nufarm, Australia No.1 crop protection company, TERRAD'OR is distributed nationwide through regional channel partners. We have strengthened our brand image by combining the TERRAD'OR brand with Nufarm's distributing power, and achieved 70% brand awareness in just 3 business year through various on/off-line promotional activities targeting channel partners, farmers and agronomists. We aim to achieve the No. 1 market share by entering new markets through expanding registration and stepping up marketing efforts.

### Brazil



TERRAD'OR, in partnership with crop protection company Ourofino, generated sales of KRW 20.4 billion in the first year after its launch in Brazil in 2023, contributing significantly to FarmHannong's cumulative sales of KRW 200 billion in nine countries. This year, we aim to achieve remarkable growth in sales by supporting local promotions. We are also expanding our position as a supplier of Metamifop for rice herbicide to IHARA crop protection company.

### North America



TERRAD'OR was launched in the U.S. in 2020 and has been steadily expanding market share alongside with ISK, co-developer and local distributor.The product is approved by the Environmental Protection Agency (EPA), which requires strict and intricate registration process comparable to that of the US FDA new drug approval. The U.S. accounts for 20% of the global KRW 10 trillion non-selective herbicide market, so we are making every effort to sell our products by diversifying* our sales and marketing strategies.

# About our Business and Products

## Crop Protection Business

### I FarmHannong delivers distinguised solutions with the best technologies and the largest sales and services network.

Since producing and supplying crop protection materials for the first time in 1953, we have maintained a firm leadership position in domestic market. We are leading the market based on our top-of-the-industry R&D competencies and by constructing the nation's largest production capacity and sales and services network.

We are advancing our business through five high-value crop protection materials such as the globally competitive 'Terrad'or' and by entering the global crop protectant market in earnest.

**Domestic business**



Sales Teams
**13**

Products
**327**

Revenue (KRW 1 Billion)
**362.4**

» Possesses high-valued formulation technology and production capability to improve ease of use and safety
» Leading development of environment-friendly technology and high-quality labor-saving products
» Expanding development process on biocontrol agents, biostimulants for sustainable agriculture
» Offering crop storage and distribution, gas fumigation, specialized products for forest protection and technical service

**Overseas business**



Novel Active Ingredients
**6**

Overseas Sites
**6**

Sales (KRW 1 Billion)
**156.5**

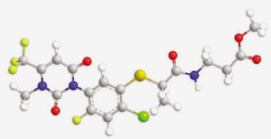
» Strengthening product portfolio with new, self-developed active ingredients
-Rice Herbicide Pyanchor®(Pyribenzoxim): Registered and offered in over 14 countries including Thailand (Developed by LG Chem, Launched in 1996)
-Horticultural Insecticide Hanaro®(Bistrifluron): Registered and offered in over 14 countries including Japan (Launched in 2005)
-Rice Herbicide Flexo®(Flucetosulfuron): Registered and offered in over 8 countries including India (Developed by LG Chem, Launched in 2005)
-Rice Herbicide Pyzero®(Metamifop): Registered and offered in over 18 countries including China (Launched in 2008)
-Non-selective Herbicide Terrad'orTM (Tiafenacil): Registered and offered in over 9 countries including Australia, Brazil, and the US (Launched in 2018)
-Rice Herbicide Lancotrione-sodium: Under registration process to be registered in Korea and Japan
» Expanding partnerships with multinational crop protection companies
» Offering comprehensive CMO (Contract Manufacturing Organization) service
» Producing and supplying high quality, ISO standard crop protection active ingredients and formulated products, and intermediates
» Overseas business sites : United States, Brazil, China, Malaysia, Indonesia, and Vietnam

# About our Business and Products

## Crop Protection Business

### I Best Products

Terrad'or®



## TERRAD'OR

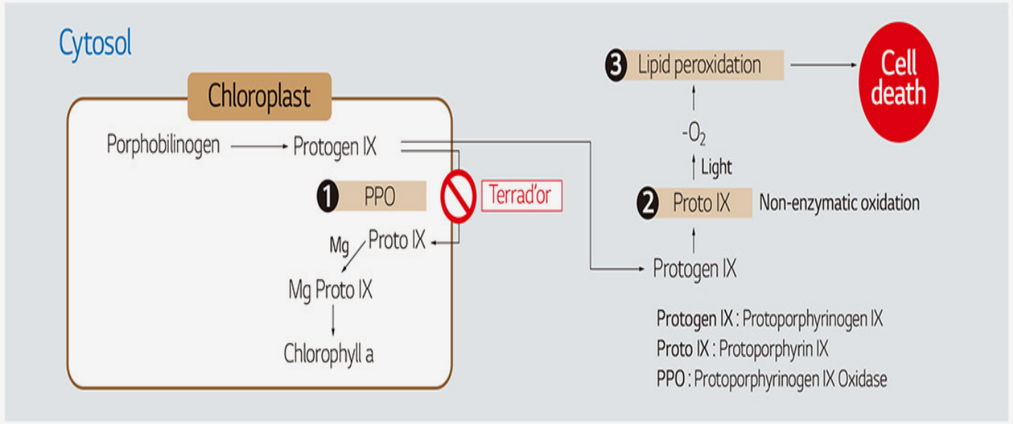
| Herbicide Source | |
|---|---|
| CAS Number | 1220411-29-9 |
| Name | Tiafenacil |
| System | Pyrimidindiones |
| Product Category | Herbicides |

**Global development status**

Patent right in 31 countries including Korea, US, Brazil, Argentina, etc.

**Mode of action**

Terrad'or treatment strongly inhibits PPO(Protoporphyrinogen IX oxidase) in chloroplast and produces active oxygen which destroys cellular membrane, resulting in tissues necrosis and plant death.







## NABANGNORINCHAE

| Rice Insecticide | |
|---|---|
| ingredients | Broflanilide(3.5%)+Etofenprox(20%) |
| Item name | Broflanilide Etofenprox suspo-emulsion |
| System | Methadiamide + synthetic pyrethroids |
| Toxicity | Low mammalian toxicity, low fish toxicity(Class III) |

**Effective control of rice leaf folder, rice stem borer and stink bugs.**

- Contains a new active ingredient 'broflanilide', which has no cross-resistance and has a stable effect on lepidoptera.
- Contains 'etofenprox', a specialized active ingredient for controlling black rice bugs .

**Effective against lepidopter and stink bugs also in horticultural crops.**

- Usable on various vegetables such as peppers, Chinese cabbage, green onions, and beans.

**Suitable for drone control due to the good physicality and compatibility.**

- Registered for drones on rice and radish.
- Registered for the neighboring vegetables such as red peppers, Chinese cabbage, green onions, and beans.

# About our Business and Products

## Fertilizer Business

### I We aim for sustainable farming through high-functioning Controlled Release Fertilizer

Based on our technological competencies that produced the nation's first compound fertilizer in 1967, we are developing and supplying high-quality fertilizers optimized for our soil and our crops. The assorted fertilizers developed according to the features of each region and each customer are contributing to increasing farm income as well as crop quality.

We focus on the development of highly functional fertilizers such as controlled release fertilizer(CRF) and water soluble fertilizer(WSF) that have high user convenience for excellent labor-saving effects, while being very effective in protecting the environment as well.



Sales Teams
**4**

Products
**108**

Revenue (KRW 1 Billion)
**229.6**

» Developing eco-friendly special fertilizers including Korea's first photodegradable CRF (Controlled Release Fertilizer)

- Ministry of Agriculture, Food and Rural Affairs 'Green Technology Certification' (2022)- Ministry of Trade, Industry and Energy/Ministry of Agriculture, Food and Rural Affairs 'New Excellent Technology Certification' (2022)- Selected for the Grand Prize for Excellent Patent by The Korea Times/ Korea Patent Information Center (2023)

» Eco-friendly decomposition science brand 'ecomula' launched

» Providing high-performance fertilizers, including WSF (Water Soluble Fertilizers) and CRF (Controlled Release Fertilizer)

» Possess the largest CRF plant in Korea

» Expanded development of Bio CRF for sustainable agriculture

녹색인증 Green Certification

NET 신기술인증 NEW EXCELLENT TECHNOLOGY

ecomula 친환경 분해 과학

2023 대한민국 우수특허大賞

### I Best products




#### PCRF HANBEONECHEUKJO

| | |
|---|---|
| Category | Fertilizer for Rice Farming |
| Ingredients | 32-7-7 |
| Features | 100% coating, same yield with half the use of regular complete fertilizer |




#### LONGSTAR PLUS

| | |
|---|---|
| Category | Rice · Horticultural base fertilizer |
| Ingredients | 21-7-10+Magnesium+Boron0.1 |
| Features | First in Korea to improve nitrogen and kali coating quality, prevent physiological disturbances, and optimize side-plant fertilization |




#### POWERSUNGJANGEN

| | |
|---|---|
| Category | Horticultural base fertilizer |
| Ingredients | [13]-9-[8]+Magnesium+Boron0.2 |
| Features | All ingredients in one particle for even growth, fast action, early harvest, and better quality |

# About our Business and Products

## Fertilizer Business

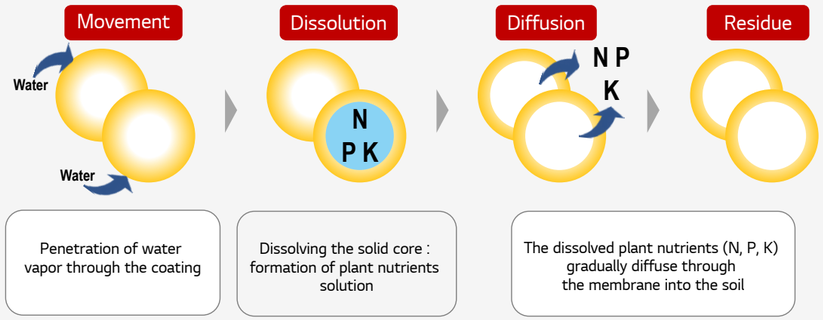
### I Our technology is for the customers and for the planet

**CRF** Slow-and Controlled-Release Fertilizer

- Possess the largest CRF plant in Korea
- Original technology for coating
- Half dose compared to the conventional fertilizer (CRF(a))

CRF is a new choice for the advanced grower of the future.
During the production process, fertilizer granules are coated by very fine layers of polymer and nutrients are released in a slow and gradual manner to match plant's needs at the paddy or field. Addition to the less labor, CRF confirms the same yield in a half dose compared to the conventional fertilizers.

Starting with the 1st generation of CRF coated with only nitrogen, FarmHannong has developed the 2nd generation of CRF coated with nitrogen and potassium, and the 3rd generation of CRF coated with 100% nitrogen, phosphoric acid, and potassium. The 3rd generation of CRF is able to be customized in various ways to all crops with designing diversified nutrient release pattern and period. The 4th generation of CRF with the photolysis technology, developed in 2023, has 100% eco-friendly coating that contributes to the carbon neutral and eco-system.




**Controlled Release Fertilizers (CRF) Products**




**PCRF***
**HANBEONECHEUKJO**
100% coated
(32-7-7)




**LONGSTAR PLUS**
Nitrogen, Kali Coated
21-7-10
Magnesium1+Boron0.1




**HANBEONE-ARIKEO**
Nitrogen, Kali Coated
[21]-10-[11]+
Magnesium1+Boron0.1




**LONGSTAR K**
Nitrogen, Kali Coated
19-10-10
Magnesium1+Boron0.1

* PCRF : Photodegradable CRF

FarmHannong is leading eco-friendly agriculture with the fertilizers of photolysis technology which makes carbon reduction. Also it is economic fertilizer as the farmers need less labor but can get high quality yield and high cost-effectiveness.

We tries to realize the sustainable future that human and nature coexist peacefully through the development of the biodegradable CRF.

# About our Business and Products

## Seed Business

### I We grow our seeds with advanced breeding technologies.

FarmHannong is the vegetable seed breeding company based on South Korea, and we have over 400 commercial varieties in 20 crops.

We have acquired Monsanto Korea(Hungnong Brand) in 2012 to expand our genetic traits and germplasm.

We are breeding crops using advanced bio-technology with high-functional disease resistance.

FarmHannong seeds delivers outstanding growing potential to our growers by providing excellent performance varieties through seed health lab test in compliance with strict Quality Assurance regulation.



| Sales Teams | Products | Revenue (KRW 1 Billion) |
|---|---|---|
| 4 | 400 | 33.9 |

» Producing over 400 hybrid varieties in 20 vegetable crops
» Developing advanced bio-technology such as genetic markers, tissue culture and digital breeding
» Breeding novel high-functional and disease/pest and disease -resistant varieties
» Possession of seed pelleting, coating and priming method
» Reinforcing partnership with global seed companies
» Promoted new businesses such as home plant cultivation kits

### I Best products




#### KwanDongYeoRum | Radish

H-type shape, fast growth and clean skim
Tolerant to heat and physiological disorders
Resistance to Soft rot




#### Bulam Plus | Chinese Cabbage

Chinese cabbage in autumn season with good flavor
Excellent internal and external quality
Dark green and glossy outer leaves and inside yellow color
High satisfaction of customers, farmers and distributors




#### Dangdanghan | Watermelon

Excellent commercial value with dark and glossy rind
High sugar content, fine texture, crispy and good flavor
Early maturity accumulating the sugar content fast

PART.02

# Sustainability

15 **ESG Management System**

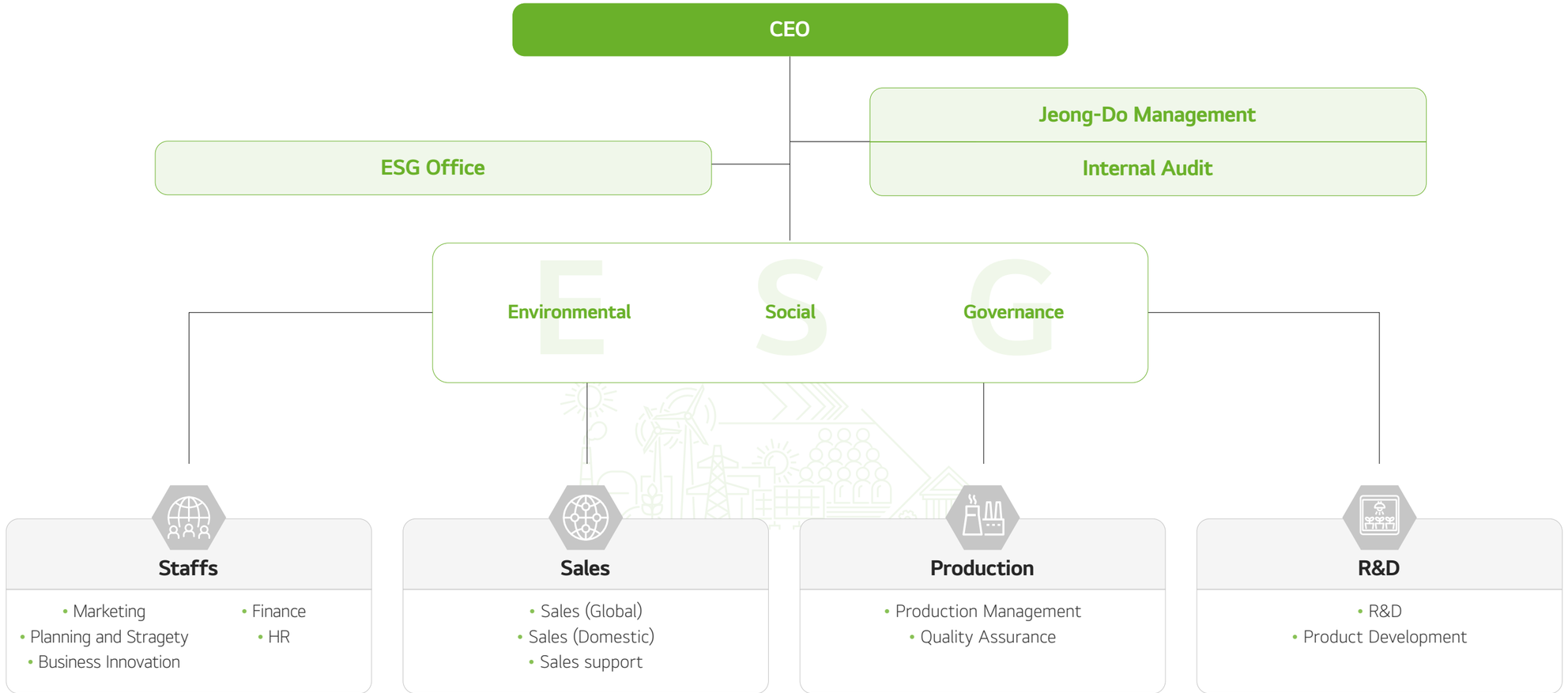
17 **Stakeholder Engagement**

18 **Materiality Assessment**

Chinese Cabbage Seedlings_Photo by Youngkyu Lee, Marketing Team

# ESG Management System

FarmHannong has established ESG Office in 2023 to set the ESG goals and the management system.
ESG Office is responsible for identifying the current status and providing direction on sustainable management, and has built the organic cooperation system with the teams such as HS&E, Production, Quality, Purchase, R&D and HR.




FarmHannong will establish an ESG committee to review and approve ESG strategies and plans, as well as manage key ESG risks and opportunities.
Through these efforts, we aim to elevate our sustainable management practices.

# ESG Vision and Strategies

FarmHannong begins ESG journey for the future of sustainable agriculture. We aim to achieve sustainable growth through customer value innovation which is realized through the three pillars of E (Environment), S (Society), and G (Governance). This is based on the basic directions of the commitment to global environmental goals, pursuing happiness throughout the value chain, and sound governance.

**ESG Vision** — Bring Sustainable Agriculture Solution

**Sustainable growth** — Development of Customer Innovation Products & Provision Digital Farming Solutions

| ESG Areas | Environment | Social | Governance |
|---|---|---|---|
| Approach | Toward Green Planet<br>Commitment to Global Environamental Goals | Toward Respecting People<br>Driving Happiness across the Value Chain | Toward Sound Governance<br>Sound Governance for the Sustainable Growth |
| ESG Strategies | **Strengthen Eco-friendly Management System**<br>• Establish and implement environmental management goals<br>• Establish Eco-friendly Management System (Expand ISO-certified operations)<br><br>**Respond to Climate Change**<br>• Manage and reduce greenhouse gas emissions<br>• Renewable energy transition | **Enhance Health and Safety Management System**<br>• Expand health and safety infrastructure<br>• Establish Health and Safety System (Expand ISO certified locations)<br><br>**Employment, Human Rights, and DEI**<br>• Drive systematization of talent employment and development activities<br>• Strengthen human rights, DEI policy implementation<br><br>**ESG in Supply Chain**<br>• Supply Chain Impact Assessment (Environmental, Human Rights, and Responsible Procurement)<br>• Enhance supply chain risk management | **ESG Management System**<br>• Establish ESG management system<br>• ESG disclosure data and performance management<br><br>**Risk & Crisis Management**<br>• Strengthen ethics and Jeong Do(The Right Way) management<br>• Build compliance management system<br>• Strengthen crisis management execution |

* DEI: Diversity, Equity, and Inclusion.

# Stakeholder Engagement

We engage with various stakeholders and experts to gain a better understanding of sustainability issues. To identify and respond quickly to stakeholder interests, we gather their opinions through communication channels for each area. We reflect stakeholders' opinions in our management activities and actively communicate with them in response to their inquiries and requests.



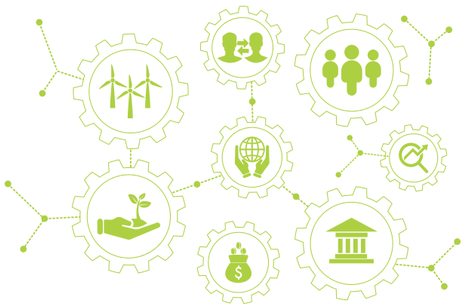

| Stakeholder | Key Concerns | Communication Channel | FarmHannong's Response |
|---|---|---|---|
| Employees | • Corporate culture • Labor relations • Health and safety • employment • Welfare • Human rights | Labor-management Council, Collective Bargaining, LG Way Survey, Bulletin Board, CEO's On-Site Management, Grievance System | • Quarterly Labor-management Meetings • Communicate through Farm ECO Story and ECO Board • Operate Jeong-Do Management Complaint Center and Grievance Channels |
| Customers | • Product Quality • Product Liability (PL) • Customer Satisfaction • Recall • Marketing • New Products | Web-site, Customer Inquiry, Press Releases, YouTube, Social Media Channels | • Customer VOC Management Process • Promotions • Operate YouTube and SNS Channels for Customers |
| Buyers | • Products • Technology • Market Strategy • Unfair • Competitive Behavior | Overseas Business Department Ethics Hotline | • On-site Meeting • Host Meeting with Commercial Customers |
| Investors | • Financial Performance • Accountability • Value Creation and Distribution | Board of Directors, Business Reports | • Report Mid- to Long-term Growth Strategies • Operate Board of Directors |
| Suppliers | • Supply Chain • Management • Purchase • Outsourcing • Reputation | Website, Supply Chain Assessment Process Ethics Hotline | • Conduct Regular Supply Chain Assessments • Vendor On-site Inspection |
| Local Communities | • Reducton of Pollutants • Corporate Social Responsibility • Contribution to the Local Communities | Community Councils | • Participation in Local Councils • Social Contribution Activities |
| External Collaboration | • Compliance • Corruption • Legal Action and Lobbying | Public councils, external collaborations (universities, industry, research organizations) | • Joint Research and MOU • Compliance • Participation in Associations |
| Media / Press | • Communication • Reputation • Ethics • Transparency • Accountability | Press releases, website, social media channels | • Press Releases • Interviews |

# Double Materiality Assessment

## Double Materiality Assessment Process

We conducted a double materiality assessment* to identify ESG material issues that could affect our business and stakeholders. After the evaluation of the financial materiality and impact materiality, we selected the material topics that require focus in terms of sustainability management.

### ESG Issue Pool



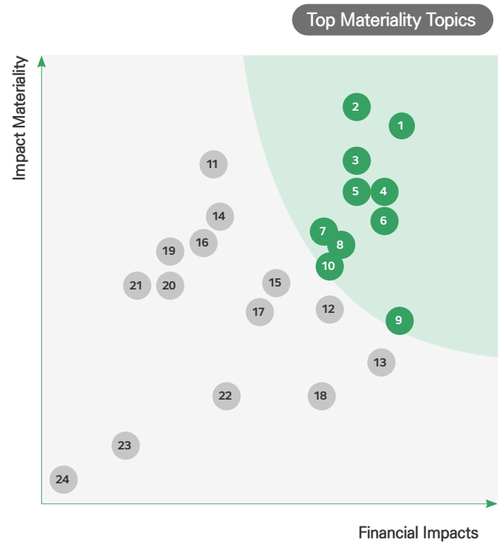
Identify ESG issues through company benchmarking, media research, internal strategic task reviews, etc.

### Analyze Internal and External Environments

| Impact Materiality | Financial Materiality |
|---|---|
| •Media research<br>•Benchmarking key accounts, peers(industries)<br>•ESG metrics Analysis (initiatives - GRI, UN SDGs) | •Mega Trend Analysis (Global regulatory, ESG policies trends, and WEF Global Risk Report)<br>•ESG metrics Analysis (initiatives - SASB) |
| •Stakeholder survey (analyzing external stakeholder responses) | •Stakeholder survey (analyzing internal stakeholder responses) |
| •Inside-out perspective, the positive or negative impacts of business activities on the external environment and society | •Outside-in perspective, the positive or negative impacts of environmental and social factors on the financial position of the business. |

Prioritize Issues

### Materiality Issues




Identify Materiality Issues

**Issue Pool** | **Double Materiality Assessment** | **Materiality Map**

* Double Materiality: Screening for material issues by identifying not only the impact of sustainability issues on a company's growth, performance, and risk, but also the impact of the company on human lives, the environment, and society.

# Double Materiality Assessment

## Double Materiality Assessment Results

Based on the process of identifying material issues, top 10 material issues were selected from a total of 24 issues evaluated, including five environmental issues(eco-friendly product development, air and water pollution control, waste management and circular economy, chemical management, and responding to climate change), three social issues(health and safety management, employment, human rights and diversity and information security), and two governance issues(risk & crisis management, and transparent and sound governance).




| Ranking | ESG Topics | Ranking | ESG Topics |
|---|---|---|---|
| 1 | Eco-friendly Product Development | 13 | Customer's Health and Safety |
| 2 | Health and Safety Management | 14 | Ethics and Compliance Management |
| 3 | Air and Water Pollution Control | 15 | Fair Trade and Compliance |
| 4 | Risk and Crisis Management | 16 | Water and Wastewater Management |
| 5 | Waste Management and Circular Economy | 17 | Energy Management |
| 6 | Chemical Management | 18 | Training and Education |
| 7 | Employment, Human Rights, and Diversity | 19 | Community Contribution |
| 8 | Transparent and Sound Governance | 20 | Shared Growth with Partners |
| 9 | Information Security | 21 | Supply Chain Social Impact Assessment |
| 10 | Responding to Climate Change | 22 | Manage Raw Materials and Packaging |
| 11 | Biodiversity | 23 | Indirect Economic Impact |
| 12 | Diversify Economic Value Creation | 24 | Supply Chain Environmental Impact Assessment |

# Double Materiality Assessment

## FarmHannong's Response to Each Material Issues

For each of the top 10 material issues – eco-friendly product development, air and water pollution control, waste management and circular economy, chemical management, responding to climate change, health and safety management, employment, human rights and diversity, information security, risk & crisis management, and transparent and sound governance – we summarize the rationale behind the selection, our response, and the ESG disclosure standard (GRI) and global initiative (UN SDGs) that are relevant to them.

| Issue | Backgrounds | FarmHannong's Response | GRI Standards | UN SDGs | Reporting (page) |
|---|---|---|---|---|---|
| 1 Eco-friendly Product Development | Increasing demand for carbon neutrality through eco-friendly products and businesses | Develop and provide customer innovation products and digital farming solutions | – | – | P. 22~24<br>P. 25~27 |
| 2 Health and Safety Management | Increasing social demand for safety and disaster prevention and responding to the Serious Accident Punishment Act | Establish health and safety systems (by expanding ISO-certified workplaces) and strengthen safety and health management | GRI 403-1 | | P. 43~46 |
| 3 Air and Water Pollution Control | Proactive and systematic response to increasingly stringent environmental regulations required | Minimize air pollutant emissions and test pesticide residues in external runoff | GRI 305-7 | SDGs 3, 16 | P. 35~37 |
| 4 Risk and Crisis Management | Increased demand for strengthening non-financial risk management for sustainable management | Enhance the crisis management system and operate company-wide crisis management committee and emergency planning committee | – | SDGs 6, 7, 14, 15 | P. 63~65 |
| 5 Waste Management and Circular Economy | Emphasis on corporate environmental responsibility for minimizing environmental impact | Reducing waste and wastewater generation and implement activities to reduce environmental pollutants at business sites | – | SDGs 16 | P. 37 |
| 6 Chemical Management | Proactive response to strengthening chemical regulations | Operate a pre-review process for new chemicals and strengthen response to chemical accidents | GRI 306-1 | SDGs 6, 7, 14, 15 | P. 40~41 |
| 7 Employment, Human Rights and Diversity | Increased emphasis on employee benefits, human rights, and diversity, equity, and inclusion (DEI) management | Enhance talent acquisition and education/training activities /Strengthen human rights protection, and secure employee DEI | – | – | P. 47~53 |
| 8 Transparent and Sound Governance | Increasing demand for ESG management-based decision-making system advancement | Establish ESG management system, strengthen Jeong-Do management, and establish compliance system | GRI 2-25, 205-2 | SDGs 3, 5, 8, 10 | P. 15~16<br>P. 58~62 |
| 9 Information Security | Cyberattacks, business disruptions due to security incidents, and increased reputation risk | Strengthen customer and partner information security management, cybersecurity monitoring | GRI 418-1 | | P. 54~55 |
| 10 Responding to Climate Change | Increased demand for climate change and carbon neutrality response | Manage and reduce greenhouse gas emissions and plan for renewable energy transition | GRI 201-2 | SDGs 7, 13, 15 | P. 16<br>P. 38~39 |

PART.03

# Customer Value Innovation

22 **Customer Innovation Products**

25 **Digital Farming Solutions**

28 **Customer Satisfaction Management**

Lettuce Cultivation_Photo by Joonmo Ko , Yeongnam Sales Team

# Customer Innovation Products

## Products and Technologies for Sustainable Agriculture

FarmHannong continues its efforts to protect the environment by developing Controlled Release Fertilizer and bio crop protection products using eco-friendly technologies. We also develop labor-saving products in response to the shotage of workers due to the decline in the population of farmers and aging population.

### I Eco-friendly and Controlled Release Fertilizer Coating Technology - Ecomula

Technology applied to Korea's first photodegradable controlled release fertilizer + Launched products applied to Ecomula

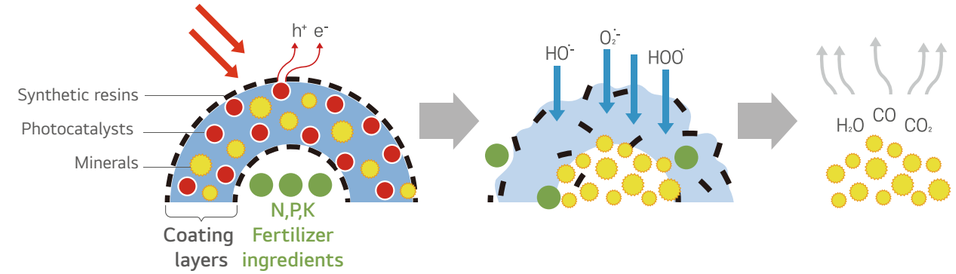
[ ecomula 친환경 분해 과학 ]

Ecomula is a technology brand that combines 'Ecological' + 'Formula' and refers to the innovative eco-friendly decomposition technology of controlled release fertilizer-coated shells that FarmHannong launched for the first time in Korea after years of research and development.

The photodegradable Controlled Release Fertilizer (CRF), developed by FarmHannong is a representative environmentally friendly product. CRF is a slow-release fertilizer that slowly dissolves nutrients as crops grow, saving labor and fertilizer usage, but it has the disadvantage that the synthetic resin used to coat the fertilizer does not decompose even after crop harvest and remains in the farmland or flows into rivers.

To solve this problem of waste plastic generation, we developed photodegradable CRF with LG Chem, which is an eco-friendly product in which the plastic coating layer is naturally degraded by sunlight. FarmHannong provides sustainable agricultural solutions through Ecomula and promises a prosperous future to customers.

### I Mechanism of Ecomula and Related Certificates




❶ Photodegradable fertilizer exposed to sunlight to activate photocatalysts

❷ Synthetic resin degradation

❸ Decomposition into water and carbon dioxide

Green Technology Certification and Green Technology Product Certification (Ministry of Agriculture, Food and Rural Affairs)

NET/NEP Certification (NIST)

*NET : New Excellent Technology
*NEP : New Excellent Product

Awarded the Outstanding Patent Award in Korea (Korea Intellectual Property Information Center)

**Special Case**

### Photodegradable fertilizer patent wins Korea's Outstanding Patent Award for Year 2023

FarmHannong was awarded the 'Outstanding Patent Award for Year 2023' by Korea Institute of Patent Information and Hankookilbo(Daily Newspaper) for developing the first eco-friendly coating technology for Controlled Release Fertilizer that degrades in sunlight. By fusing photocatalysts to synthetic resin, a fertilizer coating material, to allow it to be photodegraded, it has been recognized for its contribution to reducing waste plastics left over after the use of controlled release fertilizers.



# Customer Innovation Products

## I Products and Technologies for Sustainable Agriculture




### Bio Crop Protection Products

The development of eco-friendly bio crop protection products is an important trend in the field of crop protection, which are essential for agricultural production. Bio crop protection products are relatively weaker and slower to work compared to chemical agent-based crop protection products, but they compensate for the shortcomings of chemical pesticides and are being continuously researched and developed.

One of our bio crop protection products is 'SERIFEL'. Made from microorganisms, SERIFEL is a product that controls fruit blight, a deadly disease of fruit crops such as apples and pears. It can be applied at the beginning of flowering, a vulnerable time for fruit blight infection, and maintains its efficacy throughout the flowering period, and is safe for bees, a pollinating insect. In April 2023, We won the 'Customer Inspiration Award' at the LG Awards for significantly reducing damage to fruit farmers, and SERIFEL was at the center of it.




## I Labor-Saving Products

The need to develop labor-saving technologies is growing due to the shortage and aging of agricultural labor. FarmHannong contributes to sustainable agriculture by developing and providing labor-saving products optimized for customers based on the best formulation technology in Korea.

### DEONJIGO






highly diffusive labor-saving product that can be thrown into paddy fields to control weeds

### HELIANDRONE, HELIANDRONE High N






Liquid fertilizer for aerial application that is fast absorbed by crops and easy to use

# Customer Innovation Products

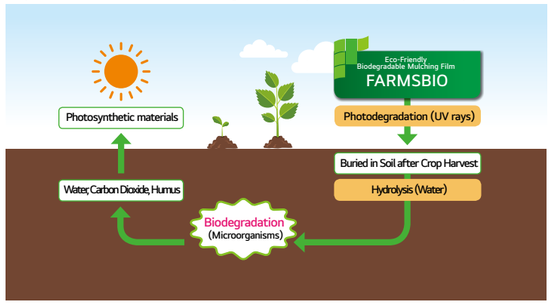
## I Labor-saving Products

### Biodegradable mulching film 'FARMSBIO'

Mulching film is a useful agricultural material that helps crops grow and suppresses weeds, but it is also a source of environmental pollution when used plastic is left uncollected or illegally incinerated. FARMSBIO, a mulching film made of PBAT (biodegradable polymer) and PLA (cornstarch-based eco-friendly resin), is an eco-friendly biodegradable product that starts to oxidize by sunlight after mulching. After harvesting crops, it is buried in the soil by rotating 2~3 times and biodegraded by water and microorganisms. We are currently expanding related businesses and developing new products with LG Chem.

* Eco-friendly certifications
(Korea, Europe, North America, Japan, Australia), Soil biodegradability certification (European certification body Vincott)





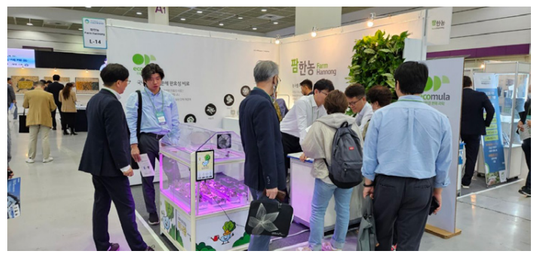



In addition, in October 2023, paddy bean cultivation evaluation meeting for the biodegradable mulching film 'FARMSBIO' was held in Gimje-si, Jeollabuk-do. It was held with 150 people in attendance, including officials from the Gimje and Gunsan Agricultural Technology Centers, NongHyup(National Agricultural Cooperative Federation), and farmers, and received favorable reviews for the effectiveness of FARMSBIO.

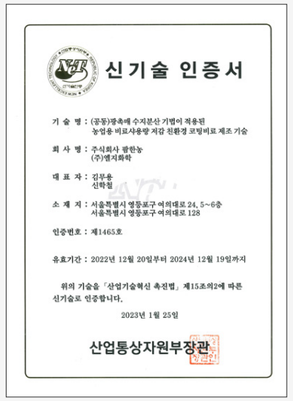
## I ESG-ECO EXPO KOREA

FarmHannong participated in the 'ESG-ECO EXPO KOREA 2023' to showcase its eco-friendly and labor-saving technologies and products. We are contributing to sustainable agriculture by making farming easier and more comfortable, as well as developing green technologies to help preserve the environment.

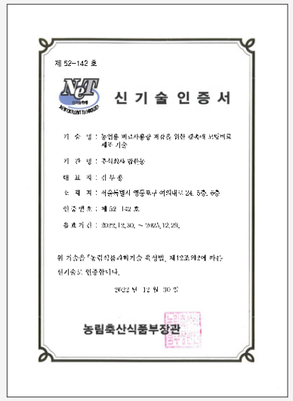



## New Technology Certificates


신기술 인증서

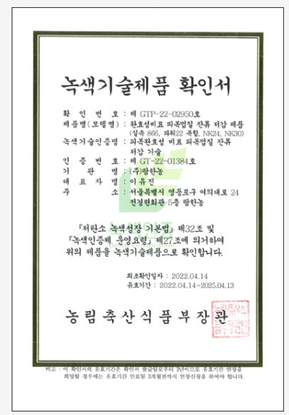
기 술 명 : (공동)생육에 수지분산 기법이 적용된 농업용 비료사용량 저감 친환경 코팅비료 제조 기술
회 사 명 : 주식회사 팜한농
(주)엘지화학
대 표 자 : 김무종
신학철
소 재 지 : 서울특별시 영등포구 여의대로 24, 5~6층
서울특별시 영등포구 여의대로 128
인증번호 : 제1465호
유효기간 : 2022년 12월 20일부터 2024년 12월 19일까지
위의 기술을 「산업기술혁신 촉진법」 제15조의2에 따른 신기술로 인증합니다.
2023년 1월 25일
산업통상자원부장관


제 52-142 호
신 기 술 인 증 서
기 술 명 : 농업용 퍼스타졸란 제조를 위한 생체 모방기술 기술
기 관 명 : 주식회사 팜한농
대 표 자 : 김무종
소 재 지 : 서울특별시 영등포구 여의대로 24, 5층, 6층
인증번호 : 제 52 - 142 호
유효기간 : 2022. 12. 30. ~ 2025. 12. 29.
위 기술은 「농업기술실용화재단법 육성법」 제19조제2에 따른 신기술로 인증합니다.
2022 년 12 월 30 일
농림축산식품부장관

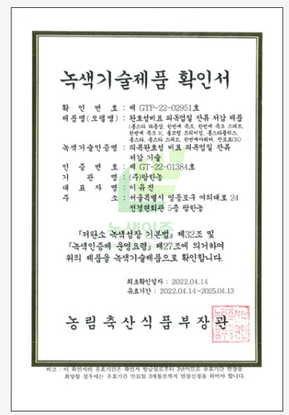
## Green Technology Certificates


녹색기술 인증서

인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24
전경련회관 5층 팜한농
기 술 명 칭 : 퍼플린화합 비료 피복입실 산품 저감 기술
품 목 번 호 : T100303
「이산화소 녹색성장 기본법」 제32조 및 「녹색인증에 관한 법률」 제27조에 의거하여 위의 기술을 녹색기술로 인증합니다.
최초인증일자 : 2022.04.14
유효기간 : 2022.04.14~2025.04.13
농림축산식품부장관


녹색기술제품 확인서

확 인 번 호 : 제 GTP-22-02950호
제품명(모델명) : 퍼플린비료 피복입실 산품 저감 제품 (실속 86), 퍼피22 계통, N824, N820)
녹색기술인증명 : 퍼플린화합 비료 피복입실 산품 저감 기술
인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24 전경련회관 5층 팜한농
「이산화소 녹색성장 기본법」 제32조 및 「녹색인증에 관한 법률」 제27조에 의거하여 위의 제품을 녹색기술제품으로 확인합니다.
최초확인일자 : 2022.04.14
유효기간 : 2022.04.14~2025.04.13
농림축산식품부장관


녹색기술제품 확인서

확 인 번 호 : 제 GTP-22-02951호
제품명(모델명) : 퍼플린비료 피복입실 산품 저감 제품 (실속86 제품용 친환경 촉진 그레드, 친환경 촉진 용량 프리미엄, 촉진제 촉진제 그레드, 친환경제제, 인도포지)
녹색기술인증명 : 퍼플린화합 비료 피복입실 산품 저감 기술
인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24 전경련회관 5층 팜한농
「이산화소 녹색성장 기본법」 제32조 및 「녹색인증에 관한 법률」 제27조에 의거하여 위의 제품을 녹색기술제품으로 확인합니다.
최초확인일자 : 2022.04.14
유효기간 : 2022.04.14~2025.04.13
농림축산식품부장관

* 'Refer to Page. 86~87 for more information about New and Green Technology Certificates'

# Digital Farming Solutions

With Farm'sAll, farmers experience the future of agriculture, free from the constraints of time and space thanks to ICT, while earning a stable income.

## Farm'sAll, Digital Farming Solution for Farmers

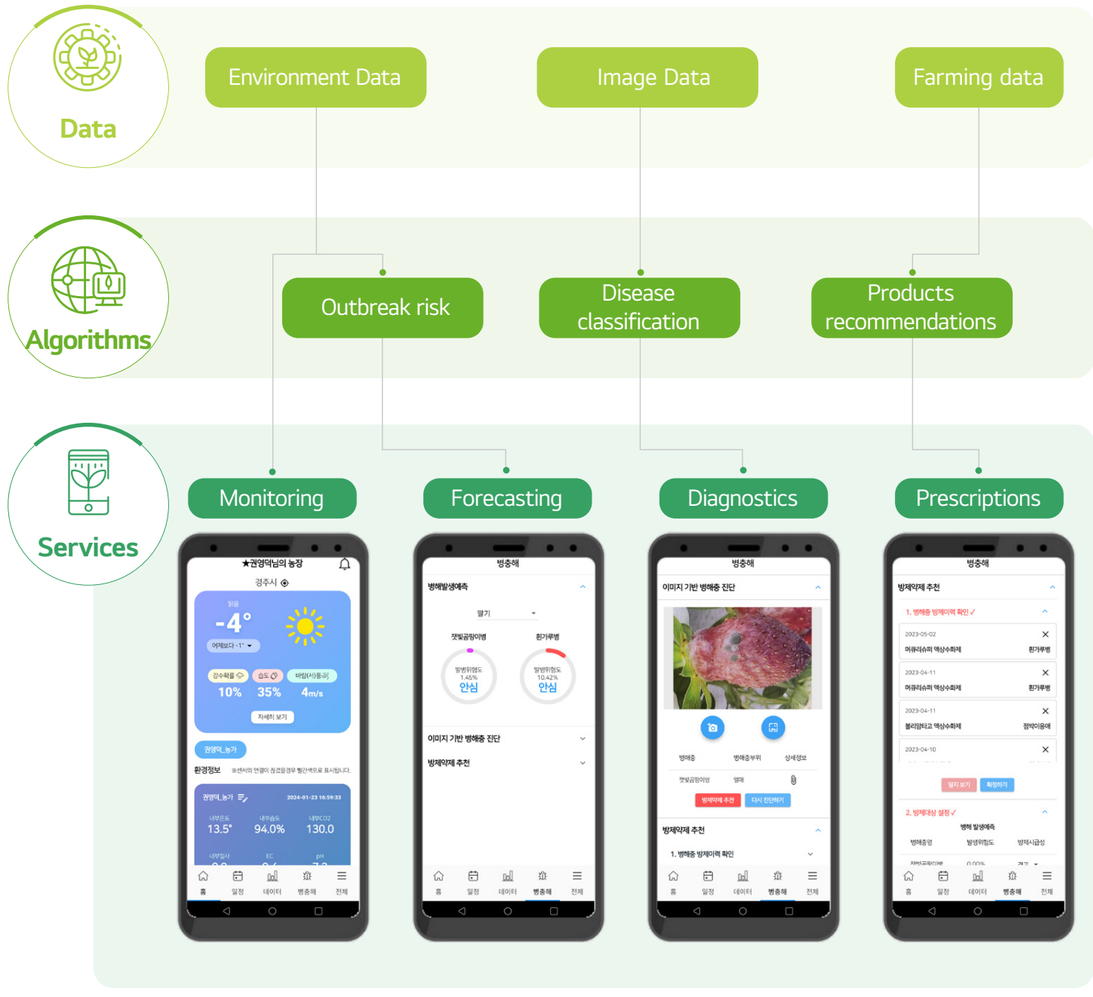
Farm'sAll, launched in 2022, provides farmers with new customer experiences, including data-driven farm management to monitor and guide crop growing conditions and integrated pest and disease prediction, diagnosis, prescription, and consulting services.

In a three-year study of Farm'sAll member farmers, yields were up to 37% higher than non-Farm'sAll member farmers (37% increase in second year and 35% increase in third year), and the incidence of gray mold, a major strawberry disease, was reduced by up to 40%.

Farmers using Farm'sAall solutions showed increased production despite worsening crop conditions compared to the previous year, especially those that used for more than two consecutive years showed significant increases in yields compared to those that did not use Farm'sAll.

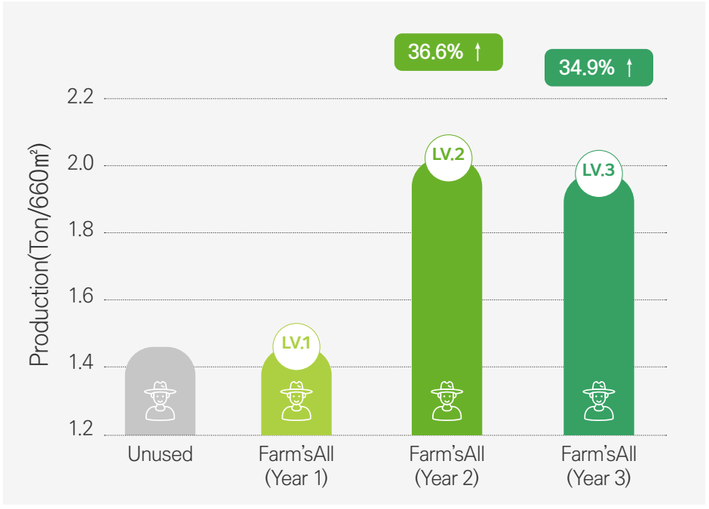
After receiving high satisfaction from farmers in the survey, Farm'sAll is continuing to improve its algorithms and services and expand its crops to include tomatoes and cherry tomatoes.

## Farm'sAll's Patened Data-based Greenhouse Management




## Cropping Season, Year 2023~2024

### I Rate of Increase/Decrease in Production Compared to Unused Farms




*Percentage change compared to unused farmers

### I Year-on-year Increase Rate in Farms Using Farms'All

| Farm'sAll Enabled or disabled | Year-over-year increase or decrease | |
|---|---|---|
| | Production (kg/200 square meters) | Ratio |
| Year 3 | 62 | 5.6 |
| Year 2 | 49 | 3.7 |
| Year 1 | 5 | 2.6 |
| Unused | -237 | -16.2 |

# Digital Farming Solutions

## Patent - Farm'sAll's Data-based Greenhouse Management







특허증
CERTIFICATE OF PATENT
특 허 Patent Number 제 10-2625718 호
출원번호 Application Number 제 10-2022-0172767 호
출원일 Filing Date 2022년 12월 12일
등록일 Registration Date 2024년 01월 11일
발명의 명칭 Title of the Invention
농업 관련 정보를 제공하는 방법 및 디바이스
특허권자 Patentee
주식회사 팜한농(110111-*******)
서울특별시 영등포구 여의대로 24(여의도동, 전경련회관)
발명자 Inventor
등록사항란에 기재
위의 발명은 「특허법」에 따라 특허원부에 등록되었음을 증명합니다.
This is to certify that, in accordance with the Patent Act, a patent for the invention has been registered at the Korean Intellectual Property Office.
2024년 01월 11일
특허청장
COMMISSIONER,
KOREAN INTELLECTUAL PROPERTY OFFICE
특허청
Korean Intellectual Property Office
QR코드로 현재기준 등록사항을 확인하세요

*Refer to Page. 88 for more information'

To help you relax and enrich physically and mentally
**Farming Solution Partner**

# Digital Farming Solutions

## CityFarm Changsa-won, Green living solution for urbanites

CityFarm Changsa-won offers a greenhouse space where you can taste the vegetables you choose and grow, a community that shares tastes and participates in various experience programs, and a seamless service that you can meet and grow over 30 types of crops on mobile.

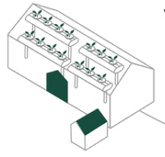
### I About CityFarm

A place where you can enjoy
the pleasure of farming without going far or
getting tired all year round

시티팜 창사원

**Healthy Daily Life at MyFarm**

It's a pleasant place to taste the vegetables you choose and grow.



**Community that Shares Tastes**

Participate in various experience programs and actively share opinions and information.



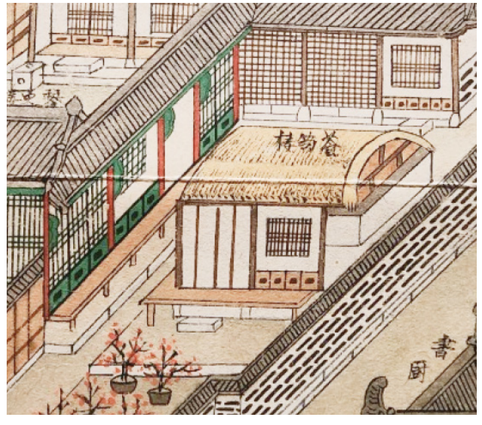
**Comfortably on Mobile**

You can meet and grow over 30 kinds of crops that you can grow on mobile.

### I Brand Identity

창 사 원
THE CITYFARM

By inheriting the tradition and technology of the world's first royal greenhouse Changsaru, anyone can experience excitement, taste, and style with a variety of fruits and vegetables throughout the four seasons.



ChangSaRu located at the Junghwadang, back garden of Changdeok-Palace © SanGaYoRok (1459)

## Key Services of CityFarm Changsa-won

Changsa-won makes you connect with nature and enjoy a healthy life with functional vegetables you grow yourself through urban greenhouses and mobile services.

### I CityFarm(Changsa-won) Aerial View



Scheduled to be completed in October 2024

### I CityFarm Service Mobile Application

**Mobile services for anytime, anywhere farming**
(MyFarm, Experience Program, Magazine, Communities)

Scheduled to be open in October 2024



### I CityFarm_Highly functional vegetables.

**Your own functional crops, Grown at City Farm**

Lycopene carrot (antioxidant), lutein spinach (cataract prevention), anthocyanin radish (diabetes prevention), and more than 30 other varieties



# Customer Satisfaction Management

## Customer Value Innovation

FarmHannong provides differentiated products and services that meet the increasingly complex and diversified needs of our customers to build stronger customer preference for our brand. We have organized various channels to listen to customer opinions, and through committees in each business, we analyze VOCs to derive and implement improvement tasks to build a virtuous cycle of customer experience that provides differentiated experiences to customers. We will continue to think more deeply about the value that only FarmHannong can provide and become a company that provides unprecedented value and realizes customer satisfaction.

## Customer Value Management System

### Voice of Customer (VOC) Collection and Management Operating System

FarmHannong collects customer voices through various channels such as customer service center and website. The collected VOCs are analyzed through the Customer Value Innovation Committee, and improvements are derived and implemented, and feedback is provided to customers.

**Collect**

**Receiving VOCs through various channels**
» Collect VOCs through multiple channels, such as the contact center, homepage, KakaoTalk channel, and customer-facing employees

**Select**

**Analyze pain points and prioritize improvement tasks**
» Collected VOCs analyzing through the Customer Value Innovation Committee and selecting targets for improvement
» Monthly organized by business manager

**Improve**

**VOC improvement activities with assignments**
» Selecting assignment improvement leads and activity participants
» Real-time updates and management of improvement activities through the system (CPPM)

**Feedback**

**Feedback on improvement details to the original VOC source customer**
» For tasks that have been improved, feedback activities are conducted by communicating the source customer and sharing the improvements

**Pain Point:** All types of complaints and suggestions raised by our customers, as well as suggestions for improvement discovered internally and externally to enhance customer convenience.

**CPPM:** Customer Pain Point Management

### I Customer Satisfaction Surveys

FarmHannong conducts customer satisfaction surveys for core customers and customized service customers. We quantify the results of customer satisfaction to understand the current level and identify and implement improvements. We will continue to conduct customer satisfaction surveys to further enhance the differentiated experience that only FarmHannong can provide and to provide value that will continue to satisfy our customers.

### I Core customer Care Service (CCS)

FarmHannong provides differentiated value by selecting core customers and organizing dedicated personnel to provide customized care services. By collecting and analyzing customer information and providing advanced customized solutions, we ensure that their satisfactory experiences with FarmHannong products/services are spread to other farmers in the region.

**Collect Customer information**
- Regular visits from dedicated staff and ongoing customer information management through a system (CIM)
- Collect VOC and Pain Points from core customers

**Analyze customer information and needs**
- Analyze crop ecology and growing conditions
- Soil sampling and analysis
- Customized service/product planning through customer needs analysis




**Share Customer experience**
- Receive customer feedback
- Share satisfaction experience with potential customers

**Provide Customized Solutions**
- Provide Customized Solutions
  - Review soil analysis results
  - Consultation tailored to crop and growing environment

# Customer Satisfaction Management

## Quality Management

In operating quality management system to provide products and services that satisfy customers, FarmHannong, including the CEO, faithfully plays its unique role in realizing the quality management policy.

In order to realize the quality management policy, each business and factory establishes specific implementation goals and strategies every year. Accordingly, we collect, analyze, and manage work plans and evaluation indicators for each department.

## Quality Management System

### I Quality Management Policy

FarmHannong has established and sincerely implemented the 'Quality Management Policy' as follows to provide differentiated quality and secure quality competitiveness recognized by customers.

**FarmHannong secures the best quality competitiveness recognized from customers by securing a quality system that meets customer expectations / securing absolute quality levels / complying with standards**

- Follow the ground rules and do what you say you're going to do.
- Focus on development quality because the product's maturity is determined during the development phase.
- Defective products are thoroughly inspected not to be leaked out of the company, and in the event of leakage, FarmHannong takes measures to prevent customer inconvenience within the shortest time.
- Quality issues should be investigated to determine the root cause, and measures should be put in place to prevent recurrence.
- Ensure stable quality for customers by thoroughly managing variation and change.

## Embedding Activities for Quality Management

### I Quality Audit

FarmHannong selects an audit section every year to check the effectiveness of the quality management system and continuously improve the level of the system from the customer's point of view, focusing on the quality management activities of each factory once a year.

We aim to secure the best quality competitiveness recognized from our customers by establishing and implementing improvement plans for the issues identified through the inspection.

In addition, special audits are planned and conducted to target critical incidents caused by quality risks, violations of laws and regulations, and increased customer complaints, and respond immediately to reduce quality risks.

Audit Section

- Quality Management
- Warehouse Management
- Nonconformities Management
- Inspections/Analytics Management
- Customer support
- Import Inspections Management
- Product Inspections Management
- Work Standards Management
- Change Management

### I Supplier Quality Control

We ensure that the quality level of our suppliers meets our customers' expectations through quality control.

We check the quality control level of suppliers for raw materials and processing by business, and provide active support to suppliers selected through such checks to raise the quality control level. We establish and monitor measures to prevent recurrence of quality issues in products supplied to us, and promote a quality mindset through quality training for employees of suppliers.

### I Quality Management System (QMS) Implementation

Starting in 2023, we are building a QMS (Quality Management System) to provide visibility and timeliness of quality data by moving offline-oriented quality-related tasks online and laying the foundation for quality advancement.

Go-live is scheduled for the third quarter of 2024, and we plan to redefine company-wide common processes and business division-specific processes, and to secure work efficiency and data reliability through online testing equipment. In addition, we expect to provide a basis for quality trend analysis through the accumulation of quality data, and to lay the foundation for reducing Q-Cost* and minimizing the occurrence of nonconformities by controlling logistics (raw material input and shipment) in connection with quality inspection results.

* Q-Cost (Quality Cost): Cost of losses due to quality issues

# Customer Satisfaction Management

## Quality Management ISO 9001

FarmHannong has achieved ISO 9001:2015 certification by standardizing quality processes and establishing documented data across its five plants (Gumi, Jeonju, Ulsan, Anseong, and Banwol).

We evaluate the quality management systems that produce and supply our products and renew our certification every three years. This ensures that we provide products that meet the needs and expectations of our customers.



# Customer Satisfaction Management : R&D

## R&D Strategy

FarmHannong strives to provide customers with the best products and differentiated farming solutions. We are strengthening our R&D competitiveness by expanding open innovation with domestic and foreign partners, and securing future growth engines by developing new crop protection products that are essential for expanding our global business.

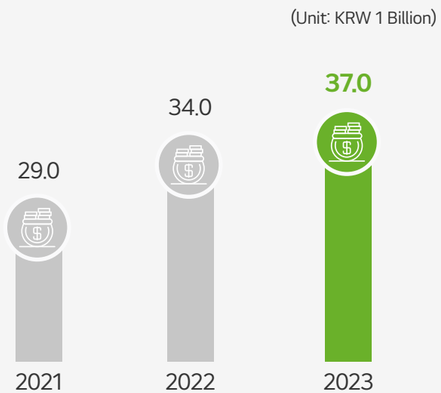
In addition, we are leading a sustainable agricultural ecosystem through eco-friendly products and technology development to respond to changes in the agricultural environment.

| | |
|---|---|
| Open Innovation | Increase R&D Competitiveness |
| Developing New Crop Protection Formulations | Secure Future Growth |
| Developing Eco-friendly Products/Technologies | Sustainable Agriculture |

## R&D Investments

FarmHannong has built and operates the best R&D infrastructure in the domestic agriculture industry and is steadily expanding its R&D investment. Two-thirds of our R&D personnel in crop protection, seeds, and fertilizers have a master's degree or higher, and we have a talent pool with expertise and capabilities in product development and registration.

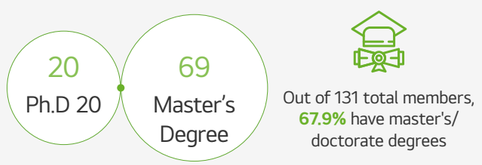
### Cost of R&D Investment




### Research Areas

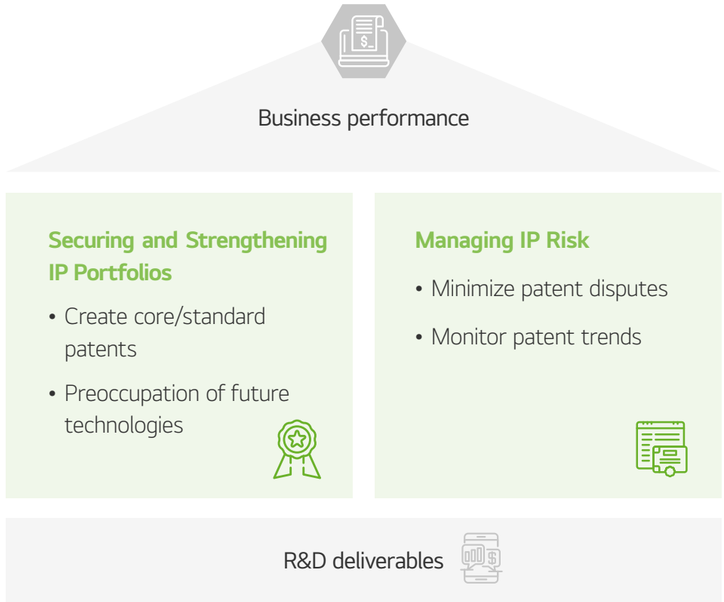



### R&D Personnel Status




## Intellectual Property(IP) Management

FarmHannong is securing and strengthening its IP portfolio, which is the source of corporate competitiveness. In particular, we operate IP management strategy so that R&D results can lead to business performance through commercialization risk management of our technology, such as responding to patent disputes and monitoring competitors' patents.




### FarmHannong IP Status

(Unit: piece / as of 12/31/'23)

| Category | Domestic | | International | | Total | |
|---|---|---|---|---|---|---|
| | Pending | Registered | Pending | Registered | Pending | Registered |
| Patents | 29 | 74 | 125 | 164 | 154 | 238 |
| Trademarks | 40 | 983 | 67 | 210 | 107 | 1,193 |

# Customer Satisfaction Management : R&D

## Open Innovation

FarmHannong is actively promoting open innovation in areas such as developing novel active ingredients, securing new materials, and expanding global business. We are building a sustainable R&D cooperation system by developing and commercializing competitive products and technologies, utilizing domestic and international R&D networks, and expanding overseas business with global agrochemical companies.

In addition, through the Open Innovation Portal on its website, FarmHannong operates a collaboration model that allows researchers in the agricultural industry to propose technology and material development at any time and utilize them in product development.




## Major Collaborations in 2023

**2023**

- **September**
  - Signied an agreement with Ourofino of Brazil on crop protection products business
  - Siigned a joint research contract with Seoul National University to discover novel active ingredients
- **August**
  - Signed a business agreement with Gunsan-si to establish a pine wilt disease prevention system
- **July**
  - Signed a joint research agreement on the development of novel active ingredients with the Korea Chemical Research Institute
- **June**
  - Signed a joint research agreement with Jeonnam Bio Foundation for eco-friendly bio crop protection
- **April**
  - Signed Memorandum of Understanding on the development of microbial materials with the Korea Research Institute of Bioscience and Biotechnology

## Major Joint Researches in 2023

| Partners | Tasks |
|---|---|
| Korea Research Institute of Chemical Technology | Developing novel active ingredients(pesticide, herbicide) |
| Seoul National University | Developing novel active ingredients(fungicide) |
| Chungbuk National University | Developing a resistant anthrax control agent |
| LG Chem | Building AI models to discover novel active ingredients and developing biodegradable coating materials for Controlled Release Fertilizer |
| Deargen | AI-powered discovery of new lead compounds |
| Gunsan, Jeollabuk-do | Establishing a pine wilt disease prevention system |

## Strengthening Original Material Pipeline

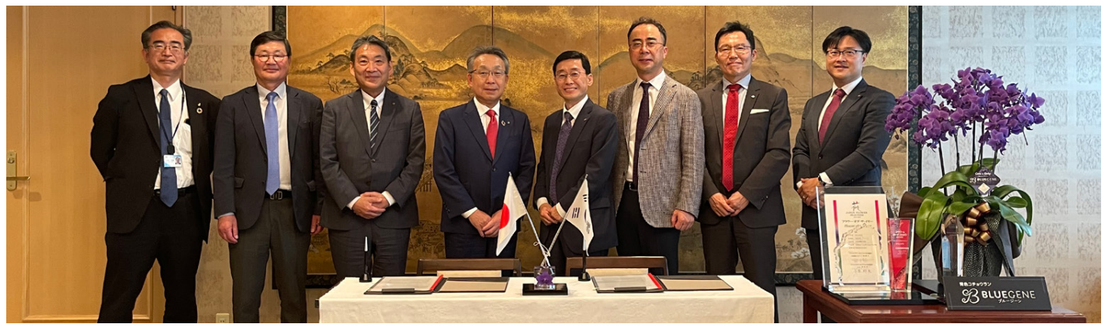
FarmHannong is not satisfied with the No. 1 crop protection product market in Korea and has continued to develop novel active ingredients needed to expand its overseas crop protection business. Starting with Pyribenzoxim in 1996, a total of six novel active ingredients were commercialized. Among them,TERRAD'OR, developed jointly with the Korea Research Institute of Chemical Technology since 2005, has surpassed KRW 200 billion in cumulative sales in nine global countries since the launch of the largest herbicide market in the U.S. in 2020, and is accelerating its overseas business with the goal of KRW 1.4 trillion in cumulative sales by 2032.

### TERRAD'OR




Based on the successful experience and know-how of 'TERRAD'OR', we are expanding our investment in the development of novel active ingredients for the global market. We have signed a technology transfer agreement for 'LK-22372', a new herbicide for the wheat and corn market developed jointly with the Korea Research Institute of Chemical Technology, and are actively utilizing domestic and international open innovation collaboration networks to commercialize and register the original ingredient with the goal of launching it in the U.S. in 2030.

In addition, we are expanding our pipeline of active ingredients by applying high standards of material selection and establishing a systematic R&D process to develop competitive active ingredients. These activities aim to respond to the spread of pests and diseases due to climate change, the increase in resistant weeds, and unmet needs in major markets. we are strengthening cooperation with our global crop protection partners to secure Asian business licenses for their original ingredient and develop new products.



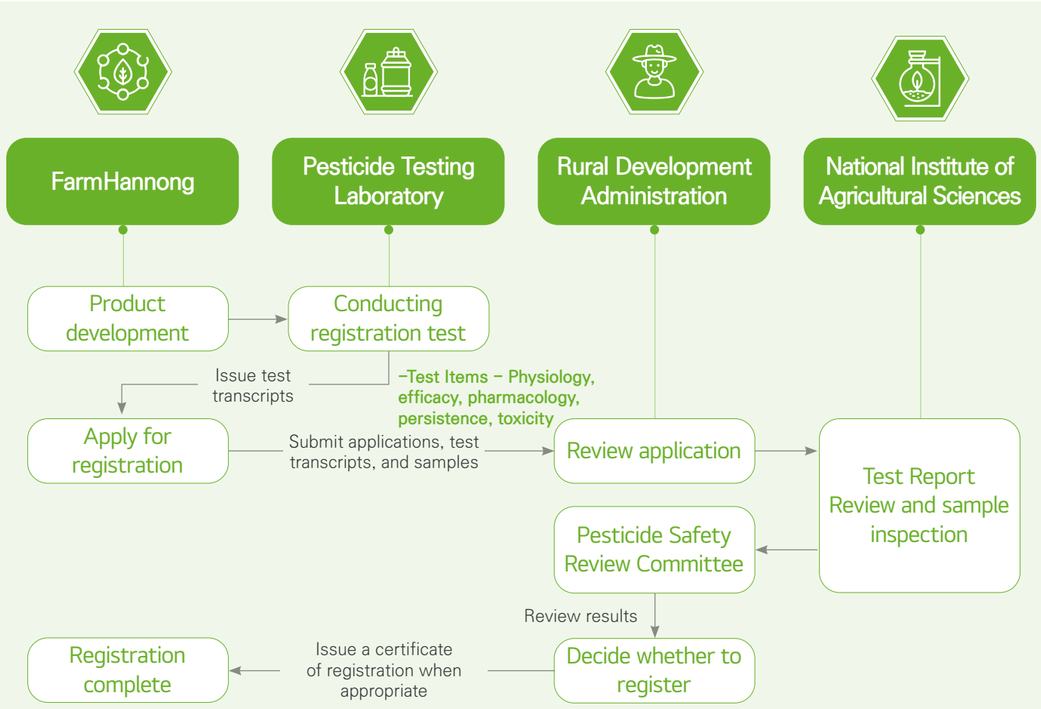
# Customer Satisfaction Management :Customer Safety

FarmHannong develops, produces, and sells products in compliance with the processes stipulated by relevant laws and regulations such as the Pesticide Control Act and the Fertilizer Control Act so that customers can use products safely. In addition, we communicate safety-related information through product labels, websites, etc. to ensure that customers can use our products safely.

## Crop Protection Product Registration

All of our crop protection products, including herbicides, insecticides, and fungicides, go through a process called 'registration' to certify their suitability for use with the Rural Development Administration (an agency under the Ministry of Agriculture, Food and Rural Affairs) so that farmers can use them safely.

To register, we need to request a pesticide testing laboratory to obtain a report on the product's toxicity, residue, etc. and then apply to the Rural Development Agency. The Rural Development Agency will then determine the suitability of the product through a review committee together with the National Institute of Agricultural Sciences. The detailed process is shown in the table below.




## Disclosing Product Safety Information




To help farmers use our products safely, we label all of our crop protection products with information on how to use them safely, what to look out for, and what protective gear to wear when using them.

In addition, we separately disclose safety and other precautions on the product information bulletin board of our website so that all customers can access product safety information at any time. As part of the safety campaign with farmers and FarmHannong, we are also informing customers about the safe use of non-selective herbicides through pamphlet distribution, Social Network Service(SNS) postings, etc.

We are committed to ensuring customer safety in farming.

PART.04

# ENVIRONMENTAL

35 **Eco-friendly Management**

38 **Responding to Climate Change**

40 **Chemical management**

Rice Field_Photo by Joonmo Ko, Yeongnam Sales Team

# Eco-friendly Management



6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 14 LIFE BELOW WATER · 15 LIFE ON LAND

## Key Activities




## Key Achievements

Waste and Wastewater
**28% year-on-year Reduction**

Banwol Plant
**Acquired ISO 14001 Certification**

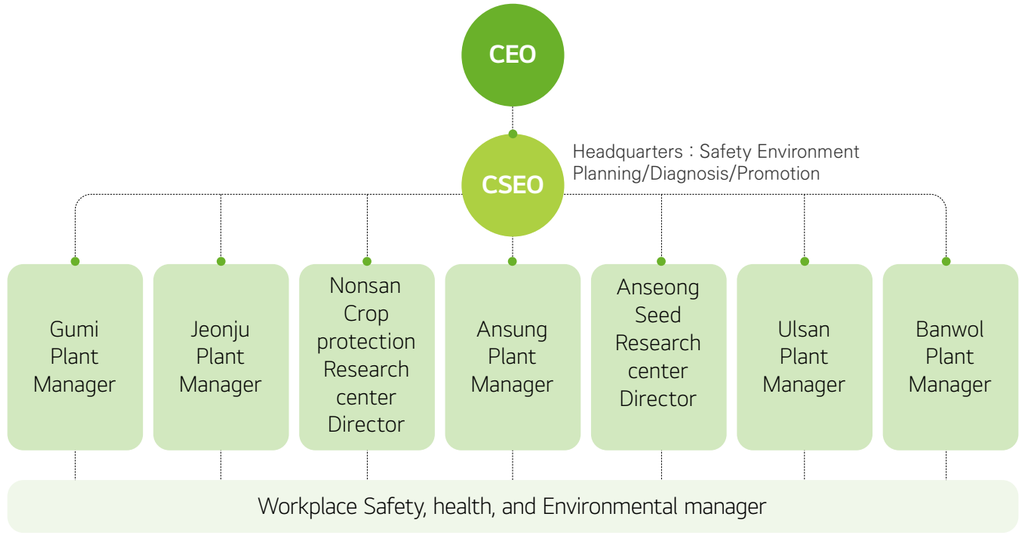
## Environmental Policy

As the severity of the climate crisis continues to intensify, FarmHannong is making efforts to proactively respond to various issues in line with the social consensus on ESG. FarmHannong appointed Chief Safety and Environmental Officer (CSEO) to fulfill the company's responsibility for environmental protection. We operate pollution prevention facilities, minimize environmental pollutants, conduct waste reduction activities and manage recyclable resources.

## Environmental Management Organization

FarmHannong operates an environmental management promotion organization consisting of CSEO department, safety&environment teams and parts(Gumi plant, Jeonju plant, Banwol plant, Ulsan plant), and safety&environment managers(Anseong plant, Anseong Seed Research Center, and Nonsan Crop Protection Research Center). Policies and agendas derived from the organization are proposed to the management meeting for final approval by the CSEO. FarmHannong strives to build an eco-friendly workplace through the organic and systematic cooperation.

### I Safety and Environment Organization




Worksites: Systematic execution support/monitoring of company-wide initiatives (Safety and Environment Team/Part/Representative)

# Eco-friendly Management

## I Company-wide Safety and Environment Practices




## Air Pollutant Management

We manage various air pollutants generated in our processes using air pollutant prevention facilities such as activated carbon and bag filters, and strive to minimize the amount of air pollutant emissions generated. To this end, we inspect the prevention facilities on a facility-by-facility basis and conduct self-measurement monitoring of air pollutant emissions in accordance with legal standards. We also manage the activated carbon replacement cycle according to legal standards and take the lead in improving the efficiency of pollutant treatment by having all business sites invest in air pollution prevention facilities. We will continue to minimize air pollutant emissions by complying with the Air Environment Protection Act.

### I Jeonju Plant

In order to efficiently reduce air pollutants generated during the production process, Jeonju Plant operates filter dust collection facilities and adsorption facilities to reduce pollutant emissions. Through daily inspections, we check the normal operation of air pollution prevention facilities and periodically replace filter and activated carbon.In the case of the emulsion manufacturing process (organic compound storage facilities, mixing facilities, etc.), the raw materials are mixed with solvents (Xylene, PGME, Kocosol) to produce products, and pollutants such as THC may be generated in high concentrations during the manufacturing process. To maintain the proper efficiency of the prevention facilities, we set and manage the replacement cycle of activated carbon in the prevention facilities at least once every half a year. In addition, we measure and manage emission pollutants at a shorter frequency than the relevant laws to comply with emission allowance standards.

### I Ulsan Plant

To reduce air pollutant emissions and improve the environment, the Ulsan plant complies with legal requirements by installing and managing prevention facilities. We regularly measure pollutant emissions and check real-time pollutant emissions through a chimney automatic measurement system (TMS) at four outlets to ensure compliance with standards. In January 2023, we signed a voluntary agreement with Nakdonggang River Drainage Basin Area Environment Center and Ulsan City Hall to reduce dust, sulfur oxides, and nitrogen oxides by 2024, with the goal of reducing them every year. In addition, to reduce VOCs emissions, processes that VOCs are condensed without emitting them to the atmosphere, and all of them are recovered and reused.

# Eco-friendly Management

## Water Pollutant Management

FarmHannong establishes internal standards for water quality management in accordance with the current status of our business sites, and manage to prevent violations of the Water Environment Conservation Act through analysis and monitoring of discharged pollutants. We regularly request specialized analysis agencies to inspect water quality pollutants in wastewater discharge and analyze major pollutant items by ourselves. In addition, we inspect pesticide-residue on rainwater outlet every year to prevent environmental pollution accidents and respond early.

### I Jeonju Plant

Wastewater used for cleaning in the suspension concentrate process is collected and reused as raw materials for the next operation, and if it is not possible to reuse it, it is properly treated as wastewater in accordance with the Water Environment Conservation Act. As such, water used in the process is reused as much as possible, and all wastewater generated is outsourced for treatment. For the final outlet of the rainwater discharged outside the workplace, we inspect residual amount of pesticides in rainwater every year to prevent environmental pollution accidents and respond to them early.

### I Ulsan Plant

The Ulsan plant operates a wastewater treatment facility, where wastewater from the plant is treated to below the permissible discharge standards through physicochemical treatment techniques and transferred to the Yongyeon Water Quality Improvement Plant. We analyze and manage water pollutants in raw wastewater and discharged water by ourselves, and regularly request analysis from specialized institutions to manage pollutants. In addition, we minimize wastewater generation by reusing wastewater such as water from wet scrubber system generated in the compound fertilizer manufacturing process as process raw materials.



## Environmental Costs

FarmHannong is continuously striving to reduce environmental costs arising from waste disposal. In collaboration with the production team, quality assurance team, and safety and environment team, efforts are being made throughout the company to legally reduce the total amount of waste by reusing and upcycling waste generated during the process. As a result, the total amount of environmental expenses in 2023 amounted to KRW 692 million, a reduction of 18% compared to KRW 845 million in the previous year.

## Reducing Environmental Footprint

FarmHannong has been conducting waste reduction activities since 2023 to solidify its position as the No. 1 green bio company that enriches the lives of humanity with differentiated customer values. To this end, we have been actively promoting various activities to minimize and consigned wastewater and waste generated at each business site. In 2023, we aimed to reduce the amount of waste generated by 10% across the company. As a result, the total amount of waste/ consigned wastewater generated in 2023 was 20,633 tons, a 28% reduction from the previous year's amount of 28,519 tons.

In 2024, we plan to continue to reduce environmental pollutant emissions in order to take a step closer to becoming an eco-friendly workplace. We aim to reduce the emission intensity (ton/KRW 1 million) by 5% compared to year 2023 by applying the unit of sales to the factory. The research institute also aims to reduce environmental pollutants more than twice a year to minimize environmental pollutants generated during experiments.

To minimize the amount of waste and consigned wastewater generated, we are strengthening the monitoring of the source and amount of generation. Every month, we report the amount of waste generated through the reporting system(OLBARO and MULBARO), and we maximize the reuse of consigned wastewater and waste generated during the cleaning process by establishing a generation plan, and the safety and environment department, production team, and quality assurance team are closely cooperating to minimize issues caused by reuse.

### I Banwol Plant

The Banwol plant is continuously improving its production processes to reduce the amount of environmental pollutants. In order to remove impurities from the filtered wastewater of Fluazinam[1], we added a pretreatment process that can reduce COD to increase the amount of treatment in our own wastewater treatment plant. And we changed the composition and facility type of the interface buffer that interferes with the layer separation during the extraction/washing process of Tiafenacil[2] to convert the environmental pollutants that were treated as wastes into wastewater. As a result, we reduced the volume of environmental pollutants by about 20% in 2023 compared to the previous year. We will continue to reduce the volume of environmental pollutants by expanding this successful experience to other products.

1) Fluazinam: A fungicide widely used in agriculture, CAS No. 79622-59-6
2)Tiafenacil: A non-selective herbicide that controls weeds, CAS No. 1220411-29-9* CAS NO. (Chemical Abstract Service Register Number) is a unique number assigned to a chemical compound whose chemical structure or composition has been determined.

# Responding to Climate Change



## Key Activities




## Key Achievements

Nitric Acid Plant in 2023
**GHG 203,356 tCO2 eq Reduction**

## Responding to Climate Change

### Climate-related Risks & Opportunities and FarmHannong's Response

We are identifying climate risks and opportunities and considering their potential financial impacts. Going forward, we plan to prioritize the most significant impacts identified and put in place procedures to report and review the results on a regular basis.

| Separation | | | Climate-related risks and opportunities | Estimated potential financial impact | FarmHannong's response |
|---|---|---|---|---|---|
| Risk | Transition risk | Policies and Regulations | Increased greenhouse gas emissions reporting obligations and Exposure to litigation | Increased costs and reduced demand for products and services due to fines, etc. | •Public disclosure of GHG emissions/energy usage<br>•Consider participating in global ESG initiatives |
| | | Technology | Cost of transitioning to low-carbon technologies | Research and development spending on new and alternative technologies | •Consider ESG factors in product development and investment decisions |
| | | Market | Changing customer behavior | Reduced demand for goods and services due to changes in consumer preferences | •Improve electricity power efficiency by replacing old facilities |
| | | Reputation | Increased stakeholder concerns | Reduced ability to leverage external funding | •Disclosing environmental data information<br>•Increase external communication of green efforts |
| | Physical Risk | Acute | Increased severity of extreme weather events such as typhoons and flooding | Reduced revenue and increased costs due to negative impact on workforce and flooding events | •Proactive disaster and crisis prevention activities and emergency response systems in place<br>•Get Chief Risk Officer (CRO) organization up and running |
| | | Chronic | Average temperature and sea level rise | Increased operating and capital costs | •Drive energy efficiency in workplace |
| Opportunities | Resource efficiency | | Use more efficient production and distribution processes | Reduce operational costs | •Reduce operating costs by improving energy efficiency<br>•Establishing resource circularization processes and waste reduction activities |
| | Energy resources | | Use low-carbon energy sources | Reduce exposure to future fossil fuel price increases | •Consider renewable energy |
| | Products and services | | Developing low-carbon products and services | Stay competitive and increase revenue by reflecting changing consumer preferences | •Increase customer satisfaction with digital farming solutions |
| | Market | | Access new markets | Increase revenue with access to new and emerging markets | •Consider participating in solutions and initiatives related to climate change and low carbon emissions |
| | Resiliency | | Replacement and diversification of resources | Increased need to improve supply chain reliability and ability to operate under varying conditions | •Strengthen operational and financial resilience in the event of supply chain disruptions due to climate-related disasters, crises, and other events |

# Climate Change Response

## Carbon Neutrality Strategy

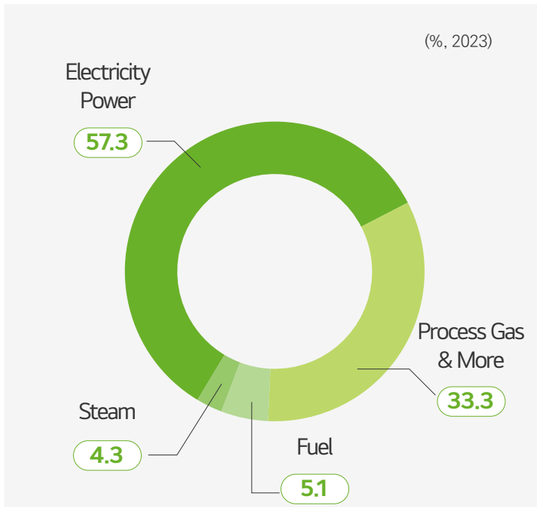
FarmHannong will refine its carbon neutrality strategy to contribute to LG Group's 2050 Net-Zero goal.

## Greenhouse Gases

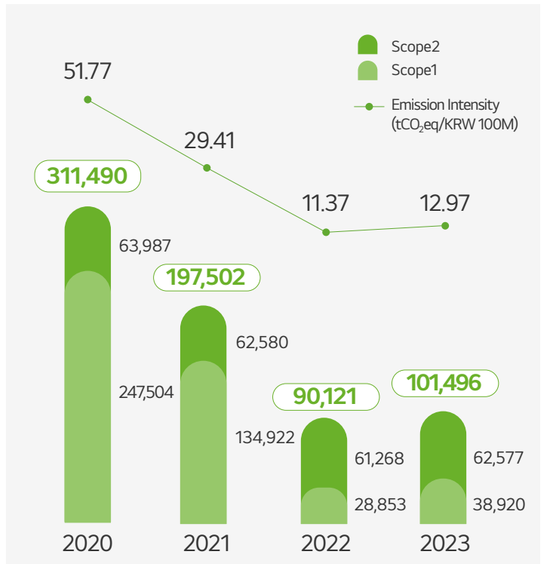
### I Managing Greenhouse Gas Emissions

FarmHannong manages its GHG emissions in accordance with the national GHG emissions trading system policy. In 2023, GHG emissions increased by 12.6% year-on-year to 101,496tCO2 eq due to the expansion of new production facilities and an increase in plant utilization rate, but the company emitted less than its emission quota of 330,799tCO2 eq due to the operation of N2 O (nitrous oxide) reduction facilities. GHG emissions and energy usage are reported to government agencies after third-party verification every year in accdance with relevant laws, including the Act on Allocation and Trading Greenhouse-Gas Emission Permits.

GHG Emissions Source Distribution (%, 2023)




Greenhouse gas emissions ($tCO_2eq$)




## Greenhouse Gas Reduction Activities

### I Building a Nitric Acid Plant GHG Reduction Facility

FarmHannong has been installing and operating greenhouse gas (N2O) reduction facilities using the Selective Catalytic Reduction (SCR) method since June 2021. By operating the reduction facilities for six months in 2021, greenhouse gas emissions were reduced by 134,393tCO2eq compared to the previous year. In 2022 and 2023, through annual operation of the reduction facilities, greenhouse gas emissions from the nitric acid plant were reduced by 202,961tCO2eq and 203,356tCO2eq, respectively, compared to non-reduction. In 2024, the nitric acid plant will be shut down in May, and it is estimated that emissions will be reduced by about 50,000 tCO2eq compared to non-reduction. In addition, starting from 2022, we will be receiving certification of our greenhouse gas reduction performance by submitting a reduction performance report to government agencies that has been prepared and verified by a third party using the ACM0019 methodology of the UN Clean Development Mechanism (CDM) in accordance with the "Guidelines on the Allocation and Cancellation of Greenhouse Gas Emissions."

### I Corporate Fleet Hybridization

To contribute to GHG reduction in the transportation, we replaced a portion of our employee business vehicles from gasoline/diesel/LPG vehicles to hybrid vehicles, significantly increasing the percentage of hybrid vehicles in our fleet from 1% in 2020 to 88% in 2023.

(unit: vehicle)

| Category | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Hybrid (gasoline) | 3 | 125 | 168 | 219 |
| Gasoline | 1 | 1 | 2 | 1 |
| Routing | 219 | 95 | 60 | 18 |
| LPG | 16 | 16 | 16 | 10 |
| Total | 239 | 237 | 246 | 248 |

### I Planning for Future GHG Management

FarmHannong is promoting the rationalization of its chemical business (sulfuric acid, nitric acid), which has environmental pollution risks and accounts for more than 60% of our GHG emissions. As a result, our GHG emissions are expected to decrease to 60% of the level in 2023 when the business rationalization is completed in 2024, and to a level that does not fall under the threshold for the emissions trading system (companies with annual GHG emissions of 25,000$tCO_2$ eq or more or companies with annual GHG emissions of 125,000$tCO_2$ eq or more) in 2025.

# Chemical Management



Key Activities




Key Achievements

New Chemicals
**Established System for Preliminary Review**

## Enhancing Chemical Incident Response

We proactively identify the risks of hazardous chemicals handled at all FarmHannong plants and check whether the facilities handling them are sufficiently reliable. In addition, we evaluate the effects of chemicals we handle and reflect them in the emergency training scenario. And we periodically hold joint training to minimize the damage caused by chemical accidents.

### I Ulsan Plant

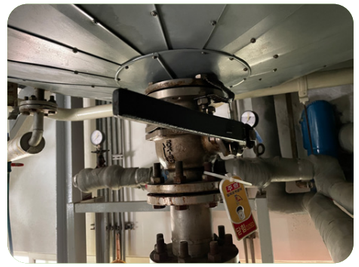
In order to respond to regulations and secure safety of chemicals, FarmHannong are conducting a preliminary review according to internal regulations before purchasing chemicals. And for regulated substances, we purchase and use them after completing the procedures in accordance with laws such as Act on Registration and Evalution of Chemical Substances, Chemical Substances Control Act, and Act on Protective Action Guidelines Against Radiation in the Natural Environment. To ensure the safety of workers when handling chemicals, we provide material safety data sheets for chemical handling processes and safety educations are provided for employees. In addition, to ensure the safety of hazardous chemical handling facilities, we conduct regular inspections and safety diagnosis of handling facilities through external organizations, and conduct training to prepare for chemical spills and accidents at least four times a year to ensure the safety of FarmHannong employees.

## Managing Chemical Facilities

FarmHannong appoints hazardous chemical manager and conducts self-inspections of hazardous chemical handling facilities. In addition, chemical handling sites provide protective equipment for on-site installation for each handler, and we place disaster prevention resources near devices and facilities so that they can be used immediately in case of chemical leakage accidents and train workers. In addition, facility inspections are conducted on a regular basis, and high-risk facilities that may be damaged or leaked are listed separately after predicting their useful life to strengthen pre-inspection and maintenance.





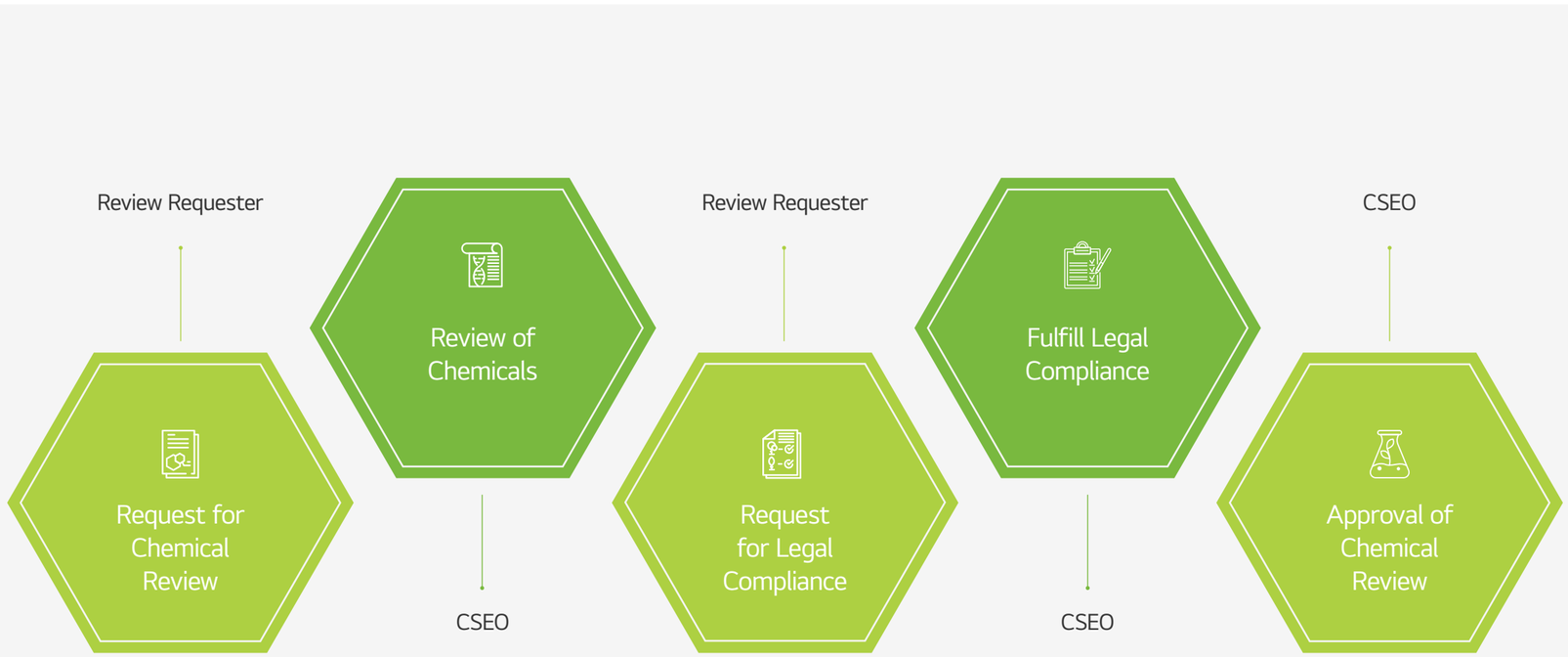



# Chemical Management

## Preliminary Review of New Chemicals

FarmHannong manages chemical substance information handled company-wide in the chemical substance inventory, and is enhancing chemical substance life cycle management, hazardous information search, and product MSDS management.In particular, when introducing new chemicals, we share information about the chemicals in advance through the chemical registration protocol and check whether the chemicals are suitable for use in the plant and whether the regulations are properly fulfilled. Only those chemicals that have been reviewed and approved in advance are finally purchased and produced.

### I Chemical Management Process



PART.05

# Social

43 **Health and Safety**

47 **Talent Management**

53 **Human Rights and Diversity**

54 **Information Security**

Mechanized Onion Seedlings_ Photo by Joonmo Ko, Yeongnam Sales Team

# Health and Safety




Key Activities




Key Achievements

Serious Accidents
**Achieved Zero**

Banwol Plant
**Acquired ISO 45001 Certification**

## Health, Safety and Environmental Management System

Safety is a top priority at all of our business sites, and we operate a systematic 'Health, Safety and Environment Management System' to ensure that safe environment practices lead to our competitiveness. We are practicing to provide a healthy and safe environment for all employees and stakeholders.

### I Health, Safety, and Environment Policy

팜한농 Farm Hannong

**Health, Safety, and Environment Policy**

**FarmHannong recognizes that health, safety, and environment are the basic elements for creating a sustainable company and will faithfully implement the following to fulfill its social, economic, and environmental responsibilities based on clear goals and strong execution capabilities.**

- We establish and operate safety, health, and environment regulations that comply with laws and regulations and guarantee a happy life for workers.
- We establish basic principles and organizational culture to provide safe and eco-friendly products and services.
- We actively communicate with partners and local communities based on social responsibility and take the lead in mutual growth.
- We identify risk factors in advance and continuously improve them and fulfill our corporate responsibility for environmental protection.
- We give top priority to the safety and environment of customers, society, and members of the organization, and transparently disclose our management performance.

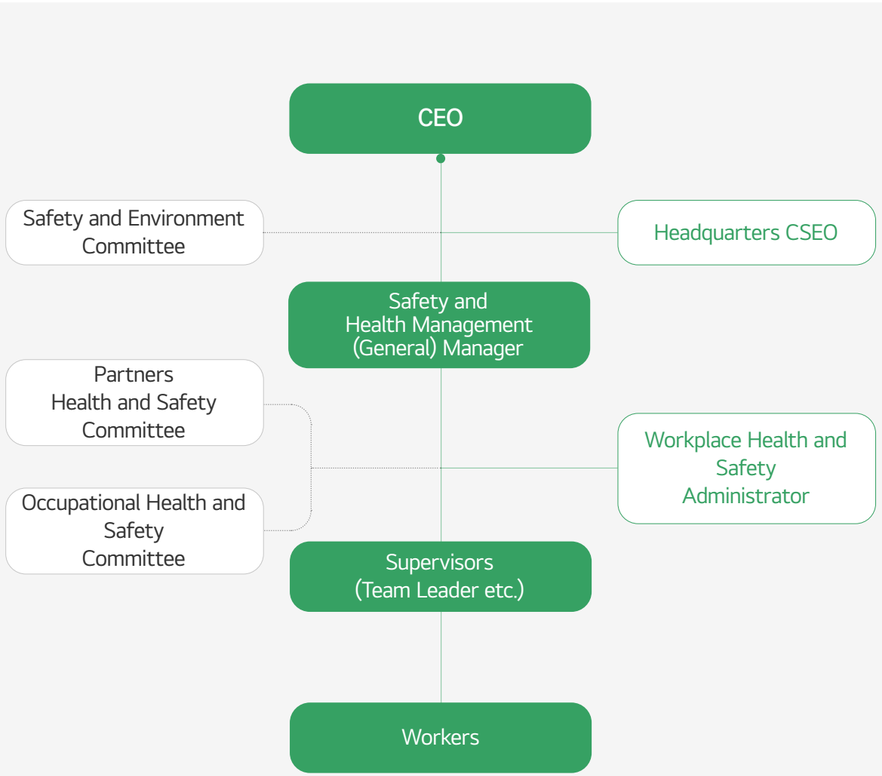
**To comply with this policy, we prioritize the safety and health environment for all business activities.**

# Health and Safety

## Health, Safety, and Environmental Management System

### I Health and Safety Operations Organization

FarmHannong operates a company-wide health and safety management system by establishing a dedicated CSEO, (Chief Safety Health and Environment Officer). We continuously improve health and safety management and prevent accidents by listening to the opinions of employees and stakeholders.




### I Health and Safety Regulations

We have established and are operating our own safety and health regulations, and we have secured safety by applying them to all visitors and partners who enter the company. We regularly review compliance with regulations to revise existing regulations and establish new standards.

**Policy**

**Health, Safety, and Environmental Policy**
» Publicize internally and externally the company's commitment to health, safety, and environmental management, Provide consistent policy direction for an optimized management foundation

**Manuals**

**Safety and Environmental Management System Manual**
» Identify company-wide safety and environmental principles, responsibilities and authorities, and operating procedures by comprehensively describing the key requirements and interrelationships for safety and environmental work.

**Regulations**

**Company-wide Safety and Environmental Policies**
» Stipulates the basic rules and regulations for the overall safety environment work, organization, organization, status, etc. of FarmHannong, and controls the entire company.

* Operation of 26 company-wide regulations(Risk assessment, safety work permit, safety environment training, safety environment reward/punishment, etc.)

**Internal Rules**

**Workplace Safety and Environmental Rules**
» Refers to non-permanent and variable work processing procedures and standards as independent work standards of individual workplaces (factories, research institutes, etc.)

# Health and Safety

## Safety Management

### I Three Pillars of Safety and Environment

FarmHannong analyzed the history of safety and environmental accidents within the company and selected the 'Three mid- to long-term strategies' to achieve zero accidents. By actively implementing the detailed tasks under the strategies, we established an autonomous safety management system in which all employees (executives, managers, and workers) participate.

**Top Three Driving Strategies**

**Incidents Zero**
- » Identify and eliminate potential risks
- » Ensure soundness of high-risk facilities
- » Make emergency response system more effective

**Safety Culture Settlement**
- » Enhance safety and environmental expertise
- » Empowering autonomous safety awareness behavior
- » Improve supplier safety management

**Proactive Legal Compliance**
- » Minimize environmental impact
- » Proactively manage legal risk
- » mprove standardization of safe workplace practices

| | |
|---|---|
| High-risk Factors (Fatal Top 10) Prioritized management | Absolutely Comply with 7 safety environment rules |
| STOP & CHECK, TBM Settlement Campaigns | Ensuring Partner Safety, Shared Growth |

**FarmHanong safety culture involving all employees**

**Achieving zero incidents through voluntary safety management systems**

### I Health and Safety Management System Inspections

FarmHannong manages safety and environmental risks at the company-wide level by diagnosing whether each workplace systematically implements health and safety goals and management regulations, and conducting regular semi-annual Inspection on the fulfillment of the 'Obligations of Management Responsible for Ensuring Safety and Health'.

**Regular Maintenance Inspection**
- » Occupational safety, occupational health, facilities, electrical and work safety, process safety, fire fighting, dangerous goods safety, etc
- » Internal/external experts participate to discover risk factors at the workplace

**Planned Inspection**
- » Partner health and safety assessment, emergency response capability assessment, etc.
- » Establishing a safety culture for employees through monitoring compliance with the 'Absolute Safety and Environment Rules (Seven Rules)'

**Special Inspection**
- » Domestic/international social issue accidents, major disasters, advance prevention
- » Special inspections according to holidays and seasons (typhoons, cold waves, disease outbreaks)

## Health Management

We are conducting activities to secure physical and psychological safety by promoting the health of our employees to achieve fundamental accident prevention. We will continuously improve occupational health management to create a healthy workplace through ongoing employee health management activities.

We regularly measure and improve physical and chemical harmful factors such as chemicals and noise, and faithfully implement health measures such as providing appropriate protective equipment for work and preventing respiratory, musculoskeletal, and occupational stress to prevent health hazards to employees.

**Managing Chemical Hazards**
- » Obtain and computerize material safety data for the materials handled to actively manage hazardous factors that may affect the health of the handler
- » Special health checkups before and after deployment (applying legal cycles)
- » Working environment measurement (once/6 months, etc.)
- » Prepare a logbook for handling substances subject to management

**Prevent and Manage Musculoskeletal Disorders**
- » Minimize physical strain on work by regularly investigating, improving, and introducing assistive devices for musculoskeletal hazards once every three years
- » Conducting periodic investigations of hazardous factors when new processes occur
- » Aid equipment for heavy work (Air Balance)
- » Improving automation through automatic capping devices, etc.

### I Employee wellness activities

To manage the psychological health of all employees, we use stress measurement instruments to measure stress and provide counseling across the entire company (headquarters, business sites, sales organizations, etc.).

In addition, health managers visit workplaces to provide specialized training and practice for each disease and season. Through these programs, employees are encouraged to practice their own health management to ensure a healthy and energetic workplace.





# Health and Safety

## Building Culture that Prioritizes Health and Safety

### I Safety and Environmental Photo Contest

FarmHannong held a safety and environment photo contest to raise the mindset of employees about the safety environment and share the know-how to improve the safety and environment at each workplace.

As a result of the contest, six outstanding works were selected, and these works were implemented horizontally to improve the overall safety environment.

1st Place



Hong**, Banwol Plant

Installing non-slip stainless steel pads to prevent stair slips

2st Place



Sim** , JeonJu Plant

Attaching a sensorized speaker for "Use handrails when taking stairs" prompts



Noh ** , Ulsan Plant

Installing portable CCTV in high-risk areas for real-time monitoring in the office

3st Place



Do** , Gumi Plant

Installing a protective cover on a conveyor belt carrying product boxes



Chung**, Ulsan Plant

Introduced ion generator (Eco Gun) to prevent electrostatic accidents on coated fertilizer particles



Lee **, JeonJu Plant

Installing a vacuum lift jig to prevent musculoskeletal disorders

### I Worker Occupational Health and Safety Training

In compliance with the Occupational Safety and Health Act, FarmHannong conducts required regular education, training upon hiring, and special health and safety education for workers. The CSEO department checks whether the education is being implemented once every six months to ensure that all trainees receive the education without missing. In addition, safety education required for the day's work is conducted on-site through Tool Box Meeting (TBM) before work, workers can be reminded of their safety knowledge of the work.

### I Safety and Environment Campaign




FarmHannong conducted a safety environment campaign at seven business sites. (Nonsan Crop Protection Research Center, Anseong Seed Research Center, Banwol, Gumi, Jeonju, Ulsan, and Anseong plants) Our employees who came across this campaign to promote safety awareness shared safety culture slogans such as 'Safety First, Safety is not an option, it is a must' and reminded themselves of the importance of complying with safety rules.

### I Safety and Environment Letter & Farm ECO Board

To ensure that the company's safety culture is effectively established, FarmHannong shares knowledge about safety with employees through monthly bulletins and postings.

The Safety & Environment Letter provides key safety and environmental issues, news of accidents in industries, and more in the form of newspaper articles so employees can take the time to build their knowledge.

Farm ECO Board for safety environment produced the safety rules and industrial accident prevention methods in the form of card news. This allows executives and employees to read the contents and remind them of the main rules in a short time.



Safety and Environmental Letter




Safety and Environment Farm ECO Board

# Talent Management



## Key Activities

- Strengthen Industry-Academia Collaboration
- Build Pipeline for Leadership Development and Global Capabilities
- Operate Communication Program Between the Management and Employees
- Operate Optional Welfare Benefits

## Key Achievements

Turnover Rate
**3.75% year-on-year Reduction**

EX(employee experience), CX(customer experience), and OX(organizational experience)
**Fostered the Culture**

## Talent Acquisition

As the No. 1 company in the green bio market, we are securing talented human resources with expertise and growth potential that can serve as the foundation for sustainable growth. We also operate differentiated onboarding programs to help our talented employees feel a sense of belonging and stability. In particular, we are strengthening our 'Open Innovation' activities by continuously collaborating with relevant research institutes and major universities to strengthen our core R&D capabilities. Based on these secured and collaborative activities, we are preparing to leap forward to become a global green bio company by growing new businesses and overseas businesses beyond the No. 1 crop protection company in Korea.

### I Enhancing Industry-Academia Collaboration

FarmHannong is conducting various industry-academia cooperation activities to secure customized talents, and we are further strengthening our network with major universities across the country by visiting universities and holding recruitment briefings and job fairs. In 2023, we visited major universities in Seoul and regional national universities, such as Seoul National University, Korea University, Kyunghee University, Kyungbuk National University, and Chonnam National University and created a time for communication with professors and students. This served as a venue for understanding the growth strategies and visions of LG Group, LG Chemical, and FarmHannong. We plan to continue to promote the 'Farm ECÔLE * Project' to further revitalize industry-academia cooperation activities.

* Word that refers to a school and combination of 'ECO+Learning Employee' / Industry-academia recruitment program run by FarmHannong

KyungBuk National University, College of Agriculture and Life Sciences Recruitment Fair (2023.06)




ECÔLE

Recruitment Fair at Seoul National University College of Agriculture and Life Sciences (2023.09)




Job Fair at Jeonnnam National University College of Agriculture and Life Sciences (2023.06)



# Talent Management

## Talent Acquisition

### I Running Fair and Transparent Hiring Process

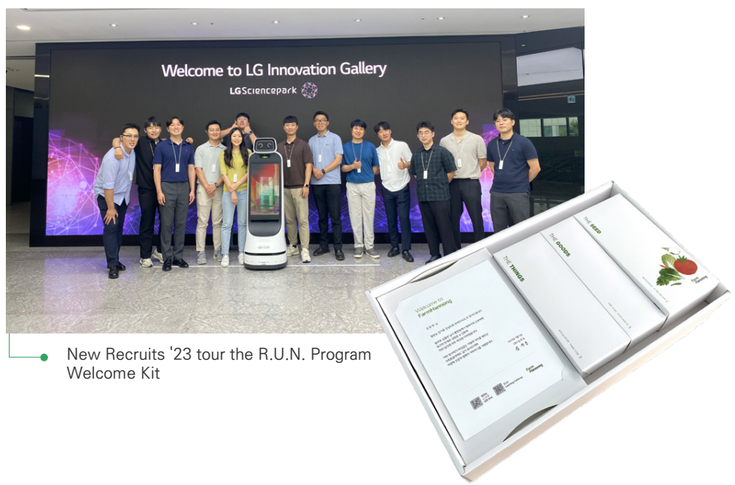
We strictly comply with the Recruitment Procedure Act to ensure that talents do not feel uncomfortable during the application and selection process. In addition, we aim for a fair and transparent recruitment process by strictly limiting questions such as education, gender, and religion that are unrelated to job competencies through training for interviewers and conducting blind recruitment.

### I Supporting Newly Hired Employee

We operate the R.U.N Program to support new employees' smooth adaptation and immersion in the organization. The R.U.N Program is an integrated training content with the themes of Recognition, Understanding, Networking and the collective training consists of a welcome message from the CEO and CHO, guidance on the company vision and system, business etiquette, and training on agricultural terms.

In addition, we have time to interact with senior employees by directly sharing their know-how on adapting to the company and stories of growth within the company. After the group training, we operate a mentoring program for new employees, a buddy program for experienced employees, and team OJT, and operate programs that help build intimacy with team members.

We also enroll new employees in the LG New Employee Course and LG Career Employee Course run by LG Academy to help them understand LG's management philosophy, business, and organization.




New Recruits '23 tour the R.U.N. Program Welcome Kit

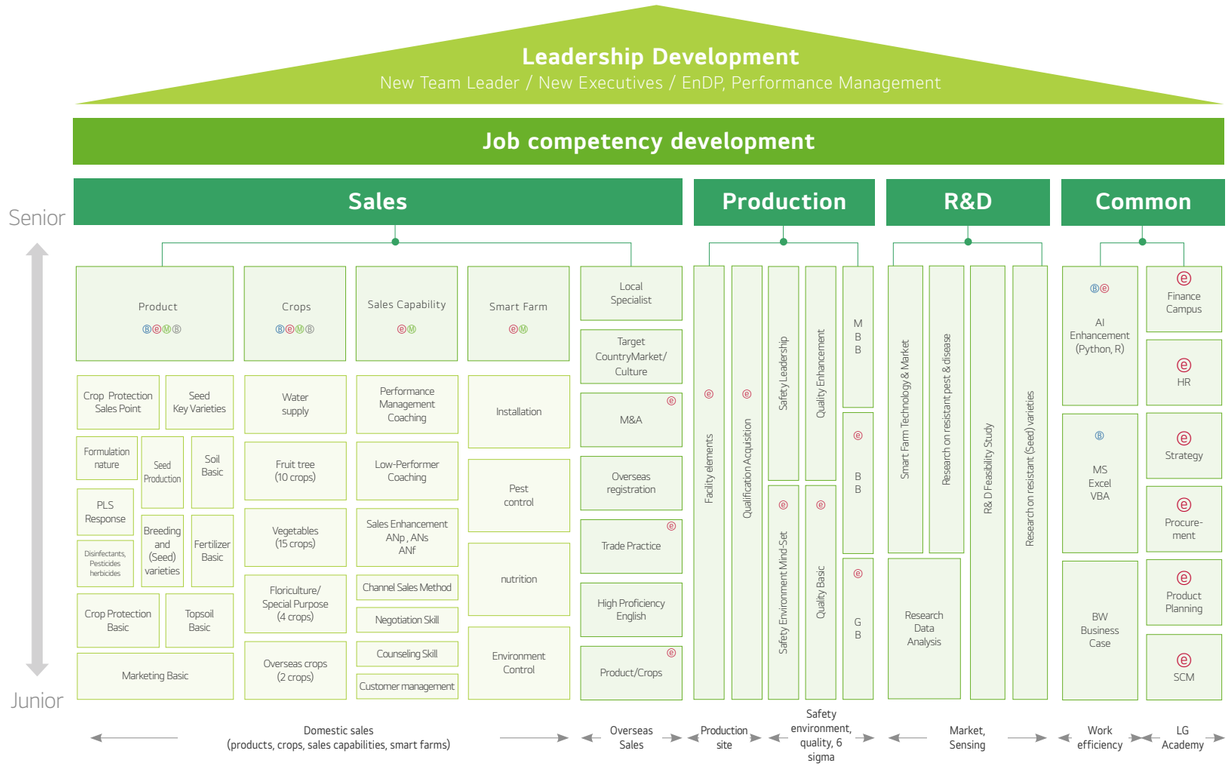
Recognition
Understanding
Networking




## Talent Development

To support the growth of our employees, we operate various development programs by job function and level. The company-wide development programs are mainly composed of work basics and core value sharing, leadership development, and job competency development programs.

Corporate Talent Development Framework




**Sharing the basics of work and core values:**
**New employee On-Boarding Program (company + team-specific), MVP course**

Ⓑ Blended-Learning : Pre-study through online courses and hands-on practice, problem solving, Q&A in the classroom
ⓔ e-Learning : Online courses (video education, motion graphics) run through a learning management system
Ⓜ Micro Learning : Content that can be studied repeatedly at any time, such as short videos (5-7 minutes), card news
Ⓑ e-Book Contents : Content in PDF format that can be downloaded to PC or mobile device for study

# Talent Management

## Talent Development

### I Building Pipeline for Leadership Development

FarmHannong is building a leadership pipeline by segmenting leader development programs by position to strengthen leader capabilities. EnDP, F-Leader W/S, etc. are operated for C-level executives/leaders to provide communication opportunities and tasks for leaders to solve, and leadership coaching programs such as FUEL Course and Farm Co-Co are operated for team leaders.

In addition to current leaders, we also have programs for leader candidates by position to help them acquire management basics, work competencies, and business insights early, so that they can immediately take leadership when they are seen as leaders. In addition, "Session-F", a meeting between the CEO and heads of each organization, is held semi-annually to discuss the core competencies, talent development, and future preparation of FarmHannong.





### I Empowering Global Capabilities

As FarmHannong expands our business into the global market, we are operating a program to foster professionals for overseas business. The program consists of target market/product training, overseas sales practice training, language training, and regional expert programs.

Any employee with a desire to enhance their global skills is free to take language training, even if they are not currently part of an international business unit.

### I Job-specific Training and Career Pathing

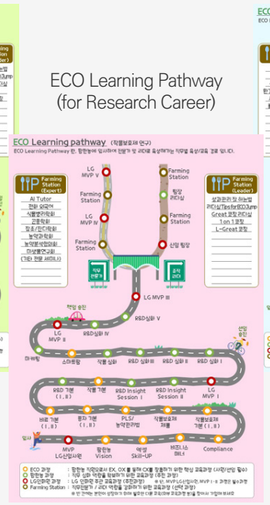
To help our employees grow as experts in their roles, we run a variety of job-specific training content, including Sales, Production, R&D, and Staff.

In conjunction with this, we introduced the "ECO Learning Pathway," a 16-part training guide for each business and job function that aims to enhance intuitiveness between training and growth, to help employees design and develop their own career paths.

**ECO**
Learning Pathway



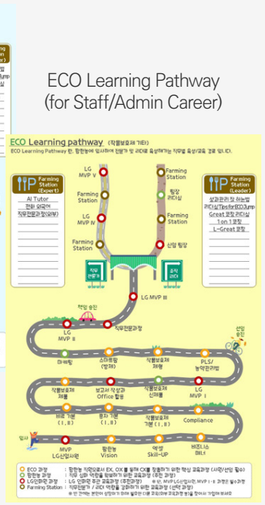

ECO Learning Pathway
(for Sales Career)




ECO Learning Pathway
(for Research Career)




ECO Learning Pathway
(for Production Career)




ECO Learning Pathway
(for Staff/Admin Career)

# Talent Management

## Performance Management

### I Running Rating System to Ensure Fair Evaluations

FarmHannong's individual evaluation consists of performance evaluation and competency evaluation, and we operate a business unit evaluation review committee and a company-wide evaluation review committee to ensure fairness in evaluation results. The evaluation process is operated in the order of setting clear annual goals at the beginning of the year, checking and evaluating performance and competency development at various times throughout the year, and finally evaluating and giving feedback on annual performance.

**KPI-driven Performance Reviews**

FarmHannong evaluates employees on their performance during the year through a combination of MBO(Management by Objectives) and overall evaluations.

**Evaluating MBOs**

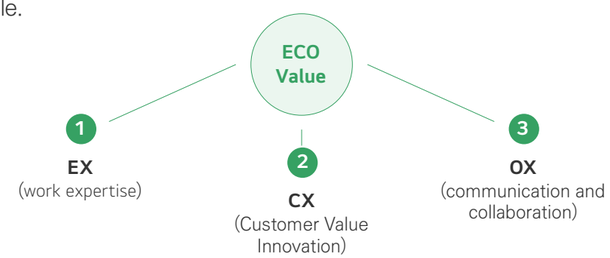
Evaluate level of achievement during the year against the key performance indicators (KPIs) you established at the beginning of the year.

**Overall Evaluation**

Evaluate job challenge/difficulty, environmental variables, organizational contribution, etc.

**Evaluate ECO Value for Future Value Growth**

In addition to examining the short-term performance of our members through performance assessments, ECO Value assessments evaluates value-up levels from three perspectives: EX (business expertise), CX (creation of customer value), and OX (communication and collaboration). As a result, we are focused on continuing to upgrade progressive future value growth, not just for individuals but for the organization as a whole.




**Create a Company-wide Evaluation Review Board to Ensure Evaluation Fairness**

**Primary Evaluation Review Committee**
- Business unit inspections led by business leaders

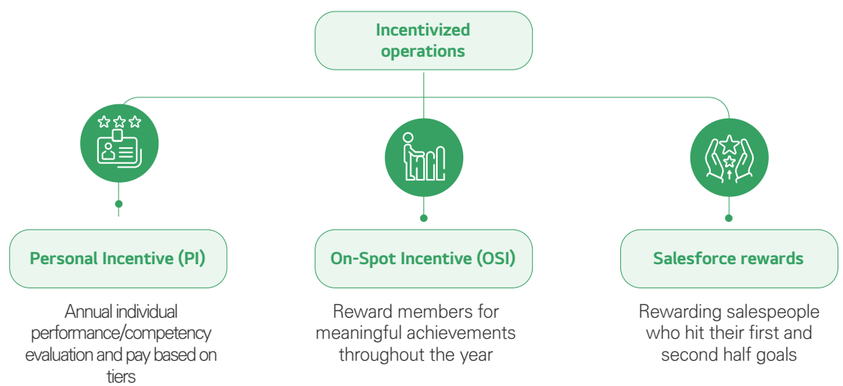
**Secondary Review Board**
- CEO-led company-wide review committee Review of results for each business unit

### I Performance-based Compensation

Based on the principle of performance-based compensation, FarmHannong operates a system that includes basic annual salary, various incentives, and management performance pay. We recognize and encourage the performance of our employees by applying differential compensation for top performers. We also transparently share with our employees through mailings to leaders and team meetings when determining wage increase rates, incentive payment rates, and management performance pay rates.

**Incentivized Operations**

In addition to management performance pay, we operate various performance-based incentive systems to strengthen compensation competitiveness.



# Talent Management

## Organizational Culture

To create a healthy and positive organizational culture, FarmHannong operates various communication programs to foster intimacy between management and employees. In addition, we are improving the way we work to build an organizational culture that focuses on customer value to achieve business goals and mid- to long-term growth. We have also introduced a parental leave system and flexible work system to build a family-friendly organizational culture.

EX Employee eXperience
CX Customer eXperience
OX Organizational eXperience

### I Executive-to-Employees Communication Programs

FarmHannong values communication between management and employees to create a positive organizational culture and operates various communication channels accordingly. We publish Farm ECO Story (monthly newsletter), and produce Farm ECO Board (message board), which delivers management policies and announcements, and post it every month throughout all office spaces and rest areas.

Since February 2023, the CEO ECO Tok has been held monthly, bringing together employees from different functions and positions at various locations to interact with the CEO, asking and answering questions on a variety of topics.



### I Employee Meeting Council

In addition to communication between management and employees, we also operate communication channels between employees to understand other organizations and businesses.

"Empathy We," a council of representative employees selected from each business site nationwide, is held quarterly to share and disseminate management policies, discuss suggestions for each business site, and improve organizational culture.





### I Improving the Way We Work

FarmHannong has been focusing on LG's core values since it was incorporated into LG in 2016. In particular, we are promoting sustainable work method improvement activities with the aim of strengthening LG Way in the way we work and behavior, leadership and performance. And every year, we carry out work method improvement activities according to economic, social issues, and issues captured in organizational diagnosis.

In 2023, we identified improvement needs in the areas of "inter-team collaboration," "leadership coaching for team leaders," and "work efficiency" through the results of organizational culture surveys and employee interviews, and conducted campaigns (collaboration) and training (coaching, work efficiency) to help improve the way the company-wide team works. After the one-year cycle of work style improvement activities, the selected best practices are shared throughout Farm ECO Board.

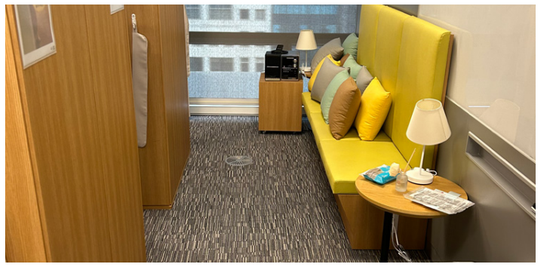
### I Flexible Work Arrangements

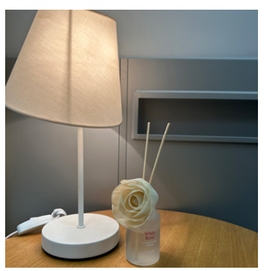
FarmHannong introduced flexible work system in July 2018. Non-sales division operates under selective work hour system in which employees work autonomously within the basic monthly work hour limit, while sales division operates under a deemed work hour system in which employees are considered to have worked 8 hours a day. The working hour management system introduced together with the selective work hour system supports flexible work system and clear working hour management according to the increase or decrease in work. We also strive to improve employees' work engagement and productivity through work style improvement campaigns such as eliminating unnecessary meetings/reports

### I Family-Friendly Policies

FarmHannong is improving our organizational culture to create a work environment where parents can combine childcare and work. In the case of parental leave, it is operated for two years by improving to extend one more year in addtion to the statutory period of one year. Some worksites have maternity care rooms for female employees during pregnancy and lactation so that they can take breaks autonomously, and we operate the 'Flexible Time System' for employees who need to adjust their commuting time for reasons such as childcare and family care.

Maternity Care Room







# Talent Management

## Flexible Benefits Program

### I Employee Benefits

FarmHannong operates various welfare programs to support employees' livelihood security and harmonious work-family balance.

.

Flexible Benefits • Housing and Living Stability Support • Medical and health promotion support • Support for leisure activities

#### Flexible Benefits

We award benefits points in the first and second half of each year, which you can choose from a total of four categories.
» Health Care / Self Development / Leisure & Life / Welfare e-shop

#### Housing and Living Stability Support

» Housing Funds: Support for housing purchase and lease funds
» Expense and Leave for Congratulations/Condolences : Support for various condolence events such as personal/family's wedding, 60th birthday, and funeral
» Education Expenses: Support for tuition for children attending middle/high school/university in Korea and abroad (no limit on the number of children)

#### Medical and Health Promotion Support

» Medical expenses: medical expenses for employee, spouse, children and parents (50%)
» Comprehensive health checkup: for employee (annually) and spouse (biannually) if employee is 30 years old or older

#### Support for Leisure Activities

» Recreational facilities: Support for corporate resorts (Sono/Hanhwa/Keumho//Hoenix/Lissom/ HaeBeach/Muju Resort, etc.)
» Company clubs: Support for club activities (hiking/ tennis/bowling/football/soccer/fishing, etc.)

**In March 2023, in order to support more affluent lives for employees and their families, we improved some of our welfare systems, such as increasing expense and Leave for Congratulations/Condolences, expanding medical expense support (employee/spouse/child ➡ employee/spouse/child/employee parent (50% support)), increasing optional welfare points, increasing childcare leave (1 year ➡ 1+1 years), and granting paid leave for graduation and comprehensive health checkup.**

### I Special Spaces in FarmHannong

FarmHannong has spaces for employees to relax and take care of their health. Here are some of our favorite little healing spaces for a better work-life balance and happier employees.

#### Jeonju Plant – Amenity Room

In the amenity room (resting area) of the Jeonju plant, employees often use massage chairs or leg massagers to relieve fatigue and prevent musculoskeletal disorders. An automatic blood pressure monitor next to the massage chairs helps employees keep their blood pressure under control. In addition, safety videos are always playing, so that employees can take care of their health and raise their safety awareness at the same time.





#### Nonsan Crop Protection Research Center - Ponds

The peninsula-shaped pond, located between the main building and the greenhouse building of the Nonsan Crop Protection Research Center, is a place where employees of the institute feed the fish and walk around to relax.

And a stroll along the open lawns and pine tree paths leading from the main entrance of the institute will be refreshing for both eyes and mind. The Crop Protection Institute also plans to build an indoor break room where employees can relax in all weathers..




#### Gumi Plant - Gym

The Gumi Plant Welfare Center has a gym with about 10 exercise machines. Employees use it during lunch breaks and other times to relieve stress and improve their physical fitness.



#### Ulsan Plant - Book Cafe

The Ulsan Plant Book Café is lined with a variety of books to help with work and company life. Employees can borrow books and chat here. It's also a great place to relax with a cup of coffee.



# Human Rights and Diversity




3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

## Key Activities

- Operate a Processes for Human Rights Protection
- Strengthen a Labor-Management Policy
- Strengthen a Diversity Policy

## Key Achievements

Labor Union Membership Rate
**Achieved 100%**

Expanding the Employment of People with Disabilities
**9 people → 11 people**

## Human Rights Policy

### I Human Rights Awareness Training

FarmHannong is committed to creating an organizational atmosphere that recognizes "differences" and fosters mutual respect and courtesy. We encourage all employees to participate in statutorily mandated education on Jeong-Do Management, including workplace sexual harassment prevention education, disability awareness education, and workplace bullying prevention, which are conducted annually. In addition, we conduct a workplace bullying and sexual harassment survey every year to understand the actual situation and prepare improvement measures.

### I Reporting Channels to Protect Human Rights

FarmHannong operates a workplace sexual harassment and harassment reporting center on the company's intranet. Reports can be made by name or anonymously, and counseling/investigation personnel are immediately assigned to protect victims, conduct fact-finding, and respond strictly if human rights violations are confirmed.

## Diversity Policy

### I Flexible D&I* Scheme (gender and age diversity)

FarmHannong has been continuously promoting efforts to secure diversity in its human resources structure and transform into a young and dynamic organization, and has secured female talents to improve its male-dominated human resources structure.We have created a fair environment for female talents to demonstrate their capabilities and grow into leaders, and we have secured additional *HPI female talents by supporting their development.Most importantly, the proportion of outstanding female employees increased by 8 percentage points (from 14% in 2022 → 22% in 2023), and the proportion of female managers also increased.

* Diversity & Inclusion
*High Potential Individual

## Labor-Management Relations

### I Labor Unions and Works Council

FarmHannong has a total of three labor unions (Ulsan, Gumi & Jeonju, and Banwol plants) with different membership targets for each plant, and all three unions are open only to production workers. Eligible employees are free to join the labor unions.

In addition, FarmHannong has established labor-management councils at its headquarters and four factories, where employer members (plant managers, human resources managers, etc.) and employee members (union chairpersons, union officials, etc.) discuss various issues such as suggestions, grievances, and working environment improvement at each plant every quarter.

| 167 | 167 | 100% |
|---|---|---|
| Number of subscriptions covered | Union Members | Unionization Rates |

### I Ethnic and Nationality Diversity

FarmHannong operates overseas subsidiaries and offices in the U.S., Brazil, Vietnam, China, and Thailand, and as of the end of 2023, there were 10 locally recruited employees working overseas. The proportion of local employees is expected to gradually increase as we expand our overseas business.

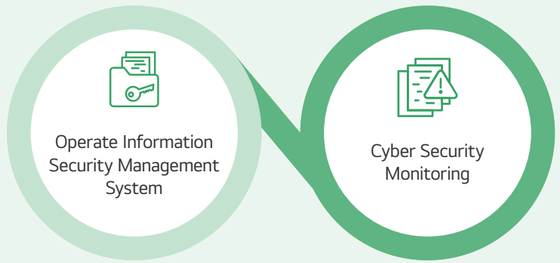
### I Expanding Employment of People with Disabilities

In order to expand employment of people with disabilities, FarmHannong developed the 'Health Keeper' job in November 2023 in collaboration with the Korea Employment Agency for Persons with Disabilities and hired two people with severe disabilities. As a result, a total of 11 people with disabilities were employed as of the end of 2023, and we are continuously striving to create an optimized working environment for people with disabilities. In the future, we plan to increase the employment rate of people with disabilities by considering expanding the number of 'Healthkeeper' operating sites.

# Information Security



Key Activities




Key Achievements

Information Security Incidents
**Achieved Zero**

## Information Security Framework

FarmHannong has established and operated information security management system to protect important information assets internally and externally, and is strengthening information protection activities to provide a safe work environment from various types of cyber attacks and information leakage threats.

### I Information Security Policy

We recognize information security as an essential element of sustainability management and have established and implemented policies to safeguard company assets from information security threats

| | | | |
|---|---|---|---|
| Comply with information security–related laws and regulations at home and abroad where the Company operates and fulfill its social responsibilities. | Ensure credibility by fulfilling the information security requirements of customers and stakeholders. | Create a safe business environment by continuously developing prevention, detection, and response systems for information security incidents. | Establish an information security culture by improving information security awareness of employees and partners. |

### I Organizations

FarmHannong designates Chief Information Security Officer (CISO) to oversee information security,
We have an information security department (DX team) that plans and operates information security activities.

### I Rules and Processes

We establish and operate information security policies based on information security regulations and detailed guidelines. We conduct annual revisions and amendments in accordance with changes in the information security environment, risk trends, revisions to related laws and regulations, and parent company information security policies. Information security regulations and guidelines are posted on the business portal so that they can be checked at any time, and we educate employees, partners, and visitors to ensure thorough compliance.

# Information Security

## Information Security Framework

### I Cybersecurity and Security Monitoring

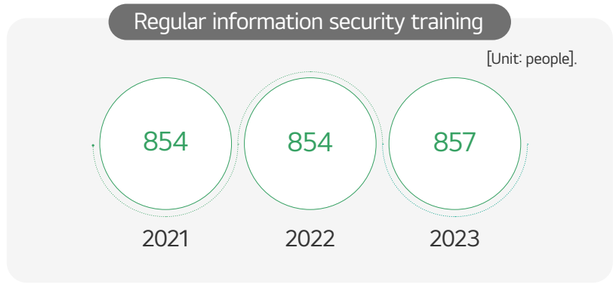
We are proactively engaged in information security activities to prevent, detect, and respond to cyberattacks. Through LG Group Integrated Security Control Center, we monitor security vulnerabilities and risks across all areas of our IT infrastructure, including servers, networks, and endpoints. We also continuously monitor network packets and logs, event data collection and analysis, and malware and abnormal behavior on user PCs.As a result, we have been able to continue our business without any information security incidents.

### I Security Incident Response and Remediation

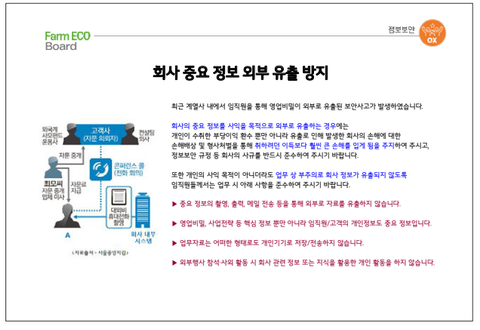
We maintain the security and safety of our systems and minimize the impact of breaches by stipulating information security crisis management procedures to respond quickly in the event of information security breaches/leak attempts and accidents. We categorize incidents into four levels depending on the scale of the incident and establish a system to quickly disseminate, take action, and report to relevant personnel when an incident occurs.

### I Information Security Education and Promotion

We conduct regular information security education and promotion activities for employees to ensure that they understand and practice the company's information security policy. Information security training is provided in a variety of contents on topics such as security regulations and major issues, accident cases, and results of workplace security inspections to enhance the effectiveness of the training and contribute to raising employees' information security awareness.




To raise the level of employee information security awareness and create an information security culture, we create and distribute security publications on the work Portal, PC screensavers, and message boards in the workplace. We produce and distribute the latest malicious mail cases, leaks of important company information, etc.




Farm ECO Board – Information Security : Prevent leakage of company important information




Farm ECO Board – Information Security : Company information, don't use it outside!

PART.06

# Governance

57 **Management Transparency**
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60 **Compliance**
63 **Risk & Crisis Management**

Watermelon_Mammothkkul_ Photo by Hyounggu Jin, Chungcheoung Sales Team

# Management Transparency




16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key Activities

Organization and Operation of the Board of Directors

Key Achievements

Board of Directors in 2023
**Holding Eight Board Meetings (100% attendance) and Handling 28 Agendas**

## Board of Directors

FarmHannong strives to establish a governance system as an entity that implements sustainable management and to practice board-centered responsible management by strengthening the actual authority and role of the board of directors.

Board activities and responsibilities encompass corporate policy and the overall performance of the company.In addition, to establish transparent governance, we are committed to operating the Board of Directors in accordance with the principles set forth in the Commercial Code, Articles of Incorporation, and Regulations of the Board of Directors, as well as due process.

The Board of Directors consists of three directors: two executive directors, one non-executive director, and one auditor.

### I Board of Directors Organization

As of December 31, 2023, the members of the Board of Directors were Mu-Yong Kim, an inside director, Tae-Gyun Jung, an inside director, Myung-Seok Lee, a non-executive director, and Kyung-Seok Kim, an auditor.






| | Mu-Yong Kim | Tae Kyun Jung | Myungseok Lee | Kyungseok Kim |
|---|---|---|---|---|
| | Inside Director | Inside Director | Non-executive director | Auditor |
| Whether to reappoint | New | Reappointed | New | New |
| Qualification | FarmHannong CEO | FarmHannongCFO | LG ChemBusiness Planning | LG ChemAccounting |
| Term | '22. 12. 21 - until the close of the Annual General Meeting | '23. 3. 24 - until the close of the Annual General Meeting | '23. 3. 28 ~ until the close of the Annual General Meeting | '23. 3. 28 ~ until the close of the Annual General Meeting |
| Conflict of Interest | FarmHannong Executive | FarmHannong Executive | LG Chem Executive | LG Chem Executive |

### I Board of Director Operations

The Board of Directors meets once per quarter, and we hold special meetings from time to time when it is not possible to accommodate the regular Board schedule.

In 2023, FarmHannong held a total of 8 board meetings, with 28 agenda items.  As of 2023, the attendance rate of directors and auditors at board meetings is 100%.

### I Highlights from the Board Rules

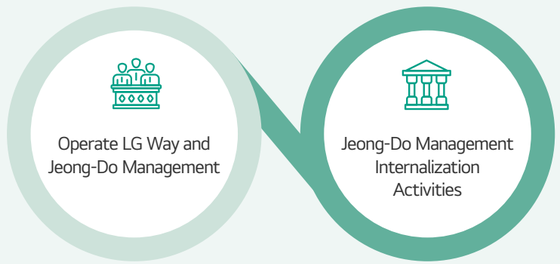
- Authority of the board of directors: Determining matters prescribed by statutes or articles of association, matters delegated by the general shareholders' meeting, basic policy of the company's management, and important matters for the execution of business
- Convening of the Board of Directors: Convened by the CEO
- Voting method: Attendance of a majority of the registered directors and resolution by a majority of the attending directors
- Matters to be discussed: Matters related to the general shareholders' meeting, management, finance, directors, etc.

# Ethical Management




16 PEACE, JUSTICE AND STRONG INSTITUTIONS

## Key Activities



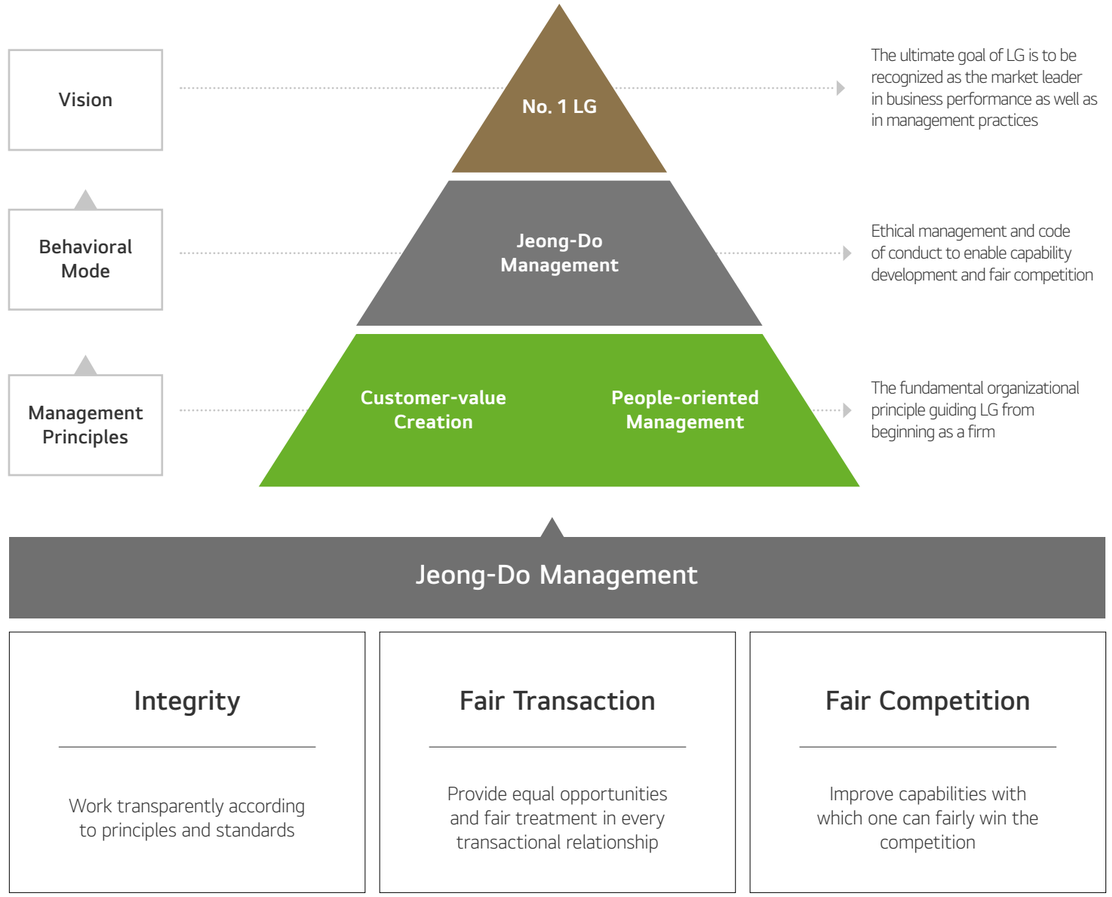

## Key Achievements

Training of Jeong-Do Management
**Conducted for All Employees**

## Ethical Management System

### I LG WAY and Jeong-Do Management

LG Way is the foundation governing our members' mindset and behavior. It is our guidance toward becoming the industry leader that creates customer value and conducts people-oriented business by practicing our behavioral mode, envisioned as Jeong-Do Management. Under Jeong-Do Management, LG's exceptional behavioral mode, we build capacity steadily and compete fairly based on ethical management.



# Ethical Management

## Ethical Management System

### I LG Code of Ethics

FarmHannong shares the LG Code of Ethics to provide the basic direction of Jeong-Do Management and to ensure that all employees make ethical values their top priority and actively implement them.

As the basis for correct behaviors and value judgment of all employees to practice Jeong-Do Management, the LG Code of Ethics consists of the Code of Ethics as declarative ethical norms

and Code of Ethics Practice Guidelines that suggest detailed behavioral principles.

| | | | |
|---|---|---|---|
| **Chapter 1 Responsibilities and Duties to Customers** | 1. Respecting Customers<br>2. Creating value<br>3. Providing value | **Chapter 4 Basic Ethics for Employees** | 1. Basic Ethics<br>2. Accomplishing Mission<br>3. Self-development<br>4. Fair Handling of Job<br>5. Avoiding Conflicts of Interests with the Company |
| **Chapter 2 Fair Competition** | 1. Pursuing Free Competition<br>2. Complying with Laws and Regulations | **Chapter 5 Corporate Responsibilities for Employees** | 1. Respecting Humanity<br>2. Fair Treatment<br>3. Promoting of Creativity |
| **Chapter 3 Fair Transactions** | 1. Equal Opportunity<br>2. Fair Transaction Process<br>3. Pursuing Mutual Growth | **Chapter 6 Responsibility to the Nation and Society** | 1. Rational Business Operation<br>2. Protecting Stockholders' Returns<br>3. Contributing to Social Development<br>4. Conservation of the Environment |

### I Jeong-Do Management Operation

FarmHannong operates a Jeong-Do Management Team under the direct supervison of the CEO to systematically practice Jeong-Do Management. The Jeong-Do Management Team focuses on activities to prevent risks that may arise in the business through preliminary checks on core risks, and also supports the organization's sound operation by checking risks in common sectors in advance. In addition, the team investigates irregularities in response to reports and takes strict responses and measures, and conducts education and promotion activities for employees to prevent Jeong-Do Management issues. We regularly report on all activity plans and results to the CEO and management.

## Jeong-Do Management Internalization Activities

### I Portal for Jeong-Do Management

FarmHannong's intranet portal provides detailed information about Jeong-Do Management, including the LG Code of Conduct and Q&A. It helps prevent compliance violations caused with accurate guidelines and answers questions that may arise in practicing Jeong-Do Management.

Farmhannong
Jeong-Do Management

### I Training and Awareness-raising of Jeong-Do Management

We conduct the training of Jeong-Do Management for all employees to prevent unethical business practices.

The training tailored for different job groups such as purchasing, sales, production, and R&D, as well as for different positions such as new hires, managers, and executives, is also available.

In addition, we operate the Jeong-Do Management Caravan, which visits around 30 partner companies every year to promote the philosophy of Jeong-Do Management and listen to the voices of the field. Training is also extended to all employees at production lines and so on.

we endeavor to raise awareness and establish a culture of Jeong-Do Management sharing of best and worst practices of Compliance Management and Jeong-Do Management.







### I Reporting Procedures on Extortion

FarmHannong strictly prohibits its members from receiving any monetary rewards or treatment from the interested parties under any circumstances. It is prohibited to accept any gifts or money for special personal occasions. If the acceptance was due to unavoidable reasons, LG members are required to return them after reporting to the company via reporting procedures on extortion. If this is not possible, they are required to donate them to charitable organizations. If this is also not possible, the company holds an internal auction with the gifts and supports charitable organizations with the proceeds from the auction.

### I Pledge to Practice Jeong-Do Management

Every year, FarmHannong's employees take the 'Jeong-Do Management Practice Pledge' online to comply with the LG Code of Conduct and practice Jeong-Do Management. Suppliers also participate in the pledge online when they first sign a contract with us, and are required to sign, seal, and attach the 'Jeong-Do Management Practice Pledge' to their contracts.

#### Ethics Hotline and Information Protection

FarmHannong operates the Ethics Hotline to report any Jeong-Do Management violations or wrongdoings. Executives, employees, or any party concerned may submit a report via online, post, or fax. FarmHannong constantly strives to prevent corruption and fraud and improve irrational systems and work processes. Once a report is received, we investigate to determine whether there are any irregularities, or unreasonable systems or business processes and improve them. We also operate the principle of informant protection to protect the identity of the informant and the contents of the report so that the informant does not suffer any disadvantages or punishment in working conditions due to the report. If the report is confirmed to be true, disciplinary action is taken in accordance with internal regulations, and we regularly report the results of the report to the CEO and management.



**I Address :** FarmHannong Jeong-Do Management Team 5F, FKI Tower, 24, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea
**I Tel :** 02-786-9974 **I Fax :** 02-786-9975
**I Email :** farmethics@farmhannong.com

# Compliance



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key Activities




Key Achievements

## Implementing a Compliance Officer Program and Assigning a Compliance Officer

## Compliance Support and Control System

In November 2023, the Board of Directors established compliance control standards, introduced a compliance officer system, and appointed a compliance officer.

The appointed Compliance Officer is responsible for overseeing compliance controls in accordance with the compliance control standards.

To fulfill its corporate social responsibility, FarmHannong plans to establish and operate a compliance control system from 2024, and will strive to minimize management risks by embedding a compliance culture across the organization. In addition, We endeavor to establish effective organizational compliance monitoring and internal control systems.

### I Compliance Framework and Key Responsibilities

FarmHannong plans to ensure the independence, autonomy, and effectiveness of the compliance officer and support their work. The compliance officer will identify and evaluate compliance risks that may arise from business activities and employees' work process. The compliance officer effectively manages the compliance controls through periodic monitoring and reporting of risk management to the board from an independent position, as well as working on a series of compliance programs to improve identified risks.



# Compliance

## Direction of Compliance Control System Operation

In the long term, FarmHannong plans to upgrade the compliance control system to ensure more efective implementation of ❶ compliance control standards and procedures required for listed companies under the Commercial Act and ❷ the reporting process for compliance officer's adherence to these standards to the BOD.

Specifically, we will devise comprehensive evaluation criteria for compliance control standards,

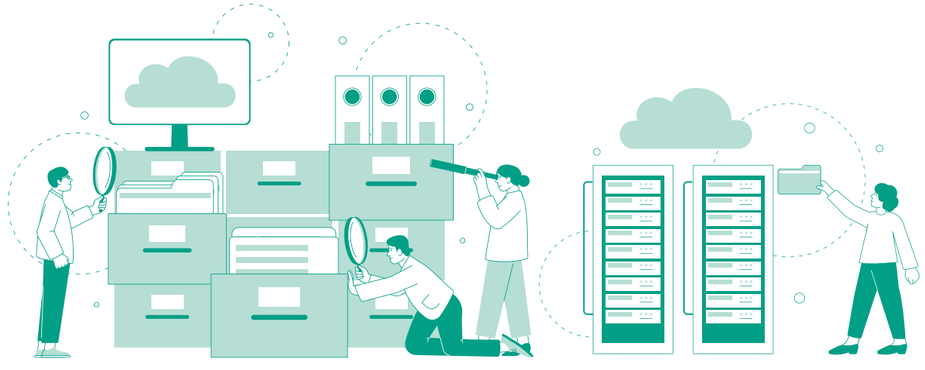
taking inspiration from the Evaluation of Corporate Compliance Programs (ECCP) criteria utilized by the U.S. Department of Justice (DOJ).

Moreover, we will take measures to diversify the departments responsible for conducting effectiveness assessments, involving the Compliance Team, Audit Committee Support Team, and external law firms. This approach ensures objectivity and impartiality throughout the evaluation process. The final verification

of assessment results by compliance ocer and their subsequent reporting to the BOD further fortify the integrity and ecacy of the evaluation and reporting procedures.

In light of the growing significance of ESG management and compliance at a global level, and recognizing the board's critical role in overseeing compliance, FarmHannong has taken the initiative to strengthen the compliance review function of its BOD. The primary objective is to revitalize the compliance governance system, placing the BOD at its center, and actively fostering a corporate culture that upholds ethical and lawful business practices.

In November 2023, the Board of Directors reported a plan to establish a compliance control system, established compliance control standards, and appointed a compliance officer.



## Compliance Programs

As global regulations become more diverse and sophisticated and the importance of ESG management increases, the need for prompt identification and management of compliance risks and regular monitoring of regulatory trends is highlighted. FarmHannong will identify company-wide compliance risks and select key risks among them.

The Legal team will monitor compliance risks and collaborate closely with functional departments dedicated to risk management. Specifically, our compliance program consists of three main areas: ❶ risk identification, ❷ risk assessment, and ❸ risk evaluation and management.

### Risk identification

We plan to conduct the following risk identification process periodically.



(1) Risk profiling: identify risks based on legal risks, global regulatory trends, contract reviews, and legal consultations relevant to our business areas

(2) Key risk selection that require special management

(3) Improvement review: review and assess the efficacy of management and control measures related to the selected key risks, develop improvement plans, and review progress on improvement measures.

### Risk assessment

We plan to conduct the following risk assessment process periodically.



(1) Checklist assessment: conduct a simple question-and-answer survey on compliance awareness

(2) Documentation assessment: review control measures of specific risk types by requesting questionnaires and supporting documentation from selected departments.

(3) Regular assessment: monitor control measures of key risks and quarterly update progress on key risk management.

### Risk evaluation and management

The risk assessment and management process consists of the following two processes



(1) Evaluate the efficacy of the organizational compliance control framework.

(2) Monitor and share key regulatory trends and global compliance issues.

# Compliance

## Compliance Training

FarmHannong runs various compliance training programs to foster compliance training programs.

Firstly, we conduct online training session on major compliance issues such as fair trade at least once a year for domestic employees. Moreover, tailored compliance training is provided based on job functions and positions.

We will increase the frequency of these training sessions and diversify the topics to further reinforce compliance training program. In addition, we will provide focused training for newly hired employees on major compliance risks specific to their respective business divisions and responsibilities, to help instill our compliance culture

Furthermore, we will issue various compliance guidelines related to global regulatory trends and compliance management. We distribute these guidelines and incorporate their contents into training sessions to ensure that our employees are well-acquainted with and can effectively utilize the contents.

## Compliance Culture

FarmHannong is committed to fostering a compliance culture, to proactively minimize operational risks and strengthen social responsibility. We prepare and disseminate checklists and training materials that reflect domestic and international regulations and trends, and operate a user-friendly legal portal that facilitates employees to align their tasks with our compliance culture. Moreover, we will require prior consultation with the compliance officer and the relevant departments for tasks that are closely related to compliance risks.

### Compliance Training Status

| Category | Date | Key activities |
|---|---|---|
| Compliance training | At all times | • On-line compliance training for employees<br>• Disseminate training on the latest legislation, regulatory trends, etc. (Send compliance letters to members) |

# Risk & Crisis Management




16 PEACE, JUSTICE AND STRONG INSTITUTIONS

주요 추진 사항




주요 성과

Crisis Response Mock Drills Execution
**Achieve 100%**

**Established Company-Wide Emergency Communications System**

## Crisis Management Framework

To respond to various crises arising from business activities and proactively manage risks, FarmHannong appoints a Chief Risk Officer (CRO), operates a company-wide crisis management committee, and organizes subcommittees under it to systematically manage crisis situations.

In addition, we have established crisis management policies and regulations and established a system (CMIS) to support crisis management to enhance the sustainability of the company.

### I Crisis Management Policy

In order to establish crisis management system and secure the continuity of its business, FarmHannong has established and faithfully practiced the following crisis management policies.

1. Changes in the social environment, such as the development of information technology and the strengthening of legal and institutional regulations, are transforming what was not a crisis in the past into a crisis, so we must broadly recognize crises and respond quickly.
2. A crisis harms all stakeholders, including customers, employees, suppliers, and local communities. Hence, we need to proactively respond by setting standards that go beyond the level of general social norms.
3. From an enterprise-wide perspective, we must establish and execute risk management to prevent crises and a crisis response system to minimize damage in the event of a crisis.
4. We shall establish a simultaneous(parallel) communication system to quickly respond to crises and strive to form an organizational culture that communicates transparently about vulnerable conditions such as risk factors, events, and accidents.
5. Continuous attention and improvement activities should be promoted to improve crisis management capabilities and resilience

# Risk & Crisis Management

## Crisis Management Framework

### I Crisis Categories and Types

FarmHannong selects and manages the risks that require company-wide intensive control based on their frequency and impact, and continuously reviews the risks and scope of management according to changes in global business environment.

In addition we strengthen the execution of crisis management by monitor and review the signs from a prevention and preparedness perspective.

| Category | Type |
|---|---|
| **Environment and Safety** | Environmental Incidents<br>Health and Safety Incidents<br>Natural Disaster Incidents |
| **Quality** | Product quality |
| **Compliance** | Antitrust, Intellectual Property<br>Standards/Regulatory/Legal Violations |
| **SCM/Supply/Logistics** | Procurement/ Supply |
| **HR/Labor** | Employment<br>Conflicts of interest |
| **Reputation** | Communication |
| **Finance/IR** | Financial risk |
| **Information Security** | Data Breach Information leakage |

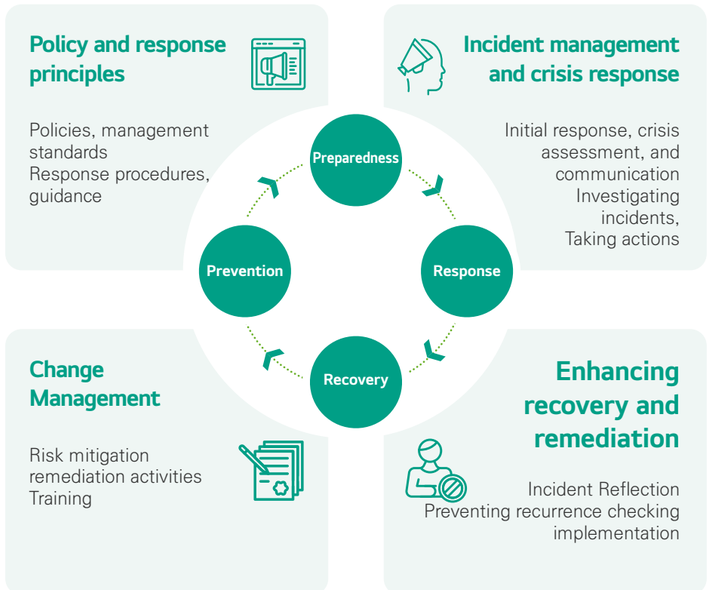
### I Crisis Management Process

Depending on the type of incident to be managed, FarmHannong conducts crisis management and incident response through procedures such as detecting signs, judging the crisis, establishing and implementing response plans, checking implementation, and managing change.

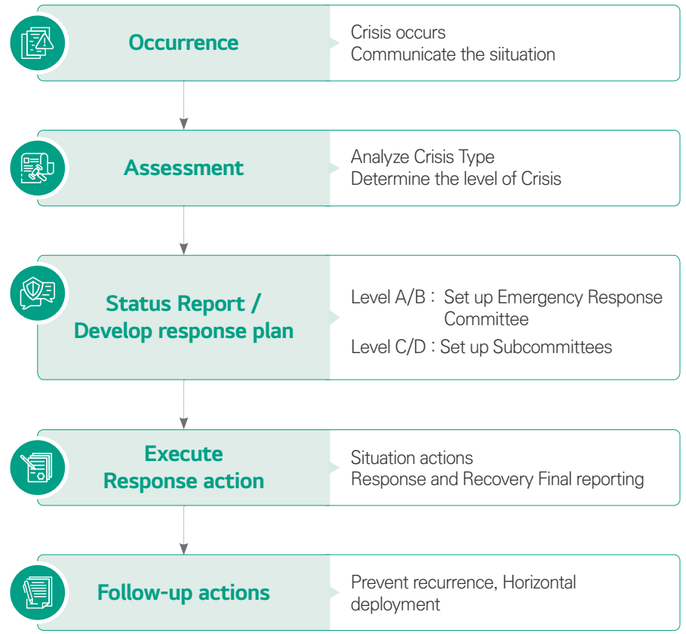
We prepare through self-inspection and proactive measures when we detect signs and trends of incidents and crises, and when an incident or crisis occurs, we quickly recognize the situation through simultaneous incident dissemination and reporting to identify the impact and potential issues to determine whether it is a crisis.

We respond quickly and initially in accordance with the principle of prioritizing the protection of human life and take measures to prevent the spread of the crisis and secondary damage. We also conduct objective incident investigations to determine the root cause and establish and implement crisis response action tasks, including measures to prevent recurrence.

Finally, perform checks and change management until the return to normal phase.




### I Crisis Response Process



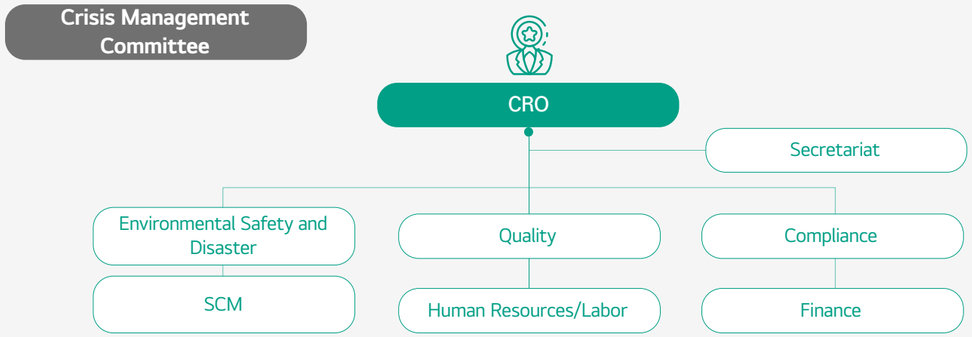
# Risk & Crisis Management

## Crisis Management Framework

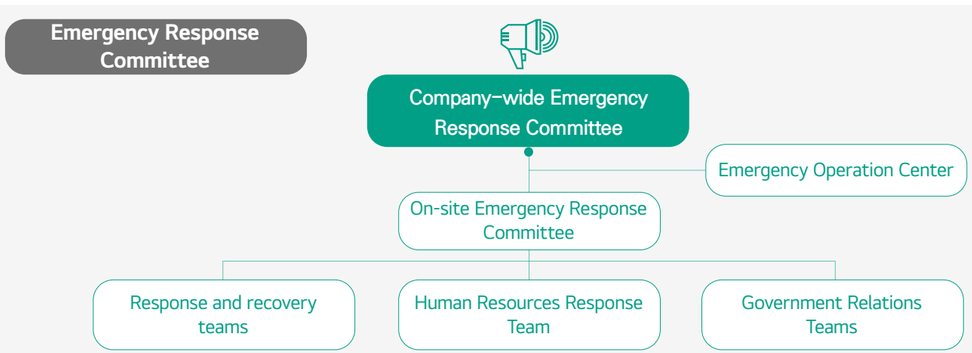
### I Organizational Structure and Decision-making

FarmHannong operates 6 subcommittees under the CRO for systematic management not only in times of crisis but also in normal times, and a company-wide emergency committee in case of emergency.

The Crisis Management Committee is the highest decision-making body in the company, deciding on company-wide crisis management policies, reviewing crisis response systems for each department, and discussing and making decisions on the overall operation of the crisis management system.




In the event of a major crisis, we are organized to respond quickly and efficiently to the crisis by transitioning to an emergency committee for company-wide response and decision-making.




## Crisis Management Activities

### I Crisis Response Mock Drills

The crisis response simulation training is aimed at upgrading the crisis management system and improving crisis response capabilities, and FarmHannong conducts training every year at company-wide level.

In 2023, company-wide simulation training was conducted under the assumption of a sulfuric acid leak accident at the Ulsan plant, and the roles and response procedures of each department were examined in detail, and improvements were derived and implemented.

All employees are joining in to make sustainable FarmHannong.



### I Company-wide Emergency Communications

The company's emergency contact system in FarmHannong aims to check the safety of employees and prevent and respond to damage through a quick and clear communication system when a crisis situation such as a natural disaster is expected or occurs.

It distinguishes between company-wide and partial implementation situations, secures criteria for determining changes in work patterns, and communicates quickly according to the company's emergency contact system if necessary.

In 2023, through the headquarters fire evacuation training, the emergency contact system was operated to conduct education and training for executives and employees.

### I Crisis Response Manual for Overseas Subsidiaries

In order to secure the safety of employees in overseas subsidiaries in the event of a crisis situation and protect the company's assets, FarmHannong has established a standard manual for crisis response of overseas subsidiaries, which stipulates specific responsibilities, authorities, and actions, and applied it to US and Brazilian subsidiaries. As a result, each corporation has completed the provision of emergency goods and has clarified communication channels with the headquarters in case of an emergency.

PART.07

# Sustainable Shared Growth

67 ESG in Supply Chain
68 Shared Growth
69 Social Contribution
70 Growing with Customers

Mellon_Summer King_Photo by Joonmo ko, Yeongnam Sales Team

# ESG in Supply Chain

As the need for mutual cooperation between domestic and international laws and regulations for sustainable development and external stakeholders is highlighted, FarmHannong is strengthening cooperative relationships based on mutual trust with Suppliers and LG's 'Jeong-Do Management' philosophy for 'market leadership and mutual growth (Win-Win)'. We aim to build a sustainable supply chain by strengthening mutual cooperation with our Suppliers and realizing common ESG values based on fair and transparent transactions, quality and technology cooperation, and safey/environment management.

## Sustainable Supply Chain Management

Based on fair trade and win-win cooperation, FarmHannong purchases competitive raw materials and equipment through strong partnership and trust building with our suppliers.

We select our suppliers through a fair and transparent process and manage excellent and competitive suppliers by conducting regular assessment on quality, safety and environment, etc.

### I Selecting and Evaluating Suppliers

We assess our suppliers' competitiveness in technology, quality, management, compliance, and environmental management, and the level of their conformance to the sustainability items.

Suppliers that do not meet the requirements are registered as improvement requests and potential suppliers to be utilized as alternative suppliers in the event of future supply risks.

Selected suppliers will pledge to comply with the Trading Framework Agreement and the Supplier Code of Conduct on Social Responsibility when registering a trading line, and will faithfully fulfill the relevant contents.

After registration as a Supplier, a regular assessment is conducted once a year and the results are reflected in future operational strategies.

### I Assessment Criteria

| | |
|---|---|
| **Subject** | Suppliers transacting with FarmHannong |
| **Method** | In addition to the basic four items (quality, unit price, delivery date, impact), scores are calculated using items such as environmental regulatory response, credit rating, production and quality issues (out of 100 points) |
| **Rating** | Based on an assessment score of 70 |
| **Application of Result** | - Excellent company: Increased distribution ratio, priority given to new development<br>- Insufficient company:<br>① If the score is below 70, follow-up management of improvement plan and implementation status<br>② If the score is below 60 or below 70 for 2 consecutive years, use it as a basis for suspending transactions or replacing the company |

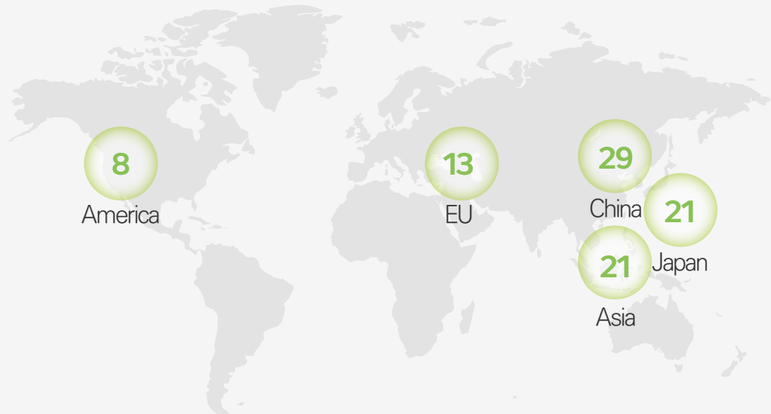
### I Status of Raw Material Procurement

In 2023, FarmHannong purchased raw materials worth KRW 394.8 billion from 255 suppliers at domestic and overseas. We are diversifying supply lines through various channels and local visits to discover and secure competitive local companies in each country.

Due to the nature of our business, we comply with the relevant laws and regulations of the raw materials, registering new raw materials and securing alternative raw materials through regular monitoring to ensure stability in the supply of existing raw materials and cost competitiveness.

### I Who's Buying by International Region

[Unit: number of company / as of 2023].




* Excludes Domestic (Korea)
* Total number of purchasing companies 255

# Shared Growth

FarmHannong supports win-win and fair partnerships with 23 partners located in our 7 business sites , focusing on safety and environmental technical support and strengthening communication.

| Partner resident locations | Resident Partners | Resident supplier employees |
|---|---|---|
| 7 locations | 23 companies | 236 people |

## I Support and Training

To improve the safety management level of our partners, we disseminate 'risk assessment' methods and 'TBM' operation know-how that can identify and improve risks before work, and conduct joint safety inspections every quarter.

In addition, we are conducting safety culture campaigns with our partners to ensure that a safety culture is established, and we have created and provided safety training materials to ensure that safety training is effective.

**11** cases — **Risk assessment support**

**27** times — **Safety inspection**

**36** cases — **Number of safety training**



TBM with partners

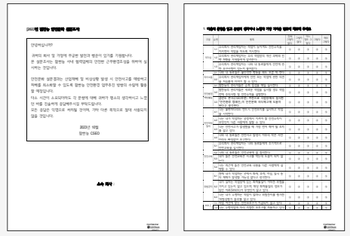


Safety Culture Campaign with Partners
(Safety and Environmental Maintenance Day at the Seed Research Center)

## I Enhancing communication

FarmHannong conducts monthly council meetings organized by each business site to discuss major issues and listen to suggestions from partners. The collected suggestions are implemented at the business sites, and the CSEO department also conducts interviews with partners to ensure that they are not missed. We also conduct a company-wide safety and environment survey for employees of our partners once a year to hear about their concerns directly from the headquarters and strive to resolve them.

### 2023 Supplier Safety Culture Survey



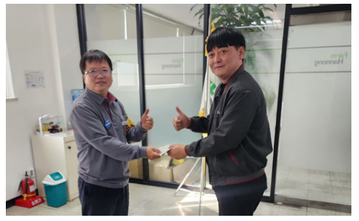
- Survey period: '23.10.09 ~ '23.10.20
- Survey period: '23.10.09 ~ '23.10.20– Survey questions: 21 multiple-choice questions, 2 essay questions
- Survey participants: 265
- Survey Results: Total 3.78 (out of 5) 55 open-ended comments received

## I Recognizing Excellent Partners

FarmHannong selects and rewards excellent safety environment partners for its resident partners once a year to encourage partners to prevent industrial accidents and ensure the safety of workers. In 2023, we conducted an evaluation of 23 companies located in 7 business sites across the company and selected one best partner and two excellent partners. In order for employees of the three companies to receive the rewards fairly, the reward amount is paid in proportion to the number of employees.



Best Partner in 2023
〈GaeHwa Industry〉



Partner of Excellence in 2023
〈LX Pantos〉



Partner of Excellence in 2023
〈SeoJin Construction Equipment〉

# Social Contribution

## Community Contribution Activities

In order to solve problems such as labor shortages and falling agricultural product prices due to the rapid aging of rural areas, FarmHannong has been carrying out activities to help rural workers and purchase agricultural products. In addition, we are continuously carrying out activities to coexist with local communities. In the future, FarmHannong plans to establish a social contribution system and further strengthen its activity programs to coexist with rural areas and local communities and open a healthier and more prosperous tomorrow.

### I Helping Rural Workers

FarmHannong employees volunteer to help farmers who are short of labor during the peak farming season by artificially pollinating pear blossoms, harvesting, and organizing orchards.






### I Purchase of Agricultural Products

FarmHannong has been purchasing our agricultural products such as rice, tomatoes, garlic, onions, etc. to help farmers who are struggling due to plummeting prices caused by the rainy season and typhoons.

### I Pesticide Empty Container Collection Project

In order to solve environmental pollution and safety accidents that can occur in rural communities due to empty pesticide bottles, FarmHannong is participating in the pesticide empty container collection project with the Ministry of Environment, local governments, and the Crop Protection Association.This project has been implemented since 1974 and is a project that provides compensation to farmers who bring in empty pesticide bottles so that pesticide bottles are not thrown away in the fields or incinerated, but are recycled as resources. (FarmHannong's cost burden in 2023: KRW 630 million (approximately 10% of the total project cost)

### I Joint research agreement with Jeonnam Bio Foudation

FarmHannong has signed a joint research agreement on eco-friendly bio crop protection products with the Eco-friendly Agriculture and Life Research Center of the Jeonnam Bio Foudation located in Gokseong-gun, Jeollanam-do. Under the agreement, the two companies plan to cooperate to develop biostimulants that reduce the stress experienced by crops due to global warming and eco-friendly bio crop protection products that reduce farming time and labor.

### I LG Gyeongbuk Council Activities

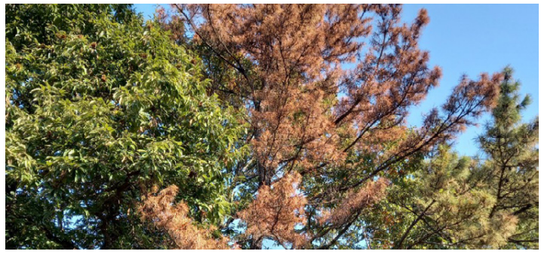
As a member of the LG Gyeongbuk Council, the Gumi plant sponsors civic events such as the LG Housewives Volleyball Tournament, the LG Dream Festival, and the LG-Gyeongbuk Social Economy Festa. And we also contribute for the local community participating in Kimchi Festival and etc.






### I Signed an agreement with Gunsan-si to control Pine Wilt Disease

In August 2023, FarmHannong signed a business agreement with Gunsan-si for the control of pine wilt disease at Gunsan Cityhall. Pine wilt disease, so called "pine AIDS", is so fatal that it kills the trees completely once infected. According to the agreement, we(Gunsan-si and FarmHannong) monitor and share the control effectiveness and technology. Also we will establish the prevention system of the pine wilt disease. FarmHannong will try to protect the pine trees and eco-system with the local government by these activities.





# Growing with Customers

FarmHannong is contributing to the growth of the entire agricultural society by holding symposiums and roundtables that can provide useful information to customers. By gradually expanding this knowledge exchange, FarmHannong will become a company that strives to help the agricultural society develop further with adaptability in a rapidly changing climate environment.

## I Disease and Insect Pest Management Symposium for Climate Change

FarmHannong invited Nonghyup purchasing managers to hold a "Symposium on the Control of Diseases and Insect Pests in Response to Climate Change." The symposium explained how to effectively control problematic pests caused by climate change and shared the characteristics of related new products and results of demonstration farm.




## I Roundtable for Customer Growth

Mr. Mu-Yong Kim, CEO of FarmHannong, and Mr. Choi Won-jae, Head of Seed Business, shared their plans for developing new varieties and the current status of the seed business with business partners , and exchanged various opinions for mutual growth.

The Crop Protection Division also held a meeting with 'Hanbokhoe', a gathering of marketers in northern Gyeonggi Province, to share specialized pesticide information on moths, a succulent pest.





PART.08

# Appendix

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Flower of Chinese Cabbage_Photo by Jinyong Choi, Seed Production Team

# Appendix

## Economic Data

### I Financial statements (consolidated)

(Unit : KRW 1M)

| Division | 2021 | 2022 | 2023 |
|---|---|---|---|
| Assets | | | |
| Ⅰ. Current Assets | 489,192 | 622,262 | 601,434 |
| 1. cash and cash equivalents | 62,484 | 110,000 | 108,619 |
| 2. accounts receivable | 110,855 | 118,745 | 130,751 |
| 3. other receivables | 3,329 | 3,190 | 1,942 |
| 4. prepaid income taxes | 1,121 | 95 | 1,316 |
| 5. other current assets | 18,738 | 26,614 | 32,388 |
| 6. inventory | 291,972 | 352,506 | 325,725 |
| 7. assets held for sale | 693 | 11,112 | 693 |
| Ⅱ. Non-current assets | 558,085 | 498,735 | 488,005 |
| 1. other long-term receivables | 3,814 | 3,867 | 3,681 |
| 2. other non-current financial assets | 477 | 476 | 476 |
| 3. deferred tax assets | 38,066 | 24,661 | 24,149 |
| 4. tangible assets | 485,029 | 439,103 | 432,980 |
| 5. intangible assets | 30,699 | 30,628 | 26,719 |
| Asset totals | 1,047,277 | 1,120,997 | 1,089,439 |

| Division | 2021 | 2022 | 2023 |
|---|---|---|---|
| Liabilities | | | |
| Ⅰ. Current Liabilities | 380,384 | 508,303 | 608,189 |
| 1. accounts payable | 110,287 | 123,872 | 104,851 |
| 2. other payables | 38,514 | 31,612 | 44,156 |
| 3. borrowings | 165,327 | 258,909 | 378,967 |
| 4. liquidity provision | 33,595 | 38,104 | 27,970 |
| 5. income taxes payable | 7 | 1,620 | 5 |
| 6. other current liabilities | 32,654 | 54,186 | 52,240 |
| Ⅱ. Non-Current Liabilities | 277,303 | 173,950 | 45,567 |
| 1. other long-term payables | 2,838 | 2,839 | 2,952 |
| 2. borrowings | 226,403 | 154,003 | 32,628 |
| 3. non-current provisions | 31,787 | - | - |
| 4. net defined benefit liability | 15,555 | 16,582 | 9,432 |
| 5. other non-current liabilities | 720 | 526 | 555 |
| Total Liabilities | 657,687 | 682,253 | 653,756 |
| Capital | - | - | - |
| Ⅰ. Capitalization | 89,493 | 89,493 | 89,493 |
| Ⅱ. Capital surplus | 454,927 | 454,927 | 454,927 |
| Ⅲ. Accumulated Other Comprehensive Income | 1,388 | 1,732 | 1,916 |
| Ⅳ. Deficit | (156,218) | (107,408) | (110,653) |
| Total Equity | 389,590 | 438,744 | 435,683 |
| Total liabilities and equity | 1,047,277 | 1,120,997 | 1,089,439 |

# Appendix

## Economic Data

### I Income statement (consolidated)

(Unit : KRW 1M)

| Division | 2021 | 2022 | 2023 |
|---|---|---|---|
| Ⅰ. Revenue | 671,460 | 792,708 | 782,394 |
| Ⅱ. Cost of Goods Sold | (499,184) | (594,535) | (568,060) |
| Ⅲ. Gross Profit | 172,276 | 198,173 | 214,334 |
| Ⅳ. Selling and administrative expenses | (142,756) | (157,525) | (168,518) |
| Ⅴ. Operating Profit | 29,520 | 40,647 | 45,816 |
| Ⅵ. Financial Income | 5,434 | 2,025 | 2,807 |
| Ⅶ. Financial costs | (14,977) | (12,717) | (21,876) |
| Ⅷ. Other non-operating income | 2,799 | 51,209 | 29,425 |
| Ⅸ. Other non-operating expenses | (7,278) | (19,622) | (56,806) |
| Ⅹ. Profit before income tax | 15,498 | 61,543 | (634) |
| Ⅺ. Income tax expense | (1,217) | (14,917) | (1,967) |
| Ⅻ. Net Income | 14,282 | 46,626 | (2,601) |

### I Statement of Cash Flows

(Unit : KRW 1M)

| Division | 2021 | 2022 | 2023 |
|---|---|---|---|
| Ⅰ. Cash flows from operating activities | (33,387) | (32,065) | 2,774 |
| 1. cash flow from operations | (23,704) | (22,615) | 24,857 |
| 2. earning interest | 266 | 744 | 1,750 |
| 3. interest payments | (8,524) | (10,719) | (19,712) |
| 4. refund (pay) corporate taxes | (1,424) | 525 | (4,120) |
| Ⅱ. Cash flows from investing activities | (8,346) | 61,001 | 565 |
| 1. cash inflows from investing activities | 4,916 | 83,100 | 18,350 |
| (1) Decrease in other long-term receivables | 31 | 35 | 237 |
| (2) Disposal of property, plant, and equipment | 4,885 | 71,343 | 6,691 |
| (3) Disposal of intangible assets | - | 300 | - |
| (4) Disposal of assets held for sale | - | 11,422 | 11,422 |
| 2. cash outflows from investing activities | (13,262) | (22,100) | (17,785) |
| (1) Increase in other receivables | - | - | 386 |
| (2) Increase in other long-term receivables | 403 | 89 | 50 |
| (3) Acquisition of property, plant, and equipment | 9,843 | 18,772 | 17,035 |
| (4) Acquisition of intangible assets | 3,016 | 3,239 | 313 |
| Ⅲ. Cash flows from financing activities | 16,470 | 18,692 | (4,644) |
| 1. cash inflows from financing activities | 71,345 | 234,406 | 268,586 |
| (1) Increase in borrowings | 71,345 | 234,406 | 268,586 |
| 2. cash outflows from financing activities | (54,875) | (215,714) | (273,230) |
| (1) Repayment of borrowings, etc. | 54,875 | 215,714 | 273,230 |
| Ⅳ. Increase (decrease) in cash and cash equivalents (Ⅰ+Ⅱ+Ⅲ) | (25,263) | 47,627 | (1,304) |
| Ⅴ.Cash and cash equivalents at the beginning of period | 87,749 | 62,484 | 109,999 |
| Ⅵ. Effects of exchange rate chagnes on cash and cash equivalents | (2) | (112) | (76) |
| Ⅶ. Cash and cash equivalents at the end of the period | 62,484 | 109,999 | 108,619 |

# Appendix

## ESG Data_Environmental

### I Greenhouse gases

| Greenhouse gas emissions | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Scope 1+2 emissions | Korea | $tCO_2eq$ | 197,502 | 90,121 | 101,496 |
| | Emission intensity* | $tCO_2eq$ / KRW 1M | 0.2941 | 0.1137 | 0.1297 |
| Scope 1 emissions | Korea | $tCO_2eq$ | 134,922 | 28,853 | 38,920 |
| | Emission intensity | $tCO_2eq$ / KRW 1M | 0.2009 | 0.0364 | 0.0497 |
| Scope 2 emissions | Korea | $tCO_2eq$ | 62,580 | 61,268 | 62,577 |
| | Emission intensity | $tCO_2eq$ / KRW 1M | 0.0932 | 0.0773 | 0.08 |

* Scope of data collection: All domestic plants (Seoul Headquarters, Nonsan Crop Protection Research Center, Anseong Seed Research Center, Banwol Plant, Gumi Plant, Jeonju Plant, Ulsan Plant, Anseong Plant)"
* Emission Intensity = GHG emissions / Revenues
* Reduced emissions in '22 by installing carbon reduction devices at the Ulsan Nitric Acid Plant

### I Energy

| Energy Consumption | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Total energy consumpion | Korea | TJ | 1,437 | 1,385 | 1,397 |
| | Energy Intensity* | TJ / KRW 1M | 0.0021 | 0.0017 | 0.0018 |
| Direct energy consumption | Korea | TJ | 118 | 106 | 92 |
| | Energy Intensity | TJ / KRW 1M | 0.0002 | 0.0001 | 0.0001 |
| "Indirect energy consumption (steam, electricity)" | Korea | TJ | 1,319 | 1,278 | 1,305 |
| | Energy Intensity | TJ / KRW 1M | 0.002 | 0.0016 | 0.0017 |
| Steam sales | Korea | 1,000ton | 432 | 419 | 435 |

* Scope of data collection: All domestic plants (Seoul Headquarters, Nonsan Crop Protection Research Center, Anseong Seed Research Center, Banwol Plant, Gumi Plant, Jeonju Plant, Ulsan Plant, Anseong Plant)"
* Energy Intensity = Energy consumption / Revenues

### I Water

| Water resources management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Water withdrawal | Total | $m^3$ | 2,046,981 | 2,174,360 | 2,105,655 |
| | Surface water | $m^3$ | 1,640,206 | 1,751,674 | 1,731,426 |
| | Ground water | $m^3$ | 1,638 | 913 | 1,695 |
| | Seawater | $m^3$ | – | – | – |
| | Municipal water | $m^3$ | 405,137 | 421,773 | 372,534 |
| | Others | $m^3$ | – | – | – |
| | Water withdrawal intensity* | $m^3$ / KRW 1M | 3.0486 | 2.743 | 2.6913 |
| Wastewater discharge* | Total | $m^3$ | 1,013,842 | 709,432 | 1,071,950 |
| | Water discharge intensity | $m^3$ / KRW 1M | 1.5099 | 0.8949 | 1.3701 |
| Water consumption | Total | $m^3$ | 1,033,139 | 1,464,928 | 1,033,705 |
| | Water consumption intensity | $m^3$ / KRW 1M | 1.5386 | 1.848 | 1.3212 |

* Scope of data collection: Nonsan Crop Protection Research Center, Anseong Seed Research Center, Banwol Plant, Gumi Plant, Jeonju Plant, Ulsan Plant, Anseong Plant)
* Wastewater discharge = direct treatment volume + outsourced treatment volume
* Total wastewater discharge decreased due to lower gypsum wastewater generation in '22

# Appendix

## ESG Data_Environmental

### I Contaminants

| Water pollution management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Water pollutant discharge | COD | ton | 56 | 30 | - |
| | Discharge intensity | kg / KRW 1M | 0.0838 | 0.0381 | - |
| | TOC | ton | 8 | 13 | 15 |
| | Discharge intensity | kg / KRW 1M | 0.012 | 0.016 | 0.0186 |
| | SS | ton | 26 | 13 | 21 |
| | Discharge intensity | kg / KRW 1M | 0.0392 | 0.0163 | 0.0274 |
| | T-N | ton | 54 | 30 | 49 |
| | Discharge intensity | kg / KRW 1M | 0.0809 | 0.0373 | 0.0621 |
| | T-P | ton | 1 | 1 | 1 |
| | Discharge intensity | kg / KRW 1M | 0.0012 | 0.0011 | 0.0011 |

* Scope of data cllection: Nonsan Crop Protection Research Center, Banwol Plant, Ulsan Plant, Anseong Plant
* Waste gypsum is excluded from the waste and managed separately as shown in the table below
* Reflects the gradual transition of reporting metrics from COD to TOC under the Korean Water Environment Conservation Act.

| Air Pollution management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Air pollutant emissions | Dust | ton | 7 | 5 | 4 |
| | Emission intensity | kg / KRW 1M | 0.0098 | 0.0068 | 0.0054 |
| | NOx | ton | 17 | 6 | 8 |
| | Emission intensity | kg / KRW 1M | 0.0252 | 0.0076 | 0.0106 |
| | SOx | ton | 238 | 164 | 142 |
| | Emission intensity | kg / KRW 1M | 0.3541 | 0.2063 | 0.1811 |

* Continued reduction in air pollutants as the utilization rate of the Ulsan plant decreased

### I Waste

| Waste management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Waste generated | Total | ton | 24,345 | 28,162 | 17,027 |
| | Waste intensity | ton / KRW 1M | 0.0363 | 0.0355 | 0.0218 |
| Nonhazardous waste | Total | ton | 21,633 | 24,368 | 13,573 |
| | Recycling | ton | 20,697 | 23,559 | 11,733 |
| | Incineration | ton | 441 | 425 | 387 |
| | Landfill | ton | 495 | 381 | 1,453 |
| | Other | ton | - | 3 | - |
| Hazardous waste | Total | ton | 2,712 | 3,794 | 3,454 |
| | Recycling | ton | 1,996 | 2,800 | 2,714 |
| | Incineration | ton | 635 | 627 | 733 |
| | Landfill | ton | 80 | 367 | 7 |
| | Other | ton | - | - | - |
| Waste recycling rate | | % | 96.16 | 97.12 | 89.21 |

* Scope of data collection: Nonsan Crop Protection Research Center, Anseong Seed Research Center, Banwol Plant, Gumi Plant, Jeonju Plant, Ulsan Plant, Anseong Plant)"
* Waste gypsum is excluded from the waste and managed separately as shown in the table below
* In '23, 11,234 tons of construction waste was generated at the Ulsan Plant, but it was a one-time occurrence due to the demolition of the plant and is only indicated in a footnote
* Reduced waste generation in 2023 by disposing of inorganic onyx waste gypsum at the Ulsan Plant

| Waste gypsum management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Waste gypsum generated | Recycling | ton | 273,084 | 309,180 | 525,013 |

* Reason for the increase in waste gypsum generation in '23: Additional vendors and increased throughput in order to meet the deadline (~July '24) under the Waste Disposal Action Order

# Appendix

## ESG Data_Social

### I Health and safety

| Employee and process EH&S | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Employees | Fatality Rate | Rate | 0 | 0 | 0 |
| | TRIR | Rate | 0.35 | 0.59 | 0.35 |
| | LTIR | Rate | 0.12 | 0.12 | 0.35 |
| Subcontractors | Fatality Rate | Rate | 0 | 0 | 0 |
| | TRIR | Rate | 1.45 | 2.45 | 2.15 |
| | LTIR | Rate | 0.87 | 0.92 | 2.15 |
| Process safety | PSE | Event | 4 | 0 | 3 |
| | PSER | Rate | 0.47 | 0 | 0.35 |
| Transport incidents | Road | Event | 0 | 1 | 0 |
| Health | Occupational disease | Event | 0 | 0 | 0 |

* Fatality rate: Total number of fatality cases * 200,000 / total hours worked
* TRIR(Total Recordable Incident Rate): Total number of recordable incidents * 200,000 / total hours worked
* LTIR(Lost Time Incident Rate): Total number of lost time incidents * 200,000 / total hours worked
* Calculations for process safety events are based on the internal accident index standard which includes injuries, fires, leakages, amount of loss, etc.
* PSE(Process Safety Events)
* PSER(Process Safety Event Rate): Number of process safety events * 200,000 / total hours worked
* TRIR increases due to higher number of minor incidents in '22 (13)
* LTIR increases in '23 due to increased frequency of minor accidents

### I Employee DE&I

| Diversity, Equity and Inclusion (DE&I) | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| No. of employees by region | Total | Person | 1,031 | 1,014 | 986 |
| | Korea | Person | 1,017 | 998 | 976 |
| | China | Person | 2 | 2 | 2 |
| | Asia-Pacific (excl. China) | Person | 9 | 9 | 3 |
| | Americas | Person | 3 | 5 | 5 |
| No. of executives | Total | Person | 4 | 4 | 4 |
| | Male | Person | 4 | 4 | 4 |
| | Female | Person | - | - | - |
| No. of eployees by employment contract (Korea) | Non-fixed term | Person | 835 | 844 | 834 |
| | Fixed-term | Person | 182 | 154 | 142 |
| No. of employees by gender (Korea) | Male | Person | 834 | 840 | 822 |
| | Female | Person | 183 | 158 | 154 |
| | Ratio of female employees (non-fixed term) | % | 12.60% | 12.80% | 12.90% |
| | Ratio of female employees (incl. fixed term) | % | 21.90% | 18.80% | 18.70% |
| No. of employees by age (korea, non-fixed term employees) | Under 30 | Person | 109 | 124 | 113 |
| | 30 to 49 | Person | 483 | 463 | 463 |
| | 50 or above | Person | 243 | 257 | 258 |
| No. of leaders in revenue-related departments (Korea) | Male leaders | Person | 31 | 29 | 29 |
| | Female leaders | Person | - | - | - |
| No. of employees in R&D departments (Korea, non-fixed term) | Male | Person | 88 | 94 | 96 |
| | Female | Person | 38 | 34 | 34 |
| | Ratio of female employees | Person | 30.20% | 26.60% | 26.20% |
| Social minorities (Korea) | Persons with disabtilities | Person | 8 | 9 | 11 |
| | National Veterans | Person | 14 | 14 | 16 |
| Gender pay gap | Non-management level (base salary) | % | 89.00% | 88.50% | 88.80% |
| | Management level (base salary) | % | 82.30% | 83.90% | 87.20% |
| | Management level (base salary + cash incentives) | % | 81.00% | 82.90% | 85.10% |
| Parental leave (Korea) | Total number of employees due to return to work after taking parental leave | Person | 14 | 8 | 5 |
| | Male | Person | 5 | 3 | 1 |
| | Female | Person | 9 | 5 | 4 |
| | Total number of employees that did return to work after taking parental leave | Person | 8 | 7 | 4 |
| | Male | Person | 3 | 3 | 1 |
| | Female | Person | 5 | 4 | 3 |

* Calculated based on the number of employees at the end of the fourth quarter of each year
* In the case of the business report, the number of registered persons is not included in the employee status, resulting in a difference of 2 persons from the data in this report.
* Executives refer to executive officers and registered directors at the Vice President level and above
* Leaders refer to employees at the positions of team leader and above, excluding executives / Manager refers to employees at the managerial level or above, excluding executives

# Appendix

## ESG Data_Social

### I Recruiting & Turnover / Training

| Employee hires | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| New employee hires | Total | Person | 80 | 95 | 45 |
| | Korea | Person | 80 | 95 | 45 |
| | excl. Korea | Person | – | – | – |
| by employment contract (Korea) | Non-fixed | Person | 78 | 92 | 45 |
| | Fixed-term | Person | 2 | 3 | – |
| by Gender (Korea) | Male | Person | 70 | 74 | 33 |
| | Female | Person | 10 | 21 | 12 |
| by Age (korea) | Under 30 | Person | 30 | 43 | 28 |
| | 30 to 49 | Person | 45 | 50 | 17 |
| | 50 or above | Person | 5 | 2 | – |

| Employee turnover | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| No. of voluntary turnover (Korea) | Total | Person | 47 | 60 | 28 |
| by Gender (Korea) | Male | Person | 32 | 43 | 20 |
| | Female | Person | 15 | 17 | 8 |
| by Age (korea) | Under 30 | Person | 5 | 12 | 8 |
| | 30 to 49 | Person | 37 | 45 | 18 |
| | 50 or above | Person | 5 | 3 | 2 |

| Training and Development | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Training hours (Korea, non-fixed term) | Total | Hour | 15,051 | 26,995 | 13,135 |
| | Male | Hour | 13,939 | 24,166 | 11,073 |
| | Female | Hour | 1,112 | 2,829 | 2,062 |
| | Average training hours per employee | Hour / Person | 18 | 32 | 16 |
| Mandatory training hours (Korea) | Total | Hour | 1,708 | 1,710 | 1,716 |
| | Male | Hour | 1,490 | 1,482 | 1,492 |
| | Female | Hour | 218 | 228 | 224 |
| Training cost (Korea) | Total | KRW 10K | 33,000 | 40,000 | 76,097 |
| | Average training cost per employee | KRW 10K / Person | 39 | 47 | 91 |

* Increased training hours in '22: Focused on online training on safety environment, work efficiency, etc.
* Increased training costs in '23: Increased offline training due to Covid-19 pandemic
* Mandatory training: sexual harassment and bullying prevention training, company-wide information security training, Education to Improve Awareness of Persons with Disabilities

### I Lavor and human rights

| Lavor and human rights | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Lavor union (Korea) | No. of employees eligible to join | Person | 177 | 175 | 167 |
| | No. of employees participating | Person | 177 | 175 | 167 |
| | Percentage of employees participating | % | 100% | 100% | 100% |

### I Supply chain management

| Supply chain management | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Suppliers | Total | Company | 509 | 449 | 423 |
| | Number of core suppliers | Company | 136 | 131 | 83 |

* Turn-key contracting reduces the number of key subcontractors for the construction portion of the project
* Failure to conduct supplier ESG assessments

### I Social contributions

| Social contribution and community engagement | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Social contribution | Total | KRW 1M | 14 | 45 | 54 |
| | Charitable donations | KRW 1M | – | 9 | 4 |
| | Community investments | KRW 1M | 14 | 36 | 50 |

* Community investment: Civil society service fund disbursed by Gumi Plant as part of the LG Gyeongbuk Council

# Appendix

## ESG Data_Governance

### I Business ethics and Information Security

| Ethics, Anti-corruption and Fair trade | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Corruption and bribery | No. of investigated cases | Case | - | 1 | - |
| | No. of handled cases | Case | - | - | - |
| Unfair trade practices | No. of legal investigations | Case | 1 | - | 1 |
| | No. of legal actions | Case | - | - | - |
| Ethics training | No. of employees participating in ethics training | Person | 968 | 1,219 | 2,094 |
| | No. of employees participating in fair trade training | Person | 832 | 853 | 681 |

* Includes contents on Jeong-Do management and the Code of Ethics
* Includes contents related to subcontractors and compliance

| Information security and cybersecurity | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Information security training | Awareness raising activities | Campaign | 1 | 1 | 1 |
| | Average training hour per employee | Minute/Person | 25 | 25 | 7 |

| Public policy and regulation | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Contributions to trade associations | | KRW 1M | 262 | 250 | 240 |

| Customer satisfaction | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Customer satisfaction survey | Scope | % | - | 75% | 75% |
| | Score | Score | - | 30.7 | 33.2 |

### I Tax

| Tax reporting | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Reported taxes | Total | KRW 1M | 1,217 | 14,917 | 1,967 |
| | Korea | KRW 1M | 1,007 | 14,651 | 1,651 |
| | Americas | KRW 1M | 210 | 316 | 240 |
| | Other | KRW 1M | - | - | 105 |
| | Consolidated adjustment | KRW 1M | | (50) | (29) |
| Cash payment of corporate tax | Total | KRW 1M | 1,419 | 1,045 | - |
| | Korea | KRW 1M | 1,210 | 852 | - |
| | Americas | KRW 1M | 209 | 193 | - |
| | Other | KRW 1M | - | - | - |

* Income tax expense in '22: Increase in income taxes due to the sale of the Ulsan Plant site
* Cash payments for corporate taxes: excluded before aggregation of '23 data

### I Economic performance

| Economic performances | | Unit | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Revenes | Total | KRW 1M | 671,460 | 792,708 | 782,394 |
| | Crop Protection Business | KRW 1M | 412,360 | 471,038 | 518,900 |
| | Fertilizer Business | KRW 1M | 214,416 | 284,462 | 229,600 |
| | Seed Business | KRW 1M | 44,684 | 37,208 | 33,900 |
| R&D expenses | Total | KRW 1M | 29,033 | 33,987 | 37,047 |
| | Sustainable technology and product | KRW 1M | 1,443 | 1,954 | 1,775 |

* Sustainable technology and product : BCA(Bio Control Agent) product, microbial new material development, fertilizer biodegradation and photodegradation products

# Appendix

## GRI Index

FarmHannong reports its '23 performance and data with reference to the Global Reporting Initiative (GRI) Standards.

| GRI Standard | Remarks | |
|---|---|---|
| GRI 1:Foundation 2021 | FarmHannong has reported with reference to the GRI Standards for the period from January 1, 2023 to December 31, 2023. | |
| | Used GRI | GRI 1: Foundation 2021 |
| | Appicable GRI sector standards | N/A |

### I Universal Standard

| Topic | No | Disclosure | Page |
|---|---|---|---|
| GRI 2: Universal Standards | | | |
| The organization and its reporting practices | 2-1 | Organization details | p.4~6 |
| | 2-2 | Entities included in the organization's sustainability reporting | p.4~6 |
| | 2-3 | Reporting period, frequency, and contact point | p.2 |
| | 2-5 | External assurance | p.87 |
| Activities and workers | 2-6 | Activities, value chain, and other business relationships | p.7~13, 87 |
| | 2-7 | Employees | p.76 |
| | 2-8 | Workers who are not employees | p.76 |
| Governance | 2-9 | Governance structure and composition | p.57 |
| | 2-10 | Nomination and selection of the highest governance body | Annual Report p.207~210 |
| | 2-11 | Chair of the highest governance body | Annual Report p.209 |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | p.57 |
| | 2-13 | Delegation of responsibility for managing impacts | p.57 |
| | 2-15 | Conflicts of interest | p.57 |
| | 2-16 | Communication of critical concerns | p.57 |
| | 2-17 | Collective knowledge of the highest governance body | p.57 |
| | 2-19 | Remuneration policies | Annual Report p.221~222 |
| Strategy, policy and Execution | 2-22 | Statement on sustainable development strategy | p.3 |
| | 2-23 | Policy commitments | p.3 |
| | 2-24 | Embedding policy commitments | p.15 |
| | 2-25 | Processes to remediate negative impacts | p.60~61 |
| | 2-27 | Compliance with laws and regulations | Annual Report p.227~228 |
| | 2-28 | Membership associations | p.84 |
| Stakeholder engagement | 2-29 | Approach to stakeholder engagement | p.17 |
| | 2-30 | Collective bargaining agreements | p.53 |

### I Material Topic & Topic Standard

| Topic | No | Disclosure | Page |
|---|---|---|---|
| GRI 3: Material Topics | | | |
| Disclosures on material topics | 3-1 | Process to determine material topics | p.18 |
| | 3-2 | List of material topics | p.19 |
| | 3-3 | Management of material topics | p.20 |
| GRI 200: Economic Performances | | | |
| Economic performance and value creation | 201-1 | Direct economic value generated and distributed | p.72~73 |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | p.38 |
| | 201-3 | Defined benefit plan obligations and other retirement plans | Annual Report p.62, 93 |
| Strengthen ethics and compliance Mgt. | 205-2 | Communication and training about anti-corruption policies and procedures | p.58~59 |
| | 205-3 | Confirmed incidents of corruption and actions taken | p.78 |
| Fair Competition | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | p.78 |
| Taxes | 207-4 | Country-by-country reporting | p.78 |

# Appendix

## GRI Index

### I Material Topic & Topic Standard

| Topic | No | Disclosure | Page |
|---|---|---|---|
| GRI 300: Environmental Performances | | | |
| Energy | 302-1 | Energy consumption within the organization | p.74 |
| | 302-3 | Energy intensity | p.74 |
| Water | 303-3 | Water withdrawal | p.74 |
| | 303-4 | Water discharge | p.74 |
| | 303-5 | Water consumption | p.74 |
| Emissions | 305-1 | Direct (Scope 1) GHG emissions | p.74 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | p.74 |
| | 305-4 | GHG emissions intensity | p.74 |
| | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | p.75 |
| Waste | 306-1 | Waste generation and significant waste-related impacts | p.37 |
| | 306-2 | Management of significant waste-related impacts | p.37 |
| | 306-3 | Waste generated | p.75 |
| | 306-4 | Waste diverted from disposal | p.75 |
| | 306-5 | Waste directed to disposal | p.75 |
| "Supply Chain Environmental Assessment" | 308-1 | New suppliers that were screened using environmental criteria | p.67 |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | p.67 |

| Topic | No | Disclosure | Page |
|---|---|---|---|
| GRI 400: Social Performances | | | |
| Employement | 401-1 | New hires and turnover | p.77 |
| | 401-3 | Parental leave | p.76 |
| Occupational Health and Safety | 403-1 | Occupational health and safety management system | p.43~46 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | p.45 |
| | 403-3 | Occupational health services | p.45 |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | p.45~46 |
| | 403-5 | Worker training on occupational health and safety | p.46 |
| | 403-6 | Promotion of worker health | p.45 |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | p.45 |
| | 403-9 | Work-related injuries | p.76 |
| | 403-10 | Work-related ill health | p.76 |
| Training and Education | 404-1 | Average hours of training per year per employee | p.77 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | p.48~49 |
| Diversity and Equal Opportunity | 405-1 | Diversity of governance bodies and employees | p.57, 76 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | p.76 |
| Customer Privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | p.54~55 |

# Appendix

## SASB Index

According to the Sustainable Industry Classification System of SASB (Sustainability Accounting Standards Board), FarmHannong belongs to the Chemicals industry under Resoucre Transformation.
It is also calssified as Agricultural Chemicals under the Chemicals industry, which includes fertilizers, pesticides and aricultural biotechnology.
Please refer to the table below for our disclosures made within this Sustainability Report in accordance with SASB's Sustainability Disclosure Topics & Accounting Metrics.

| Topics | Code | Accounting Metic | Disclosures |
|---|---|---|---|
| Greenhouse Gas Emissions | RT-CH-110a.1 | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | 38,920 $tCO_2e$<br>N/A : Domestic emissions calculated only |
| | RT-CH-110a.2 | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | FarmHannong reduces GHG (N2 O) with SCR at nitric acid plant since June '21 GHG emissions have been reduced through facilities. FarmHannong is promoting the rationalization of its chemical business (sulfuric acid, nitric acid), and GHG emissions are expected to decrease to about 60% of the level in '23 after the rationalization in '24. |
| Air Quality | RT-CH-120a.1 | Air emissions of the following pollutants:<br>(1) NOx (excluding NO)<br>(2) Sox<br>(3) Volatile Organic Compounds<br>(4) Hazardous Air Pollutants (HAPs) | 8 tons<br>142 tons<br>-<br>- |
| Energy Management | RT-CH-130a.1 | (1) Total energy consumed<br>(2) Percentage grid electricity<br>(3) Percentage renewable,<br>(4) Total self-generated energy | 1,397 TJ<br>-<br>-<br>- |
| Water Management | RT-CH-140a.1 | (1) Total water withdrawn<br>(2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | -<br>- |
| | RT-CH-140a.2 | Number of incidents of non-compliance associated with water quality permits, standards, and regulations | - |
| | RT-CH-140a.3 | Description of water management risks and discussion of strategies and practices to mitigate those risks | |
| Hazardous Waste Management | RT-CH-150a.1 | (1) Amount of hazardous waste generated<br>(2) Percentage recycled | 3,398 tons<br>- |
| Community Relations | RT-CH-210a.1 | Discussion of engagement processes to manage risks and opportunities associated with community interests | We strive to build strong relationships with the local community by thoroughly managing the environment and safety around our operations and providing employment opportunities and local development to the local community. We engage various stakeholders through employee volunteerism and community partnership programs. |

# Appendix

## SASB Index

| Topics | Code | Accounting Metic | Disclosures |
|---|---|---|---|
| Workforce Health & Safety | RT-CH-320a.1 | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | (1) (a) 0.35 (b) 2.15<br>(2) (a) 0 (b) 0 |
| | RT-CH-320a.2 | Description of efforts to assess, monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks | FarmHannong has established environmental, health, and safety as its top management priorities and core tasks, and has established and operates company-wide environmental and safety regulations and guidelines. |
| Product Design for Use-phase Efficiency | RT-CH-410a.1 | Revenue from products designed for use use-phase resource efficiency | 5.3% (revenues from FARMSBIO and ECOMULA) |
| Safety & Environmental Stewardship of Chemicals | RT-CH-410b.1 | (1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances,<br>(2) percentage of such products that have undergone a hazard assessment | (1) the percentage of products that contain ingredients categorized as health and environmental hazards Category 1 and Category 2 in the GHG and<br>(2) the percentage of products that have been evaluated for hazards. will be calculated in the future. |
| | RT-CH-410b.2 | Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact | (1) FarmHannong manages chemical information handled by the company as a chemical inventory, which enables advanced lifecycle management of chemicals, hazardous information inquiry, and product MSDS management. In particular, when introducing new chemicals, information on chemicals is shared in advance through the chemical registration protocol, and the suitability of chemicals for use in the factory and compliance with regulations are checked in advance, and only chemicals that have been reviewed and approved in advance are finally purchased and produced.<br>(2) We are continuing our efforts to reduce the harmful substances contained in our products, and we consider the sustainability of our products and technologies from the product design stage. |
| Genertically Modified Organisms | RT-CH-410c.1 | Percentage of products by revenue that contain genetically modified organisms (GMOs) | N/A |
| Management of the Legal & Regulatory Environment | RT-CH-530a.1 | Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry | We pursue governmental issues and participate in policy proposals related to regulations that may affect our business. We participate in the activities of domestic and international industry associations in our business areas to convey industry opinions, participate in professional networking activities such as external seminars, forums, and conferences, and collaborate with business stakeholders. |
| Operational Safety, Emergency Preparedness & Response | RT-CH-540a.1 | Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) | Numver of Process Safety Events (PSE) : 3<br>Process Safety Event Rate (PSER) : 0.35 |
| | RT-CH-540a.2 | Number of transport incidents | 0 |

# Appendix

## United Nations Sustainable Development Goals (UN SDGs)

We support the 17 goals of the UN SDGs and are committed to setting them as the standard for sustainable management and implementing them through our business activities. The new ESG core values of environmental management, accompanying global environmental goals, pursuing happiness throughout the value chain, and sound governance for sustainable growth are prioritized in the implementation of FarmHannong's business and projects.

Farm Hannong | SUSTAINABLE DEVELOPMENT GOALS

Farmhannong supports the Sustainable Development Goals

| ESG Key Areas | ESG challenges | Details | UN SDGs |
|---|---|---|---|
| Commitment to Global Environamental Goals | Strengthen Eco-friendly Managemet System | • Establish and execute environmental management goals<br>• Established an environmental management system (expanded ISO 14001 certified sites) | 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 14 LIFE BELOW WATER, 15 LIFE ON LAND |
| | Respond to Climate Change | • Manage and reduce greenhouse gas emissions<br>• Renewable energy transition | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 15 LIFE ON LAND |
| Driving happiness across the value chain | Enhance Health and Safety Management System | • Expand health and safety infrastructure<br>• Established a health and safety management system (expanded to ISO 45001 certified sites) | 3 GOOD HEALTH AND WELL-BEING, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| | Employment, Human Rights and DE&I | • Drive systematization of talent selection and development activities<br>• Strengthen human rights and diversity, equity, and inclusion (DEI) policy implementation | 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES |
| | ESG in Supply Chain | • Supply chain impact assessment (environmental, human rights, purchasing)<br>• Strengthen supply chain risk management | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| Sound governance for the sustainable growth | Risk & Crisis Management | • Strengthen ethics and integrity management<br>• Build a compliance management system<br>• Enhance crisis management execution | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

# Appendix

## Awards

| Awards | Remarks | Evaluation Organization |
|---|---|---|
| Korean Standard Quality Excellence Index | Quality No. 1 (Crop Protection) | Korean Standards Association |
| Korea Excellent Variety Awards | Minister of Agriculture, Food and Rural Affairs Award | Korea Seed & Variety Service |

### I No. 1 in crop protection product quality satisfaction for 4 years in a row

FarmHannong was awarded the top spot for the fourth consecutive year at the '2023 Korea Quality Experience Index(KS-QEI) certification ceremony receiveing a plaque for the first place in the Crop Protection Products category.In this KS-QEI evaluation, FarmHannong was recognized for the development of next-generation high-quality products for more convenient farming. In addition we were recognized for high quality and customer satisfaction with Customer Value Innovation Committee and Customer Pain Point Management (CPPM) system.




### I Winner of Korea Excellent Variety Awards_Radish 'Tongilaltari'




FarmHannong's radish 'Tongilaltari' won the Minister of Agriculture, Food and Rural Affairs Award (Innovation Award) at the '2023 Korea Excellent Variety' ceremony held at Yeonam University in Cheonan.

The radish 'Tongilaltari' is the best variety favored by farmers, distributors, and consumers for its excellent taste and marketability.

## Association Membership

| Agriculture | Environment | Safety |
|---|---|---|
| Korean Crop Protection Association | Korea Environmental Engineers Association | Fire Safety Council |
| The Korean Society of Weed Science | Korea Chemicals Management Association | Korea Fire Safety Institute |
| Import and Export Plant Control Association | Resource Recovery Council | Safety and Health Management Council |
| Korea Pesticides Analytical Council | Chemical Accident Advisory Board | Korea Electric Engineers Association |
| Korean Fertilizer Industry Association | Korea Environmental Preservation Association | Council of Chemical Plants (PSM) |
| Korean Seed Association | | |
| Asia Pacific Seed Association | | |



# Appendix

## ISO 14001_BanWol Plant



CERTIFICATE OF APPROVAL

FarmHannong Co., Ltd.
Banwol Factory

131 HAEAN-RO, DAWON-GU, ANSAN-SI, GYEONGGI-DO, KOREA

Korean Standards Association hereby certifies that the Environmental Management System of the above organization has been assessed and found to meet the requirements of the standard and scope of certification detailed below:

CERTIFICATION No. EMS-1785

STANDARD KS I ISO 14001:2015/ISO 14001:2015

SCOPE OF CERTIFICATION

DEVELOPMENT AND PRODUCTION OF AGROCHEMICAL TECHNICALS (INSECTICIDE, FUNGICIDE, HERBICIDE, PLANT GROWTH REGULATOR) AND INTERMEDIATE

VALID FROM 08 August 2024

VALID TO 07 August 2027

Original Certification Date : 08 August 2021

Date of Issue : 08 August 2024

PRESIDENT OF KSA

KOREAN STANDARDS ASSOCIATION

5, Teheran-ro 69-gil, Gangnam-Gu, Seoul, Korea

KSA has been accredited by Korea Accreditation Board(KAB) as an ISO 14001 Certification body.(Accreditation Number : KAB-EC-11)

## ISO 45001_ BanWol Plant



CERTIFICATE OF APPROVAL

FarmHannong Co., Ltd.
Banwol Factory

131 HAEAN-RO, DAWON-GU, ANSAN-SI, GYEONGGI-DO, KOREA

Korean Standards Association hereby certifies that the Occupational Health Safety Management System of the above organization has been assessed and found to meet the requirements of the standard and scope of certification detailed below:

CERTIFICATION No. HSS-0465

STANDARD KS Q ISO 45001:2018/ISO 45001:2018

SCOPE OF CERTIFICATION

DEVELOPMENT AND PRODUCTION OF AGROCHEMICAL TECHNICALS (INSECTICIDE, FUNGICIDE, HERBICIDE, PLANT GROWTH REGULATOR) AND INTERMEDIATE

VALID FROM 08 August, 2024

VALID TO 07 August, 2027

Original Certification Date : 08 August, 2024

Date of Issue : 08 August, 2024

PRESIDENT OF KSA

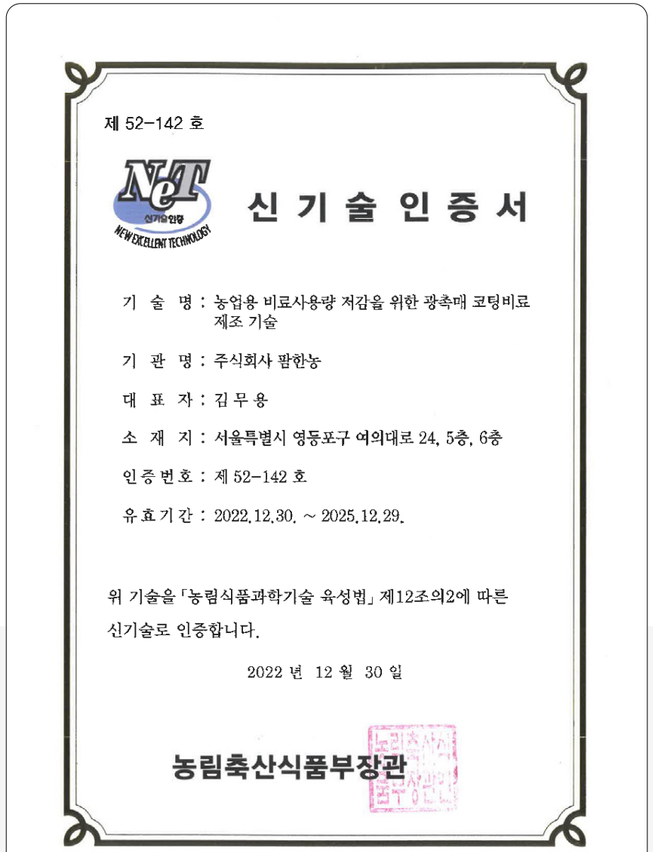
KOREAN STANDARDS ASSOCIATION

5, Teheran-ro 69-gil, Gangnam-Gu, Seoul, Korea

KSA has been accredited by Korea Accreditation Board(KAB) as an ISO 45001 Certification body.(Accreditation Number : KAB-OC-02)

# Appendix

## 신기술 인증서



제 52-142 호

신 기 술 인 증 서

기 술 명 : 농업용 비료사용량 저감을 위한 광촉매 코팅비료 제조 기술

기 관 명 : 주식회사 팜한농

대 표 자 : 김 무 용

소 재 지 : 서울특별시 영등포구 여의대로 24, 5층, 6층

인증번호 : 제 52-142 호

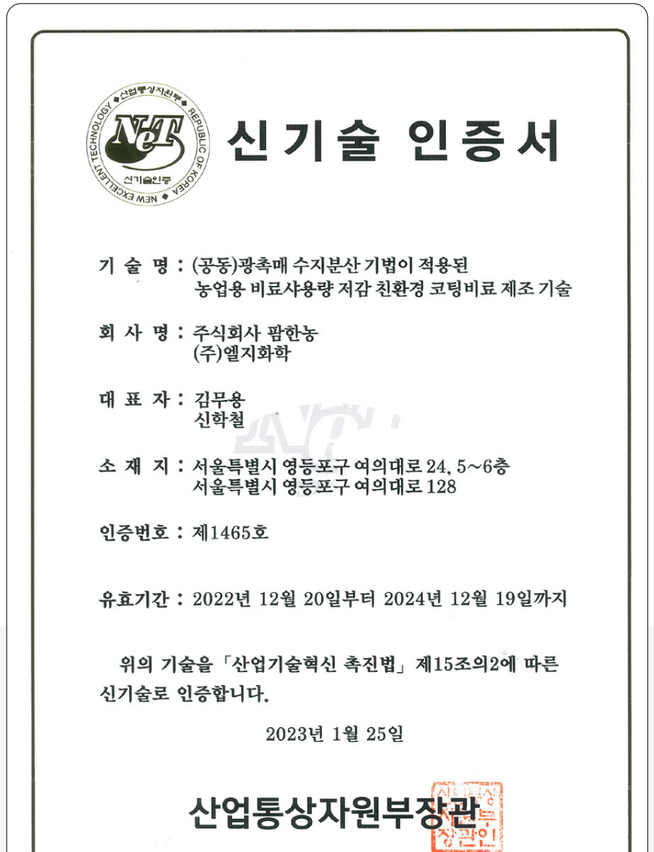
유효기간 : 2022.12.30. ~ 2025.12.29.

위 기술을 「농림식품과학기술 육성법」 제12조의2에 따른 신기술로 인증합니다.

2022 년 12 월 30 일

농림축산식품부장관

Eco-friendly coating fertilizer manufacturing technology with photocatalytic resin dispersion technique for agricultural fertilizer use reduction



신 기 술 인 증 서

기 술 명 : (공동)광촉매 수지분산 기법이 적용된 농업용 비료사용량 저감 친환경 코팅비료 제조 기술

회 사 명 : 주식회사 팜한농
(주)엘지화학

대 표 자 : 김무용
신학철

소 재 지 : 서울특별시 영등포구 여의대로 24, 5~6층
서울특별시 영등포구 여의대로 128

인증번호 : 제1465호

유효기간 : 2022년 12월 20일부터 2024년 12월 19일까지

위의 기술을 「산업기술혁신 촉진법」 제15조의2에 따른 신기술로 인증합니다.

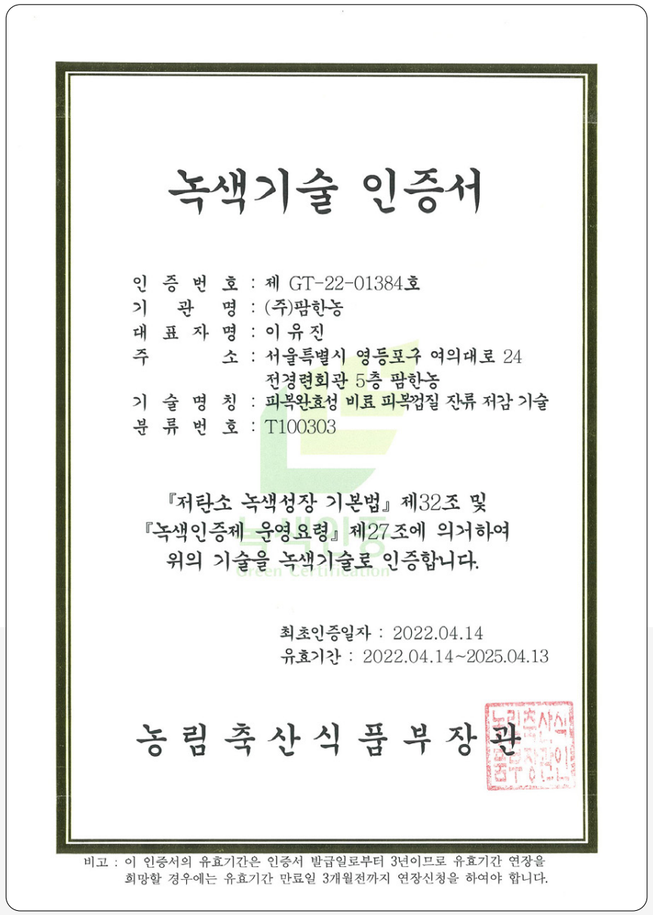
2023년 1월 25일

산업통상자원부장관

Photocatalytic Coating Fertilizer Manuracturing Technology to Reduct Agricultural Fertilizer Use

# Appendix

## 녹색기술 인증서



녹색기술 인증서

인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24
전경련회관 5층 팜한농
기 술 명 칭 : 피복완효성 비료 피복껍질 잔류 저감 기술
분 류 번 호 : T100303

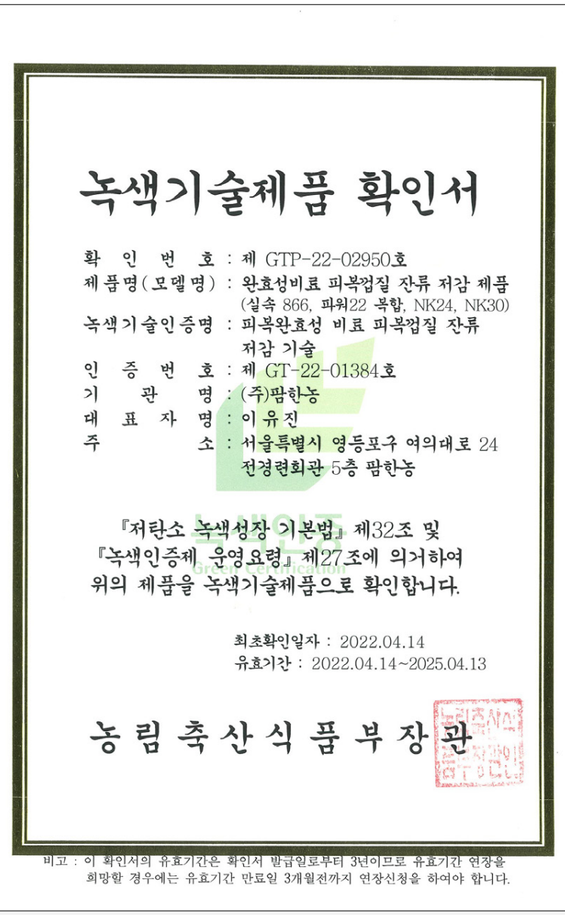
『저탄소 녹색성장 기본법』 제32조 및
『녹색인증제 운영요령』 제27조에 의거하여
위의 기술을 녹색기술로 인증합니다.

최초인증일자 : 2022.04.14
유효기간 : 2022.04.14~2025.04.13

농림축산식품부장관

비고 : 이 인증서의 유효기간은 인증서 발급일로부터 3년이므로 유효기간 연장을 희망할 경우에는 유효기간 만료일 3개월전까지 연장신청을 하여야 합니다.

Controlled-Release fertilizer Coating-husk residue reduction techonology



녹색기술제품 확인서

확 인 번 호 : 제 GTP-22-02950호
제품명(모델명) : 완효성비료 피복껍질 잔류 저감 제품
(실속 866, 파워22 복합, NK24, NK30)
녹색기술인증명 : 피복완효성 비료 피복껍질 잔류
저감 기술
인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24
전경련회관 5층 팜한농

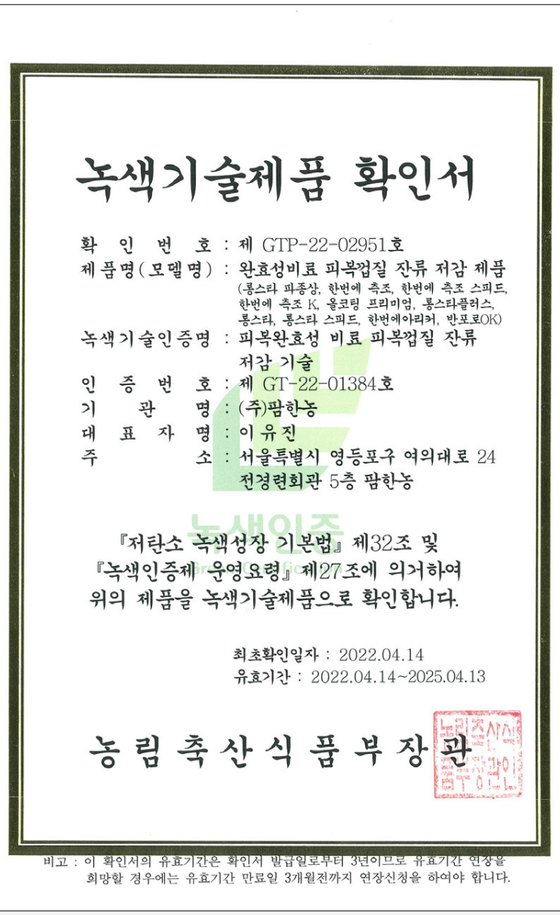
『저탄소 녹색성장 기본법』 제32조 및
『녹색인증제 운영요령』 제27조에 의거하여
위의 제품을 녹색기술제품으로 확인합니다.

최초확인일자 : 2022.04.14
유효기간 : 2022.04.14~2025.04.13

농림축산식품부장관

비고 : 이 확인서의 유효기간은 확인서 발급일로부터 3년이므로 유효기간 연장을 희망할 경우에는 유효기간 만료일 3개월전까지 연장신청을 하여야 합니다.

Controlled -release fertilizer Coating-husk residue reduction products
(Silsok 866. Power 22 complex, NK24, NK30)



녹색기술제품 확인서

확 인 번 호 : 제 GTP-22-02951호
제품명(모델명) : 완효성비료 피복껍질 잔류 저감 제품
(롱스타 파종상, 한번에 측조, 한번에 측조 스피드,
한번에 측조 K, 올코팅 프리미엄, 롱스타플러스,
롱스타, 롱스타 스피드, 한번에아리허, 반포포OK)
녹색기술인증명 : 피복완효성 비료 피복껍질 잔류
저감 기술
인 증 번 호 : 제 GT-22-01384호
기 관 명 : (주)팜한농
대 표 자 명 : 이 유 진
주 소 : 서울특별시 영등포구 여의대로 24
전경련회관 5층 팜한농

『저탄소 녹색성장 기본법』 제32조 및
『녹색인증제 운영요령』 제27조에 의거하여
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Controlled -release fertilizer Coating-husk residue reduction products
(Longstar Pajongsan, etc.)

# Appendix

## CERTIFICATE OF PATENT



특허증
CERTIFICATE OF PATENT

특 허 Patent Number 제 10-2625718 호

출원번호 Application Number 제 10-2022-0172767 호

출원일 Filing Date 2022년 12월 12일

등록일 Registration Date 2024년 01월 11일

발명의 명칭 Title of the invention
농업 관련 정보를 제공하는 방법 및 디바이스

특허권자 Patentee
주식회사 팜한농(110111-*******)
서울특별시 영등포구 여의대로 24(여의도동, 전경련회관)

발명자 Inventor
등록사항란에 기재

위의 발명은 「특허법」에 따라 특허원부에 등록되었음을 증명합니다.
This is to certify that, in accordance with the Patent Act, a patent for the invention has been registered at the Korean Intellectual Property Office.

2024년 01월 11일

특허청장
COMMISSIONER,
KOREAN INTELLECTUAL PROPERTY OFFICE

QR코드로 현재기준 등록사항을 확인하세요

특허청
Korean Intellectual Property Office

## GHG EMISSION ASSURANCE STATEMENT



MPC-19-017

GHG Emission Verification Opinion

FarmHannong Co., Ltd.

✓ Verification Scope
Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by FarmHannong Co., Ltd. which includes Scope1 and Scope2 emissions.

✓ Verification Standards and Guidelines
To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.
· Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
· Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
· For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

✓ Level of Assurance
FarmHannong Co., Ltd.'s GHG emissions satisfies the under Reasonable Assurance(less than ±5.0% of total emissions).

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

•2023 Emissions(Scope1, Scope2)

(Unit : tCO2eq)

| Year | Scope 1 | Scope 2 | Total |
|---|---|---|---|
| 2023 | 38,919.550 | 65,246.375 | 104,162 |

※ Decimal place is not considered when calculating the emission of each workplace.

June 4, 2024

KOREAN STANDARDS ASSOCIATION

KSA-MOF-644(Rev.0,'24.02.14)

[The difference in GHS emissions]
Emission in GHG emission assurance report
- Applied steam indirect emission factor for the next planning period
Emission in sustainability report
- Applied steam indirect emission factor when reporting credits

# Appendix

## Independent Assurance Statement

### Third-party Assurance Statement

Dear Management and Stakeholders of FARMHANNONG

### Introduction

Korean Standards Association ("KSA") was commissioned by FARMHANNONG("the Company") to perform a third-party Assurance Engagement of 'FARMHANNONG Sustainability Report 2023'("the Report"). KSA presents independent opinions as follows as a result of the feasibility of the data contained in this Report. The Company has sole responsibility for the content and performance contained in this Report.

### Independence

As an independent assurance agency, KSA does not have any kind of commercial interest in businesses of the Company apart from undertaking a third-party assurance on the Report. KSA has no other contract with the Company that may undermine credibility and integrity as an independent assurance agency.

### Assurance Standards

AA1000AS v3

### Assurance Level and Type: Moderate, Type2

Note: Moderate assurance has a lower level of confidence than high assurance because it is based on limited evidence.

### Assurance Scope

The assurance scope includes systems and activities such as sustainability management policies, goals, businesses, standards, and achievements of the Company during the reporting period. While the Company's environmental and social data, as well as financial data in a broad sense, was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

### Assurance Methodology

KSA used the following methods to gather information, documents, and evidence with respect to the assurance scope.

» Confirmation of stakeholder participation and materiality assessment process by the sustainability expert.

» Verification of environmental information disclosure data and information by the environmental expert.

» A review of the financial performance data.

» Examination of internal documents and basic materials.

### Assurance limitations

KSA assumed that the data and evidence provided by the Company were complete and sufficient. KSA provided limited assurance through data inquiry and analysis as well as limited sampling methods.

### Assurance Results and Opinions

KSA reviewed the draft version of this Report within the scope of this assurance and presented our opinions as an assurance provider. Modifications were made to the Report content if deemed necessary. KSA were not aware of any suspicions of significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, KSA present our opinions of the 'FARMHANNONG Sustainability Report 2023' as follows.

**Four principles of AA1000AP(AccountAbility Principles) 2018 & reliability and quality of data**

#### Inclusivity

**Has the Company engaged its stakeholders in strategically responding to sustainability?**

KSA believes the Company is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. The Company has selected stakeholders including employees, customers, buyers, investors, suppliers, communities and media, press and has communication channels for each group to receive diverse feedbacks and opinions.

#### Materiality

**Has the Company included material information in the Report to help stakeholders make informed decisions?**

KSA is not aware of any significant omissions or exclusions of data that are material to stakeholders. KSA verified that the Company conducted a materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

#### Responsiveness

**Has the Company appropriately responded to stakeholder requirements and interest in this Report?**

KSA verified that the Company responded to stakeholders' needs and interests by reflecting stakeholders' opinions in the Report. KSA is not aware of any evidence that the Company's response to significant issues of stakeholders was reported inappropriately.

#### Impact

**Has the Company appropriately monitored its impact on the stakeholders?**

KSA verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

#### Reliability and quality of specified performance

**Has the Company appropriately collected and disclosed specified performance information based on a reliable process?**

The assurance provider performed a reliability assurance of the sustainability performance information. To assure this information, interviews were conducted with relevant personnel, and it was determined that the performance information disclosed in the Report was collected and disclosed based on a reliable process and evidence. Additionally, no evidence was found indicating that specific sustainability information was inaccurately reported.

September 2024

AA1000
Licensed Report
000-70/V3-7KPP0

KSA Chairman & CEO
Myung Soo Kang

The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and as an assurance provider of the Korean government's greenhouse gas energy target management system.

# Farm Hannong