

Polyimide Connecting Tomorrow

PI ADVANCED MATERIALS

2023 Sustainability
Report

ABOUT THIS REPORT

Report Overview

PI Advanced Materials publishes its Sustainability Report to publicly disclose its strategies and performance for sustainable growth and to communicate with various stakeholders. This report is PI Advanced Materials’ 2023 Sustainability Report, transparently presenting the strategies and performance of its sustainability management initiatives. Moving forward, PI Advanced Materials intends to actively engage with stakeholders and incorporate their feedback into its sustainability management efforts.

Report Preparation Principles

This report has been prepared in accordance with the 2021 GRI (Global Reporting Initiative) Standards, which are the international reporting guidelines for sustainability management. Information related to financial performance complies with the Korea International Financial Reporting Standards (K-IFRS).

Reporting Period

This report covers PI Advanced Materials’ sustainability management activities from January 1, 2023, to December 31, 2023, and includes some activities from the first half of 2024 for significant information. For key indicators, data from the past four years are included for comparison.

Scope of the Report

This report includes the sustainability management performance achieved at all domestic operations of PI Advanced Materials, including the Seoul office, the production plants in Jincheon, Chungcheongbuk-do, and Gumi, Gyeongsangbuk-do, as well as the R&D research centers. The financial information is consistent with the K-IFRS accounting standards. Any differences in the scope of report or changes in reported data are noted separately.

Report Verification

This report has undergone third-party verification by the Korea Management Registrar to ensure objectivity and reliability. The verification standard used is AA1000AS. The verification results can be found in the appendix of this report.

Report Publication and Information

Since the initial publication on November 21, 2022, PI Advanced Materials has been issuing a sustainability management report annually. Details of PI Advanced Materials’ sustainability management activities, including the content of the reports, can be found on the company’s website.

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PI Advanced
Materials

Sustainability Story Book

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CEO Message

Dear stakeholders,

PI Advanced Materials has grown consistently since its founding into a global leader of the polyimide film market, as can be seen in its current position as holder of the top global market share. By becoming an Arkema affiliate in December 2023, we have established a solid foundation for continued growth through regional expansion, supported by Arkema's global sales network.

2023 was a year of significant challenges and hardships for the global economy, driven by geopolitical risks arising from conflicts in Eastern Europe and the Middle East. Despite these external challenges, the entire PI Advanced Materials team has worked tirelessly to address them by promoting new business initiatives that are expected to bear fruit in the coming years. We are disappointed that we did not meet our performance targets and ask for your patience as we remain committed to achieving a swift and full recovery.

The business environment we face today is highly uncertain, with trade conflicts and geopolitical risks presenting unprecedented challenges. This has reinforced our need to focus on turning crises into opportunities through sustainable management. PI Advanced Materials is committed to sustainable management practices through the following efforts.

Firstly, in terms of environmental responsibility, PI Advanced Materials will set goals to address climate change and reduce greenhouse gas emissions. We will strengthen the circular economy by optimizing waste management and recycling. Additionally, we will focus on improving energy efficiency and developing renewable energy solutions.

Secondly, we aim to achieve operational stability through risk management. Since the enforcement of the Serious Accidents Punishment Act, we have been strengthening our health and safety management systems and making ongoing investments in workplace safety to achieve accident-free environments. Additionally, in alignment with Arkema's Health, Safety, and Environment (HSE) policy, we will establish systems that comply with both domestic and international health and safety regulations. We will also prepare for supply chain crises arising from conflicting interests, trade regulations, and unstable geopolitical risks in the countries where we operate, as well as manage non-financial risks through enhanced information security and material management.

Thirdly, we will uphold PI Advanced Materials' management philosophy by sharing goals and achievements with all stakeholders. We are committed to the growth and welfare of our employees, fostering win-win cooperation with our partners, engaging in meaningful communication with the local community, and sharing value with our shareholders. These are promises PI Advanced Materials will continue to keep.

Our greatest competitive advantage is realized when we share our values with all stakeholders. Your encouragement, support, and trust will guide PI Advanced Materials and all our stakeholders toward a brighter future. We will demonstrate that stakeholders are partners in PI Advanced Materials' journey toward sustainable growth.

Thank you.

PI Advanced Materials
CEO Kevin Song



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PI Advanced Materials

Overview

Company
Introduction



Company
History



Global
Network



Business
Areas



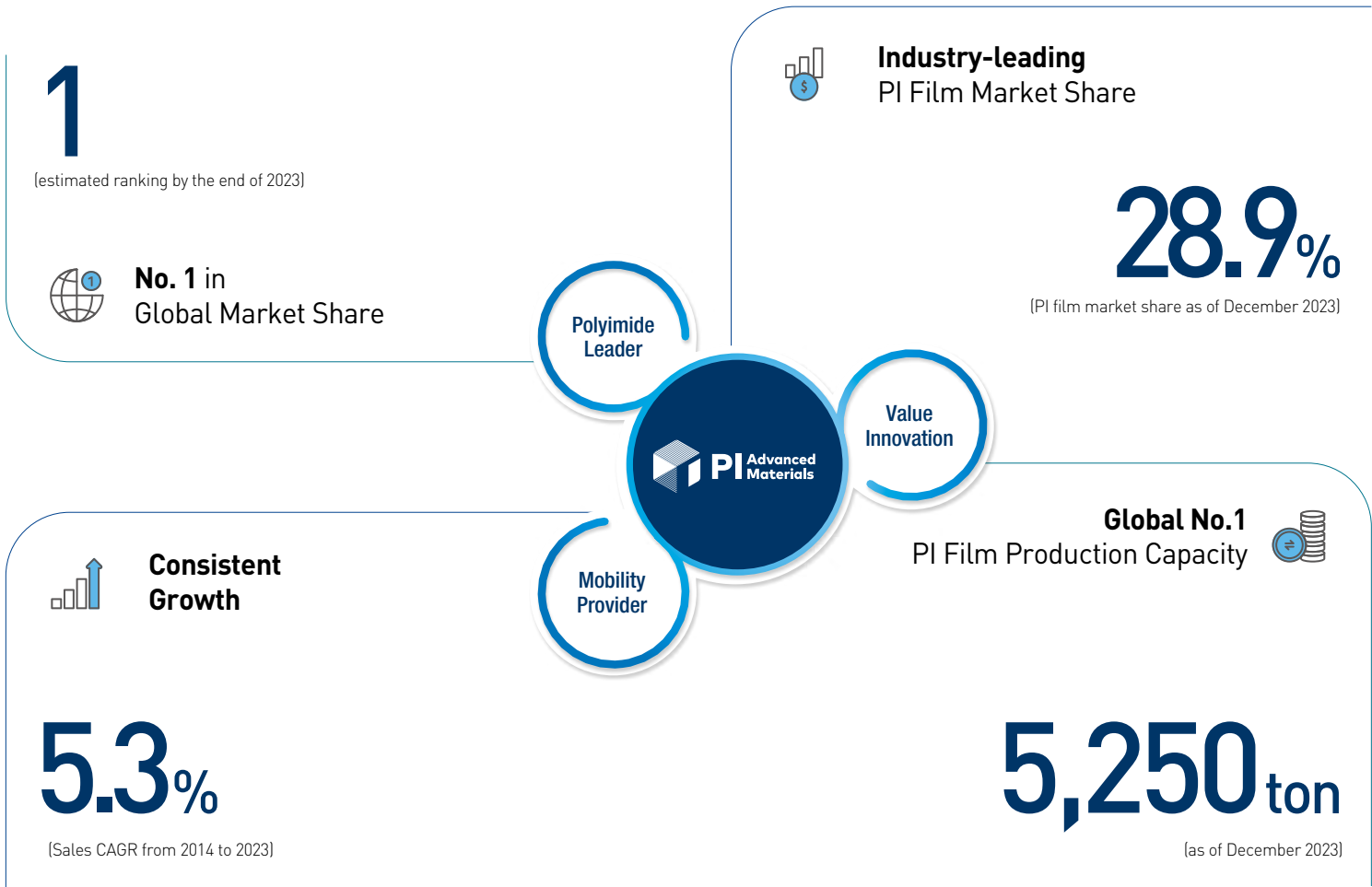
Company Introduction

PI Advanced Materials produces polyimide products that are used in advanced applications such as IT devices, electric vehicles, displays, semiconductors, and rechargeable batteries. With PI film as its flagship product, PI Advanced Materials competes with major PI film companies in the United States, Japan, and Taiwan.

Since 2014, PI Advanced Materials has maintained the number one global market share in PI film. Through continuous innovation in its business structure and the development of new applications, PI Advanced Materials became the leading global producer of polyimide materials. The company is diversifying its industries and products, including varnish products for EVs and powder mold stock shapes for industrial components, to strengthen its position in the market.

Company Name	PI Advanced Materials Co., Ltd.
Business Areas	Production of Polyimide films, varnish, and powder mold products
Vision	Polyimide Leader, Mobility Provider, Value Innovation
CEO	Kevin Song (since March 2023)
Revenue	KRW 217.6 billion (as of 2023)
Number of Employees	337 (as of the end of 2023)
Date Founded	June 2, 2008
Headquarters	27 Godeung 1-gil, Iwol-myeon, Jincheon-gun, Chungcheongbuk-do

Corporate Competitiveness



Company History

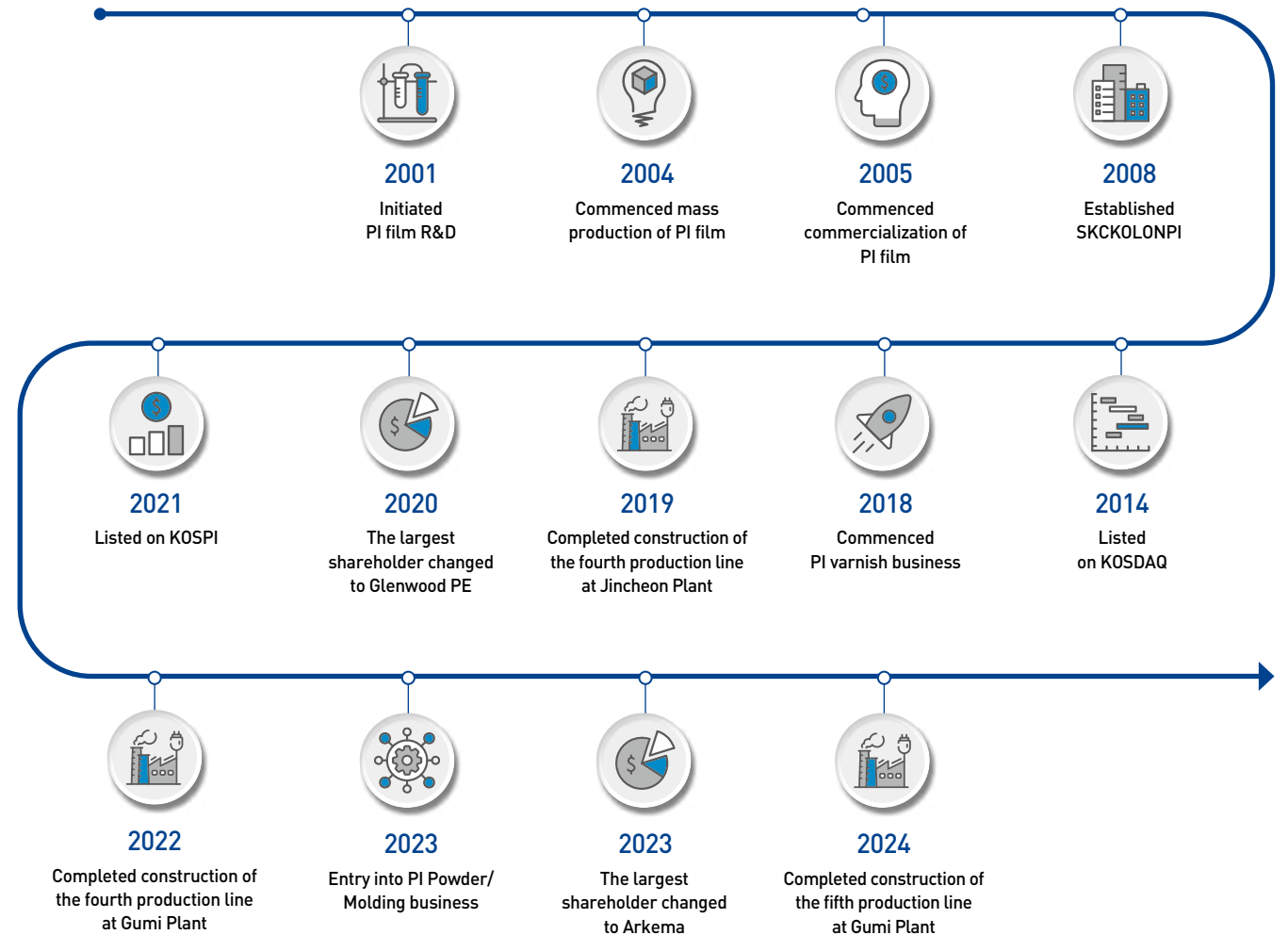
Company History

Since its establishment in 2008 under the name "SKCKOLONPI," PI Advanced Materials has grown into a world-class polyimide film manufacturer through technological innovation and the expansion of applications. PI Advanced Materials has expanded its market share in the FPCB and graphite sheet applications, achieving record-breaking performance by surpassing KRW 300 billion in annual sales in 2021.

In 2022, we completed the construction of our eighth production line. To meet market demands from diversified applications, we plan to complete the expansion to a total of nine film production lines by 2024, further increasing our production capacity.

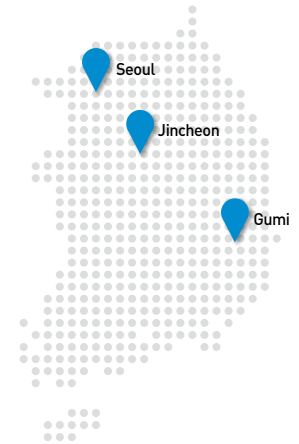
A significant milestone occurred in December 2023 when Arkema, a France-based global specialty chemical company, became the largest shareholder of PI Advanced Materials. This change of control is expected to enhance PI Advanced Materials' sales growth outlook by leveraging Arkema's global networks and resources, thereby strengthening PI Advanced Materials' presence in North America and Europe.

Key Milestones





Global Network



Seoul Office / R&D Center

16F, Building B, Grand Central, 14 Sejong-daero, Jung-gu, Seoul

Overall management activities

Sales / Sales Management

R&D / CRD Center

Jincheon Plant/R&D Center

27, Godeop 1-gil, Iwol-myeon, Jincheon-gun, Chungcheongbuk-do

R&D DRD Center

Production

Support

Quality Management

Gumi Plant

48 Suchul-daero, Gumi-si, Gyeongsangbuk-do

Production

Quality Management

Support



Business Portfolio

Business Areas

MOBILE & DISPLAY

Mobile & Display

PI Advanced Materials is the leading provider of PI film for mobile and display applications. Our PI film is an essential material for FPCB-based components in mobile devices, including those utilizing 5G technology. Additionally, our PI film serves as the base material for CoF and foldable displays, enabling high-resolution and flexible displays in both mobile devices and large-screen TVs.

THERMAL & MOBILITY

Thermal & Mobility

For thermal management in mobile devices, PI Advanced Materials provides PI film for graphite sheets, which offer higher thermal conductivity than other thermal management solutions. Additionally, PI Advanced Materials' PI film is used for heat resistance and insulation in EV batteries, while PI varnish is used for insulating magnet wires in electric motors.

NEW BUSINESS DEVELOPMENT

New Business Development

PI Advanced Materials is focused on developing new businesses by diversifying applications, including the development of photosensitive polyimide for semiconductor manufacturing. We are also committed to creating sustainable products, such as green PI varnish for flexible display substrates, which replaces traditional glass substrates by using non-hazardous solvents. Additionally, we are developing new PI-based solutions for CCUS applications, a crucial technology for achieving net-zero emissions.

Business Portfolio

Business Division



MOBILE

The PI film used in FPCBs represents the largest market for PI film. It is utilized in the manufacturing of FCCLs (Flexible Copper-Clad Laminates), coverlays, and stiffeners for FPCB applications. FCCL is a laminated structure created by bonding PI film with copper foil.

PI film is also used in coverlays to protect the circuits formed on FCCLs. PI film is also used for stiffeners used to reinforce or add rigidity to specific areas of the flexible circuit.

Mobile and display customers require thinner yet durable base materials to manufacture slimmer devices with enhanced functionalities. To meet these needs, PI Advanced Materials has developed ultra-thin film under 5μm using proprietary technologies.

DISPLAY

PI Advanced Materials has also developed a film for COF (Chip on Film). In a COF package, a display driver IC is mounted onto a flexible film substrate made of PI film. COF technology is more flexible and space-efficient than traditional packaging, enabling the creation of slimmer, lighter devices with more integrated functionalities. COF is widely used in the production of high-resolution flat panel displays and touch screens that require high-density interconnections and compact form factors.

In addition to film for mobile and display applications, PI Advanced Materials also supplies PI film for various other industries. For example, in the semiconductor industry, PI film is used for flexible and durable protective layers. In electric vehicles, it provides heat resistance and insulation for battery components. In aerospace, PI film is utilized in lightweight, high-performance materials that withstand extreme temperatures. For general industries, PI film is applied in protective coatings, insulation, and various high-performance composites.





Business Portfolio

Thermal & Mobility

THERMAL

Artificial/pyrolytic/synthetic graphite sheet is a material used to dissipate heat generated within IT devices, helping to maintain their optimal performance. PI Advanced Materials supplies PI film for the production of artificial graphite sheets, which are created by carbonizing and graphitizing PI film at high temperatures.

After carbonization and graphitization, artificial graphite sheets are coated, laminated, and cut to meet specific requirements. The final product is then applied to smartphones and other mobile devices for thermal management. On average, artificial graphite sheets have 2 to 4 times higher thermal conductivity than copper, 3 to 7 times higher than aluminum, and twice as high as natural graphite sheets. Among commercially available thermal management solutions for IT devices, artificial graphite sheets not only offer the highest thermal conductivity but can also be manufactured to be the lightest, thinnest, and most cost-effective. Their use is rapidly expanding beyond IT devices, being proposed as a solution to overheating in automotive components due to the acceleration of electrification and the increasing integration of electronic components in vehicles.

MOBILITY

High-voltage equipment such as large motor generators and mold transformers are used in various fields, including shipbuilding, munitions, railroads, power generation, machinery, and equipment. Inside generators and transformers, conductors that transmit or store electricity are paired with insulation materials that prevent leakage within the conductors. The insulation grade is determined by the power or voltage required by the device, with PI film often used in combination with other insulation materials to maintain a high insulation grade. Furthermore, tape made from PI film is used for insulating rechargeable batteries in electric vehicles. Recently, the adoption of cylindrical batteries by automotive manufacturers has been increasing. Compared to other types of batteries, cylindrical batteries have a higher usage of PI film per unit, which is expected to drive increased demand for PI film in EV applications.

In addition to PI film, PI Advanced Materials also offers PI varnish. With the growth of the EV industry, the range of applications and usage of PI varnish is expanding. For example, PI varnish is used as an insulation layer for magnet wires in electric motors for EVs.

Business Portfolio

New Business Development



NEW BUSINESS DEVELOPMENT

PI Advanced Materials has developed PI varnish for flexible OLED substrates, offering heat resistance, dimensional stability, and flexibility as a replacement for glass substrates. We are also developing colorless PI varnish for next-generation display applications. In addition, we supply PI varnish for the semiconductor industry, offering a customized range of insulation and adhesion properties to suit the specific production processes of our customers. Additionally, we are developing photosensitive polyimide for the semiconductor industry, and have also commercialized PI tubes for 3D printers that offer high heat resistance.

PI Advanced Materials also offers stock shapes made by molding PI powder. These stock shapes are produced by hot-compressing PI powder into plates and rods, which can then be further processed to manufacture components such as bearings, bolts, and gaskets. Our stock shapes exhibit exceptional heat, wear, and chemical resistance, low friction, and excellent machinability, making them ideal for use as components in various industries, including the display and semiconductors.

SUSTAINABLE PRODUCTS UNDER DEVELOPMENT

PI Advanced Materials is committed to developing sustainable products by using non-hazardous chemicals, creating lightweight materials for energy efficiency, and producing base materials for carbon capture.

The production of polyimide often requires hazardous chemical solvents that can be harmful to humans and the environment. PI Advanced Materials is developing an alternative production process that employs non-hazardous chemicals or water as solvents.

PI Advanced Materials is conducting research on lightweight materials to enhance energy efficiency. We are developing products that replace traditional metal structures in vehicles and aircraft bodies with composite materials incorporating polyimide, and we are currently evaluating PI resins for these composites.

PI Advanced Materials is developing soluble PI to enhance energy savings. This soluble PI is being developed as a gas membrane material for applications in CCUS (Carbon Capture, Utilization, and Storage) technologies, such as bio-methane purification and nitrogen/oxygen separation.





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PI Advanced Materials

Sustainability Management System

Management
Strategy and
Performance



Eco-friendly



Save the life



Go together



Risk
Management

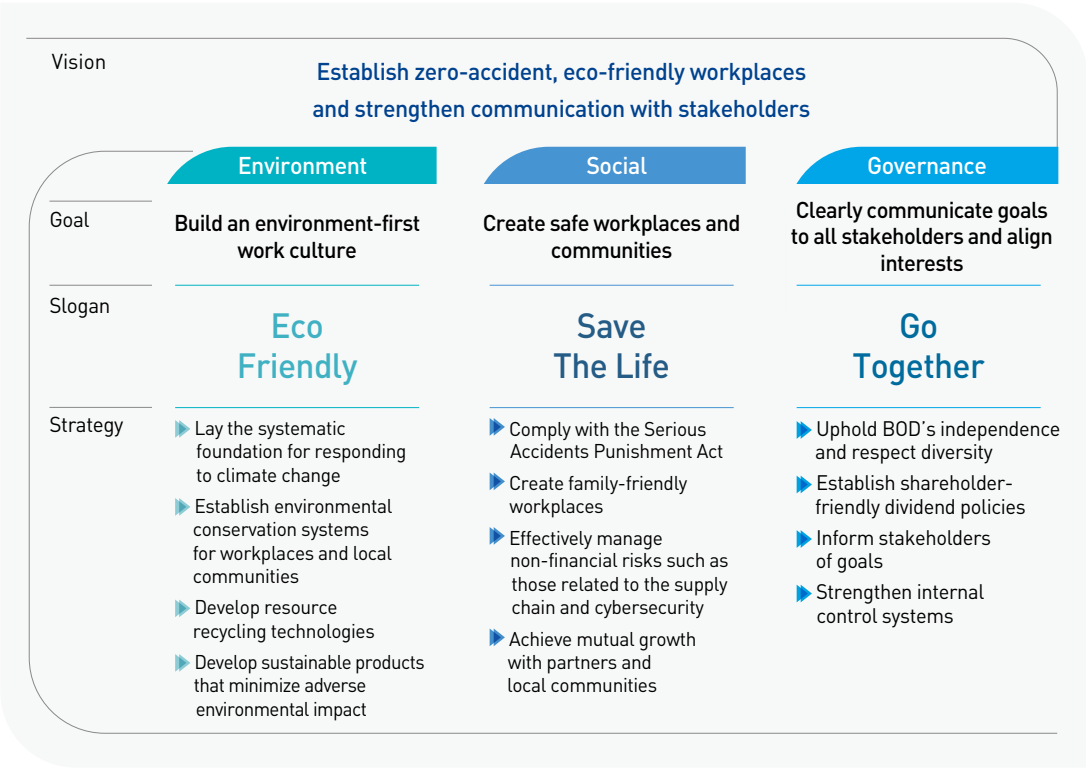


Sustainable Management Strategy

Management Philosophy

Vision and Strategy

PI Advanced Materials is committed to sustainable growth. Beyond financial success, our top priorities include non-financial values such as establishing zero-accident, eco-friendly workplaces and strengthening communication with stakeholders. PI Advanced Materials has developed specific slogans and strategies for Environment, Social, and Governance (ESG) and is actively working to achieve our ESG goals.



Sustainable Management Slogan

Our ESG slogans embody our long-term strategic objectives for Environment, Social, and Governance.

E

Eco- friendly

PI Advanced Materials is fostering an environment-first workplace culture under the slogan of "Eco-friendly." We aim to instill a sense of collective responsibility for addressing serious environmental issues, such as climate change, and to move toward carbon neutrality in all our business activities. In the long run, our technologies, production processes, and products should collectively achieve the goal of carbon neutrality while simultaneously contributing to the environmental conservation of local communities.

S

Save the life

'Save the Life' embodies PI Advanced Materials' commitment to creating an environment where every member can lead a safe and fulfilling life while also upholding their social responsibility. The current global business environment demands mutual growth through collaboration between companies and local communities. In this context, PI Advanced Materials aims to pursue business policies centered on safety, environmental stewardship, and security.

G

Go together

'Go Together' highlights the importance of PI Advanced Materials' employees and stakeholders sharing goals and values. It signifies that the outcomes of achieving these goals are shared with all concerned. To achieve sustainable growth, PI Advanced Materials will continue to share our goals and values through transparent communication and fair disclosure to stakeholders.

Sustainable Management Strategy

Communication with Stakeholders

PI Advanced Materials regularly communicates its business activities to all stakeholders, including employees, customers, investors, and partners, through its website, public disclosures, and mass media to promote management transparency and incorporate feedback.



Stakeholder	Employee	Customer	Investor	Partner
Communication Channel Interests	Labor-Management Council Collective bargaining Picnic (Interdepartmental Networking Program) CAN (employee workshop) Occupational Safety and Health Committee and Council meeting Strengthening safety, health, and environmental management Professional career development Competitive compensation and benefits	Website Customer inquiry Press release Demand for new products, including customized and sustainable products. Quality assurance Sustainability management status and evaluation response	Public disclosures General shareholders' meeting IR presentations Sustainability reports Press releases Financial performance Sustainability data disclosure Return to shareholders Ethical corporate governance	Website Supply chain evaluation management Safety and Health Council Adoption of eco-friendly and socially responsible products Strengthening community engagement and social impact Improvement of safety, health, and environmental practices

Sustainable Management Strategy

Sustainability Organization

Organizational Structure

PI Advanced Materials organized an interdepartmental task force dedicated to sustainability in 2023. Led by the Sustainability Management Team, the task force includes team members from various departments within the company, such as Environmental Safety, Human Resources, Plant Management, Purchasing, and R&D, to identify and address sustainability priorities. PI Advanced Materials also launched the ESG Innovation Committee, an external group of sustainability experts, to oversee the task force’s activities and advise on the company’s sustainability initiatives.



Organizational operation status as of January 2024

ESG Innovation Committee

In 2024, PI Advanced Materials launched the ESG Innovation Committee, comprised of external experts. The committee advises the company on sustainability management, including the development of sustainable products, supply chain management, and climate change response.

Dr. Jihye Gwak, head of the Photovoltaic Research Division at the Korea Institute of Energy Research, advises on the development of base materials for solar power generation. Mr. Soohong Chae, director of the Policy Cooperation Division at the Korean Security Agency of Trade and Industry, provides guidance on materials and supply chain management. Professor Changkeun Song of the Ulsan National Institute of Science and Technology advises on greenhouse gas emissions reduction, climate change disclosures, and related policies.

Sustainability Education Programs

PI Advanced Materials regularly conducts sustainability education sessions open to all employees. In 2023, we provided training on supply chain management and unfair subcontracting practices. We plan to continue offering these sessions to raise awareness of the sustainability issues that the company needs to address.

Date Conducted	Description	Target Audience	Training Format	Attendance rate
September 25, 2023	Supply chain management plan	Employees (Management)	Offline	100%
November 18, 2023	Changes in export strategies and supply chain management caused by global trade issues	Outside Directors	Offline	100%
December 26, 2023	Subcontracting-related theories and cases	Employees (Management)	Offline	100%

Sustainability Management Performance

Performance Overview

Current Status

PI Advanced Materials is making efforts to motivate all employees to recognize sustainability as an integral part of their roles and responsibilities. KPIs related to safety, environment, diversity, and inclusion are applied to all management and employees to encourage them to achieve the company's sustainability targets. Advised by external experts in the ESG Innovation Committee, PI Advanced Materials sets concrete sustainability initiatives across the areas of Environment, Social, and Governance. For example, we are setting annual targets to expand the scope of environmental information disclosure and to identify required investments for improving sustainability.

In the near future, PI Advanced Materials plans to reposition the ESG Innovation Committee as one of the subcommittees with official duties to report on the company's sustainability progress to the Board of Directors.

External Ratings Review

PI Advanced Materials received and maintained a grade of B+ from the Korea Institute of Corporate Governance and Sustainability (KCGS) and an overall rating of A from Sustaininvest, a local ESG ratings agency.

Sustainalytics, a global rating agency that evaluates the risks of 14,000 companies worldwide, rated PI Advanced Materials as a medium risk with 29.4 points in 2023, based on the company's 2022 performance. Our risk score, as evaluated by Sustainalytics, improved further in 2024 with a risk score of 24.1 points, representing a reduction of 5.3 points from the previous year.

ESG Evaluation Results

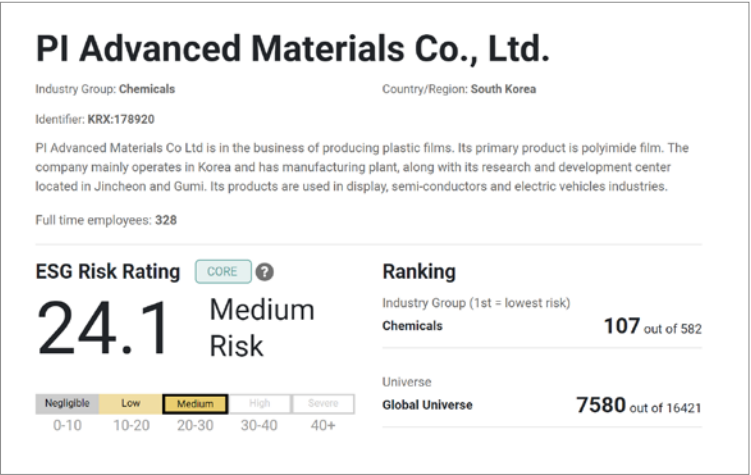
[Evaluation by Korea Institute of Corporate Governance and Sustainability]

Year	Overall Grade	Environment	Social	Governance
2023	B+	B+	A	B

[Sustain Best Evaluation]

Year	Size Rating	Overall Rating
2023	AA	A

[Sustainalytics ESG Risk Assessment]



 PI Advanced Materials Co., Ltd. ESG Risk Rating [sustainalytics.com]

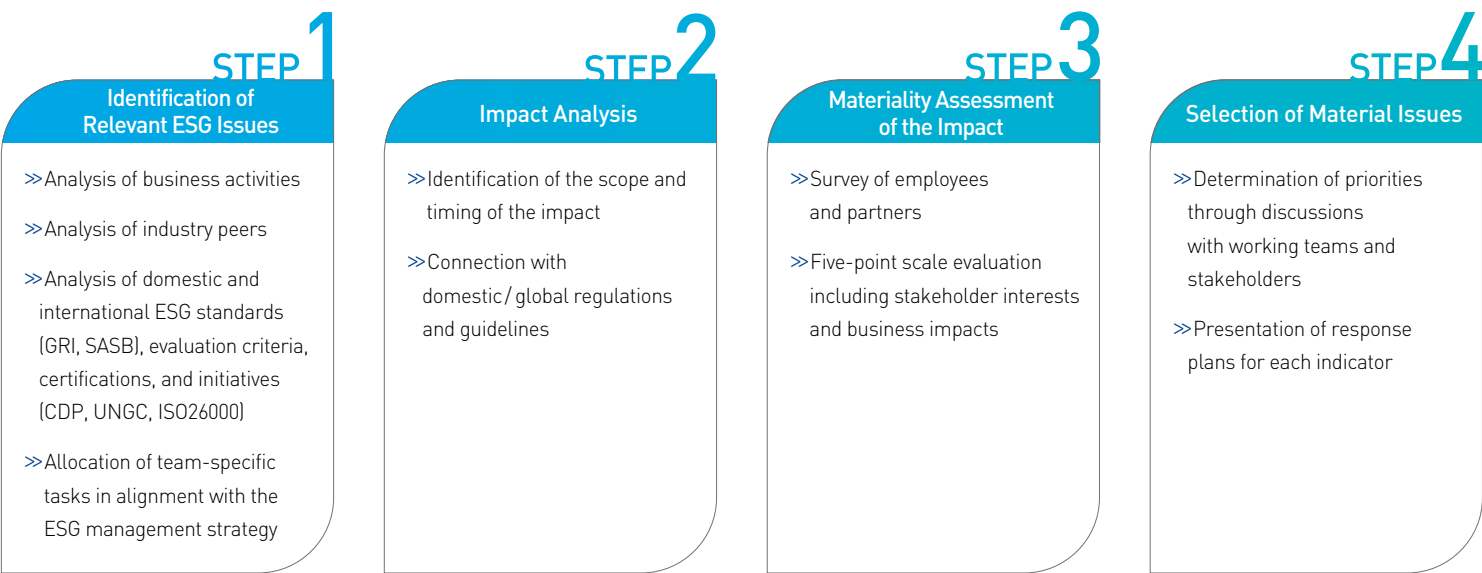
[As of April 28, 2024]

Materiality Assessment

Selection of Material Issues

PI Advanced Materials conducts a materiality assessment to identify key ESG issues and prioritize addressing the issues of significance. This assessment is based on the company’s ESG vision, global ESG disclosure standards, indicators from major ESG rating agencies, and an analysis of industry peers. As part of the materiality assessment process, PI Advanced Materials surveys its employees and partners to gather their views on the materiality of ESG issues. The material issues identified through this analysis and feedback are disclosed in the Sustainability Management Report, along with performance metrics and future plans.

Materiality Assessment Process



Limitations of the Assessment and Plans for Improvement

[Limitations of the Materiality Assessment]

The materiality assessment method used by PI Advanced Materials in 2023 was a survey that focused only on stakeholders closely related to business operations. The assessment focused primarily on employees and on-site partner companies, which remains a limiting factor. PI Advanced Materials is now working on developing a method that will allow for the participation of all stakeholders in the materiality assessment process.

[Preparation of PI Advanced Materials’ Model for Materiality Assessment]

PI Advanced Materials plans to overcome the limitations of its materiality assessment and achieve more reliable results. In the future, PI Advanced Materials will diversify data collection methods to engage all stakeholders in the assessment process. Additionally, the company aims to present a unique evaluation model by conducting time series analysis and quantifying the correlation between business activities and stakeholder interests using accumulated data.

Materiality Assessment

Materiality Assessment Results

PI Advanced Materials’ stakeholders evaluated the materiality of various ESG issues, considering their sustainability impact and business relevance. PI Advanced Materials has identified the 10 items with the highest average materiality. The key ESG issues for PI Advanced Materials include Product Responsibility Management, Health and Safety, Talent Acquisition and Development, and Labor-Management Relations. The company plans to continue addressing these material issues and transparently disclosing its response strategies.

Materiality Issue Ranking

Ranking	Sector	Issue	GRI	Report
1	S	Product Responsibility Management	-	44-45p
2	S	Health and Safety	403	40p
3	S	Talent Acquisition and Development	404	37p
4	S	Labor/Management Relations	402	35p
5	E	Reduction of Hazardous Chemicals and Chemical Management System	-	27p
6	S	Information Protection	418-1	64p
7	E	Reduction and Management of Air Pollutants	305	26p
8	S	Human Rights	-	34p
9	S	Supply Chain Management	308-2, 414-1	76p
10	G	Ensuring of Financial Soundness	-	63p
11	S	Stakeholder Communication and Information Disclosure	102-33, 205-2, 403-3, 417-3	52p
12	G	Compliance Management	419	60p
13	G	Operation of an Independent and Professional Board of Directors	2-9	48p
14	G	Ethical Management	-	47p
15	G	Anti-Corruption and Fair Trade	205-2, 205-3	47, 60p

Materiality Assessment Matrix





E

Sustainability Management Activities co-friendly

Establishing an eco-friendly system and achieving a circular economy through efficient resource utilization

PI Advanced Materials plans to establish an eco-friendly workplace by responding to climate change through carbon emission reduction.

The company is also aiming to prevent resource misuse through efficient management of energy and water resources, preserve ecosystems through pollutant management, and achieve a circular economy by recycling waste resources.



Environmental Management Policy

Environmental Management Policy

PI Advanced Materials has a social responsibility to minimize the impact of its business activities on safety, health, and the environment. The company leads environmental protection efforts with a strong sense of responsibility and consistently works to identify and minimize environmental impacts from its production processes. Recognizing environmental management as an important factor in its operations, management will allocate necessary resources to achieve these goals, and all employees are expected to practice the following.

1. Comply with environmental laws, international agreements, and related requirements.
2. Improve manufacturing processes and adopt advanced technologies as needed to reduce environmental impacts.
3. Implement 3R (Reduce, Reuse, Recycle) activities to reduce pollutant emissions.
4. Disclose the environmental management policy to all stakeholders and seek their feedback.
5. Set specific goals for the environmental management policy and monitor implementation progress.
6. Provide training to employees on the documentation of the safety, health, and environmental management system.

Environmental Management System

PI Advanced Materials introduced ISO 14001 in 2007 and established environmental management processes to control water quality, chemicals, and industrial waste. Starting in 2021, the company implemented a safety, health, and environment system that requires all employees to comply with the policy.

Implementation System

PI Advanced Materials sets annual goals for safety and environmental management across all its workplaces. The company is committed to fulfilling its environmental management responsibilities by disclosing its targets for greenhouse gas reduction, energy savings, and addressing environmental complaints.

Environmental Management Activities

1) Fostering Environmentally-Conscious Workplaces

PI Advanced Materials is committed to reducing air pollutant emissions by conducting regular inspections and investing in air quality improvements. The company analyzes the environmental impact of its manufacturing processes, including chemical usage and industrial waste generation, and plans to invest in greenhouse gas reduction facilities.

2) Resource Management and Recycling

To reduce production waste, the company introduced a resource recycling process at each workplace, achieving a DMF recycling rate of 97% in 2023.

3) Developing Sustainable Products and Technologies

In alignment with global industrial trends, PI Advanced Materials is developing eco-friendly raw materials, energy-saving materials, and renewable energy products.

4) Practicing an Eco-Friendly Lifestyle

We encourage our employees to live in harmony with nature, conserve resources, and protect the environment by using sustainable products and avoiding disposable items.

Response to Climate Change through Carbon Emission Reduction

Response to Climate Change

PI Advanced Materials aims to efficiently manage air, energy, and water resources in response to climate change. The company also discloses third-party verified data on its greenhouse gas inventory. Additionally, PI Advanced Materials is committed to reducing carbon emissions through energy conservation initiatives and facility investments.

The company implements various projects to save energy and reduce carbon emissions. Additionally, the company has upgraded its facilities to reduce air pollutants and has established environmental management standards designed to meet or exceed legal requirements.

Environmental Investment

PI Advanced Materials develops an annual investment plan for environmental improvements, such as increasing energy efficiency and reducing carbon emissions. In 2022, PI Advanced Materials invested in several environmental improvement projects, including the replacement of low-temperature refrigerator evaporators in the film-forming process and upgrades to wastewater precycling facilities.

[Environmental Investment]					
Category	Unit	2020	2021	2022	2023
Environment/ Energy	Million KRW	1,026	830	864	366
Waste		115	3683	4,770	-

Greenhouse Gas Management

PI Advanced Materials recognizes the importance of climate change as a core value of its sustainability management. The company is making the following efforts to reduce greenhouse gas emissions:

1. Greenhouse Gas Inventory Management

PI Advanced Materials measures greenhouse gas inventories for Scope 1 and Scope 2 emissions to manage its greenhouse gas emissions. The company assesses the direct and indirect emissions generated from its facilities and uses this data to plan effective reduction measures.

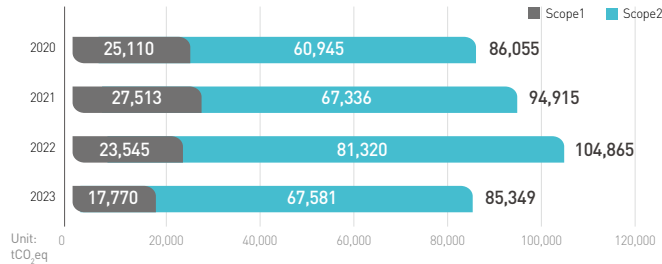
2. Greenhouse Gas Reduction Plan

PI Advanced Materials has greenhouse gas emission reduction plans at each of its business locations as part of its Key Performance Indicators (KPIs). This approach provides a clear direction for reducing greenhouse gas emissions, with actionable plans being regularly monitored and linked to employee performance incentives.

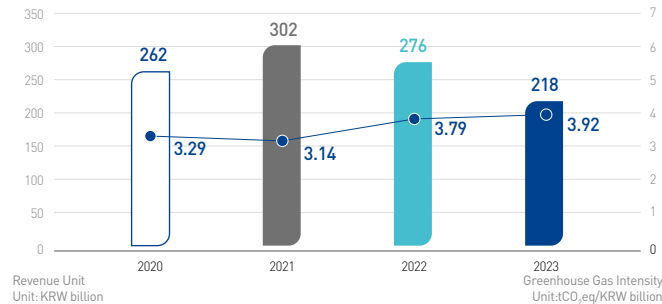
3. Greenhouse Gas Emission Trading

PI Advanced Materials is preparing to participate in the greenhouse gas emissions trading scheme. The company is actively responding to the policies and regulations of the Korean government and environmental regulatory agencies. PI Advanced Materials is committed to reducing greenhouse gases to conserve the environment and mitigate global warming.

[Greenhouse Gas Emissions]



[Revenue and Greenhouse Gas Intensity]

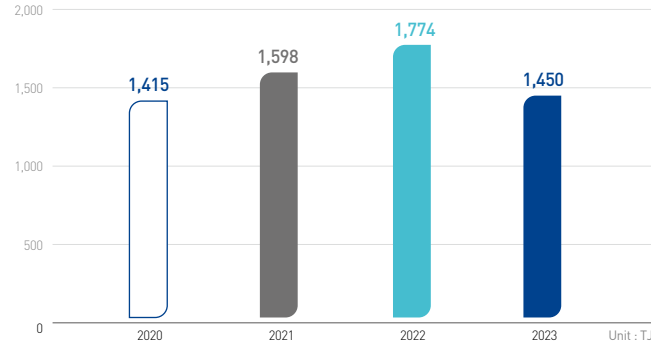


Responding to Climate Change by Reducing Carbon Emissions

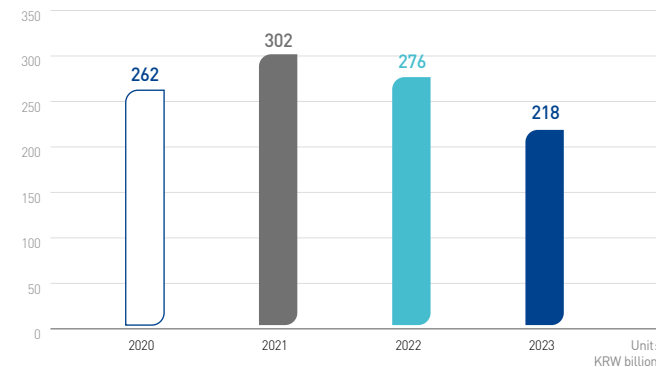
Improving Energy Efficiency

Excessive energy consumption negatively impacts climate change. PI Advanced Materials has adopted policies to reduce carbon emissions and increase energy efficiency by expanding the use of LED lighting and introducing energy-efficient equipment. The company regularly monitors energy savings and manages its energy use to further reduce carbon emissions.

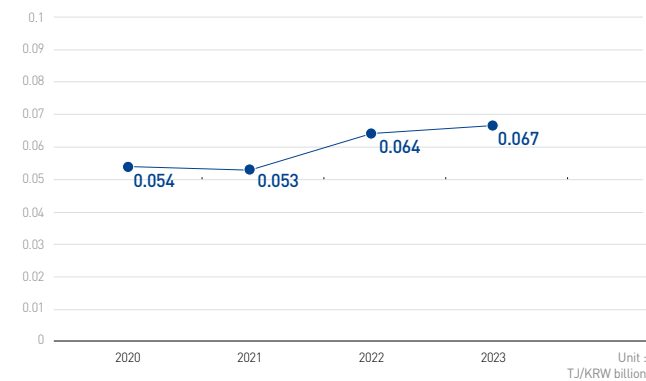
[Energy Consumption]



[Revenue]

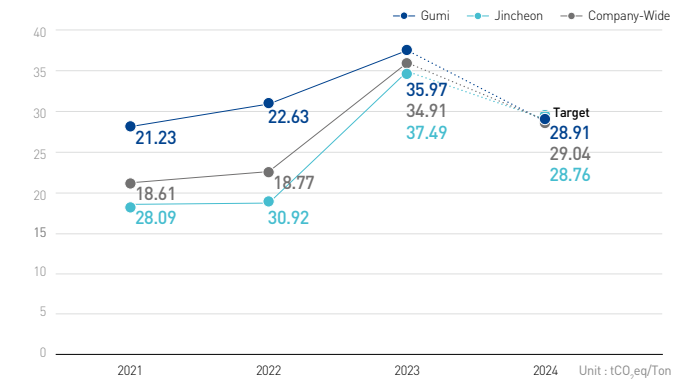


[Energy Intensity]

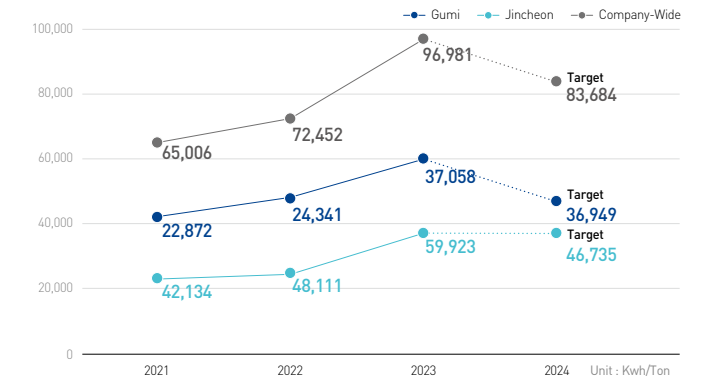


Key Environmental Indicators for Climate Change Response

[Greenhouse Gas Emission Intensity (GHG)]



[Energy Usage Intensity]



Water Resource Management at Facilities

Purpose

PI Advanced Materials recognizes the importance of preserving water resources as essential for environmental protection. The company manages water resources by conserving and efficiently distributing water to ensure a stable and sustainable supply. Additionally, PI Advanced Materials works to maintain ecological balance and biodiversity through effective water resource management. The company also cooperates with local communities to develop solutions for water quality and preservation.

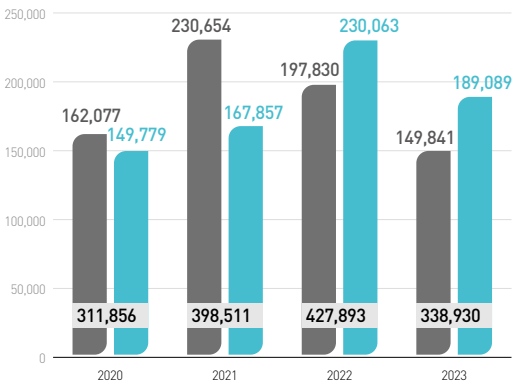
System

PI Advanced Materials has implemented a water resource management system to regularly monitor and evaluate the quality and quantity of water resources. The data collected from these monitoring activities is used to identify potential issues, address them with appropriate countermeasures, and undertake efforts to minimize resource waste. To raise awareness about the importance of water resource management, PI Advanced Materials conducts educational activities for employees and encourages participation from local communities.

Water Resource Management Status

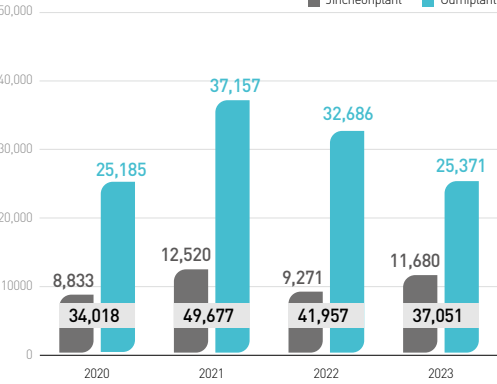
[Water Resource Management]

Water Usage



Water Usage: Water Supply Bill

Wastewater Usage



Wastewater: Prepared based on Nationwide Pollutant Source Survey (Wastewater Discharge Facility Survey Form) Basis

[Water Intake Information]

Region	Water Intake Source	Intake Volume (tons)	
		2022	2023
Jincheon	Chungju Dam	197,830	149,841
Gumi	Nakdong River	230,063	189,089

Pollution Management at Facilities

Pollution Management Overview

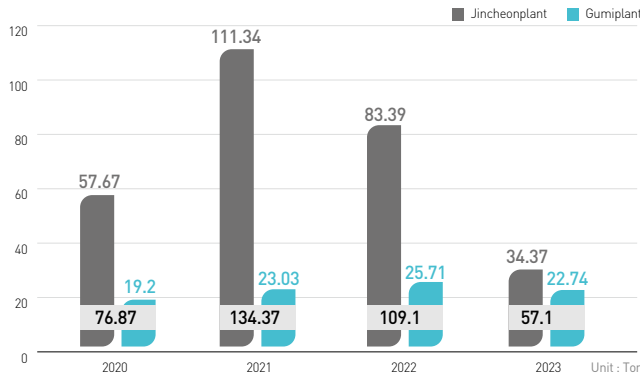
PI Advanced Materials recognizes that effective pollution management at its facilities is essential to preventing environmental contamination in surrounding areas. The company places strong emphasis on air pollution control and chemical management as critical tasks for environmental protection. For air pollution control, we identify and manage pollutants, such as harmful gases and fine dust generated within our facilities, to prevent contamination of the surrounding environment. We conduct regular air quality monitoring to assess pollution levels and implement appropriate measures to improve air quality. In chemical management, we enforce strict storage and handling procedures to prevent leaks and spills, thereby reducing environmental pollution from chemical wastes.

Air Pollution Management

PI Advanced Materials monitors and controls air pollutants such as nitrogen oxides, sulfur oxides, and dust generated during the production process. To minimize these emissions, we have invested in installing scrubbers to reduce odors and air pollutants. We also engage external agencies to periodically measure and monitor the concentration of air pollutants while operating our own air pollution prevention facilities. We lead the industry with a pollutant management policy that sets air pollutant standards at approximately 70% of legal limits.

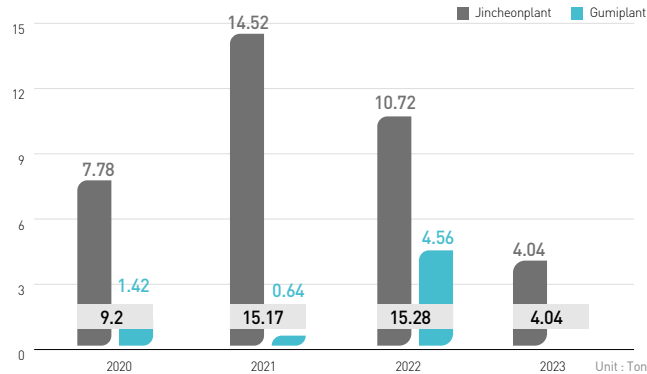
[Air Pollutant Emissions]

Nitrogen Oxides (NOx)

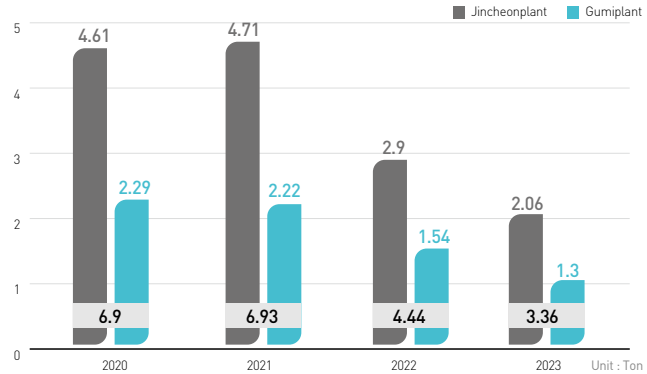


* Prepared based on the Air Emission Source Management System (SEMS)

Sulfur Oxides (SOx)



Particulate Matter (PM)

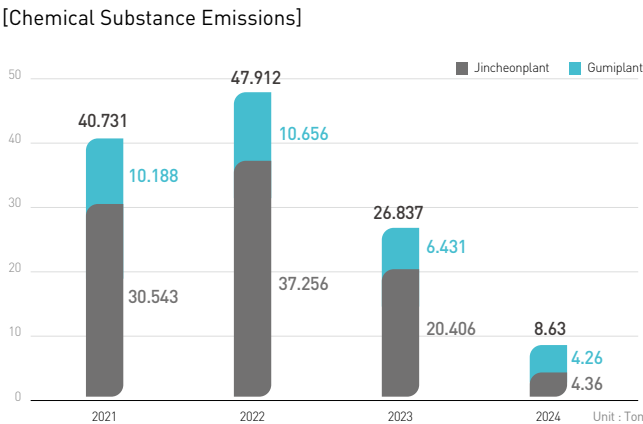


Pollution Management at Facilities

Chemical Life Cycle Management

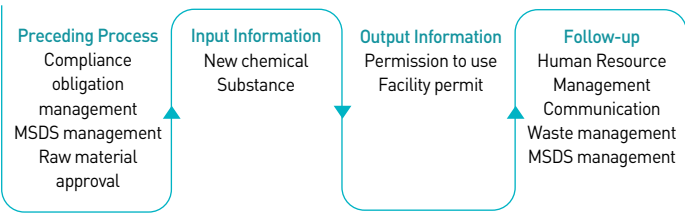
PI Advanced Materials has established internal processes to manage the entire life cycle of chemicals used in its manufacturing process, from purchasing and usage to disposal. We adhere to regulatory requirements and procedures based on MSDS and reports on RoHS-regulated substances whenever a new chemical is introduced at the plant or R&D lab. New chemicals must pass a two-stage sample test and are only registered after successfully completing pilot and mass production tests. We also conduct on-site inspections of hazardous chemical warehouses at least weekly and monitor the proper handling of chemicals to ensure the safety of our facilities and prevent incidents. PI Advanced Materials provides regular safety training to all employees, including chemical spill emergency response training, to enhance awareness of chemical safety.

PI Advanced Materials adheres to strict disposal processes for used chemicals, with some being transported to waste treatment companies. We recover and recycle used solvents within our facilities, achieving both cost savings and waste reduction. To minimize chemical emissions, we first treat volatile chemicals in combustion facilities (RTO) and then in absorption facilities (scrubbers), ensuring the final emission concentration remains at 0 ppm.



Chemical Management System

PI Advanced Materials has established standard procedures for handling chemicals during manufacturing, storage, import, and usage to comply with relevant regulatory standards. Our chemical management system aims to minimize health and environmental risks from hazardous chemicals to various stakeholders, including employees, customers, and the local community, while ensuring timely responses and proactive prevention of potential chemical accidents.



Management of Environmentally Hazardous Substances in Products

Evaluation Management Status		Evaluation agency and range
RoHS ¹⁾	Regulations on the use of six major hazardous substances in electronic products (lead, cadmium, mercury, hexavalent chromium, PBBs, PBDEs)	SGS All products Annual
SVHC ²⁾	Regulation of substances that can have a deleterious effect on the human body/ environment according to REACH regulations	Annually

1) Restriction of Hazardous Substances Directive
 2) Substance of Very High Concern

Pollution Management at Facilities

Waste Management Overview

PI Advanced Materials has established a waste management system focused on waste reduction, safe disposal, and recycling. This system is designed to minimize waste generation, ensure environmentally safe disposal, and increase recycling efforts.

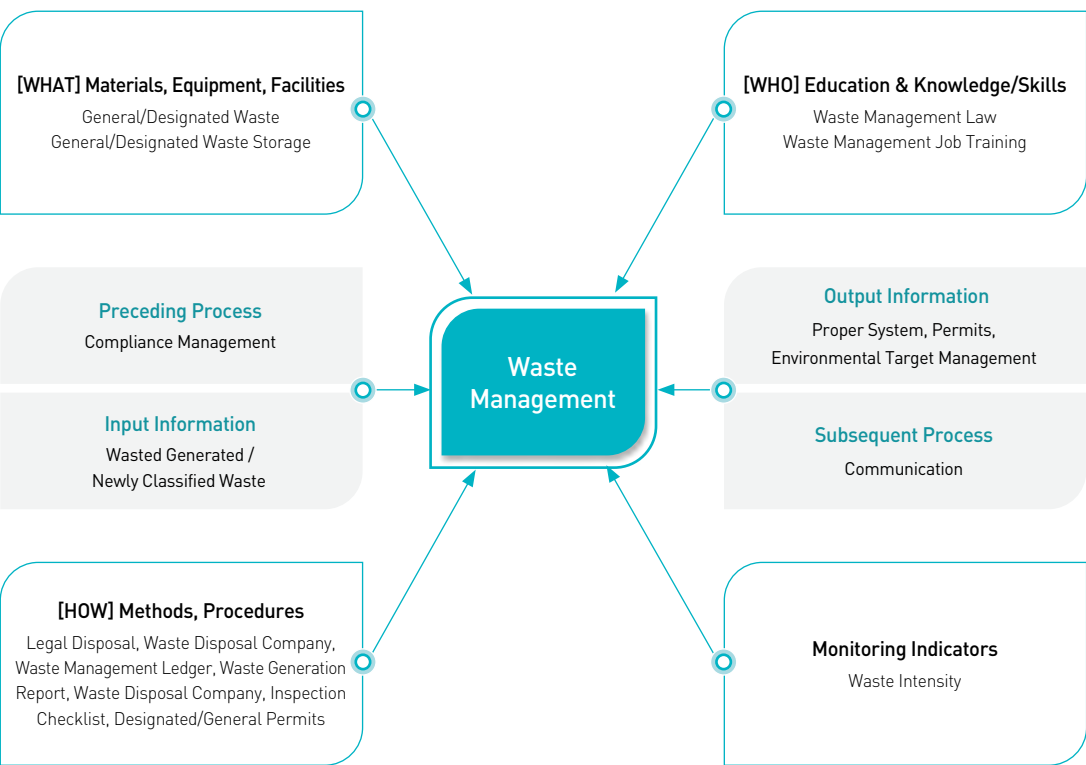
Waste Management System

- 1. Waste Classification and Storage** PI Advanced Materials' waste management system includes procedures for classifying and storing waste based on its characteristics. These procedures are designed to ensure safe disposal and to maximize recycling potential.
- 2. Waste Treatment and Recycling** All waste is processed in compliance with relevant environmental regulations. Recyclable waste undergoes thorough quality checks before being reintroduced into production. The Jincheon and Gumi plants operate an advanced system that recovers and recycles multiple by-products, including exhaust gases. We have invested in this system to optimize resource recycling and contribute to sustainability.
- 3. Research and Development for Waste Reduction** PI Advanced Materials has made substantial investments in improving recycling technologies to enhance production efficiency and reduce environmental impact.

Performance Monitoring

PI Advanced Materials conducts regular reviews of its waste treatment processes to evaluate effectiveness and identify areas for improvement. We use the recycling rate as a key performance indicator to enhance management processes and policies. PI Advanced Materials sets goals to improve recycling rates and develops and executes strategies to achieve these objectives.

Management Process



Resource Recycling for a Circular Economy

Resource Recycling Overview

PI Advanced Materials is implementing an environmental management policy based on the 3R principles (Reduce, Reuse, Recycle) by extracting reusable materials from waste generated during the production process and reusing them in production. Recycling and reusing raw materials help reduce environmental impact and lower production costs.

We monitor the waste generated by classifying and storing it based on its properties and process it with disposal companies in compliance with the law. Our Jincheon and Gumi plants capture exhaust gases generated during production to reuse them in the production process. PI Advanced Materials is also reviewing projects to further increase the recycling of other resources used in production.

Resource Recycling Status

PI Advanced Materials is recycling waste resources generated during the production process to minimize environmental impact. In 2023, PI Advanced Materials achieved a DMF recycling rate of 97.3%.

At our Gumi plant, we recover used organic solvents and liquid catalysts to reuse them as raw materials. At the Jincheon plant, exhaust gases are condensed and liquefied, then sent to external partners for processing into recycled raw materials.

In addition to recycling solvents, we are conducting research to recycle residual film into molding and graphite composites. We are also increasing the recycling of paper resources by using drum compactors to recycle paper drums that were previously incinerated. PI Advanced Materials will continue to invest in expanding the recycling of production resources.

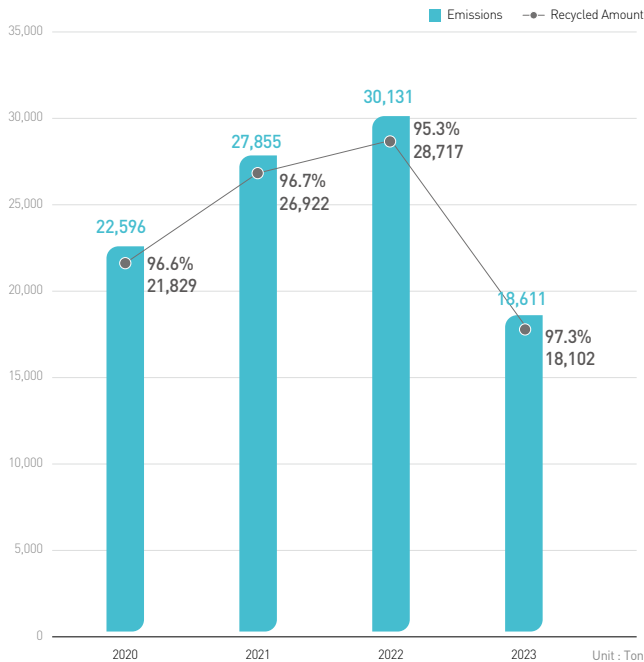
Resource Recycling Process

In 2023, the resource recycling rate at all PI Advanced Materials' plants is maintained at a high level of approximately 97%. To enhance resource recycling and realize a circular economy, PI Advanced Materials has introduced and operates facilities that recover and refine DMF, which is generated after being used as a solvent in the film manufacturing process.

At the Gumi plant, exhaust gases generated from DMF evaporation are recovered, refined through in-house facilities, and reused as raw materials for DMF. The Jincheon plant condenses and liquefies exhaust gases and reuses them as raw materials after refining processes (conducted by external partners).

Furthermore, PI Advanced Materials is increasing recycling of paper resources by introducing and operating drum compactors for the recycling of paper drums (which were previously incinerated). Through such efforts, PI Advanced Materials plans to increase the rate at which the circular economy is applied.

Circular Economy Achievement Rate



Biodiversity Conservation

Biodiversity Conservation Activities Overview

PI Advanced Materials recognizes the importance of natural ecosystems and aims to preserve biodiversity by conserving the environment around its business locations. To achieve this, we identify potential environmental threats when investing in facility expansion, and our 'green management activities' are designed to protect the ecology of riversides and native plant species around our sites.

Conservation Activities at Gumi

PI Advanced Materials conducts monthly activities to restore plant life near its business sites, collaborating with local communities to maintain the diversity of local flora and protect the surrounding ecosystem. Additionally, PI Advanced Materials monitors discharged water treatment and water quality management to minimize the impact of pollutants generated at its business sites on local native plant species.

[Conservation Activities by Gumi Plant in 2023]



Conservation Activities at Jincheon

PI Advanced Materials conducts annual community environmental maintenance projects in June. The company also monitors the quality of water used in its facilities to check for contamination and minimize the impact on local ecosystems. The vicinity of the Miho River, adjacent to the Jincheon Plant, is home to the Miho spine loach, a Class 1 endangered species, and protected bird species such as the shelduck. PI Advanced Materials plans to expand purification and monitoring activities and further reduce pollutants and waste generated to protect these species.

[Conservation Activities by Jincheon Plant in 2023: Before and After]



[Major protected ecological resources (Miho River, Jincheon)]



Miho spine loach [Endangered Wildlife Class 1]



Shelduck [Protected species in Gyeonggi-do]

Biodiversity Conservation

Water Quality Management System

PI Advanced Materials supports biodiversity through effective water quality management.

1) Preventing Water Pollution

PI Advanced Materials maintains strict controls on pollutants generated during production. The company properly treats these pollutants to prevent water pollution and minimize their impact on the surrounding ecosystem.

2) Water Quality Monitoring and Investigation

PI Advanced Materials regularly monitors and investigates water quality, responding immediately in the event of any issues. The company is committed to preventing water pollution and protecting biodiversity by taking prompt action when necessary.

3) Compliance with Environmental Laws and Regulations

PI Advanced Materials complies with environmental laws and regulations to maintain water quality.

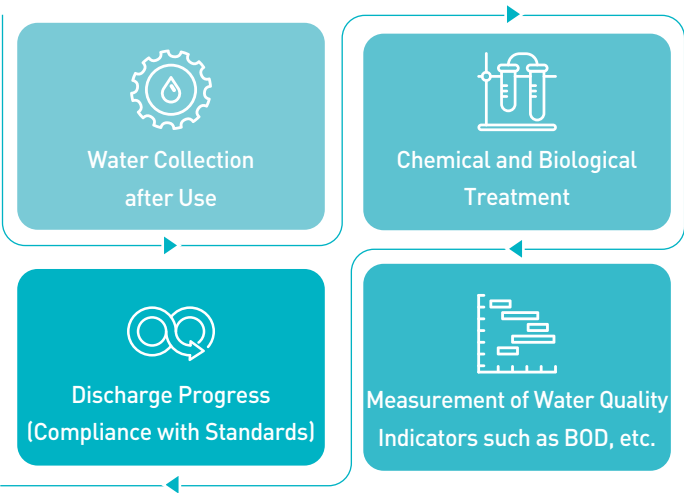
4) Continuous Improvement and Training

PI Advanced Materials continuously improves its water quality systems and raises environmental awareness among employees through training programs focused on water quality management and conservation.

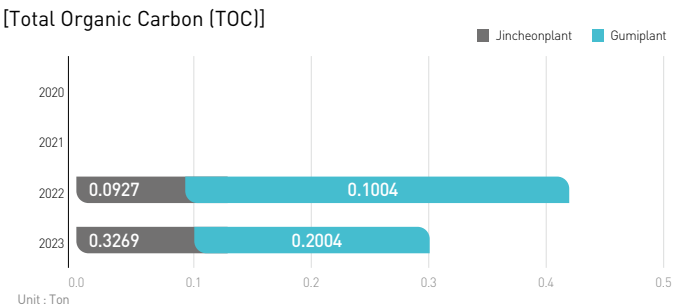
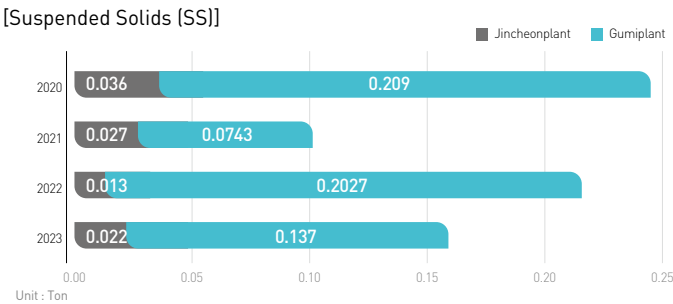
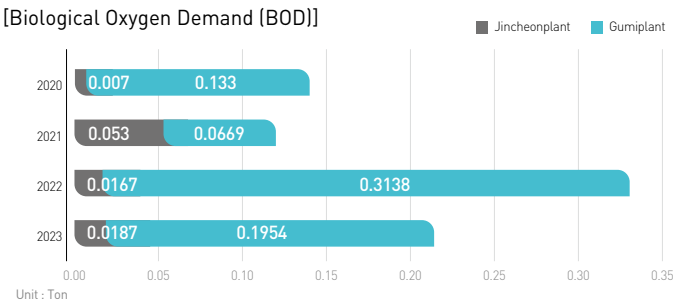
5) Collaboration with the Local Community

PI Advanced Materials is cooperating with local communities on water quality conservation efforts. We communicate with local residents and stakeholders to identify appropriate actions to protect biodiversity in the surrounding area.

Water Quality Management Procedures



Water Quality Management Status



* TOC was measured from 2022.

Adopting an Eco-Friendly Lifestyle

Purchasing Policy

PI Advanced Materials is committed to practicing a fair and transparent purchasing policy. The company has established a sustainable purchasing policy that prioritizes the procurement of products produced through environmentally friendly and fair processes. PI Advanced Materials' sustainable purchasing policy can also be viewed on its website.

1) Eco-Friendly and Green Products

Eco-friendly and green products are certified by the Korean government or public institutions. These products are high-quality and are designed to reduce environmental pollution and the use of harmful substances throughout their lifecycle, from production to disposal, while also conserving resources and energy.

2) Fair and Ethical Products

Fair and ethical products are produced without exploiting labor rights, such as child labor, and do not involve conflict minerals or products forcibly mined through war or criminal activity. PI Advanced Materials has adopted a purchasing practice to source and use fair and ethical products in its business operations.

Purchase of Eco-Friendly and Green Products

PI Advanced Materials purchases eco-friendly certified products according to its independently developed green procurement guidelines. In 2023, the company purchased green office supplies, including recycled paper, amounting to KRW 1.89 million. Moving forward, PI Advanced Materials plans to expand its purchase of certified green products, such as packaging made from recycled paper.

	Unit	2020	2021	2022	2023
Eco-friendly and green product purchase status	KRW 10,000	-	-	1,026	189

Zero Single-Use Disposable Products Challenge

PI Advanced Materials participated in the 'Zero Single-Use Disposable Products Challenge' organized by the Ministry of Environment. This relay-style recycling awareness campaign promotes the use of reusable items instead of single-use disposable products. Nominated by Innox Advanced Materials, PI Advanced Materials, with CEO Kevin Song joining alongside employees, took part in the challenge. The campaign encourages adopting green lifestyle habits in the office, such as using tumblers and reducing the use of printed paper. Participation in this campaign raised public awareness of PI Advanced Materials' commitment to sustainability and encouraged all members to incorporate sustainability into their everyday lives.





Sustainability Management Activities Save the life

Achieving Safety and Health through Collaborative Growth with Local Communities

PI Advanced Materials prioritizes the safety and health of all employees and operates a comprehensive health and safety management system to achieve an accident-free workplace. The company has also established a sustainability management system that supports volunteer activities to foster balanced growth in the local communities surrounding its business sites.

Human Rights Management

Human Rights Policy

PI Advanced Materials adheres to international human rights standards and integrates them into its business activities. We support the Universal Declaration of Human Rights, which affirms that all human beings are born free and equal in dignity and rights. We do not discriminate against any stakeholders in our business activities based on race, skin color, gender, language, religion, political or other opinions, national or social origin, or any other status.

PI Advanced Materials provides human rights education to its employees to ensure they understand the importance of human rights in conducting all business activities.

Respect for Labor Human Rights

PI Advanced Materials places the respect and protection of all employees' human rights at the core of its corporate ethics. We provide fair working conditions, strictly prohibit forced labor or unfair work environments, and ensure appropriate wages and conditions for all employees to prevent labor exploitation. PI Advanced Materials strictly adheres to the legal minimum employment age and does not tolerate any form of child labor. By prioritizing education and youth protection, we uphold the rights and development of children.

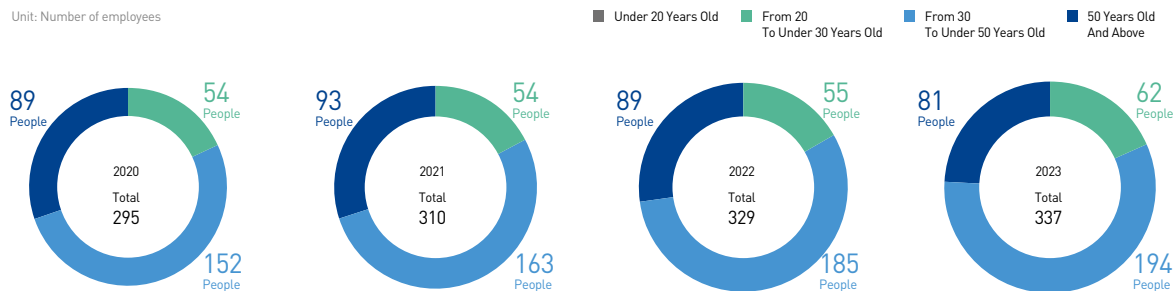
PI Advanced Materials provides safety education to employees and implements safety systems to ensure a safe and healthy work environment. We are also committed to creating a workplace where employees' human rights are respected.

Respect for Diversity, Equity, and Inclusion

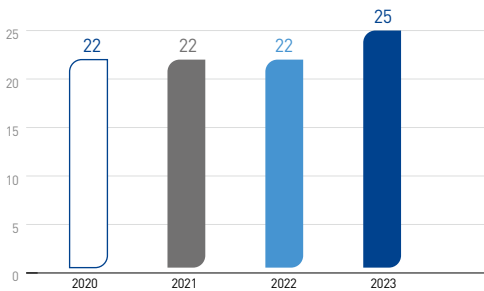
PI Advanced Materials complies with relevant labor laws and regulations, including employment rules, collective agreements, and labor standards. We recognize and respect the differences among employees and strictly prohibit any form of discrimination. We provide equal and non-discriminatory opportunities to all members, implementing policies that foster inclusion based on mutual trust and respect. Grounded in the principles of diversity, equity, and inclusion, we are cultivating an inclusive organizational culture across all our workplaces and providing relevant education. PI Advanced Materials is also committed to respecting the human rights of not only our employees but also our business partners and other stakeholders, as outlined in our code of ethics and the code of conduct for partners.

Employee Diversity Status

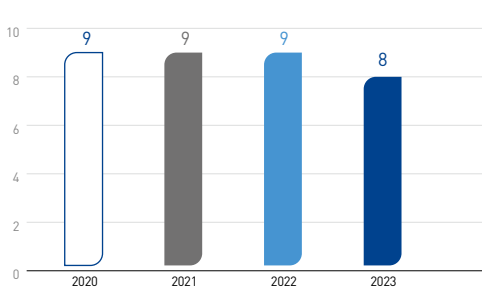
[Employee Age Distribution]



[Number of Female Employees]



[National Veterans]



Organizational Culture and Labor-Management Relations

Organizational Culture

At PI Advanced Materials, we believe that a strong organizational culture is key to our success. A culture that fosters a shared vision and values enhances employee motivation, productivity, communication, and collaboration within the organization. PI Advanced Materials is committed to creating a culture that respects inclusion and diversity, offering an environment where employees are respected and encouraged to express their individuality and expertise. We believe that such an environment enables employees to maximize their potential, which, in turn, contributes to the company’s performance. Therefore, PI Advanced Materials has invested time and resources in strengthening and improving its organizational culture with the goal of increasing employee satisfaction and fulfilling its social responsibilities.

Labor-Management Relations

A healthy labor-management relationship is crucial for ensuring corporate stability and sustainability. To strengthen the company’s competitiveness based on trust and respect, PI Advanced Materials encourages open communication between labor and management and has established a system to identify and resolve labor issues. We also implement fair and transparent personnel policies and support the development of employees’ competencies to foster professional growth. PI Advanced Materials is committed to maintaining open

communication with employees to promote a healthy labor-management culture. Additionally, the company informs employees in advance of significant managerial policy changes that may impact them, aiming to minimize disruption and maximize their participation and understanding during the change process. In cases of organizational restructuring, strategic direction changes, employee treatment improvements, mergers and acquisitions, and other similar matters, we hold town hall briefings to explain the details, reasons, and anticipated impacts of these changes.

[Collective bargaining conducted by labor-management council]

	Unit	2020	2021	2022	2023
Number of meetings for bargaining	No.	12	10	12	10
Application rate	%	100	100	100	100

Employee Communication Channels

PI Advanced Materials operates both online and offline communication channels to address employees’ grievances and suggestions. Employees can anonymously submit their concerns or ideas through an online bulletin board, which management reviews and responds to accordingly. To revitalize offline communication after the COVID-19 pandemic, PI Advanced Materials launched several employee communication programs in 2023. These programs allow all employees to share and discuss their concerns or suggestions

with Human Resources. PI Advanced Materials is committed to addressing employees’ grievances and feedback, making necessary improvements to increase job satisfaction and efficiency.

[Communication Program]

PICNIC

Picnic is an initiative to gather input from various levels within the organization when designing and modifying personnel welfare systems, by creating channels for employees from different generations to express and share their opinions.

Group PI Talk (GPT)

Group PI Talk (GPT) is an initiative designed to foster an environment where members can build bonds, regardless of age, rank, or team. Each division or department conducts voluntary activities twice a year to create a friendly and comfortable working atmosphere. These activities enhance personal understanding among team members through face-to-face interactions.

Culture Day

Culture Day is an initiative for managers and assistant managers to participate in cultural activities outside of work, fostering an atmosphere where employees can share common interests, build bonds, and grow together.

[Number of rank-level meetings]

Unit	2020	2021	2022	2023
No.	-	-	-	3

Talent Development and Employee Competency Enhancement

Talent Development

Purpose

PI Advanced Materials' talent development program aims to enhance employees' professional competencies by providing clear career direction and offering reasonable rewards for performance. The program's purpose is to help employees grow into the talent the organization needs and contribute to achieving the company's vision.

Ideal Talent

Our ideal talent embodies the values of challenge, passion, and respect. Challenge means not fearing failure in the pursuit of ambitious goals, while actively seeking solutions and identifying opportunities. Employees are encouraged to set challenging goals and generate ideas and action plans to achieve them. Passion involves taking responsibility for assigned tasks with a proactive attitude. Rather than relying on a passive approach based on instructions, employees are expected to solve problems and achieve goals independently by broadening their perspectives. Respect entails engaging in mutual communication and cooperation with all stakeholders, including customers, colleagues, business partners, and shareholders. It values diverse opinions and fosters strong bonds through communication and trust.

HR Policy

Recruiting exceptional talent is the foundation of innovative development and sustainable growth. To attract individuals whose personal values align with our core values of challenge, passion, and respect, we maintain an open recruitment policy. This ensures that candidates with outstanding abilities are not discriminated against based on gender, age, education, major, region, or military service status.

Training by position

PI Advanced Materials selects next-generation leader candidates and supports their leadership development, networking, and acquisition of advanced management knowledge. Additionally, mentorship provided by the OB Group to the YB Group helps cultivate new talent that shares the core values of PI Advanced Materials.

Evaluation and Compensation

PI Advanced Materials' HR evaluation system is designed to cultivate and enhance employees' job performance through fair and objective assessments. This system contributes to the company's growth and promotes effective personnel management by incorporating evaluation results into promotion, placement, and compensation decisions. Performance evaluations assess job performance by setting organizational goals annually, aligned with company-wide strategic tasks and KPIs. Individual KPIs are then monitored and evaluated based on these goals, encouraging employees to contribute to the achievement of organizational objectives. Competency evaluations assess the job skills and attitudes necessary for effective performance. The competency framework is aligned with the company's vision, management strategies, core values, and ideal talent attributes. These indicators are categorized into organizational competencies, management competencies, and job-specific professional competencies required for each rank and level. Based on the results of the performance and competency evaluations, PI Advanced Materials provides fair and competitive compensation to motivate employees to excel professionally.

Talent Development and Employee Competency Enhancement

Competency Development Program

Competency Development Program Overview

PI Advanced Materials’ talent development program defines key competencies that employees should possess, including common, job-specific, and leadership competencies. Based on individual performance evaluations, the company provides a coaching system that guides employees to self-identify areas where competencies are lacking or need improvement, facilitating their development. This program helps employees align with the company’s need for future leaders. Additionally, we offer exceptional employees opportunities to enroll in MBA, master’s, or doctorate degree programs.

Common Competency Training

PI Advanced Materials’ training programs are designed to develop talent aligned with the company’s PI Value and enhance employees’ professional capabilities. The company also runs mandatory educational programs for all employees, including training on fair trade and anti-corruption, harassment prevention and disability awareness, and personal information protection. Additionally, PI Advanced Materials offers training programs for new hires to develop essential skills such as corporate culture, business etiquette, product-specific knowledge, and job-specific knowledge. The company also implements a mentoring program to help new employees quickly adapt to the organization.

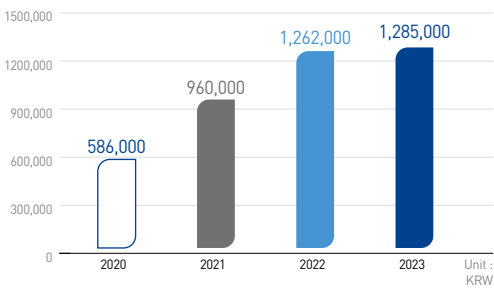
Job-Specific Training

PI Advanced Materials conducts customized training to develop competencies tailored to each job group and role. The company enhances the professional skills of employees across various fields by partnering with educational institutions or inviting industry experts. Additionally, PI Advanced Materials offers online education and supports job-specific learning, allowing employees to choose their desired competency development courses. The company also promotes global talent development by offering foreign language learning programs through its in-house language school.

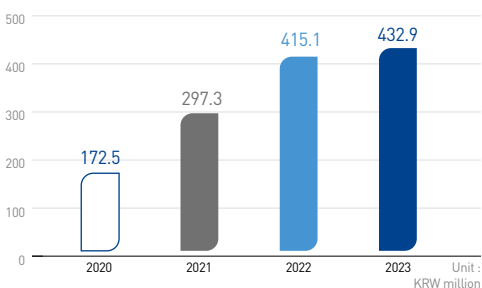
Graduate Degree Support

PI Advanced Materials supports selected researchers and engineers to enroll in master’s or doctoral degree programs at top domestic graduate schools. The company also supports selected non-engineers and non-researchers to enroll in an MBA program fully subsidized by the company.

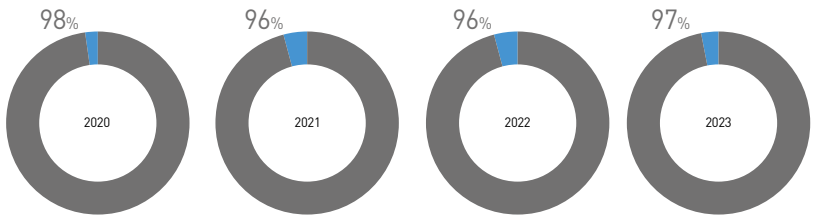
[Training Cost per Employee]



[Status of Training Expenditure]



[Training Completion Rate]



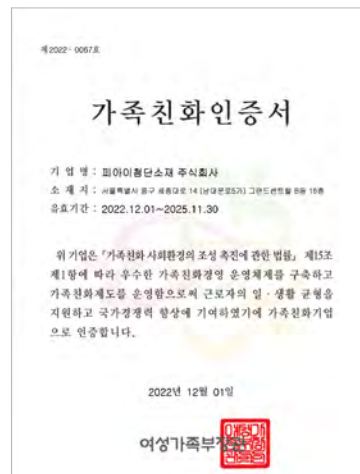
[Status of Degree Support Program]



Commitment to Work-Life Balance

Family-Friendly Policies

PI Advanced Materials is committed to promoting employee welfare and work-life balance. Our family-friendly policies include family care leave, parental leave, and maternity leave with 100% salary coverage. We also provide support for employees with young children, including allowances for childbirth and congratulatory payments for entering kindergarten, elementary, middle, or high school. Additionally, we have a policy ensuring that employees can return to the same team after parental leave. These efforts allow both male and female employees to prioritize family matters without worrying about the impact on their careers. In recognition of our family-friendly policies, we received the Family-Friendly Enterprise Certification in 2022 from the Ministry of Gender Equality and Family.



Care Leave Policy

PI Advanced Materials allows employees to take care leave for illness or other family-related issues. The company also offers childcare leave to alleviate the parenting burden for employees with young children, minimizing career interruptions due to childcare. PI Advanced Materials pays 100% of the normal salary throughout maternity leave (60 days) and for those who apply for reduced working hours during pregnancy, enabling employees to focus on childcare. We foster a workplace atmosphere where all employees, regardless of gender, can freely utilize parental leave.

[Number of employees using parental leave]

	Unit	2020	2021	2022	2023
Number of employees using parental leave	Person	1	2	1	2
Female employee		1	1	1	1
Male employee		-	1	-	1

Policy to Reduce Working Hours during Childcare Period

PI Advanced Materials allows employees with children under the age of 8 to work reduced hours in three-month increments. This policy enables employees to balance their work and childcare responsibilities without needing to take leave.

Commitment to Work-Life Balance

Employee Benefits

PI Advanced Materials offers competitive employee benefits as well as welfare initiatives that promote work-life balance to improve employees' quality of life.

[Employee Benefits]

Company Dormitory

PI Advanced Materials provides basic accommodation for employees who are required to work far from home during the workweek by offering company-paid dormitory housing with individual bedrooms and shared living spaces.

Company Recreation Clubs

PI Advanced Materials offers financial support for employee-organized clubs that engage in various sports and leisure activities. As of 2023, more than 160 members are participating in 10 company recreation clubs.

Housing Loans for Employees

PI Advanced Materials provides interest-free housing loans to employees to support home purchases. Since January 2019, we have extended over KRW 1 billion in housing loans to our employees.

Tuition Support

PI Advanced Materials provides full financial support for the tuition of employees' children, including admission and registration fees. This support covers tuition for domestic elementary, middle, high school, and university education. Since January 2019, we have provided over KRW 900 million in tuition support.

Substitute Holiday

PI Advanced Materials designates its company anniversary as a company holiday. If the company anniversary falls on a weekend or other national/public holidays, the next working day is designated as a substitute holiday.

Summer Vacation

PI Advanced Materials offers five days of summer vacation, which are not legally required and can be used at any time during the year, in addition to the legally mandated annual leave.

Congratulatory and Condolence Allowances

PI Advanced Materials offers special leave and congratulatory and condolence payments to its employees, calculated as a percentage of the employee's base salary.

Medical Expenses and Check-ups

PI Advanced Materials covers the cost of annual health check-ups for employees and their spouses. We also reimburse medical expenses incurred by employees, their spouses, children, and parents.

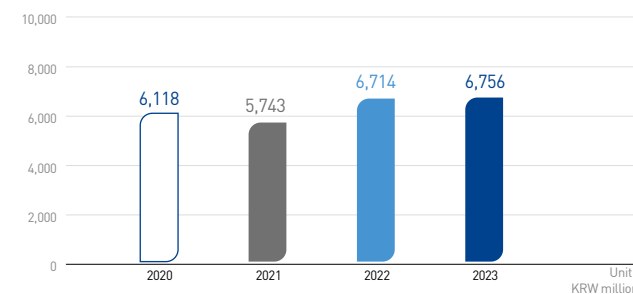
Long Service Reward

PI Advanced Materials offers long service awards, which include a monetary reward and additional vacation time, to recognize and honor employees for their years of dedication and commitment to the company.

Welfare Points

PI Advanced Materials offers welfare points to all employees annually, which can be used to purchase goods, services, or participate in activities that enhance their well-being.

Employee Benefits Expenditure

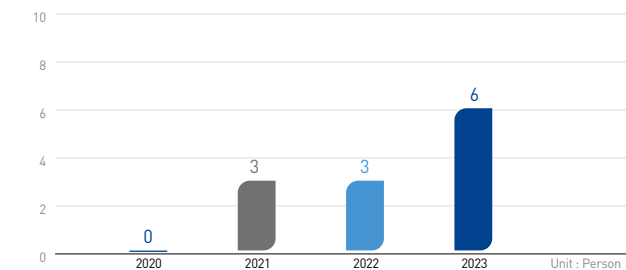


*Revised and disclosed based on the business report

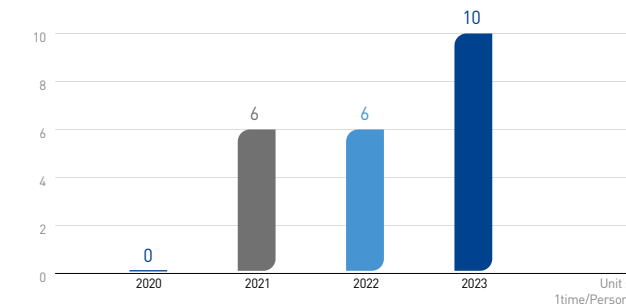
Retirement Planning and Reemployment Programs

PI Advanced Materials provides a retirement planning program for employees nearing retirement age, designed to help them prepare for life after retirement. The program includes financial planning, lifestyle planning, and career transition support. Additionally, we re-employ selected retirees as contract workers based on their work experience and expertise.

[Re-employment of Retirees]



[Retirement Planning Program Enrollment]



Safety and Health Management

Safety and Health Policy

PI Advanced Materials recognizes safety and health as fundamental elements of management. We are committed to creating a safe workplace and achieving a zero-accident goal by implementing an optimal safety and health management system across all corporate activities.

1. Safeguarding safety and health is our top priority, and we are committed to protecting all stakeholders, including employees, partners, customers, and the community, from accidents and disasters.
2. We are responsible for identifying and preventing the hazardous risks of industrial accidents.
3. We identify, verify, and comply with all laws, regulations, and procedures related to safety and health.
4. We disclose our safety and health policies to all stakeholders and actively seek their feedback to ensure transparency in our safety and health management.
5. All stakeholders, including employees, partners, customers, and the community, are encouraged to share their opinions on safety and health. We take this feedback seriously to create safe workplaces for everyone.
6. We provide safety and health education and training to foster a culture and awareness of "safety first" across all of our business activities.

Safety and Health Management Objectives

01. Achieve zero accident risk and zero accidents
02. Achieve 100% compliance with safety and health regulations and full implementation of Process Safety Management (PSM).
03. Strengthen the implementation of risk assessments across all workplaces.
04. Achieve 100% participation in safety and health education for all employees and foster a safety-centric culture.

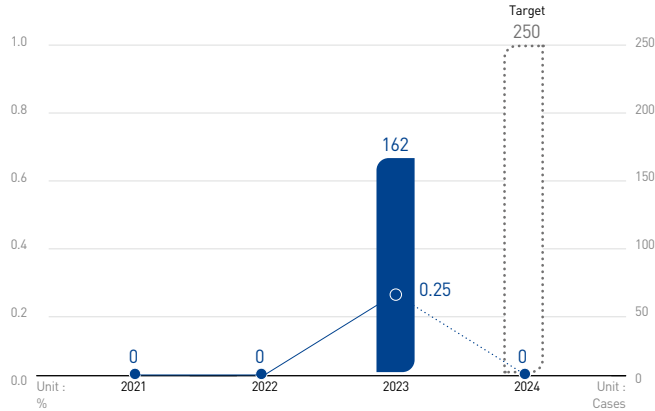
Policy Framework

PI Advanced Materials is committed to providing a safe and healthy environment for its members, partners, and the community, and undertakes various activities to achieve this goal. The company's safety and health management system is designed to achieve 'zero accidents' for all members—a goal that extends to our partners by promoting and integrating PI Advanced Materials' safety and health system. This is a standard the company will continuously work to maintain.

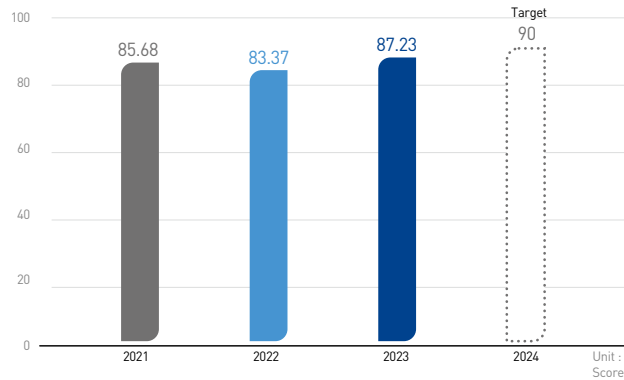
PI Advanced Materials established an organization dedicated to safety and health management. It works to create a safety-aware culture and implements accident prevention measures at each workplace through safety and health managers and supervisors. The company also develops evaluation results and improvement measures related to safety and health, reporting them to the CEO on an annual basis.

Safety and Health Management KPIs

[Zero Accidents/Zero Injuries (TRIR) and Risk Factor Improvement Proposals (PHAs and Control of Risk)*]



Safety System Advancement



Safety and Health Management

Safety and Health Training

Raising safety awareness among PI Advanced Materials’ employees and partners is a key measure for preventing safety accidents. We provide safety and health training on the importance of safety, safe work methods, and task-specific safety knowledge to ensure that all employees and partners can perform their tasks safely.

Chemical Substance Education

PI Advanced Materials conducts compulsory chemical substance education annually at each workplace to prevent accidents related to the handling of hazardous chemicals. We require workers to wear safety equipment and provide personal protective gear. Detectors and shut-off devices are installed at every workplace, along with emergency response equipment such as emergency showers and eye wash stations, to alleviate the impact of injuries in the event of a chemical-related accident.

[Safety and Health Prevention Education and Activities]

Category	Training Name	Frequency	Target
Safety	Regular safety and health training	Monthly	All employees
	Supervisor training	16 hours per year	Supervisors
	Emergency response training	Quarterly	All employees (including resident partners)
	Confined space emergency response training	Once per half-year	EM Team
	PSM (Process Safety) Training	Quarterly	PSM Process Department
Chemical Substances	Chemical training (employees)	22 hours per year	All employees (including outsourcing partners)

Occupational Environmental Assessment and Prevention of Occupational Hazards

PI Advanced Materials conducts workplace environment assessments in collaboration with large hospitals in accordance with Article 25 of the Industrial Safety and Health Act. This initiative enables us to implement preventive measures against chemical-related accidents. Additionally, employees who may be exposed to hazardous elements undergo regular examinations at local hospitals to prevent occupational diseases and maintain their health. In line with safety and health regulations, we also investigate and evaluate harmful

factors in work processes that place significant musculoskeletal burdens on employees. Based on these evaluations, we implement improvement measures to ensure employee safety.

Safe Environment Communication Channels

In accordance with Article 4, Paragraph 1, Item 7 of the Serious Accidents Punishment Act, PI Advanced Materials has installed safety and health suggestion boxes at all workplaces. This initiative allows employees and outsourcing partners at our sites to provide feedback on safety and health. In 2023, we received a total of 78 improvement requests (44 from the Jincheon plant and 34 from the Gumi plant), of which 74 have been resolved. Since 2023, we have also implemented the Safety 100 system, enabling employees and partners to report risk factors immediately to the Safety and Environment Team via QR codes posted within the workplace. We are committed to making PI Advanced Materials a safe workplace through the active participation of all parties involved in our business activities.

Scan this QR code with your mobile phone camera to access the suggestion submission screen.



Fostering Partnership with the Local Community

Key Initiatives for Partnership

PI Advanced Materials engages in various social contribution activities to uphold its commitment to partnered growth with surrounding communities. These initiatives aim to achieve shared growth with the local community, manage safety and environmental risks, and promote sustainability. We support vulnerable groups and host local events to foster the physical, mental, and emotional development of future generations. Additionally, we conduct preventive measures to address potential safety and environmental issues that may arise from unexpected incidents. PI Advanced Materials also actively participates in organizations, including local economic groups, safety and environmental associations, and industry coalitions. As our business slogan, 'Polyimide Connecting Tomorrow,' suggests, we are dedicated to creating a better future through social contributions and community engagement.

Slogan	Polyimide Connecting Tomorrow		
Mission	We engage in social and local initiatives to foster shared growth, safety, and sustainability of the surrounding communities		
Activity Areas	Shared Growth	Safety and Environment	Community Sustainability
Target	Vulnerable groups in the community / Future generations	The surrounding local communities	Local associations and organizations
Activities	>>Provide financial support to vulnerable groups in the surrounding communities, such as single elderly households. >>Sponsor infants and children from low-income households in the local communities.	>>Establish a community emergency response system and a damage prevention plan in case of accidents. >>Identify potential risks to the community in the event of hazardous gas or chemical leaks and establish a prevention plan to contain the spread.	>>Join local community associations and business organizations to support initiatives for community and business development. >>Engage with local health, safety, and environmental organizations to effectively address community HSE risks. >>Participate in local economic and industrial organizations to share and align visions for future business growth within the community.

Community Assistance Projects for Local Communities and Vulnerable Groups

PI Advanced Materials engages in fundraising activities to support local communities. We collaborate with ChildFund to donate and provide assistance to socially vulnerable children. Additionally, we organize activities such as kimchi making and sharing with local residents (Kimjang). Kimjang is the traditional Korean practice of preparing and preserving large quantities of kimchi, a staple fermented vegetable dish, for the winter months. This practice typically takes place in late autumn and involves the community coming together to make kimchi in large batches. Kimjang is not only a significant cultural tradition but also a time-honored method of ensuring that families have a sufficient supply of kimchi throughout the winter. PI Advanced Materials is proud to lead and participate in this annual tradition to support the local community.

[Local Engagement Programs]

ChildFund Sponsorship

PI Advanced Materials donates to ChildFund to support local low-income families and students from single-parent households. We make monthly contributions and provide additional support during traditional Korean holidays, such as Lunar New Year and Korean Thanksgiving [Chuseok].

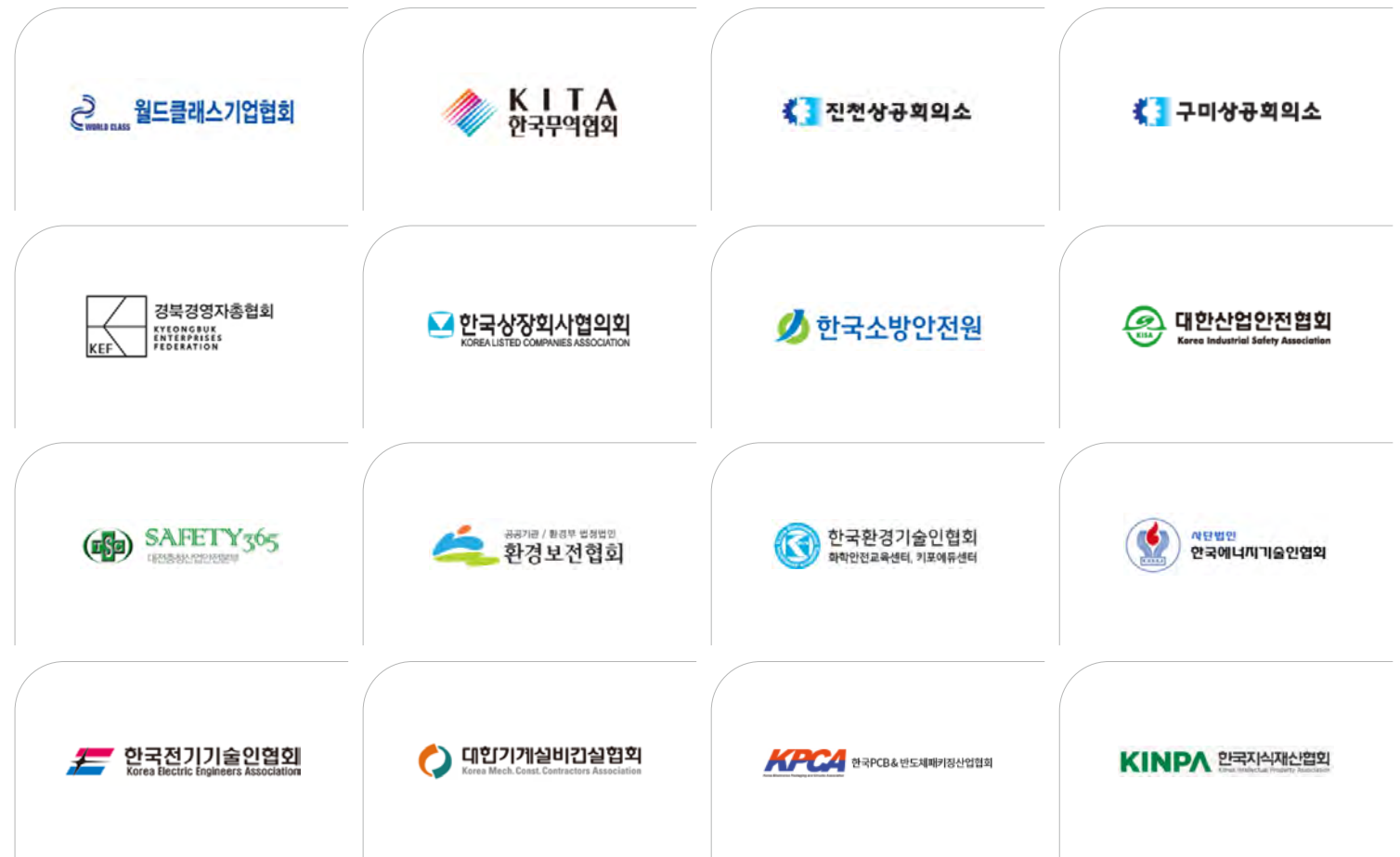
Community Outreach Initiatives

PI Advanced Materials actively participates in neighborhood support initiatives for residents near its Jincheon Plant. We engage with the community by organizing holiday celebration events for local residents, including senior citizens, and by donating goods to seniors who live alone.

Fostering Partnership with the Local Community

Involvement in Local Associations and Industry Organizations

PI Advanced Materials is committed to fulfilling its corporate social responsibilities and contributing to industrial development through collaborative activities with various institutions. These collaborations are essential for enhancing industry competitiveness and promoting sustainable development. By fostering information-sharing and cooperation among businesses, the company helps lay the groundwork for industrial innovation and growth. Furthermore, PI Advanced Materials plays a leading role in driving sustained, industry-wide progress through these partnerships. Building on these close institutional collaborations, the company will continue to enhance industry competitiveness and work toward a better society.



Customer Satisfaction Management

Customer Satisfaction Management Process Overview

Customer satisfaction is at the forefront of our values. We work diligently to understand our customers’ needs and deliver high-quality products and services to meet their expectations. These efforts play a significant role in building trust with our customers and fostering long-term partnerships. PI Advanced Materials also invests in quality management and adheres to international standards to ensure that we provide safe and reliable products. We actively gather customer feedback to improve our products and services, enhance customer support, and provide satisfactory after-sales services. Additionally, we are deeply committed to environmental protection, as evidenced by our adoption of eco-friendly production processes, waste reduction initiatives, and increased resource efficiency. Through these efforts, we aim to be a company that prioritizes both customer satisfaction and environmental stewardship for a sustainable future. PI Advanced Materials will continue to focus on quality innovation and environmental protection to grow together with our customers and create a better future.

Quality and Environmental Management Certification

PI Advanced Materials has maintained a quality management system since its inception. Following the 2015 revision of the ISO quality management standards, we completed the transition audit in 2017, supported by external consulting and internal enhancements. Our top management has continuously overseen the quality management system, ensuring its ongoing improvement and effectiveness.

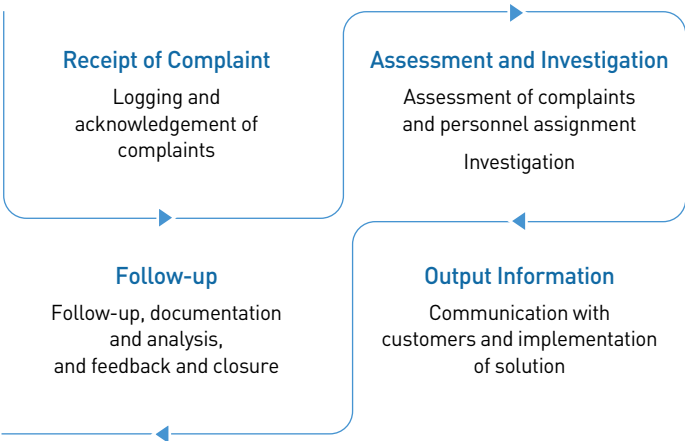
[Quality and Environmental Management Certification]

Certification Status	Certification Period
 ISO 9001 Quality Management System (File No. : FM 518728)	2007~2025
 ISO 14001 Environmental Management System (File No. : EMS 518811)	

Customer Complaint Handling Process

PI Advanced Materials’ customer complaint handling process is designed to address any product quality issues and customer concerns swiftly and accurately.

[Customer Complaint Handling Process]



[Customer complaint frequency/resolution rate]

Category	Unit	2020	2021	2022	2023
Complaint incidence as % of sales	%	0.3	0.4	0.1	0.4
Complaint resolution rate	%	100	100	100	100

Customer Satisfaction Management

Quality Improvement

"Maintaining and improving our product quality to instill confidence in our customers is our top priority. Our 'quality circle' activities focus on enhancing productivity, identifying and eliminating internal safety hazards, and proposing ideas for continuous improvement. We encourage active employee participation in these efforts through contests that evaluate and reward advancements in productivity, quality, cost efficiency, and safety. Additionally, we regularly invite external experts to educate employees on adapting their mindsets and work practices in response to the rapid changes in the business environment following the end of the COVID-19 pandemic.

Production Process Improvement

PI Advanced Materials established a Manufacturing Execution System (MES) in 2021 to enhance data management efficiency. In 2022, we further advanced the system by expanding its capacity to collect and store data on a per-second basis. This enhancement enables real-time analysis of production and quality, efficient production history management, and the identification of areas for improvement. As a result, we can preempt abnormal factors in the manufacturing process, ensuring a consistent and stable environment for producing high-quality products.

Product Safety Certification

Certification Status	Certification Period
 Flame Retardant Certification (V-0, VTM-0) (file No. QMFZ2.E258356)	From 2006
 Restriction of Hazardous Substances RoHS Certification with SGS	Annual assessment of all products

Recognition of Excellence in Product Quality

Received \$100 million Export Tower Award

PI Advanced Materials is committed to quality management by continuously investing in the improvement of its production processes. Our product quality is highly recognized not only by domestic customers but also by international customers, resulting in consistently strong export sales. PI Advanced Materials' export sales have exceeded \$100 million for three consecutive years. In recognition of these achievements, the company was awarded the \$100 Million Export Tower on National Trade Day 2023. In 2022, overseas exports accounted for 64.1% of total sales, with significant contributions from China and other Asian markets. We plan to further expand our presence in global markets, including Europe and North America. This success underscores that PI Advanced Materials' quality management is highly regarded both domestically and internationally.

[Received \$100 million Export Tower Award on National Trade Day 2023]





Sustainability Management Activities Go together

Sharing Goals, Values, and Benefits with All Stakeholders

PI Advanced Materials is committed to achieving shared goals and maintaining transparency with its stakeholders.

The company respects its stakeholders' rights, strictly complies with all legal and tax regulations, and fulfills its social responsibilities.

Ethical Management

Principle of Ethical Management

PI Advanced Materials upholds fundamental guidelines and values to ensure that our business practices are not only legally compliant but also ethically sound. These principles guide us in making decisions that respect the rights and interests of all stakeholders, including employees, customers, partners, and the community, while maintaining high standards of integrity, fairness, and social responsibility.

Ethical management is our fundamental duty, focusing on fulfilling not only the economic and legal responsibilities required in business activities but also ethical responsibilities. By upholding these ethical responsibilities to all stakeholders, PI Advanced Materials aims to contribute to social and economic development, as well as to the well-being of local communities.

Guidelines for Practicing Ethical Standards

PI Advanced Materials has established and implemented a Code of Ethics for Employees and Guidelines for Practicing Ethical Standards to ensure that ethical management is the benchmark for evaluating all business activities. These guidelines ensure that all operations are conducted with integrity, fairness, and respect for all stakeholders, fostering a culture of transparency, accountability, and social responsibility. They serve as a framework for making ethical decisions,

resolving dilemmas, and maintaining a consistent commitment to ethical practices across the organization.



Ethical Management Training

All members of PI Advanced Materials are expected to create value for all stakeholders, playing a key role in social and economic development. PI Advanced Materials conducts annual ethics training for all employees to emphasize the importance of ethical management.

Reporting violations of the Code of Ethics

Anyone can report violations of the Code of Ethics or non-compliance with the Guidelines for Practicing Ethical Standards to the company. To safeguard whistleblowers from any disadvantages, we have implemented a protection program, with details available on the company website to encourage the reporting of ethical violations.

Corporate Governance

Board Composition

The Board of Directors (BOD) member appointment process begins with the identification and evaluation of potential candidates based on their qualifications, experience, and suitability. The BOD then votes to nominate suitable candidates for the director positions. Relevant information about the nominated candidates is disclosed to shareholders prior to the General Meeting of Shareholders, included in the notice of convening the meeting and in the proxy voting materials. During the General Meeting, shareholders vote to approve or reject the nominations. Candidates who receive shareholder approval are officially appointed as members of the BOD. This process ensures transparency and active shareholder participation in the selection and appointment of BOD members.

In March 2020, the BOD regulations were amended to allow the appointment of the BOD’s chair from among directors selected by the BOD, rather than limiting the position to the CEO. In March 2023, a director was appointed as chair through a BOD resolution, further enhancing the BOD’s independence and transparency.

Independence of Outside Directors

PI Advanced Materials has appointed three of the seven BOD members as outside directors to ensure independent decision-making and safeguard shareholder rights. These outside directors are seasoned professionals with extensive experience and expertise in banking, investment, finance, and law, providing valuable advice on the company’s major decisions. Their independence is maintained by the absence of conflicts of interest with the company, enabling them to engage in comprehensive discussions on all matters. This combination of expertise and independence fosters a robust corporate governance structure.

[Board Composition]

Category		Name	Gender	Key Experience	Term	Notes
Chair of the Board	Inside Director (CEO)	Kevin Song	Male	Bachelor of Business Administration, Sogang University Former) Head of Sales, SKCKOLONPI Co., Ltd. Former) Head of Business Division, PI Advanced Materials Co., Ltd. Current) CEO, PI Advanced Materials Co., Ltd.	March 23, 2023~ March 22, 2026	Directors with expertise in various fields such as engineering, management, finance/accounting, and law were appointed as BOD members.
		Jaeho Yang	Male	Columbia Law School (LL.M., 2011) Current) Attorney at Kim & Chang Law Office	March 23, 2023~ March 22, 2026	
		Jewon Lee	Male	Completed Indiana University School of Law SJD Current) Attorney at Lee & Ko Law Firm	March 23, 2023~ March 22, 2026	
Director	Outside Director	Hyeongil Oh	Male	PhD in Accounting from Columbia University Current) Professor of Accounting, Department of Management Engineering, KAIST Business School	March 23, 2023~ March 22, 2026	
		Marc Henri Florent Schuller	Male	Former) Vice President, Arkema S.A. Current) COO, Arkema S.A.	December 1, 2023~ March 22, 2026	
		Marie José Donsion	Female	Former) Executive Director in Finance, Alstom S.A. Former) CFO, Alstom S.A. Current) CFO, Arkema S.A.	December 1, 2023~ March 22, 2026	
Other Non-Executive Director		Hyunsoo Han	Male	Former) HR/GA/PSRA Part Director, Arkema Co., Ltd., Current) CEO, Arkema Co., Ltd.	December 1, 2023~ March 22, 2026	

PI Advanced Materials is committed to establishing a rational and transparent corporate governance structure aligned with our principles and policies to ensure sustainable growth, enhance shareholder value, and protect shareholder rights. To implement this transparent governance structure, we actively disclose the standard procedures and outcomes of our corporate governance practices, including the Articles of Incorporation, the status of the General Meeting of Shareholders, and the BOD meeting minutes and regulations, all of which are made publicly available through public filings or on our website.

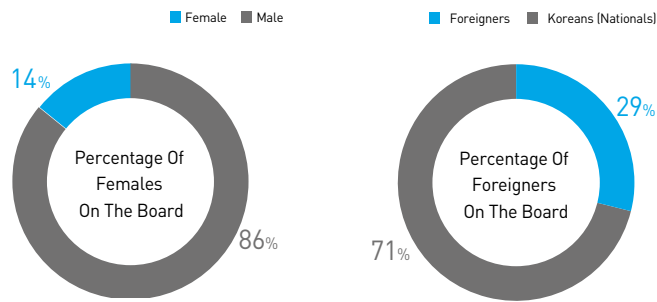
Corporate Governance

Board Expertise and Diversity

PI Advanced Materials specializes in manufacturing and selling polyimide products across a broad range of end markets, including mobile, electric vehicles, semiconductors, and displays. The company has maintained its leading global market share since 2014. Strategic decisions by the BOD are crucial for sustaining and strengthening this market leadership. Kevin Song, the CEO, has been with the company since its inception and brings exceptional expertise in PI products. Additionally, the COO and CFO of Arkema Group, the company’s largest shareholder, and the CEO of Arkema Korea serve as non-executive directors on the BOD to ensure accountability to shareholders. The board also includes one female director out of the seven members. PI Advanced Materials is committed to sharing benefits and values with all stakeholders to support sustainable growth.

[Competency Composition of Board of Directors]

Category	Name	Areas of Expertise					
		Management	Finance	Accounting	Legal	Sales	Engineering
Chair of the Board	Inside Director (CEO)	○					
		○					
Director	Outside Director	○					
		○					
		○					
		○					
	Other	○					
	Non-Executive Director	○					
		○					
		○					
		○					

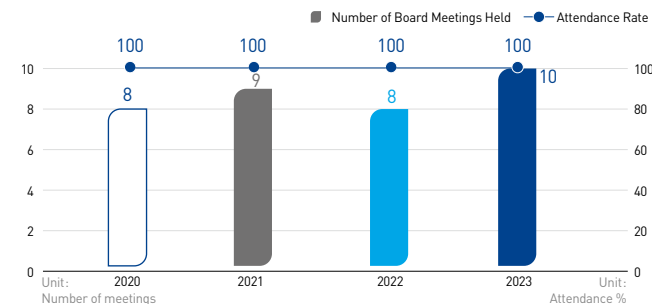


Corporate Governance

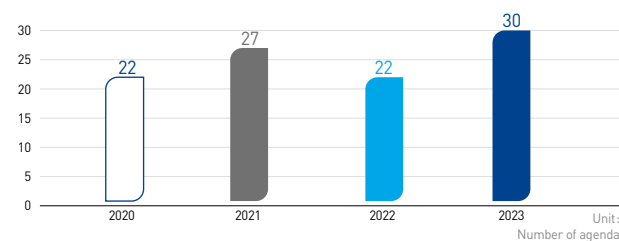
Board of Directors Operational Overview

The Board of Directors plays a crucial role in supervising management and convenes quarterly to make decisions on various agenda items. Special or extraordinary meetings are called when necessary. In 2023, the board held 10 meetings to review and resolve matters related to the general shareholders' meeting, management, and finance, in line with the Articles of Incorporation and BOD regulations. The Strategy Division supports the BOD by providing information and preliminary reports on all agenda items to facilitate optimal decision-making.

[Board Activity and Attendance Record]



[Reporting and Resolution]



[2023 Board of Directors Meeting Status]

Session no.	Date of Meeting	Agenda Items	Items Reported	Attendance Rate	
				Internal Director	Outside Director
1	January 27, 2023	1: New borrowing for general operating funds - Shinhan Bank 2: New borrowing for general operating funds - NH Bank		100%	100%
2	February 6, 2023	1: Approval of the 15th Financial Statements and Business Report	① 2022 Q4 Business Performance ② Completion of #PG4 Investment	100%	100%
3	March 6, 2023	1: Recommendation of Outside Director Candidates 2: Convening the 15th Annual General Meeting of Shareholders 3: Approval of the Introduction of Electronic Voting at the General Meeting of Shareholders	① Status of Internal Accounting Management System Operation ② Evaluation of Internal Accounting Management System Operation ③ Amendments to Internal Accounting Management	100%	100%
4	March 23, 2023	1: Appointment of CEO 2: Delegation of Execution of Director's Compensation for the 16th Term to CEO 3: Amendment of Board of Directors Regulations 4: Changes to Detailed Matters Regarding the Operation of the Board of Directors 5: Appointment of Advisor		100%	100%
5	May 8, 2023	1: Borrowing of Operating Funds 2: Credit Transaction Agreement	① 2023 Q1 Business Performance ② 2023 Q2 Business Plan	100%	100%
6	June 22, 2023	1: Investment in Facility Expansion for Production of EV-Specific PI Varnish		100%	100%
7	July 24, 2023	1: Borrowing of Facility Funds 2: Credit Transaction Agreement	① 2023 Q2 Business Performance ② 2023 H2 Business Plan	100%	100%
8	August 23, 2023	1: Setting the Record Date for Holding an Extraordinary General Meeting of Shareholders		100%	100%
9	October 17, 2023	1: Convening an Extraordinary General Meeting of Shareholders 2: Approval of the Introduction of Electronic Voting at the General Meeting of Shareholders		100%	100%
10	November 1, 2023		① 2023 Q3 Business Performance ② 2023 Q4 Business Plan	100%	100%

Corporate Governance

Evaluation and Compensation of the Board of Directors

PI Advanced Materials determines compensation in accordance with Article 388 of the Commercial Act and its Articles of Incorporation, within the limits approved by the General Meeting of Shareholders. Outside directors receive only a base salary, with no performance bonuses, to maintain their independence. Retirement compensation for directors is provided according to the executive retirement pay regulations as resolved at the General Meeting of Shareholders.

[Status of directors' remuneration]

Category	Unit	Number of people	Total remuneration	Average remuneration per person
Registered Director	KRW 1 mil.	4	350	87
Outside Director (Concurrent Audit Committee Member)		3	73	24

*as of 2023

Board Subcommittees and Operational Status

PI Advanced Materials upholds reasonable and transparent accounting practices through the Audit Committee. To ensure its independence and transparency, the Audit Committee is composed entirely of three outside directors, in line with its regulations. The activities of the Audit Committee are regularly disclosed on the company's website.

[Audit Committee Meetings in 2023]

Committee Name	Members	Activities		Approval Status	Names of Outside Directors (Attendance Rate)				
		Meeting Date	Agenda		Hyeongil Oh (100%)	Jeongyeol Lee (100%)	Gyeongmoon Lim (100%)	Jaeho Yang (100%)	Jewon Lee (100%)
The Audit Committee	Jaeho Yang Jewon Lee Hyeongil Oh	February 6, 2023	Reports: ① Report on the 15th Term Audit Results by External Auditor	Report	Attendance	Attendance	Attendance		
			② Report on the Conclusion of the Designated Audit Contract		Attendance	Attendance	Attendance		
		March 6, 2023	Report: Internal Accounting Control System Operation Status	Report	Attendance	Attendance	Attendance		
			Agenda Item 1: Preparation of the Evaluation Report on the Internal Accounting Control System Operation Status	Approval	In favor	In favor	In favor		
			Agenda Item 2: Approval of the Audit Committee's Audit Report	Approval	In favor	In favor	In favor		
		March 23, 2023	Report: Report on the Conclusion of the Amended Designated Audit Contract	Report	Attendance			Attendance	Attendance
			Agenda Item 1: Appointment of the Audit Committee Chair	Approval	In favor			In favor	In favor

[Audit Committee Operational Status and Attendance Rate]

Operation		Unit	2020	2021	2022	2023
Meetings Held		No.	2	2	2	3
Reporting and Resolution	Number of Items Reported and/or Resolved	No.	4	5	5	7
	Approved	%	100	100	100	100
Audit Committee Resolution Details						
		Opposed and Abstained	%	-	-	-

Shareholder-Friendly Policy

Information Accessibility

PI Advanced Materials adheres to the Commercial Act, Capital Markets Act, and KOSPI market disclosure regulations to ensure timely information access for shareholders and investors. The company encourages shareholder participation by participating in a voluntary compliance program that schedules shareholder meetings on non-peak days and provides meeting details, including the date, location, and agenda, at least two weeks in advance via its website and the Financial Supervisory Service's electronic disclosure system. To further enhance corporate recognition and value, PI Advanced Materials has been issuing English disclosures for major corporate announcements since 2020. In 2023, the company was awarded an Excellent Disclosure Award by the Korea Exchange for its commitment to accurate and timely disclosure of key management matters through its internal disclosure process.

Proactive Investor Communication

PI Advanced Materials conducts quarterly earnings announcements through conference calls. Following these announcements, the company's financial performance and future plans are communicated to domestic and international institutional investors through participation in non-deal roadshows (NDRs) and conferences organized by securities companies, where investor inquiries are

also addressed. Additionally, the company holds IR meetings with institutional investors who request visits or conference calls. Inquiries from individual shareholders are handled by the IR Department.

[Status of major shareholders]

Shareholder Name	Number of shares owned (Co., Ltd.)	Share ratio (%)	Note
Arkema Korea Holding Co., Ltd.	15,877,400	54.07	Largest shareholder
National Pension Service	2,678,215	9.12	
Employee Stock Ownership Association	42,845	0.15	

*As of December 2023

Shareholder-Friendly Dividend Policy

In accordance with Article 47 of the Articles of Incorporation, dividends are distributed based on resolutions passed by the Board of Directors and the General Meeting of Shareholders. A portion of our profits is allocated annually to secure investment resources for growth and research. Additionally, dividends are paid out according to the shareholder return policy, with a historical dividend payout ratio of 50%. We are planning to establish a comprehensive dividend plan and a mid/long-term shareholder return policy, considering factors such as maintaining a dividend payout ratio of over 50%, investment plans, cash flow, and financial stability. While the company does not publicly announce a dividend policy, we have consistently paid cash dividends

once per year for the past eight years, up to our 15th fiscal year (2022). Details of these dividends are communicated to shareholders through the Disclosure of Decision to Pay Dividends in Cash and In-kind, and shareholders are informed of dividend plans for the following year.

[Dividend status]

Category	Unit	2020	2021	2022	2023
Dividend per share	KRW	711	1,090	779	-
Dividend payout ratio	%	50.04	50.01	50.05	-
Total dividend amount	KRW 1 mil.	20,879	32,009	22,876	-

Introduction of Electronic Voting and Electronic Proxy System

PI Advanced Materials implements a system for soliciting proxy voting, including electronic voting and electronic proxies, to enhance accessibility to information discussed at meetings and the convenience of exercising voting rights at the General Meeting of Shareholders. At the 2023 meeting, 12 shareholders exercised their voting rights via electronic voting. We will be introducing various measures to further expand electronic voting and electronic proxies.

Tax and Accounting Policies and Performances

Tax and Accounting Policy Overview

PI Advanced Materials is committed to upholding stringent tax and accounting policies as part of its broader commitment to corporate governance and social responsibility. The company adheres to all applicable tax regulations and accounting standards, ensuring transparent and accurate financial reporting. To manage tax risks effectively and maintain compliance, PI Advanced Materials has implemented a robust internal accounting management system. This system is designed to enhance the reliability of financial information, support strategic decision-making, and ensure that all tax obligations are met in a timely and efficient manner. By maintaining these rigorous standards, PI Advanced Materials aims to build trust with stakeholders and contribute to the company's long-term sustainability and growth.

Internal Accounting Management System

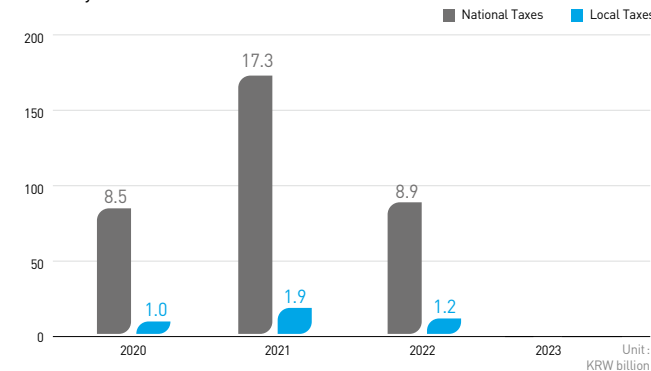
PI Advanced Materials has established a robust internal accounting management system to ensure the accuracy, transparency, and reliability of its financial reporting. This system is designed to uphold the company's commitment to ethical business practices by implementing stringent internal controls that align with industry standards and best practices. Regular assessments of the system's effectiveness are conducted, with the results being reported to the Board of Directors and the General Meeting of Shareholders by the Audit Committee. These evaluations enable PI Advanced Materials to identify areas for improvement and ensure that its financial management practices remain aligned with its strategic objectives and regulatory

requirements. Through this rigorous approach, the company reinforces its dedication to maintaining high standards of corporate governance and financial integrity.

Fulfillment of Tax Obligations

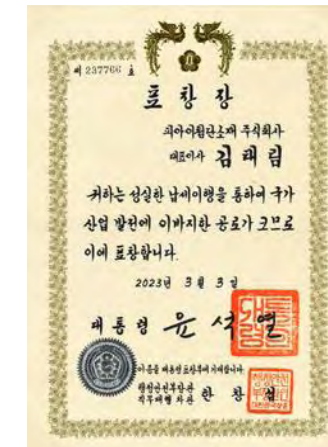
PI Advanced Materials is committed to fulfilling its tax obligations with the highest standards of transparency and accuracy. The company ensures full compliance with all tax regulations and consistently submits timely and accurate tax reports. By doing so, PI Advanced Materials contributes to national economic development and supports fiscal stability. This commitment to exemplary tax practices was recognized in 2023 when the company received the Presidential Award for Exemplary Taxpayer, highlighting its dedication to responsible corporate citizenship and its proactive approach to meeting government requirements.

[Tax Payments]



[Tax-Related Awards and Details]

Category	Unit	2021	2022	2023	2024
Tax	No	-	1	1	-
Disclosure	No	-	-	-	1



Selected as an exemplary taxpayer by National Tax Service in 2023



Excellent Disclosure Company certificate provided by Korea Exchange in 2024



Excellent Disclosure Company Award provided by Korea Exchange in 2024



Risk management

Risk Management System for Sustainable Management

PI Advanced Materials operates a robust risk management system concentrating on six key risk areas: legal compliance, health and safety, finance, information security, supply chain, and strategic materials.

The company is committed to sustainable management and growth by proactively identifying risks in response to social and geopolitical changes, assessing their impact and likelihood, and implementing preventative measures for critical risks. This systematic approach ensures that PI Advanced Materials remains resilient and well-prepared for potential challenges, reinforcing its long-term stability and success.

After a crisis ends, PI Advanced Materials establishes a risk management committee to oversee the implementation of preventive measures and verify their effectiveness. This committee documents changes in the crisis situation and assesses the impact of the damage. It also develops scenarios that include the decision-making process of the Emergency Response Committee and enhances crisis response capabilities through simulated training. To prevent the recurrence of similar crises, the committee updates and improves the crisis response manual and systems. These activities contribute to strengthening the risk management framework.

Risk Management System

Management Indicators and Performance

PI Advanced Materials has made significant progress in risk management from 2020 to 2023, particularly in industrial safety and information security. The company reported zero industrial accidents, highlighting the effectiveness of its proactive safety and health risk management measures. In 2021, despite one safety regulation violation, PI Advanced Materials quickly implemented corrective actions, successfully preventing any recurrence. The company also ensured full compliance with human rights and ethical standards, with no violations of the Labor Standards Act or Fair Trade Act. Additionally, there were no information security breaches, thanks to consistent and rigorous management of security risks. PI Advanced Materials remains committed to systematic risk management and sustainable growth, reinforcing stakeholder trust and fulfilling its corporate social responsibilities.

Sector	Performance Indicators		Unit	2020	2021	2022	2023
Safety Environment	Employees	Number of Industrial Accidents	Case	-	-	-	-
		Industrial Accident Rate	%	-	-	-	-
		Frequency Rate	%	-	-	-	-
		Work Loss Accident Rate	%	-	-	-	-
	Violation of Safety Regulations	Number of Violations	Case	-	1	-	-
		Fines	KRW 10,000	-	96	-	-
	Outsourcing Partners	Industrial Accident Status	Number of Industrial Accidents	Case	-	-	-
		Industrial Accident Rate	%	-	-	-	-
		Frequency Rate	Case	-	-	-	-
		Work Loss Accident Rate	KRW 10,000	-	-	-	-
Human Rights Ethics	Violation of Labor Standards Act	Number of Violations	Case	-	-	-	-
		Fines	KRW 10,000	-	-	-	-
	Violation of Fair Trade Act	Number of Violations	Case	-	-	-	-
		Fines	KRW 10,000	-	-	-	-
Security	Total Number of Information Leaks		Case	-	-	-	-
	Number of Information Leaks Related to Corporate Data and Customer Information		Case	-	-	-	-
	Amount of Fines for Violation of Information Leakage Regulations		KRW 1,000	-	-	-	-

Safety and Health

Prevention of Serious Accidents

The safety and well-being of employees, customers, and all stakeholders are the top priorities at PI Advanced Materials. The company emphasizes safety in its operations, proactively identifying potential risks and working to create a secure environment through transparent and responsible management practices.

1) Safety-First Culture

PI Advanced Materials trains employees and promotes campaigns to raise safety awareness, ensuring that all employees and stakeholders recognize the importance of safety. By fostering a safety-first culture and placing safety at the core of its business activities, the company aims to establish a strong foundation for preventing serious accidents.

2) Accident Prevention Measures

PI Advanced Materials implements comprehensive accident prevention measures by regularly identifying potential hazards and conducting thorough risk assessments across all business sites. The company also invests in advanced safety equipment and continuous employee training to ensure a safe working environment and minimize the risk of accidents.

3) Transparent and Responsible Management

In the event of a serious accident, PI Advanced Materials activates its crisis response system, ensuring immediate communication and coordination among all relevant departments to contain the situation. The company prioritizes the safety of employees and the community, swiftly

implementing corrective actions and conducting a thorough investigation to prevent future occurrences.

4) Continuous Improvement and Collaboration

PI Advanced Materials complies with safety-related laws and regulations while actively collaborating with partners and stakeholders to enhance safety measures across its operations, ensuring the sharing and implementation of best practices. The company continuously seeks feedback and fosters open communication with all stakeholders to create a safer working environment and strengthen collective safety efforts.

HSE100 TFT Activities

PI Advanced Materials has appointed safety and health management officers for each business site, clearly defining their responsibilities and authority in managing and operating safety and health systems. As part of this risk management framework, the company established the HSE (Health, Safety, and Environment) 100 TFT to inspect, identify, and mitigate safety, environmental, and health risks at the corporate level. These efforts ensure that the culture of prioritizing safety, environment, and health is not just an internal principle but is comprehensively integrated into the work environment of employees, partners, and throughout the supply chain.

Establishment of PI Advanced Materials' Perfect Safety and Health HSE system



INNOVATE

Innovative HSE Management

- >> Proactive risk identification and mitigation
- >> Employee engagement and training
- >> Data-driven decision making



IMPLEMENT

Safety Response System

- >> Rapid communication and alert mechanisms
- >> Preparedness and emergency drills
- >> Incident investigation and continuous improvement



EXPAND

Expansion of the HSE system across the supply chain

- >> Collaboration with suppliers and partners to apply the same HSE standards
- >> Evaluation of HSE practices by suppliers and partners for continuous improvement

Safety and Health

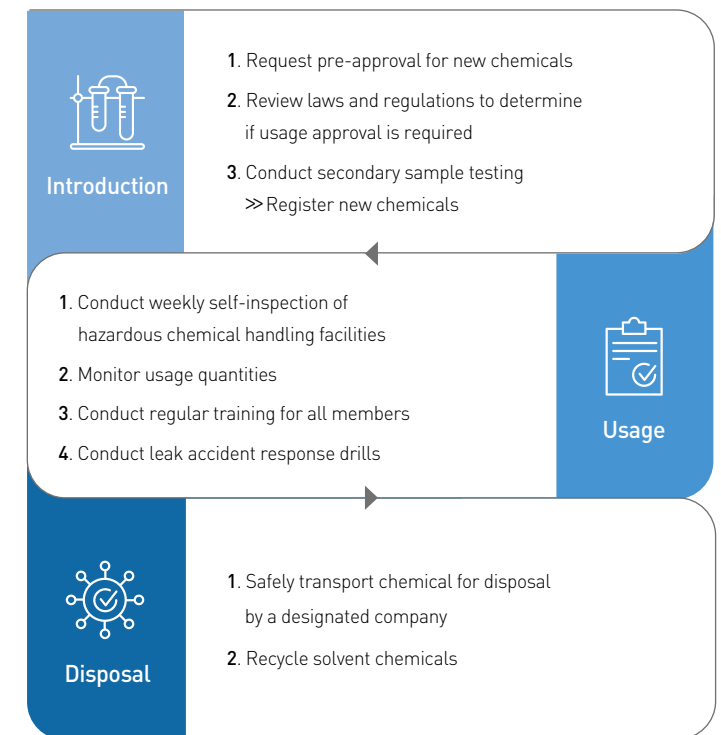
Process Risk Assessment and PSM Evaluation

PI Advanced Materials implements a comprehensive risk assessment process involving all employees and outsourcing partners to identify and mitigate physically harmful risk factors in the workplace, in line with the Industrial Safety and Health Act and the Serious Accidents Punishment Act. The company employs site- and task-specific risk assessment techniques to systematically identify, evaluate, and manage potential risks. These assessments are conducted according to guidelines that are updated annually. Additionally, PI Advanced Materials inspects the Process Safety Management (PSM) implementation status across its business sites to establish a robust safety and health system and enhance employee awareness of safe practices. Regular PSM self-audits, conducted in collaboration with external organizations, ensure that audits are objective and fair. The company also monitors the implementation of each department's process safety report and the overall efficiency of the PSM system to identify and address areas for improvement.

Chemical Management

PI Advanced Materials employs a comprehensive chemical management system to address the potential risks associated with the use of various chemicals in its production processes. This system encompasses all stages, from the receipt and use of raw materials to their disposal, with ongoing improvements to meet international standards. When introducing new chemicals, the company rigorously reviews compliance with regulations by analyzing Material Safety Data Sheets (MSDS) and substances regulated under the Restriction of Hazardous Substances (RoHS). After undergoing multiple testing stages, new substances are registered for use. To prevent environmental impact and safety incidents, the company conducts regular self-inspections and closely monitors chemical usage. All employees receive chemical safety education, and those handling chemicals undergo specialized training to enhance safety awareness. Used chemicals are disposed of according to regulations, with some being recovered and recycled to support a circular economy. Additionally, to minimize chemical emissions, volatile substances are processed through combustion and absorption techniques, maintaining emission concentrations at 0 ppm.

[Chemical Substance Management System]



Safety and Health

Emergency Response Training

PI Advanced Materials conducts annual emergency response trainings to enhance preparedness for safety accidents, disasters, and calamities. These exercises help the company identify potential issues and develop improvement plans to ensure a safe workplace for all employees. Additionally, we contribute to community safety by organizing joint public-private emergency response drills with local government offices.



Industrial Safety and Health Committee and Consultative Body

PI Advanced Materials operates an Industrial Safety and Health Committee in compliance with the Industrial Safety and Health Act. This committee, composed of an equal number of representatives from both labor and management, meets quarterly to review, decide, and implement improvements on various safety and health management issues. These include regulations on chemicals, safety environment protocols, supervisor training plans, and workplace hazard investigations. The committee's findings are disclosed company-wide. Additionally, PI Advanced Materials runs a joint inspection consultative body consisting of both company employees and outsourcing partners. This group conducts quarterly inspections and shares recommendations for improving safety and mitigating environmental risks.



Supply Chain Safety and Health Support

PI Advanced Materials has established regulations to ensure the safety and health of contractors, service providers, and outsourcing partners. To prevent operational safety accidents, the company conducts walk-around and joint inspections with these partners. Regular safety and health consultative meetings are held to coordinate work locations, times, and tasks effectively. To further enhance safety awareness and promote the well-being of outsourcing partners, PI Advanced Materials provides chemical safety education and regular health check-ups for those handling chemicals. When selecting outsourcing partners, candidates are required to submit a safety and health management plan to assess their safety preparedness. An evaluation system is in place, requiring outsourcing partners to implement improvement measures if results are inadequate or considering partnership only if their safety score meets or exceeds a set standard.

Compliance Management

Compliance Management Overview

PI Advanced Materials is committed to maintaining the highest standards of compliance management across all its operations. The company ensures adherence to all relevant legal and regulatory requirements, including environmental, safety, and labor laws, through rigorous internal controls and regular audits. By fostering a culture of compliance, PI Advanced Materials prioritizes ethical business practices, transparency, and accountability, thereby strengthening its relationships with stakeholders and contributing to sustainable growth.

1) Minimizing Legal Risks

PI Advanced Materials proactively identifies and mitigates legal risks by implementing comprehensive compliance programs and regularly updating internal policies to align with current laws and regulations. The company also provides ongoing training to employees to ensure a thorough understanding of legal requirements, reducing the likelihood of violations and enhancing overall risk management.

2) Building Stakeholder Trust

PI Advanced Materials actively fosters stakeholder trust by maintaining transparency in its operations, consistently upholding ethical standards, and engaging in open communication with all stakeholders.

3) Fostering a Sustainable Management Environment

PI Advanced Materials is dedicated to fostering a sustainable management environment by integrating eco-friendly practices, enhancing transparency, and engaging with stakeholders to ensure long-term growth and environmental stewardship.

4) Establishing a Risk Management System

PI Advanced Materials has established a comprehensive risk management system that identifies, evaluates, and mitigates potential risks across all areas of its operations. The system is designed to proactively address threats to safety, health, and the environment, ensuring the stability and continuity of business activities. By regularly assessing and updating its risk management strategies, PI Advanced Materials maintains resilience against emerging risks and promotes sustainable growth.

5) Collaborative Growth with Partners

PI Advanced Materials is committed to fostering collaborative growth by actively engaging with its partners through regular consultations, joint safety initiatives, and shared best practices. The company ensures that its partners are aligned with its values and standards, creating a mutually beneficial relationship that drives innovation and sustainability across the supply chain.

Compliance Management System

PI Advanced Materials operates a comprehensive compliance management system that ensures adherence to legal and regulatory requirements, promoting ethical business practices and minimizing legal risks across all operations.

1) Compliance Management Consultative Body

PI Advanced Materials has established a compliance management consultative body that includes management and representatives from various departments, such as legal, finance, human resources, and sales, to oversee and coordinate compliance efforts across the company. This body ensures that all business activities align with legal standards and ethical guidelines, fostering a culture of integrity and accountability.

2) Compliance Management Team

The Legal and Compliance Team at PI Advanced Materials is responsible for ensuring that the company adheres to all relevant laws, regulations, and internal policies. The Team provides guidance on legal matters, monitor compliance across all business activities, and implement measures to mitigate legal risks while promoting ethical business practices.

3) Internal Audits and Monitoring

PI Advanced Materials conducts regular internal audits and monitoring activities to ensure compliance with legal and regulatory requirements, identify areas for improvement, and maintain high standards of operational integrity.

4) Communication with Stakeholders

PI Advanced Materials actively communicates with stakeholders on compliance management by providing transparent updates on its compliance practices and addressing any concerns or feedback. The company engages in regular dialogues with stakeholders to ensure that its compliance efforts align with their expectations and foster mutual trust.

[Training Status]

Date	Subject	Training Provider	Target	Method
January 1, 2023 ~ December 31, 2023	Employee ethics training (Prevention of sexual harassment and workplace bullying, and promotion of disability awareness)	Online	Employees	Lecture
December 26, 2023	Fair trade education (Subcontracting-related theories and cases)	Legal Team	Employee (management)	Lecture

Supply Chain Management

Supply Chain Management Overview

PI Advanced Materials maintains a robust supply chain management system that ensures the procurement of high-quality materials while adhering to ethical and environmental standards. The company collaborates closely with suppliers to promote sustainable practices, ensuring that all partners align with its values of integrity, transparency, and social responsibility. Regular assessments and audits are conducted to monitor supplier performance, identify potential risks, and implement improvement measures as needed. By fostering long-term relationships with reliable suppliers, PI Advanced Materials ensures a stable and responsible supply chain that supports its overall business goals and sustainability initiatives.

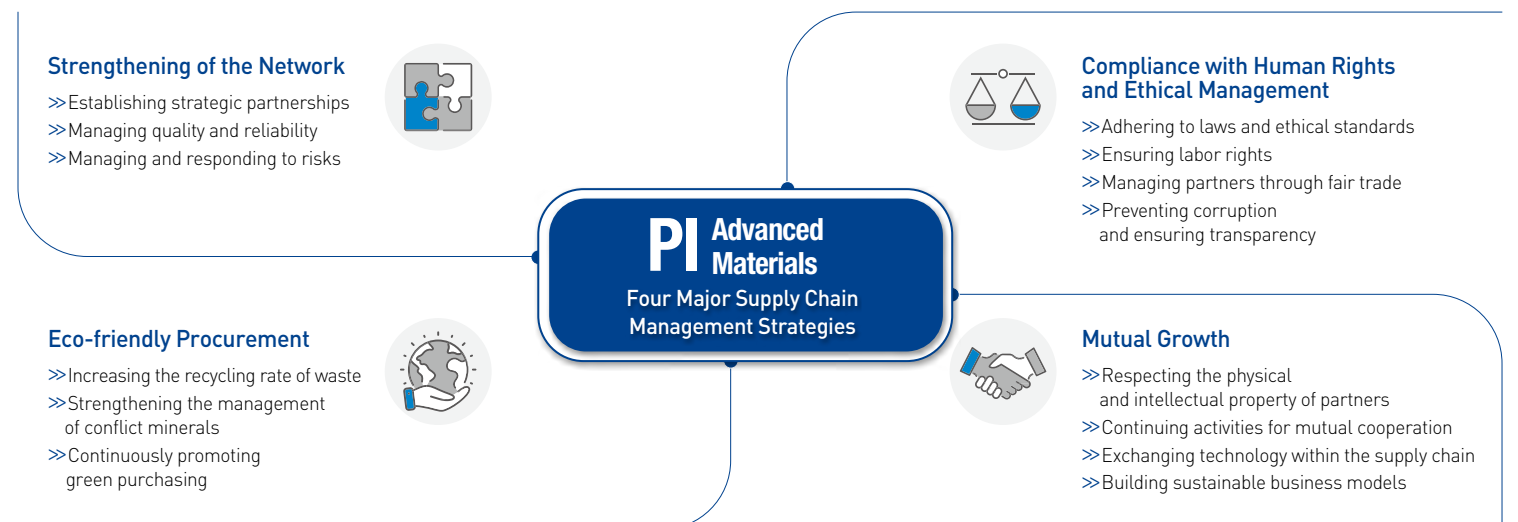
Four Core Strategies for Supply Chain Management

PI Advanced Materials employs four core strategies for effective supply chain management. First, we uphold principles of fair trade by ensuring honesty, fairness, and transparency, grounded in human rights and ethical management. Second, we enhance procurement competitiveness through systematic strategies that diversify our supply chain and foster strategic partnerships with high-performing suppliers. Third, we prioritize eco-friendly procurement by integrating green technologies and promoting sustainable purchasing practices. Lastly, we pursue mutual growth by facilitating technology exchange, fostering cooperation, and safeguarding our partners' intellectual property.

Code of Conduct

PI Advanced Materials has established a code of conduct for social responsibility management, outlining legal and ethical standards across ethics, labor/human rights, safety/health, environment, and management systems for its partner companies. These companies are expected to adhere to these standards, fostering a foundation for mutual cooperation and promoting fair and transparent supply chain management, ultimately leading to partnered growth.

The code, based on global standards such as the UN Global Compact and the International Labor Organization (ILO), is enforced through surveys or on-site evaluations, with necessary improvements requested when needed. Partner companies are required to comply with legal and ethical regulations, respect human rights, fulfill safety and health obligations, and take environmental protection measures, ensuring these principles are integrated into their management systems. This code is accessible to all partner companies via PI Advanced Materials' website.



Supply Chain Management

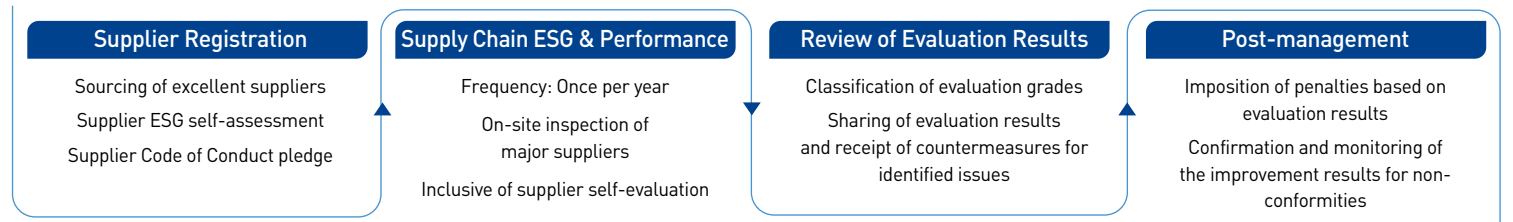
Supply Chain Risk Management

PI Advanced Materials operates a comprehensive evaluation system for supply chain risk management, with more stringent ESG criteria implemented since December 2023. Companies with low evaluation scores are required to make improvements, and various support measures are provided to foster a culture of mutual growth. The company has established regulations to ensure the safety and health of contractors, service providers, and outsourced workers, enabling effective management of partner employee safety. To prevent accidents, PI Advanced Materials conducts regular and joint inspections of partners' workplaces, convenes safety and health consultative meetings with resident partners, and provides safety education and regular health check-ups. Partners are required to submit a safety and health management plan, which is a key criterion for partner selection, with improvements mandated for those with low evaluation results.

Post-Supply Chain Management

PI Advanced Materials conducts annual environmental impact assessments of its partners, using the results to inform contract extension decisions. These assessments quantify the environmental impact of partners' activities on air quality, water quality, and waste, assigning grades based on their significance. Raw material suppliers and equipment providers must submit documentation proving compliance with RoHS and other environmental regulations, including test reports from certified analytical institutions to verify the absence of hazardous substances. To prevent illegal waste disposal, PI Advanced Materials conducts annual visits to waste management companies to evaluate their processing methods, taking corrective measures or terminating contracts if violations are found. Since 2023, internal ESG evaluation criteria and a code of conduct have been applied to raw material suppliers and partners to enhance ESG assessments, allowing the company to understand the environmental impact and management practices of its partners and integrate this information into its procurement policies for sustainable management.

[Supply Chain Registration Procedure]



[Supply Chain Evaluation Items]

Evaluation Items	General Status	Sustainability Management System (SMS)	Quality Management System (QMS)	Environmental Management System (EMS)
Evaluation Content	Management Status	Quality Management Certification (ISO 9001)	Quality Management Certification (ISO 9001)	Environmental Management Certification (ISO 14001)
	Credit rating, transaction performance	Quality indicators and quality control	Quality indicators and quality control	Hazardous materials management
	On-time delivery	Customer satisfaction	Customer satisfaction	Materials and product management
	Risk management (e.g., insurance coverage status)	Process management	Process management	

Financial Management

Financial Management Overview

PI Advanced Materials implements a comprehensive financial management system focused on strategic investment and internal controls to manage financial risks and support sustained growth. The Investment Review Committee evaluates and approves major investments to ensure alignment with the company’s strategic goals and financial prudence, while an internal accounting control system enhances the accuracy and reliability of financial reporting.

Investment Review Committee

The Investment Review Committee at PI Advanced Materials plays a crucial role in ensuring that all major investments align with the company’s strategic goals and financial objectives. Its primary purpose is to evaluate potential investments by thoroughly analyzing their risks, benefits, and long-term impacts on the company’s growth and sustainability. The committee reviews and approves significant capital expenditures, mergers and acquisitions, and other strategic initiatives, providing oversight to ensure that financial resources are allocated efficiently and responsibly. Additionally, the committee ensures that all investment decisions are made with financial prudence, contributing to the overall financial stability and success of PI Advanced Materials.

Investment Review and Reporting Process

The Investment Review Committee at PI Advanced Materials consists of executives from key departments, including Management Support, Strategy, R&D, Business Units, and Production, who conduct a review of all significant investment proposals. This process involves a comprehensive analysis of potential investments, assessing risks, expected returns, and their long-term impact on the company’s growth. The committee carefully examines financial projections, market conditions, and alignment with corporate goals before making any recommendations. Additionally, the committee regularly reports to the Board of Directors on these significant investment decisions, ensuring full oversight and accountability in the approval process.

Internal Accounting Control

PI Advanced Materials’ internal accounting control policy is designed to ensure the accuracy and reliability of financial reporting by establishing robust internal controls and procedures. This policy involves regular monitoring, audits, and compliance checks to safeguard the integrity of the company’s financial operations and ensure adherence to legal and regulatory requirements.

Internal Accounting Control System Overview

PI Advanced Materials operates its internal accounting control system in accordance with the Act on External Audit of Stock Companies and adheres to best practice guidelines for internal accounting control

systems. This approach ensures compliance with legal requirements while maintaining the integrity and reliability of financial reporting.

1) Internal Accounting Control Regulations

The internal accounting control regulations outline the roles and responsibilities of employees in relation to the design, operation, and evaluation of the internal accounting control system. These regulations also provide the foundation for establishing internal accounting control guidelines to ensure the effective operation and consistent monitoring of the internal accounting control system.

2) Dedicated Organization and Control Systems

PI Advanced Materials has a dedicated team responsible for operating its internal accounting control system, which is implemented at the company-wide, process, and general IT levels. The company continuously improves and adjusts these controls to align with changes in the business environment and work processes, and it conducts annual evaluations to ensure the system’s effectiveness.

3) Reporting and Evaluation of Operational Status

The CEO conducts an annual inspection of the internal accounting control system’s operational status and reports the findings to the General Meeting of Shareholders, the Board of Directors, and the Audit Committee. The Audit Committee independently evaluates the system’s operational status and reports its findings to both the General Meeting of Shareholders and the Board of Directors, ensuring rigorous oversight of management activities.

Information Security

Information Security Management Overview

PI Advanced Materials implements a comprehensive information security management system to protect sensitive data and ensure the integrity, confidentiality, and availability of information across the organization. The company adheres to international security standards and regularly updates its protocols to address emerging threats and vulnerabilities. Additionally, PI Advanced Materials conducts regular security audits and employee training to maintain a high level of information security awareness and preparedness.

Information Security Management System

PI Advanced Materials has appointed a dedicated officer in compliance with Article 31-1 of the Personal Information Protection Act to oversee personal information management. For information systems storing personal data under outsourcing arrangements, the company has established personal information processing contracts with operators to ensure robust data protection. Additionally, PI Advanced Materials employs advanced security management systems and tools, such as DRM, media control, server/DB access control, VPN, and malware blocking, to safeguard information. To prevent security breaches, the company conducts regular email hacking response training and cyber infiltration drills, alongside providing ongoing information security awareness programs to employees through various channels.

Information Security Policy

Based on its Information Security Management Regulations, PI Advanced Materials has established and operates five key guidelines, including the Personal Information Protection Guidelines and Information Security Incident Management Guidelines. The company has organized an information security team with clearly defined roles and responsibilities for the Information Security Officer, Information Security Manager, and delegated Information Security Managers. During the annual business planning process, PI Advanced Materials reviews and integrates security enhancement measures to improve administrative, physical, and technical information security levels.

Information Security Operational Management

PI Advanced Materials designates and operates an information security organization in accordance with the company's Information Security Management Regulations. The company also undergoes assessments by third-party verification agencies to evaluate the effectiveness of its security policies and operational management. This process helps identify areas for improvement, which are then addressed to ensure robust information security and prevent personal information leaks by mitigating security incidents.

Information Security Management Procedures

1) Risk Identification

The company identifies potential security risks that could impact

the company's information systems and data. The process includes recognizing threats and vulnerabilities that could lead to unauthorized access, data breaches, or other security incidents.

2) Risk Analysis

Once risks are identified, they are analyzed to understand their potential impact and likelihood of occurrence. This step helps prioritize risks by determining the severity of each threat and how it could affect the company's operations and data integrity.

3) Risk Assessment

The identified and analyzed risks are evaluated to determine the level of risk they pose to the company. This involves comparing the risks against the company's risk tolerance and deciding which risks require immediate attention and mitigation.

4) Risk Response

Appropriate actions are taken to manage or mitigate the identified risks. This may involve implementing security controls, revising policies, or taking other measures to reduce the likelihood or impact of the risks.

5) Risk Monitoring and Review

Continuously monitor the effectiveness of the risk management measures and review them periodically to ensure that the company's information security remains robust and adaptive to new threats, with adjustments made as necessary to address emerging risks.

[Training Status]

Frequency	Item	Training Provider	Target	Method
Quarterly	Precautions on phishing emails	IT Team	All employees	Online
Annual	Information on Personal Information Protection Act	IT Team	Employees responsible for handling personal information	Online

Strategic Material Management

Strategic Material Management Overview

At PI Advanced Materials, managing strategic materials is essential to ensuring compliance with national and international regulations, safeguarding the company’s supply chain, and protecting national security interests. This management process helps prevent unauthorized use or export of critical materials, thereby maintaining the integrity of our operations and contributing to global stability.

Strategic Material Management System

PI Advanced Materials’ Strategic Materials Management System is designed to ensure the secure and compliant handling of materials critical to national security and global stability. The system includes a comprehensive framework for identifying, classifying, and controlling the use and export of strategic materials in accordance with the company’s internal Strategic Materials Management Regulations, as well as relevant national and international regulations. By integrating risk assessment and mitigation strategies, the system helps prevent unauthorized access or diversion of these materials. The company conducts regular audits and compliance checks to ensure adherence to regulatory requirements and to identify potential vulnerabilities. Training programs are provided to employees involved in handling strategic materials to enhance their awareness and understanding of these critical materials.

Additionally, the system facilitates transparent reporting and documentation to regulatory authorities, reinforcing PI Advanced Materials’ commitment to responsible management and global security.

[Items subject to the Strategic Material Management Regulations]

Item	HS Code	Specifications	Date Decided	Validity Period
Polyimide molded products	3920999090	318*318*5~65(mmT) 99.5*99.5*5~65(mmT)	April 2, 2024	2 years

Strategic Material Management Policy

1) Recognition of Material Characteristics and Strategic Importance

The excellent properties of polyimide materials, including high-temperature resistance, mechanical strength, and chemical stability, make them indispensable in various industries such as aerospace, electronics, and automotive. Due to their potential use in developing weapons or other military applications when exceeding certain specifications, PI Advanced Materials rigorously controls, monitors, and documents these strategic materials.

2) Ethical Supply Chain Management

PI Advanced Materials is committed to ethical supply chain management by ensuring that all partners adhere to strict standards of human rights, labor practices, environmental sustainability, and anti-corruption. The company actively monitors and audits its supply chain to ensure

compliance with these ethical standards, fostering transparency and mutual growth with all stakeholders.

3) Supply Chain Monitoring and Regular Evaluation

PI Advanced Materials regularly monitors and evaluates the flow of strategic materials at every stage of the supply chain to promptly address any potential issues. These proactive measures help maintain the stability of the supply chain and prevent the misuse of strategic materials.

4) Education and Training Programs

PI Advanced Materials provides thorough education and training to ensure all employees understand the critical importance of strategic material management and comply with relevant laws and regulations. The training covers material handling, monitoring, and documentation to prevent misuse and support ethical management practices across the organization.

[Training Status]

Date	Subject	Training Provider	Target	Method
September 25, 2023	Export controls, supply chains and economic security	Strategic Materials Manager	All employees	Lecture
	Changes in export control strategies and supply chain management in response to global trade issues			

PI Advanced Materials

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Finance & R&D

1

01 | Financial Performance

(Unit: KRW million, %)

Category	2020	2021	2022	2023
Total assets	404,031	472,960	498,997	517,946
Current assets	144,032	196,376	131,678	128,135
Cash and cash equivalents	75,842	105,464	16,404	56,412
Total debts	121,145	147,071	157,543	203,027
Current liabilities	80,855	108,648	64,536	87,959
Short and long term borrowings	60,334	58,181	96,515	153,409
Total capital	282,887	325,889	341,453	314,919
Retained earnings	158,795	201,797	217,361	190,827
Current ratio	178.10%	180.70%	204.00%	145.70%
Debt ratio	42.80%	45.10%	46.10%	64.50%
Dependency on borrowings	14.90%	12.30%	19.30%	29.60%
Sales	261,789	301,869	276,440	217,639
Cost of sales	177,101	197,784	196,877	192,335
Gross profit	84,687	104,085	79,563	25,304
Gross profit ratio	32.30%	34.50%	28.80%	11.60%
EBITDA	81,546	99,560	77,951	25,345
EBITDA profit ratio	31.10%	33.00%	28.20%	11.60%
Operating profit	60,009	75,858	52,135	(3,938)
Operating profit ratio	22.90%	25.10%	18.90%	(1.80%)
Financial profit	244	546	669	829
Financial cost	1,614	932	704	3,531
Other profit and loss	-5,898	7,842	1,879	(8)
Net profit before corporate tax	52,741	83,314	53,978	(6,647)
Net income	41,724	64,000	45,710	(1,796)

FINANCE & R&D

02 | Economic Performance

[Sale by Use]

Category	Unit	2020	2021	2022	2023
FPCB		111	121	110	105
Heat dissipation sheet	KRW billion	94	106	100	53
Advanced Industry		58	75	66	59

[Distribution of Economic Performance]

Category	Unit	2020	2021	2022	2023
Shareholder/Investor	Dividends	20,879	32,009	22,876	-
		1,341	931	704	3,531
Sum	Interest cost	22,220	32,940	23,580	3,531
Employees	Labor cost*	38,398	41,997	38,096	43,636
Corporate tax		11,018	19,314	8,268	(4,852)

* Labor costs: including salary, severance pay, and welfare benefits

03 | R&D Performance

[R&D Status]

Category	Unit	2020	2021	2022	2023
Number of R&D Employees	Person	32	39	39	37
R&D Investment Cost	KRW million	8,291	9,145	9,935	10,396

[Status of Intellectual Property Rights]

Category	Unit	2020	2021	2022	2023
Status of Patent	Relevant Year	51	59	68	74
Registrations	Cumulative	119*	178	245**	319
Compensation for employees who apply for/register patents	KRW million	28	24	39	47
Registration Maintenance Costs		19	24	37	82

* Two additional patents in 2020 (previous report: 117 patents)

** One patent registration expired



Environment 2

PI Advanced
Materials

01 | Air Pollutant Emissions

Air pollutants	Unit	Business Site	2020	2021	2022	2023
Nitrogen oxides (NOx)		Jincheon Plant	57.67	111.34	83.39	34.37
		Gumi Plant	19.2	23.03	25.71	22.74
		Sum	76.87	134.37	109.1	57.1
Sulfur oxides (SOx)		Jincheon Plant	7.78	14.52	10.72	4.04
		Gumi Plant	1.42	0.64	4.56	0
		Sum	9.2	15.17	15.28	4.04
Particulate Matter (PM)	Ton	Jincheon Plant	4.61	4.71	2.9	2.06
		Gumi Plant	2.29	2.22	1.54	1.3
		Sum	6.9	6.93	4.44	3.36
Sum		Jincheon Plant	70.05	130.57	97	40.47
		Gumi Plant	22.92	25.89	31.81	24.04
		Sum	92.97	156.46	128.81	64.5

* Prepared based on the Smart Emission Management System (SEMS).

ENVIRONMENT

02 | Water Usage / Wastewater Discharge

Region	Water intake source	Water intake (Ton)	
		2022	2023
Jincheon	Chungju Dam	197,830	149,841
Gumi	Nakdong River	230,063	189,089

Category	Unit	Business Site	2020	2021	2022	2023
Water resources management	Water usage	Jincheon Plant	162,077	230,654	197,830	149,841
		Gumi Plant	149,779	167,857	230,063	189,089
		Sum	311,856	398,511	427,893	338,930
	Waste water discharge	Jincheon Plant	8,833	12,520	9,271	11,680
		Gumi Plant	25,185	37,157	32,686	25,371
		Sum	34,018	49,677	41,957	37,051

Water: Prepared based on the municipal water supply bill / Wastewater: Prepared based on the National Pollution Source Survey (Wastewater Discharge Facility Survey Form)

03 | Water pollutants

Item	Water pollutants	Unit	Business Site	2020	2021	2022	2023
Target substance	Biological Oxygen Demand (BOD)	Ton	Jincheon Plant	0.007	0.053	0.0167	0.0187
			Gumi Plant	0.133	0.0669	0.3138	0.1954
			Sum	0.14	0.1199	0.3305	0.2141
	Suspended Solids (SS)		Jincheon Plant	0.036	0.027	0.013	0.012
			Gumi Plant	0.209	0.0743	0.2027	0.137
			Sum	0.245	0.1013	0.2157	0.149
	Total Organic Carbon (TOC)		Jincheon Plant	-	-	0.0927	0.1004
			Gumi Plant	-	-	0.3269	0.2004
			Sum	-	-	0.4196	0.2008

[TOC has been measured since 2022]

04 | Chemical Emissions

Category	Unit	Business Site	2020	2021	2022	2023
Chemical Emissions	Ton	Jincheon Plant	30.54	37.26	20.41	4.36
		Gumi Plant	10.19	10.66	6.43	4.26
		Sum	40.73	47.91	26.84	8.63

05 | Environmental Investment

Category	Unit	2020	2021	2022	2023
Environment		487	1197	40	366
Energy	KRW million	-	94	819	-
Waste		115	3683	4,770	-

06 | Environmental Inspection

Category		2020	2021	2022	2023
Environmental Guidance and Inspection (Case)	Number of Inspections	1	7	3	2
	Number of Violations of Laws and Regulations	0	0	0	0

ENVIRONMENT

07 | Greenhouse Gas Emissions

Category		Unit	Business Site	2020	2021	2022	2023
Greenhouse Gas Emissions	Direct Emissions (Scope1)	tCO ₂ eq	Jincheon Plant	22,918	26,506	22,468	16,816
			Gumi Plant	2,192	934	1,058	880
			Seoul Office	-	72	19	73
			Sum	25,110	27,513	23,545	17,770
	Indirect Emissions (Scope2)	tCO ₂ eq	Jincheon Plant	31,408	34,391	33,104	25,285
			Gumi Plant	29,537	32,975	48,195	42,274
			Seoul Office	-	37	21	22
			Sum	60,945	67,336	81,320	67,581
	Total (Scope1+ Scope2)	tCO ₂ eq	Jincheon Plant	54,326	60,897	55,572	42,101
			Gumi Plant	31,729	33,909	49,253	43,153
Seoul Office			-	109	40	95	
Sum			86,055	94,915	104,865	85,349	
Greenhouse Gas Emissions Intensity (Scope1+2)	Emissions compared to sales	tCO ₂ eq/ KRW billion	Domestic	3.29	3.14	3.79	3.92

Prepared based on the 2023 greenhouse gas statement

08 | Energy Usage

Category		Unit	Business Site	2020	2021	2022	2023
Energy Usage	Total Energy Usage	TJ	Jincheon Plant	810	914	938	701
			Gumi Plant	605	683	836	748
			Seoul Office	-	1	-	1
			Sum	1,415	1,598	1,774	1,450
Energy Intensity	Usage compared to sales	TJ/KRW billion	Domestic	0.054	0.053	0.064	0.067

Prepared based on the 2023 greenhouse gas statement

ENVIRONMENT

09 | Waste Generation Amount

Waste Generation and Recycling Amount	Category	Unit	Business Site	2020	2021	2022	2023
	General Waste Generation		Jincheon Plant	802	921	835	532
			Gumi Plant	255	295	354	363
			Seoul Office	2	2	1	3
			Sum	1,070	1,218	1190	898
	Designated Waste Generation		Jincheon Plant	15,877	19,336	21,387	12,149
			Gumi Plant	5,649	7,301	7,554	5,564
			Seoul Office	-	-	-	-
			Sum	21,526	26,637	28,941	17,713
	Total Waste Generation	Ton	Jincheon Plant	16,679	20,258	22,223	12,681
			Gumi Plant	5,915	7,596	7,908	5,927
			Seoul Office	2	2	1	3
			Sum	22,596	27,855	30,132	18,611
	Waste Recycling Amount		Jincheon Plant	16,380	19,885	21,498	12,543
			Gumi Plant	5,449	7,037	7,219	5,559
			Seoul Office	-	-	-	-
			Sum	21,829	26,922	28,717	18,102

10 | Waste Treatment Amount

Category	Unit		Business Site	2020	2021	2022	2023
General Waste Treatment	Incineration	Ton	Jincheon Plant	-	-	-	-
			Gumi Plant	171	164	290	150
			Sum	171	164	290	150
	Landfill		Jincheon Plant	-	-	-	-
			Gumi Plant	10	7	11	6
			Sum	10	7	11	6
	Recycling		Jincheon Plant	801	922	832	525
			Gumi Plant	84	123	54	208
			Sum	885	1044	886	733
Designated Waste Treatment	Incineration	Jincheon Plant	444	385	456	366	
		Gumi Plant	296	386	364	258	
		Sum	740	771	820	624	
	Landfill	Jincheon Plant	-	-	-	-	
		Gumi Plant	-	0.03	-	-	
		Sum	-	0.03	-	-	
	Recycling	Jincheon Plant	15,579	18,965	20,666	12,018	
		Gumi Plant	5365	6914	7165	5,351	
		Sum	20,944	25,879	27,831	17,369	

11 | Waste Recycling Rate

Category	Unit	2020	2021	2022	2023
Generation Amount	Ton	22,596	27,855	30,132	18,611
Recycling Amount	Ton	21,829	26,922	28,717	18,102
Recycling Rate	%	96.6	96.7	95.3	97.3



Social

3

PI Advanced
Materials

01 | Status of Employee Diversity

Category		Unit	2020	2021	2022	2023	
Total Employees		Person	295	310	329	337	
By Age Group	Under 18 years old	Person	0	0	0	0	
	18 to under 20 years old	Person	0	0	0	0	
	20 to under 30 years old	Person	54	54	55	62	
	30 to under 50 years old	Person	152	163	185	194	
	50 years old and above	Person	89	93	89	81	
Gender Balance	Total Female Employees	Person	22	22	22	25	
	Executives (Female)	Person	11 (0)	11 (0)	12 (0)	12 (0)	
	Managers (Female)	Person	34 (1)	42 (0)	40 (0)	51(0)	
	Team Members (Female)	Person	250 (21)	257 (22)	277 (22)	274(25)	
Employment Type	Permanent	Male*	Person	272	284	301	308
		Female	Person	20	20	22	25
	Non-permanent	Male	Person	1	4	6	4
		Female	Person	2	2	-	-
Employment of Disabled Persons		Person	1	1	1	0	
Employment of National Veterans		Person	9	9	9	8	

* Adjusted disclosure based on the total number of employees

02 | Performance of Employee Consultation Bodies

Category		Unit	2020	2021	2022	2023
Collective Bargaining	Number of Meetings	Times	8	7	8	6
Labor-Management Council	Number of Meetings	Times	4	3	4	4
	Applicability Rate	%	100	75	100	100

SOCIAL

03 | Status of Care Leave Usage

Category	Unit	2020	2021	2022	2023
Number of Employees Using Parental Leave		1	2	1	2
Female Employees	Person	1	1	1	1
Male Employees		-	1	-	1

04 | Status of Reemployment Program Operation

Category	Unit	2020	2021	2022	2023
Reemployment of Fixed-term Workers	Person	-	3	3	6
Retirement Program	Times/Person	-	1/6	1/6	1/10

05 | Support Status and Performance of Training / Education Programs

Category	Unit	2020	2021	2022	2023
Training Expenses per Person	KRW	586,000	960,000	1,262,000	1,285,000
Status of Training Expenditure	KRW million	172.5	297.3	415.1	432.9
Training Completion Rate	%	98	96	96	97
Status of Degree Support Program (Master's, Ph.D., MBA)	Person	-	-	2	3

06 | Industrial Accidents and Violations

Category	Unit	2020	2021	2022	2023
Number of Employees	Person	295	310	329	337
Number of Industrial Accidents	Case	0	0	0	0
Industrial Accident Rate	%	0	0	0	0
Frequency Rate	%	0	0	0	0
Lost Time Injuries Frequency Rate	%	0	0	0	0
Safety Regulation Violations	Number of Violations	Case	0	1	0
	Fines	10K KRW	0	96	0

07 | Safety and Health Management Status

Category	Unit	2020	2021	2022	2023
Safety and Health Training and Evaluation	Safety and Health Training	Case	24	24	24
	Emergency Response Training	Case	8	9	8
	Online Training Completion Rate	%	100	100	100
	Risk Assessment		V	V	V
Health and Wellness Support	Health Checkup		V	V	V
	Compliance Rate of Those Eligible for Special Checkups	%	100	100	100

SOCIAL

08 | Safety and Health Management Status for Partner Companies

Category	Name of Training	Unit	2020	2021	2022	2023
Support Status for Partner Companies	Safety Education (Conducted by Partner Company)	Case	24	24	24	24
	Emergency Response Training	Case	8	9	8	8
	Risk Assessment	Case	2	2	3	2
	Special Checkup Support	10K KRW	151	269	238	78
Industrial Accident Occurrence Status	Number of Industrial Accidents	Case	0	0	0	0
	Industrial Accident Rate	%	0	0	0	0
	Frequency Rate	Case	0	0	0	0
	Lost Time Injuries Frequency Rate	10K KRW	0	0	0	0

* Evaluation Target: P&I Advanced Materials' Resident Partner Companies

09 | Average Length of Service of Employees

Category	Unit	2020	2021	2022	2023
Average Length of Service	Male	15.5	14.6	13.1	12.3
	Female	6.1	7.3	8.2	7.3

10 | Status of New Employment and Turnover

Category	Unit	2020	2021	2022	2023
Total Employees	Person	295	310	329	337
New Employment	Male	39	29	60	51
	Female	5	4	1	6
Turnover	Male	13	21	44	52
	Female	3	4	1	3
Turnover Rate	%	6	8	15	17

*Corrected due to incorrect entry of 2022 turnover rate

11 | Status of Average Employee Salary

Category	Unit	2020	2021	2022	2023
Average Salary	Male	10,700	11,700	9,400	11,100
	Female	5,600	6,400	5,400	7,100
Gender Pay Ratio	%	52.3	54.7	57.5	64

12 | Employee Medical Support Status

Item	Unit	2020	2021	2022	2023
Health Checkups	Eligible Employees	270	282	320	312
	Support Funds	152	170	194	155
Medical Expense Support	818	559	743	818	994

SOCIAL

13 | Employee Welfare Benefits Status

Item	Unit	2020	2021	2022	2023
Welfare Benefits	KRW million	6,118	5,743	6,714	6,756

14 | Customer Complaint Occurrence / Resolution Rate

Category	Unit	2020	2021	2022	2023
Occurrence Rate (Compared to sales)	%	0.32	0.4	0.1	0.35
Complaints Resolved	%	100	100	100	100

15 | Supply Chain Management Status

Category	Unit	2020	2021	2022	2023
Total Number of Partner Companies	Number	495	511	584	529
Newly Registered Partner Companies		0	16	73	0
Supply Chain Management	Supplier Evaluations	37	38	37	34
	Partner Companies in need of Improvement Actions	4	8	3	3
	Improvement Action Implementation Rate	100	100	100	100
	Partner Companies with Terminated Relationships	0	0	0	0

16 | Local Community Contribution

Category	Unit	2020	2021	2022	2023
Social Contribution Fund	KRW million	45.7	64.7	49.6	48.6

17 | Information Security Investment Status

Category	Unit	2020	2021	2022	2023
Information Security Investment	Amount	1,000 KRW	136,443	235,972	572,729
	Ratio to IT Budget Allocation	%	6.3	7.2	16.7
					10.8

18 | Information Security and Personal Data Leak / Incident Status

Category	Unit	2020	2021	2022	2023
Total Number of Information Leaks	Case	0	0	0	0
Number of Corporate Data and Customer Information Leaks	Case	0	0	0	0
Amount of Fines for Violations Related to Information Leaks	1,000 KRW	0	0	0	0
Information Security Education		V	V	V	V

Governance 4

PI Advanced Materials

01 | Board of Directors Operation Status

Operation		Unit	2020	2021	2022	2023
Convening	Number of Meetings	Times	8	9	8	10
Reporting and Resolutions	Number of Agenda Items	Case	22	27	22	30
Details of Board Resolutions	Approval	%	100	100	100	100
	Opposition and Abstention	%	-	-	-	-

02 | Average Board Attendance Rate

Operation		Unit	2020	2021	2022	2023
Board Attendance Rate		%	96	100	100	100

03 | Major Shareholder Status

Shareholder Name	Number of Owned Shares(shares)	Ownership Percentage (%)	Remarks
Arkema Korea Holdings Co., Ltd.	15,877,400	54.07	Largest Shareholder
National Pension Service	2,678,215	9.12	
Employee Stock Ownership Association	42,845	0.15	

GOVERNANCE

04 | Board Evaluation and Compensation

Category	Unit	Number of Members	Total Compensation	Average Compensation per Person
Registered Directors		4	350	87
Outside Directors (Excluding Audit Committee Members)	KRW million	-	-	-
Audit Committee Members		3	73	24

05 | Committee Operation Status

Operation		Unit	2020	2021	2022	2023
Convening	Number of Meetings	Times	2	2	2	3
Reporting and Resolutions	Number of Agenda Items for Reporting and Resolutions	Case	4	5	5	7
Details of Audit Committee Resolutions	Approval	%	100	100	100	100
	Opposition and bstention	%	-	-	-	-

06 | Dividend Status

Category	Unit	2020	2021	2022	2023
Dividend per Share	KRW	711	1,090	779	-
Dividend Payout Ratio	%	50.04	50.01	50.05	-
Total Dividend Amount	KRW million	20,879	32,009	22,876	-

07 | Tax Payment Status

Category	Unit	2020	2021	2022	2023
National Taxes	KRW billion	8.5	17.3	8.9	-
Local Taxes		1.0	1.9	1.2	-

08 | Award Status

Category	Unit	2021	2022	2023	2024
Tax	Times	-	1	1	-
Disclosure		-	-	-	1

Awarded Gumi City’s Commendation for Diligent Taxpayer Company in 2022 / Selected as a model taxpayer by the National Tax Service in 2023
Selected as an excellent disclosure company by Korea Exchange in 2024

09 | Ethics Education Completion Status

Education Details	Unit	2020	2021	2022	2023
Employee Ethics Education Hours*	Hour	258	1,463	1,580	1,656
Employee Ethics Education Completion Rate*	%	99	97	94	95
Application Rate of Ethical Norms and Practices Guidelines	%	-	100	100	100

*Adjusted disclosure based on education hours completed by participants

10 | Fair Trade Education Completion Status

Education Details	Unit	2020	2021	2022	2023
Employee Fair Trade Education Hours	Hour	-	-	-	314
Employee Fair Trade Education Completion Rate	%	-	-	-	100

Appendix 5

PI Advanced Materials

Environmental/Quality Management System Certificatations

Audit Report

GRI Index

Independent Assurance Statement

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

Scope of Verification

Greenhouse gas emissions from all direct and indirect sources (Scope 1 and 2) were calculated for all emission facilities under the company's operational control.

Verification Standards

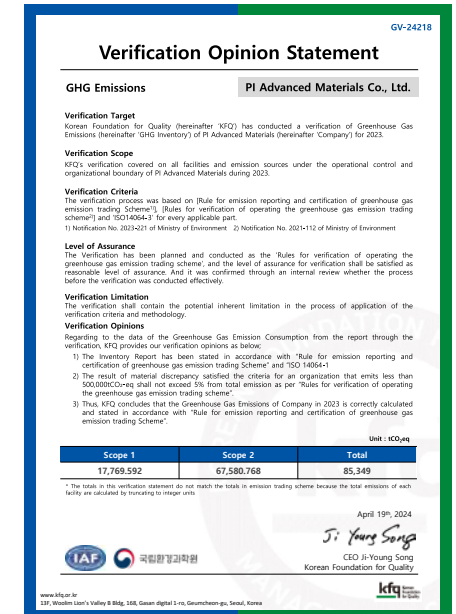
Guidelines for Reporting and Certification of Emissions under the Emissions Trading Scheme (Ministry of Environment Notice No. 2023-221)

Guidelines for Verification for the Operation of the Emissions Trading Scheme (Ministry of Environment Notice No. 2021-112)

Verification Conclusion

Through verification, PI Advanced Materials presents the following conclusions regarding the company's greenhouse gas emissions data:

- 1) Greenhouse gas emissions for 2023 have been appropriately calculated in accordance with the Guidelines for Reporting and Certification of Emissions under the Emissions Trading Scheme.
- 2) The result of the materiality assessment of 2023 greenhouse gas emissions indicates that emissions are lower than 500,000 tons CO₂-eq, an amount that satisfies the quantitative threshold of less than 5.0% of total emissions.
- 3) Therefore, PI Advanced Materials is given a rating of "appropriate" on its 2023 greenhouse gas emissions



ENVIRONMENTAL MANAGEMENT AND QUALITY MANAGEMENT SYSTEM CERTIFICATES

Environmental Management System Certificate(ISO 14001)



Quality Management System Certificate (ISO 9001)



Certification Body

BSI Group

Scope of Certification

PI Advanced Materials obtained ISO certifications for environmental management and quality management in 2007 and has maintained them through annual audits.

- ISO 9001 Quality Management System
(File No. : FM 518728)
- ISO 14001 Environmental Management System
(File No. : EMS 518811)



AUDITORS' REPORT

Audit Opinion

We have audited the financial statements of PI Advanced Materials (hereinafter the "Company") which comprise the current statement of financial position as of 31 December 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the reporting period then ended, and a summary of significant accounting policies, including notes of financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the current financial position of the Company as of December 31, 2023 and the financial performance and cash flow for the reporting period then ended, in accordance with the Korean International Financial Reporting Standards (K-IFRS).

We have also audited the company's internal accounting control system as of December 31, 2023, based on the "Conceptual Framework for the Design and Operation of Internal Accounting Control Systems" in accordance with Korean Standards on Auditing. We presented an unqualified opinion in our audit report dated March 11, 2024.

Basis of Audit Opinion

The audit was conducted in accordance with Korean Standards on Auditing. Our responsibilities under these standards are described in the Auditor's Responsibility section, with respect to the audit of the financial statements in this report. We are independent of the Company, as required by the ethical requirements of the Republic of Korea relating to the audit of financial statements, and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we obtained is sufficient and appropriate as a basis for our opinion.

Other Matters

The financial statements for the reporting period ending on December 31, 2022 was audited by KPMG Samjong Accounting Corporation in accordance with Korean Standards on Auditing. An unqualified opinion is presented in the audit report, dated March 6, 2023, prepared by this auditor.

Key Audit Matters

Key audit matters are matters that, in our professional judgment, had the most significance in our audit of the financial statements of the current period. The matters were addressed in the context of our audit of the financial statements as a whole, and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Occurrence and Cut-off of Overseas Sales

[Reason for Determining as a Key Audit Matter]

As described in Note 4 to the financial statements, the Company's overseas sales amounted to KRW 125,710,000,000, accounting for 58% of total revenue. The current period's overseas sales decreased by KRW 51,865,000,000 compared to the previous period, resulting in a total revenue decrease of KRW 58,801,000,000 compared to the previous period.

For overseas sales, the cut-off of control transfer varies depending on contracts with customers and export conditions. Because the transfer of goods occurs overseas, there is a possibility of intentional adjustments or potential errors related to revenue recognition and cut-off. Therefore, we recognized that there was a significant risk related to the occurrence and cut-off of overseas sales and paid more attention to this area.

[How Key Audit Matters were Addressed in the Audit]

To address key audit matters, we performed the following audit procedures:

- >> We reviewed the reasonableness of the Company's revenue recognition criteria and cut-off related accounting policies.
- >> We evaluated the design and operational effectiveness of key internal controls for the revenue recognition process and accuracy of cut-off for overseas sales.
- >> We conducted analytical reviews by comparing performance with past periods for major customers and analyzing monthly sales trends.
- >> We selected transaction samples of overseas sales occurring during the current period and tested related documentation.
- >> We selected samples for each customer and confirmed external inquiries regarding overseas sales receivables corresponding to revenue recognition.
- >> We selected transaction samples of overseas sales occurring toward the end of the reporting period and verified the appropriateness of cut-off based on transaction agreements and trade terms.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) and also for the internal control as determined necessary for the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern. Furthermore, unless it intends to liquidate or cease operations of the enterprise,



AUDITORS' REPORT

management is also responsible for the use of the entire going concern basis of accounting.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company's financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that reflects our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the audit standards will always allow detection of a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the entire audit process. We also:

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. In addition, we obtain audit

evidence that is sufficient and appropriate to provide a basis for an audit opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of failing to detect a material misstatement resulting from fraud is higher than for one resulting from error.

» Obtain an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate under the circumstances.

» Evaluate the appropriateness of accounting policies applied by management and the reasonableness of accounting estimates and related disclosures made by management.

» Arrive at a conclusion on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we come to a conclusion that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements, and, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. Future events or conditions, however, may cause the Company to cease to continue as a going concern.- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements fairly represent underlying transactions and events. We communicate with those charged with Governance regarding, among

various matters, the planned scope and cut-off of the audit and significant audit findings, including significant deficiencies in internal control, etc., identified during the audit.

We also provide those charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence. We have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

We determine the most significant matters communicated with those charged with Governance during our audit of the financial statements for the current period to be the key audit matters. Unless law or regulation precludes public disclosure of the matter, or, in extremely rare circumstances, we determine that the adverse consequences of reporting the matter would reasonably be expected to outweigh the public interest benefits of such communication, we describe these matters in our auditor's report.

The partner in charge of the audit resulting in this independent auditors' report is Ingyu Park, a certified public accountant.

100 Hangang-daero, Yongsan-gu, Seoul
KPMG Samjong Accounting Corp

Representative Director **Hoonsoo Yoon**

This audit report is valid as of its official date (March 11, 2024). Events or circumstances that may have material influences over the attached Company's financial statements may occur between the date of the audit report and the date on which this audit report is reviewed. In the event of such occurrence, this audit report may be modified.

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GRI 302: Energy	302-1	Energy consumption within the organization	24p	
	302-2	Energy consumption outside of the organization	-	To be measured in the future
	302-3	Energy Intensity	24p	
	302-4	Reduction of energy consumption	24p	
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	305-2	Indirect Greenhouse Gas Emissions (Scope2)	23p	
	305-3	Other indirect Greenhouse Gas Emissions(Scope3)	-	To be measured in the future
	305-4	GHG emissions intensity	23p	
	305-5	Reduction of GHG emissions	23p	
	305-6	Emissions of ozone-depleting substances (ODS)	-	N/A
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	306-3	Waste generated	72p	
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	306-5	Waste directed to disposal	-	N/A
GRI 308: Supplier Environment Assessment	308-1	New suppliers that were screened using environmental criteria	-	N/A
	308-2	Negative environmental impacts in the supply chain and actions taken	76p	

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Topic Standard				
GRI 404: Training and Education	404-1	Average hours of training per year per employee	37p	
	404-2	Programs for upgrading employee skills and transition assistance programs	37p	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	-	N/A
	414-2	Negative social impacts in the supply chain and actions taken	76p	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	45p	
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	64p	



INDEPENDENT ASSURANCE STATEMENT

To readers of PI Advanced Materials Sustainability Report 2024

Introduction

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

Scope and Standards

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

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have

reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

>> GRI Sustainability Reporting Standards 2021

>> Universal standards

>> Topic specific standards

GRI 305 : Emissions

GRI 308 : Supplier Environmental Assessment

GRI 402 : Labor/Management Relations

GRI 403 : Occupational Health and Safety

GRI 404 : Training and Education

GRI 414 : Supplier Social Assessment

GRI 418 : Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of PI Advanced Materials' partners, suppliers and any third parties.

KMR's Approach

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

>> reviewed the overall Report;

>> reviewed materiality assessment methodology and the assessment report;

>> evaluated sustainability strategies, performance data management system, and processes;

>> interviewed people in charge of preparing the Report;

>> reviewed the reliability of the Report's performance data and conducted data sampling;

>> assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Overcoming Measures

The verification was based on the assumption that the data and information provided by PI Advanced Materials are complete and accurate. Data verification was conducted within a limited scope through inquiries and analysis of the data collected by PI Advanced Materials and a limited range of sampling methods. To overcome such limitations, the quality and reliability of the information were confirmed by referring to independent external sources and public databases, such as the electronic disclosure system and the National Greenhouse Gas Management System.

INDEPENDENT ASSURANCE STATEMENT

Conclusion and Opinion

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

Inclusivity

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

Materiality

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

process.

Responsiveness

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

Impact

PI Advanced Materials identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on

a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

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



June 2024 Seoul, Korea

CEO
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