



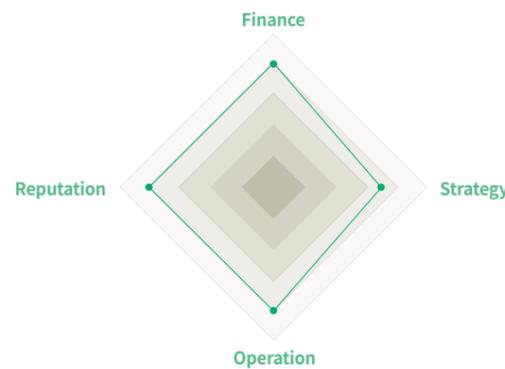
# 3

MATERIAL TOPIC

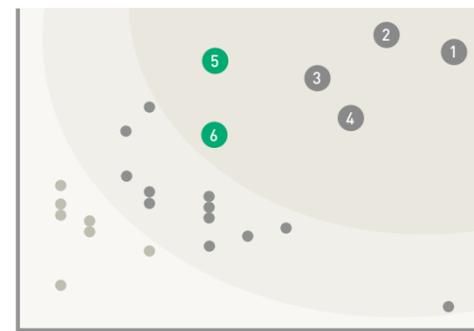
## Response to Climate Change



Relevance to Business Aspects



Navigator for Material Topic



Financial Impact of Material Issues

NO.	Material Issue	Impact	Financial Impact		
			Revenue/Cost	Assets/Liabilities	Cost of Capital
5	Manage energy consumption and use renewable energy sources	HIGH	●	●	
6	Reduce green house gas emissions	HIGH	●	●	

### Link to SDGs

- [Goal 07] Affordable and Clean Energy
  - 7.3 Double the global rate of improvement in energy efficiency
- [Goal 13] Climate Action
  - 13.3 Strengthen HR/system performance in response to climate change



### Opportunity

Climate change is a global challenge that needs to be addressed through a global effort, and many global companies are taking initiatives to confront this challenge. As a chemical company that creates value according to the level of technology, OCI responds to climate change with a focus on GHG emissions and energy consumption. In addition to energy saving through improved process efficiency and regular maintenance of our facilities, we sell the energy from our cogeneration power plant to save total energy costs. Moving forward, we will continue our efforts to deal with climate change, such as developing GHG emission reduction technologies and producing energy-efficient products in accordance with our mid- to long-term climate change response plan.

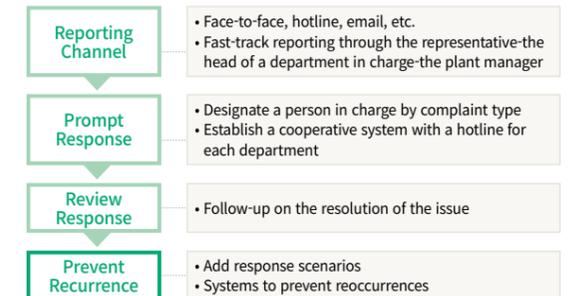
### Risk

Since the Paris Agreement came into effect, the world has united efforts to take action against climate change. Korea is also committed to reducing its national GHG emissions by 37% compared to its emission forecast by 2030 and making various policy decisions. Under these circumstances, as energy-intensive industries, our petrochemical and power generation industries are under pressure to reduce GHG emissions. The domestic emission trading price has risen dramatically in 2017, and the GHG emissions allowance in 2018 was set to 85% of the estimated volume. As a consequence, its financial impact is expected to increase due to the purchase of emission permits and response to regulatory requirements. We are going to reduce extra costs caused by climate change and improve efficiency in reducing GHG emissions through various corporate-wide activities.

### Investment for Environmental Protection



### Complaints Handling Process



### Implementation Tasks by Material Issue

Material Issue	Short-term Tasks	Mid-to Long-term Tasks
Manage energy consumption and use renewable energy sources	<ul style="list-style-type: none"> <li>• Follow the reduction target set for each business site</li> <li>• Develop and apply a new energy saving technology</li> </ul>	<ul style="list-style-type: none"> <li>• Energy self-sufficiency system using renewable energy</li> </ul>
Reduce green house gas emissions	<ul style="list-style-type: none"> <li>• Reach the GHG emission reduction target allocated by the government</li> <li>• Secure offset credits</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and apply our own methodology to calculate GHG emissions</li> <li>• Profit through emissions trading</li> </ul>

### Stakeholder Opinions

“It is important to set an example for environmental protection in response to global climate change.”

“The company has to take initiatives in reducing chemical pollutants and carbon emissions to protect the planet.”

# Strategic Response to Climate Change

## Climate Change Response Strategy

In response to regulatory restrictions and physical risks caused by climate change, we set a corporate-wide GHG reduction goal in accordance with the target set by the government and implemented response strategies. We identify the areas of reduction throughout the entire business process based on the 2025 GHG (Green House Gas) Master Plan, and use it as criteria for keeping track of the progress made by each business site.

### 2025 GHG Master Plan

	Emission Trading Scheme 1 <sup>st</sup> Plan Phase	Emission Trading Scheme 2 <sup>nd</sup> Plan Phase	Emissions Trading Scheme 3 <sup>rd</sup> Plan Phase
Reduction Targets	<ul style="list-style-type: none"> <li>Achieving the government's allocation target</li> <li>Acquiring offset credits in Korea</li> <li>Devising internal standards on emission trading</li> </ul>	<ul style="list-style-type: none"> <li>Achieving the government's allocation target</li> <li>Discovering offset credits at home and abroad</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of benchmark items with low GHG emission intensity</li> <li>Registering and applying the GHG emission reduction data of overseas affiliates</li> <li>Applying and establishing standards to calculate GHG emissions</li> <li>Gaining profit through emissions trading</li> </ul>
Reduction Strategies	<ul style="list-style-type: none"> <li>Establishing strategies in preparation for the emission trading system</li> <li>Discovering GHG reduction factors</li> <li>Implementing reduction targets by business site</li> <li>Researching measures to apply reduction technologies</li> <li>Establishing a GHG monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition project to gain offset credits</li> <li>Discovering processes where new technologies are applicable</li> <li>Implementing reduction targets by business site</li> <li>Applying and developing new technologies</li> <li>Establishing standards to calculate GHG emissions</li> </ul>	

### Preemptive Activities for GHG Reduction

Since 2008, we have engaged in voluntary GHG emission reduction activities and acquired additional emission credits through early action and by exceeding the allocated emission allowance target. Since 2015, we have been designated as an emission trading company in Korea and carried out various activities to reduce GHG emissions such as the reduction of fuel and raw material consumption through waste heat recovery, reduction of the load on incinerators and use of by-product gas.

## GHG Reduction Activities by Business Site

By monitoring the GHG emissions and energy consumption of each business site, we identify the areas for reduction and make improvements. We reduced emissions by 77,842 tCO<sub>2</sub>eq saving KRW 1.7 billion in costs applying high-efficiency energy technology as well as optimizing process operation and replacing facilities.

