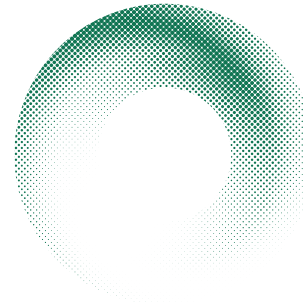
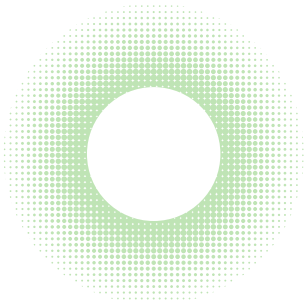


AIRFIRST CO., LTD. ESG Report 2023



About This Report

Report Overview

AirFirst has core competencies, such as superior operational excellence, customer intimacy for communication, and prompt decision-making, that enables all these strengths based on various experiences and know-how accumulated over 50 years since its founding in 1975. Based on these core competencies, we provide products and services to a wide range of industries in S. Korea, from the nationally strategic industries of semiconductors, petrochemicals, steel, automobiles, and shipbuilding to consumer goods industries like food and medical industries, and the next-generation growth industries of secondary batteries and cathode materials, and aerospace. Also, we have manufactured and supplied industrial gases as the industry leader.

Along the way, we maintain partnerships with our customers and local communities with the corporate philosophy to be a reliable partner that creates the future and growth of our customers together based on long-term stable operations and trust, while also promptly responding to customer requests and prioritizing environment-friendly safety management. Based on its core values of "Safety, Respect for People, and Ethics", AirFirst aims to disclose sustainable management activities and performance among AirFirst employees and stakeholders by collecting financial and non-financial performances and publishing the 2023 ESG Report in the following year. In addition, we will keep playing an active role in actively communicating and cooperating with stakeholders and creating social values by releasing periodic and ongoing reports.

Report Criteria

This report is prepared using the 2021 Global Reporting Initiative (GRI) Standards, a global reporting guideline for releasing sustainable management reports. Financial information is based on K-IFRS consolidated financial statements, and non-financial information is also prepared on a fiscal year basis, according to AirFirst's disclosure reporting system. Major changes are indicated separately in each related section.

Report Creation and Scope

This report contains the quantitative and qualitative performance of AirFirst from January 1 to December 31, 2022.

Quantitative performance is based on providing three-year data to present a trend analysis. This report covers domestic business sites, including the head office in Pohang. Cases that require attention to the scope of the report are separately indicated.

The publication cycle of the report is on an annual basis. (Last report: June 2022)

Report Assurance

AirFirst received a third-party assurance from Korea Management Registrar Inc., an independent assurance provider, to audit and review the report preparation process and the reliability of the disclosed information. The applied assurance standard is AA1000AS Moderate Level, Type-2. The reliability and fairness of the report preparation process, publicly disclosed data, and contents were secured through the assurance process. The third-party assurance statement is included in the Appendix.

Report Publication and Feedback

This report can be viewed and downloaded from the AirFirst website. For any inquiries about the report or more information, please refer to the contact information below and we'll respond in earnest to your request.

Address: ESG Team, Strategic Planning Office, 6F, JW Tower, 2477 Nambusunhwan-ro, Seocho-gu, Seoul, 06725

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Email: compliance@airfst.com

Website: www.airfst.com

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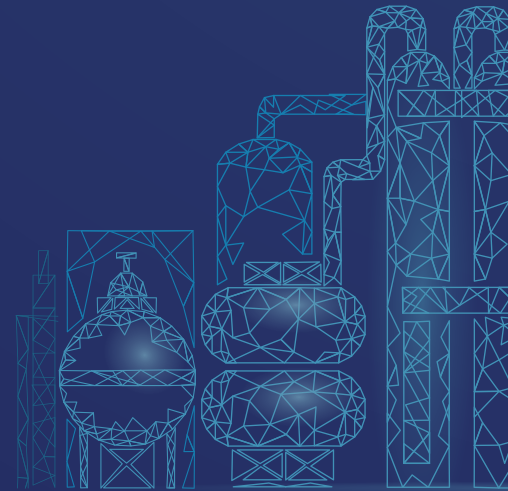
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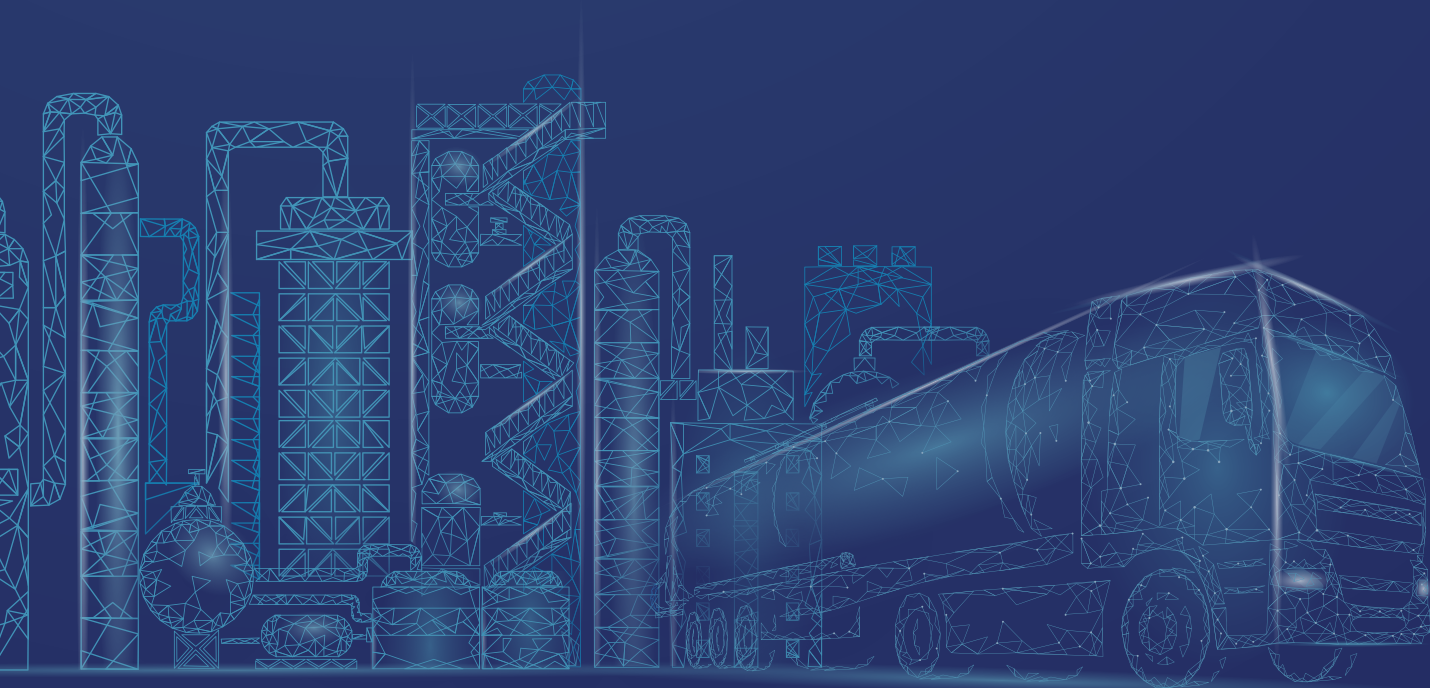
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Company Overview



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CEO Message

AirFirst Co., Ltd.
CEO Han-yong Yang



Dear AirFirst
Stakeholders,

Firstly, I would like to sincerely thank you for trusting and supporting AirFirst's stability and growth despite the expansion of uncertainty in all industries due to the pandemic that has lasted for the past three years.

Through your unwavering support and encouragement, the company continues to grow. And we have published the 2023 ESG Report with non-financial results in addition to the superficial financial performance related to corporate growth.

All AirFirst employees, including myself, are dedicated to placing the highest value on the environment, safety, and respect for people with a strong sense of sincerity and responsibility to conduct business ethically and transparently. We have been a reliable partner that creates the future and growth of our customers' hand in hand. Under this corporate philosophy, we will prioritize and contemplate on what our customers are concerned about and what they seek. We will continue contributing to the stable maintenance and development of major industries nationwide together with our customers, partners, and many stakeholders.

We appreciate and look forward to the continued support and encouragement of our stakeholders.

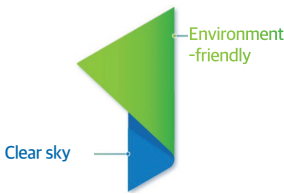
Thank you.

Company Overview

Introduction to AirFirst

AirFirst has core competencies, such as superior operational excellence, customer intimacy communication, and prompt decision-making, that enables all these strengths based on various experiences and know-how accumulated over 50 years since its founding in 1975. Based on these core competencies, we are providing products and services to a wide range of industries in Korea, from the nationally strategic industries of semiconductors, petrochemicals, steel, automobiles, and shipbuilding to consumer goods industries like food and medical industries, and the next-generation growth industries of secondary batteries and cathode materials, and aerospace. Also, we have manufactured and supplied industrial gases as the industry leader. Based on this long-term stable operation and trust, we are maintaining partnerships with our customers and local communities with a corporate philosophy to be a reliable partner that creates the future and growth of our customers' hand in hand, while also promptly responding to customer requests and prioritizing environment-friendly safety management.

CI mark



We portrayed our mission to become the preeminent leader in the industry in the future, providing superior quality and optimal solutions. With the expertise and technology of leading industrial gas experts and engineers embodied in the form of number 1.

In addition, the appearance of 'rise' in three dimensions as the air swirls and soars up into the sky symbolizes our pursuit of a better future and greater growth with customers.

Color green stands for environment-friendly, and **blue** stands for clean air.

VISION

Top leader in the domestic industrial-purpose gas industry
that prioritizes the Environment, Safety, and Respect for People as the highest value and is respected companywide

MISSION

Being a reliable partner that strives for the future and growth of customers in tandem with the concerted efforts of employees and partners

GOAL

To achieve sales of KRW 1 trillion in 10 years of AirFirst's founding with an accident-free track record within the environmental and safety sectors (by 2029)

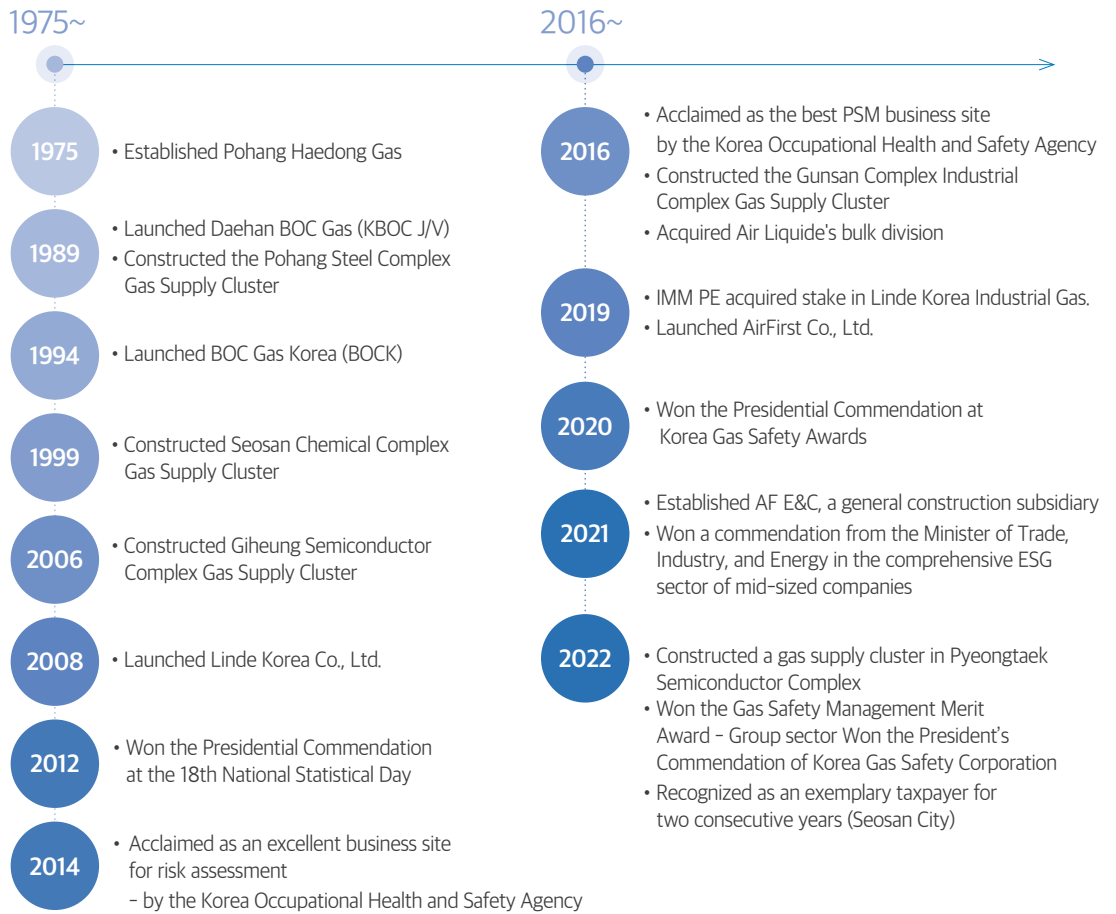
CORE VALUES

E [Environmental]  Safety	S [Social]  People Respect	G [Governance]  Ethics
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History and Location

History

Since its founding in 1975, AirFirst has been leading the manufacture and supply of industrial gas for over 50 years by providing products and services to a wide range of industries in S. Korea, from the nationally strategic industries of steel, petrochemicals, and semiconductors, up to other industries closely related to daily life, including food and medical care industries, and the next-generation growth industries of secondary batteries and aerospace.



Location



AirFirst's primary factories are located inside and adjacent to customers' businesses, including major industrial complexes, and we will come closer to provide better services in prompt response to customers' requests.

● 5 Major ASU* clusters

Pohang, Seosan, Giheung/Yongin, Gunsan, Pyeongtaek

● 10 On-site plants

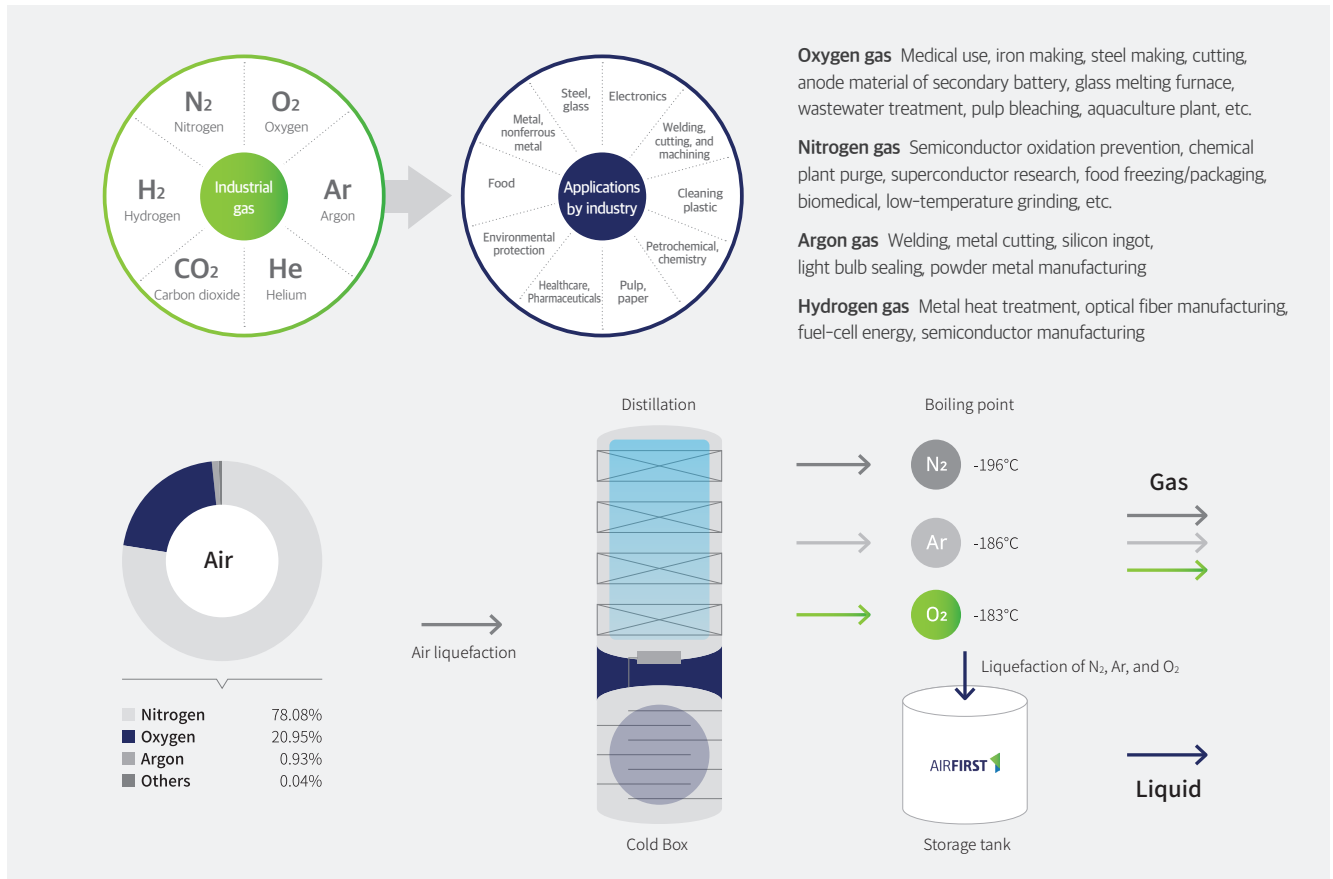
Bucheon, Icheon, Pyeongtaek, Jincheon, Daejeon, Gimcheon, Iksan, Jeonju, Busan, Sejong

*ASU: Air Separation Unit

Gas Supply Solutions and Major Clients

Gas Supply Solutions

AirFirst produces and supplies industrial gas, which is the foundation of all industries, and provides integrated solutions based on corporate principles of safety, trust, and partnership.



Oxygen gas Medical use, iron making, steel making, cutting, anode material of secondary battery, glass melting furnace, wastewater treatment, pulp bleaching, aquaculture plant, etc.

Nitrogen gas Semiconductor oxidation prevention, chemical plant purge, superconductor research, food freezing/packaging, biomedical, low-temperature grinding, etc.

Argon gas Welding, metal cutting, silicon ingot, light bulb sealing, powder metal manufacturing

Hydrogen gas Metal heat treatment, optical fiber manufacturing, fuel-cell energy, semiconductor manufacturing

Major Clients

We are growing together with about 230 companies in various industries, from the nationally strategic industries of semiconductors, chemicals, and steel to the food and beverage, new materials, medical, paper, and glass industries.

Electronics industry



Petrochemical/energy industry



Steel industry



Other industries



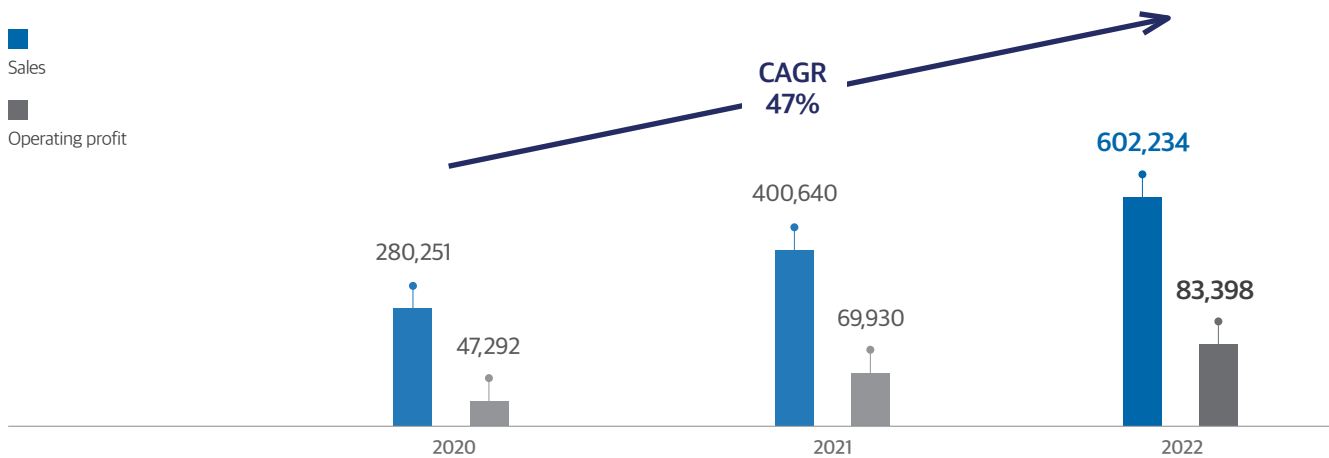
Highlights

All executives and employees of AirFirst recognize the importance of sustainable management and work to create economic, environmental, and social value in all our corporate and business activities. We plan to continuously share the ESG report disclosure, highlighting the relentless efforts and performance results of all employees on a business year basis, with numerous stakeholders, such as customers, partners, and local communities. The employees firmly believe that the ESG REPORT shared as the result of these efforts will further encourage and publicize AirFirst's sustainable growth potential. Also, we will strive to further develop the sustainable management system based on global standards, and grow into a company that fulfills its social responsibilities in line with stakeholders' opinions.

Business

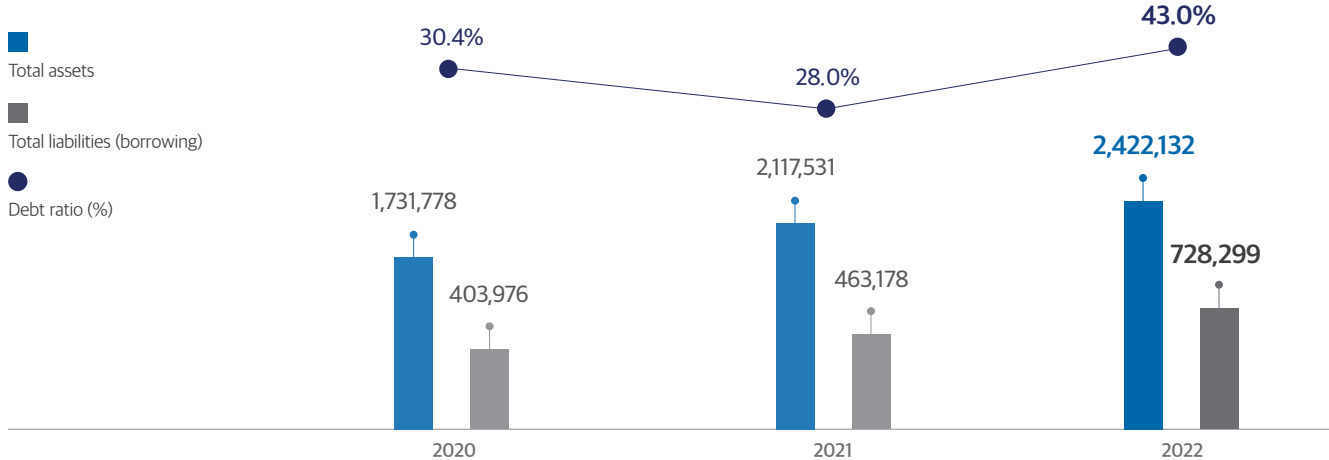
Unit: KRW 1 million

Sales/ operating profit



Unit: KRW 1 million

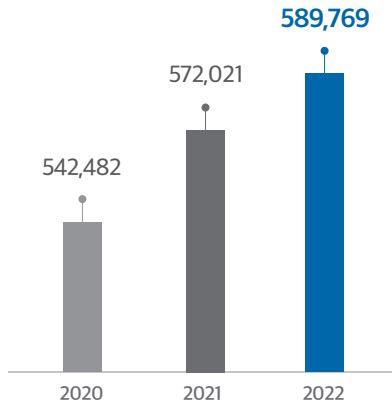
Financial indicators



Environment

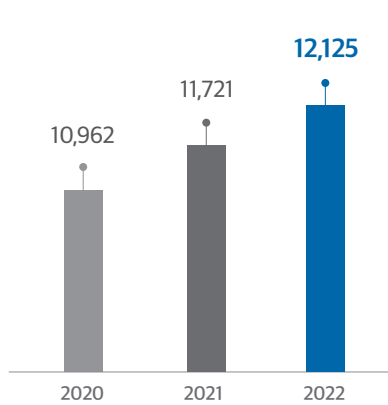
GHG emissions

Unit: tCO₂-eq



Energy consumption

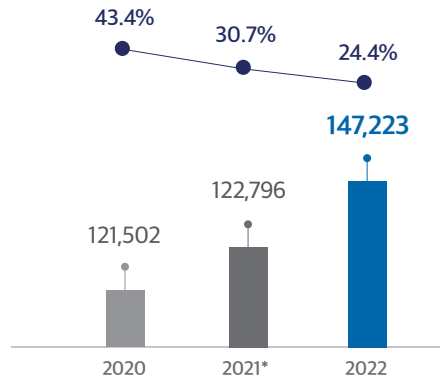
Unit: TJ



Energy costs (based on consolidated financial statements)

Unit: KRW 1 million

● Ratio of energy to sales

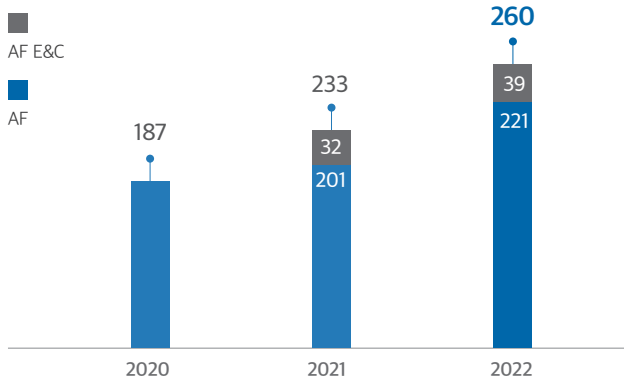


* Standard change of applied sales
Industrial gas sales → Changed the standard to total sales on a consolidated basis.

Social

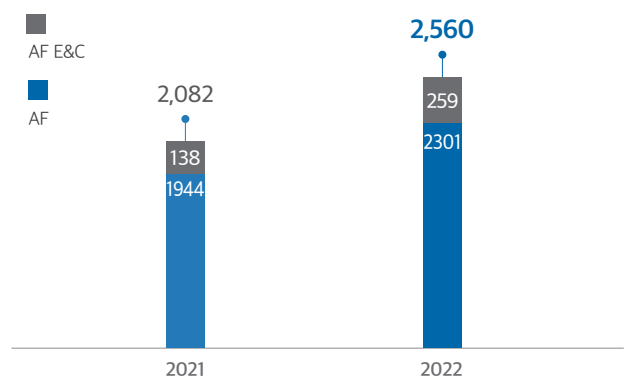
Number of employees

Unit: Number of people



Total expenditures on welfare benefits, education, and training

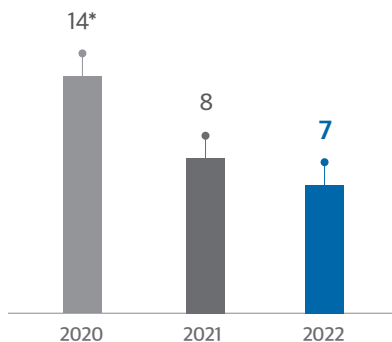
Unit: KRW 1 million



Ethics

Number of board meetings held

Unit: Times



* Modified existing information.

Board meeting attendance rate

92.7%

Average tenure of BOD-serving directors

3 years

Ratio of non-standing directors

33%

Received Ethical Management Reports

0

ESG Strategy & Progress





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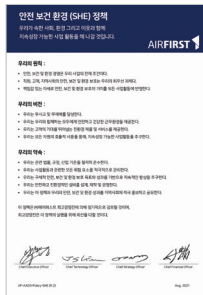
ESG Management Policy

AirFirst's senior management regularly reviews this policy, and senior management will do their best to implement this policy.

Safety, Health, and Environmental Policy

AirFirst will pursue sustainable business activities together with the society, environment, and neighbors to which we are personally vested.

Department in charge
Environmental Safety&
External Affairs Department



Our Corporate Principles

- Safety, health, and environmental management constitute a fundamental basis of our business.
- Safety, health, and environmental protection of staff, customers, and communities are top priorities.
- We reflect the value of safety, health, and environmental protection in all business activities in phase with responsible management.

Our Mission

- We achieve accident-free and disaster-free track records.
- We provide a safe and healthy workplace environment for everyone who works with us.
- We provide eco-friendly products and services that exceed customer expectations.
- We pursue sustainable business activities through the efficient use of all resources.

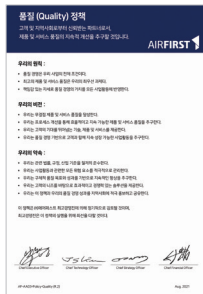
Our Promises

- We thoroughly comply with related laws, regulations, and industry standards.
- We actively manage all risk factors related to business activities.
- We strive for ceaseless improvement based on specific goals and performance for safety, health, and environmental protection.
- We design, manufacture, and operate safe and eco-friendly facilities.
- We actively promote and share this policy and our safety, health, and environmental performance with the local community.

Quality Policy

As a trusted partner to our customers and communities, AirFirst will strive for relentless improvement in the quality of our products and services.

Department in charge
Environmental Safety&
External Affairs Department



Our Corporate Principles

- Quality management constitutes a fundamental basis of our business.
- The best product and service quality is a top priority.
- We reflect the value of quality management in all business activities in phase with responsible management.

Our Mission

- We achieve zero-defect products and top service quality.
- We pursue efficient and sustainable product and service quality through process improvement.
- We provide technologies, products, and services that exceed customer expectations.
- We pursue business activities that can sustainably grow with our customers based on quality management.

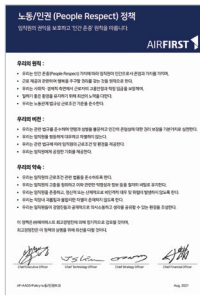
Our Promises

- We thoroughly comply with related laws, regulations, and industry standards.
- We actively manage all risk factors related to business activities.
- We strive for relentless improvement based on specific quality goals and achievements.
- We provide effective and competitive solutions based on our customers' needs.
- We actively promote and share our policies and quality management achievements with the local community.

Labor/ Human Rights Policy

AirFirst protects its executives' and employees' fundamental rights and interests, and advocates the principle of 'Respect for People.'

Department in charge
Human Resources & General Affairs Department



Our Corporate Principles

- According to our 'Respect for People' principle, we advocate the conviction that executives and employees have dignity and value as human beings and the right to pursue happiness concerning work provision.
- In terms of social and economic aspects, we do our best to ensure employment stability and proper wages for workers and to maintain a stable and supportive workplace environment.
- We comply with the standards of workplace conditions under labor laws and regulations.

Our Mission

- We comply with related laws and regulations, and advocate human rights to guarantee human dignity as a basic principle, regardless of age or gender.
- We treat employees equally and prohibit discrimination.
- We create workplace conditions and environment of executives and employees under related laws and regulations.
- We provide fair and equitable opportunities for executives and employees.

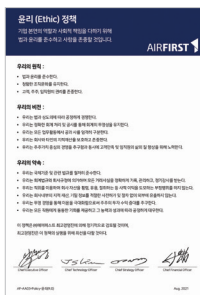
Our Promises

- We ensure that executives and employees comply with the law on workplace conditions.
- We listen to the grievances of executives and employees, and keep the information about them strictly confidential with their anonymity.
- We respect executives and employees, and ensure that mental or physical impersonal treatment and threats do not ensue.
- We ensure that workplace harassment and unreasonable discrimination do not exist.
- We create an environment where we can communicate openly with executives, employees, and management, and share their thoughts.

Ethical Policy

As a partner trusted by customers and communities, AirFirst will comply with law and ethics and respect for people.

Department in charge
Strategic Planning Office



Our Corporate Principles

- We comply with the law and ethics.
- We maintain an upright and ethical corporate culture.
- We respect the fundamental rights of customers, shareholders, executives and employees.

Our Mission

- We advocate fair and open competition according to law and business ethics.
- We maintain accounting transparency through accurate accounting practices, process and disclosure.
- We strictly distinguish between public and private affairs in all business activities.
- We protect and respect the intellectual property rights of the company and others.
- We strive to improve customer satisfaction and the quality of life for executives and employees, while pursuing shareholder value-led management.

Our Promises

- We strictly comply with international standards and relevant regulations.
- We accurately record and manage all transactions per accounting laws and company regulations, and undergo regular audits.
- We do not engage in fraudulent acts to promote personal self-interests, such as embezzlement, misappropriation, or theft of company assets using our positions of trust.
- We do not disclose intellectual property and confidential information within the company to the outside public without proper prior permission and procedures.
- We pursue enhanced shareholder return on investment by maximizing profits through transparent management.
- We provide equal and fair opportunities to all employees, and treat them fairly on the basis of their competencies and merit-based performance.



ENVIRONMENTAL

STRATEGY & HIGHLIGHT

As of 2022

Environmental investment amount

KRW **758** million

Ratio of energy costs to sales

24.4 %

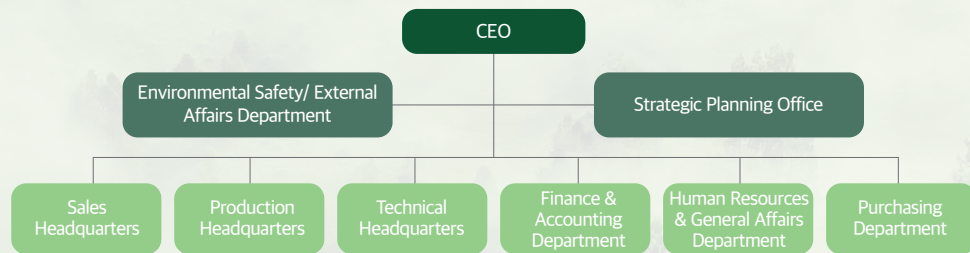
Recycled amount of waste

21.2 tons

Environmental Safety Organization and Certification Status

Organization tasked with environmental safety

Recognizing the internal and external importance of environment/ safety, AirFirst establishes, operates, and manages a corporate systematic, efficient environmental management policy through a dedicated organization presided by the CEO. AirFirst's environmental safety organization manages and improves environmental risks at each business site, monitors and responds to environmental laws and regulations, and discloses company-led environmental information. It is formed as an organization directly presided by the CEO to share expeditious environmental information and respond at the management level. All company departments work closely together, and cross-check environmental issues at each business site, striving to establish thorough environmental management.



Management system certification status

Our executives and employees have a sense of obligation and responsibility to comply with the related laws and regulations for protecting the environment. Through this, we will pursue sustainable business activities together with the society, environment, and neighbors to which we are personally vested. After obtaining ISO 14001 (Environmental Management System), ISO 9001 (Quality Management System), and ISO 45001 (Health and Safety Management System) Certifications, we are implementing eco-friendly management by renewing and maintaining the certifications on an ongoing basis. Also, we have set corporate-driven environmental goals and investment plans, and are implementing them.

Safety

- Transportation safety
- SHE Guide
- PSM
- Risk assessment recognition
- ISO 45001

Quality

- SEC RBA
- ISO 9001
- GMP
- Food Additives

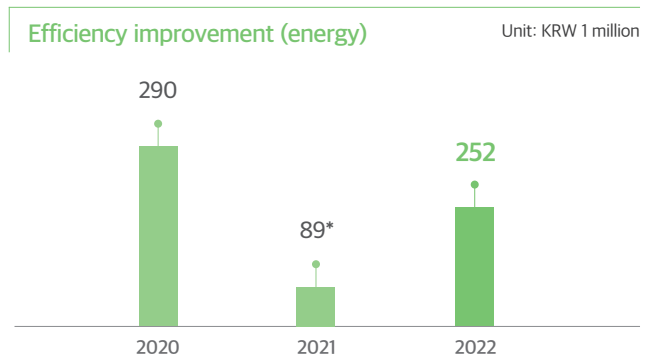
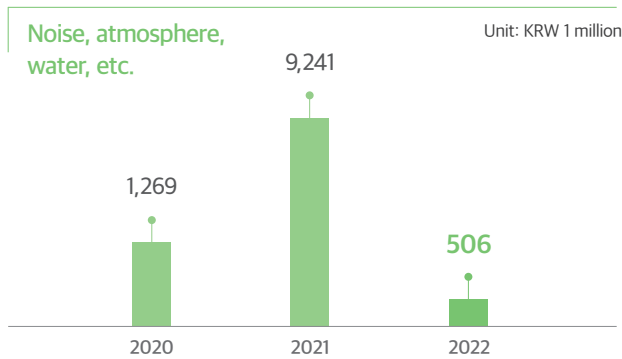
Environment

- ISO 14001

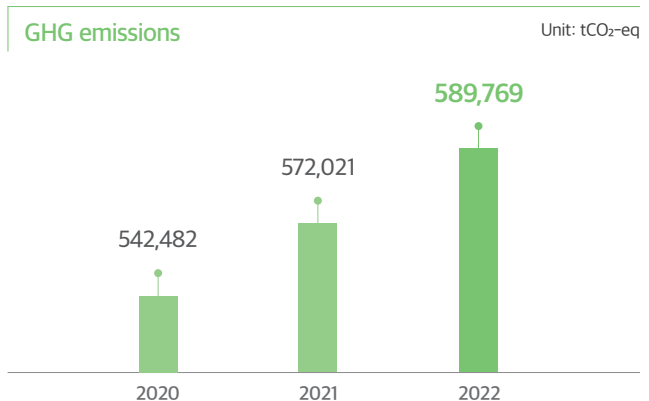
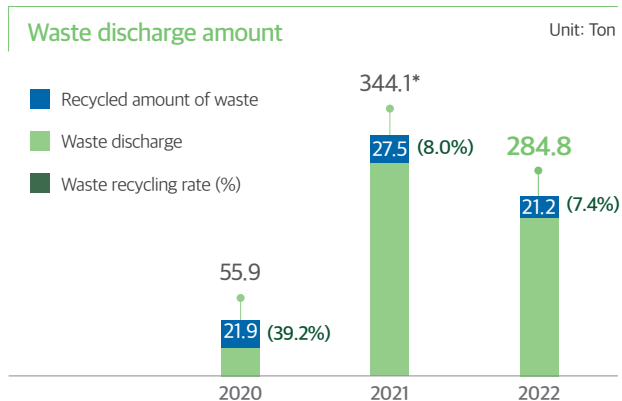
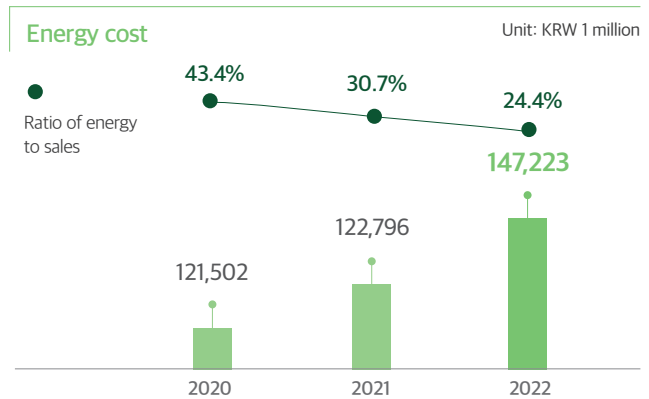
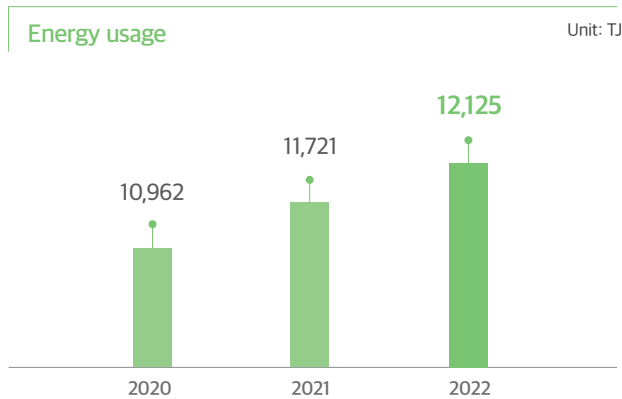
Environment/Energy Management Status

AirFirst formulates and implements investment plans necessary for environmental management every year, and institutes internal management standards for air, water quality, energy, greenhouse gas, waste discharge, chemicals, etc. Since December 2008, we have instilled eco-friendly management by maintaining ISO 14001 (Environmental Management System) Certification, which is an international standard, while setting corporate-driven environmental goals and formulating investment plans to be implemented. In addition, through the environmental information disclosure reporting system, we manage and disclose the utilization status of resources such as energy use, water resource use, etc.

Environmental Investment Performance



* Pohang freezer performance was additionally confirmed.



*Added site: Reflected waste from new plant construction in Pyeongtaek in 2021.

*Increase in GHG emissions due to operation of new plants

Environmental Investment Details (noise, air, water, etc.)

Category	Site	Initiative	Description details	Remarks
Noise	Giheung	Noise reduction	Noise reduction by installing silencer, soundproof lou-ver, sound absorption mat, etc., at each site.	
	Pyeongtaek	Cooling tower noise reduction device	Silencers are installed on the upper and side area of the fan of the cooling tower to reduce falling noise and fan noise of the cooling tower.	Noise reduction 85dB → 75dB
		Compressor room installation	Noise reduction by installing the compressor indoors and adding sound absorption to the exterior panels in Comp Room.	Noise reduction 107dB → below 85dB
		Silencer installation	Noise reduction by discharging gas into the atmosphere through a silencer.	Noise reduction 106dB → below 85dB
Atmosphere	Giheung	Low-NOx burner	Installed a burner to replace existing burner, emitting less NOx.	NOx reduction 85 → 35 ppm
		Air emission facility reduction device	Reduce NOx emissions by installing SCR (selective catalytic reduction)	NOx reduction 75 → 15 ppm
	Seosan	GHG reduction facility (air dryer)	Carbon-neutral facility support project for companies subject to allocation in 2022 (government subsidy of KRW 202,950,000)	Support for GHG reduction facilities (Project period: June to Nov. 2022)
	Pyeongtaek	Low-NOx burner	Reduced NOx emissions by installing a low-NOx burner.	NOx reduction 85 ppm → below 40 ppm
Water (Wastewater)	Giheung	Makeup water-use saving by adjusting the BLOW DOWN position	Reduced makeup water amount due to evaporation reduction by changing discharge location for wastewater.	Water-use savings and economic effects, accurate figures unattainable to calculate
	Pyeongtaek	Reuse of industrial water (Blow down water)	Recovered blow-down water, and reused it as plant circulation water through RO facilities.	Discharge reduction 26m ³ /h → 1m ³ /h
Others	Pyeongtaek	Wheel washing machine	Installed a wheel washing device at the factory entrance to prevent dust scattering when construction vehicles enter and exit the factory.	
		Sprinkler truck	Dust scatter reduction by using a sprinkler truck to reduce dust scattering in and around the factory	

Efficiency improvement (energy)

Site	Contents	Description details
Seosan	Replacement of factory lighting fixtures (LED-type)	Factory lighting fixture replacement (LED-type) (ASU1,2,3 MH250W → 100W LED)
Giheung	Replacement of office lighting fixtures (LED-type)	KRW 9 million/year
Pohang	Replaced factory cooler (#1 CP11 cooler)	Improved compressor energy efficiency by increasing cooling efficiency for air compression heat
	New improvements in factory freezers	39.2kW (power savings) × 107.4 won/kw (average unit price in summer) × 24-hour × 180 days = KRW 18 million/year
	High-efficiency improvement of ASU1 CT pump (total 5 units)	Annual power savings x power unit price = 359.24Mw/year x 143 won/kw = KRW 51.7 million/year
	High-efficiency improvement of ASU2 CT pump (total 3 units)	Annually power savings x power unit price = 182Mw/year x 143 won/kw = KRW 26 million/year
Pyeongtaek	Generator turbine	400KW energy savings by generating electricity using turbine's high RPM rotational power
	LED lamps	Use of eco-friendly and efficient LED lamps with longer lifespans and lower power consumption compared to other types (metal lamps, mercury lamps)
	Energy saving system	10% power savings by installing an automatic power regulator in front of LTG PNL

Environmental goals, detailed goals and action plans

Promotion schedule: Until Dec 31, 2024

Detailed goals

Achievement plan

<p>Minimizing noise complaints</p>	<p>Minimize noise complaints when operating the factory - less than twice a year Yearly reduction target/ performance/ facility changes in detailed goals Monitor with resource usage records</p>	<ul style="list-style-type: none"> Established noise reduction measures with related companies (Samsung, Linde Korea, AirFirst, Korea Expressway Corporation) in case of civil complaints ▶ Budget establishment and facility investment based on the results Monitoring the number of complaints reported
<p>Reduction in amount of designated waste generation</p>	<p>Minimized waste oil generation: 10% reduction compared to 2021 2021: 8 tons</p>	<ul style="list-style-type: none"> Reset replacement cycle with regular oil analysis Extended use life with appropriate oil temperature settings Extended the oil-use cycle after removing impurities through filtering.
<p>Reducing refrigerant usage</p>	<p>Reduced usage by 10% compared to capacity</p>	<ul style="list-style-type: none"> Early identification and action of leakage through shift logging Leak test when inspecting high pressure gas facilities - Leak check on monthly basis after purchasing the detector
<p>Reduction in annual nitrogen oxides, sulfur oxides, dust air emissions</p>	<p>Controlled air emission pollutants below legal standards by installing low-NOx burners or preventive facilities</p>	<ul style="list-style-type: none"> Low NOx burner installation Installation of preventive facilities
<p>Fuel/ smoke reduction</p>	<p>Reduced over-speeding, sudden braking, and sudden acceleration</p>	<ul style="list-style-type: none"> Drivers' driving performance management through vehicle control equipment (Operation of reward and penalty system)
<p>Performing vehicle preventive maintenance</p>	<p>Legal vehicle preventive inspections and daily inspections</p>	<ul style="list-style-type: none"> Established and implemented a vehicle preventive inspection plan
<p>Minimizing noise complaints</p>	<p>Minimized backward driving alarm noise</p>	<ul style="list-style-type: none"> Minimized noise by fixing sponge to reverse alarm
<p>GHG reduction</p>	<p>Reduced GHG emissions</p>	<ul style="list-style-type: none"> Action plan with a result of energy diagnosis

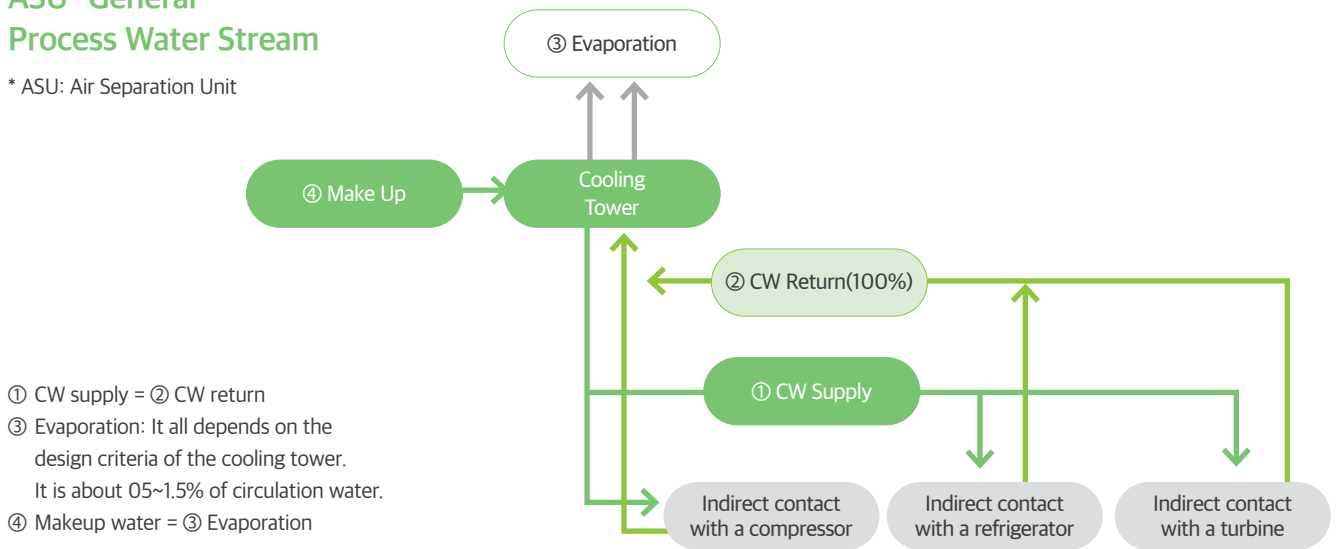
Process Cooling Water Stream

The water used in the ASU is for providing cooling water to major facilities such as compressor coolers, compressor motors, freezers, turbines, etc. After heat exchange with the facilities, the cooling water is recovered to the cooling tower and supplied to the main facilities through the coolant pump. Also, it is circulated and reused on an ongoing basis.



ASU* General - Process Water Stream

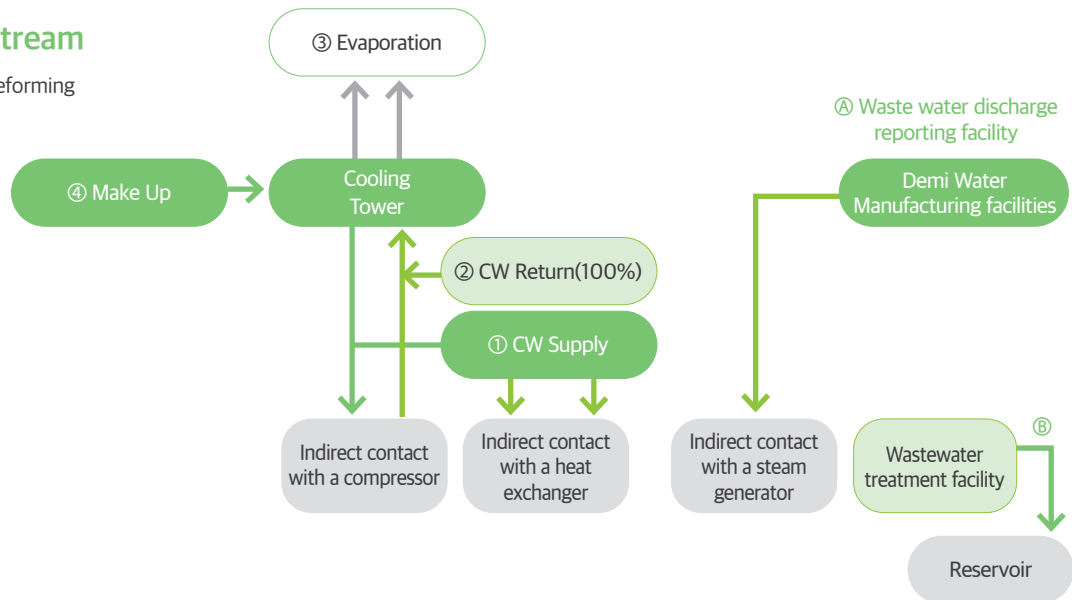
* ASU: Air Separation Unit



- ① CW supply = ② CW return
- ③ Evaporation: It all depends on the design criteria of the cooling tower. It is about 0.5-1.5% of circulation water.
- ④ Makeup water = ③ Evaporation

SMR* Process Water Stream

* SMR: Steam Methane Reforming



TCFD Response Strategy



In November 2021, AirFirst declared its support for TCFD for the first time in the domestic industrial gas industry, and strengthened climate change-related information in the four areas of governance, strategy, risk management, and indicators/targets. Through this, we aim to implement safe social contribution initiatives that minimize damage by predicting and managing climate change risks and opportunities and transparently disclosing them every year. In addition, through this, we pursue ESG management by raising awareness of crisis response and relentless greenhouse gas reduction measures.

Corporate governance

AirFirst has established the ‘Crisis Response Committee’ under the Board of Directors to respond to mid- to long-term climate change risks systematically and to discuss integrated perspectives companywide. We have established and operate manuals for preemptive management of potential crises that can cause human, material, and economic damage throughout the business, such as climate change, and for effective responses to crises for the eventuality.

In addition, through the ‘ESG Committee,’ which consists of senior management, all matters necessary for ESG policy, including financial risks due to climate change, are reviewed and reported on a regular or ad-hoc basis. Its main purpose is to examine the action plan for ESG-related activities, evaluate the performance results, and perform improvement measures.



Strategy

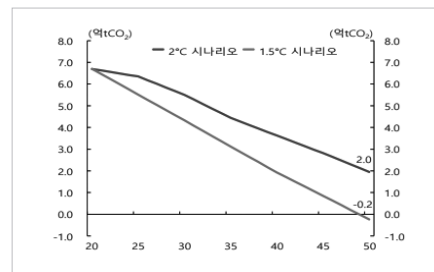
We have established a climate change response scenario focusing on risks that could impact the corporate business model, and have established and execute a response strategy to mitigate climate change risk.

1. Paradigm change

According to the '2°C scenarios', if Korea's carbon dioxide emissions are reduced by about 70%, from 670 million tons in 2020 to 200 million tons in 2050, greenhouse gas emission prices are expected to increase exponentially. The company is part of the energy-consumption industry, with the role of a GHG emission allocating company, and changes in greenhouse gas emission prices directly affect our corporate profits.

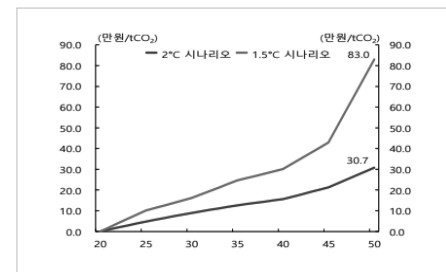
GHG emission path

Source: NGFS



GHG emission price path

Source: NGFS



Regulatory Issues

Risk	Financial impact	Countermeasures
GHG emission trading	Increased cost of purchasing emission permits	Operating a hedging strategy for purchasing carbon credits - Minimize financial burden by establishing and operating short-to long-term carbon credit purchase strategies by forecasting short-term shortages compared to quota and constant monitoring of emission permit price
Investment in low-carbon facilities & infrastructure	Expenditure on facility investment	Established short-, and medium-to long-term investment plans through carbon-neutral technology diagnostic consulting - Selected for the carbon neutral consulting project managed by the Korea Environment Corporation, and completed implementation after reviewing the feasibility of investment in low-carbon facilities, etc. (Dec. 2022) - Reviewing the installation of solar power generation facilities when constructing a new plant in Pyeongtaek - Target to reduce facility investment cost burdens by participating in national projects such as a carbon-neutral facility support project

2. Present danger of climate change

Recognizing that climate change risk poses an inevitable danger such as cold waves, droughts, floods, typhoons, and earthquakes with a direct effect on companies' supply chain and facility operations, we have established and operate countermeasures accordingly.

Present dangers of climate change risk

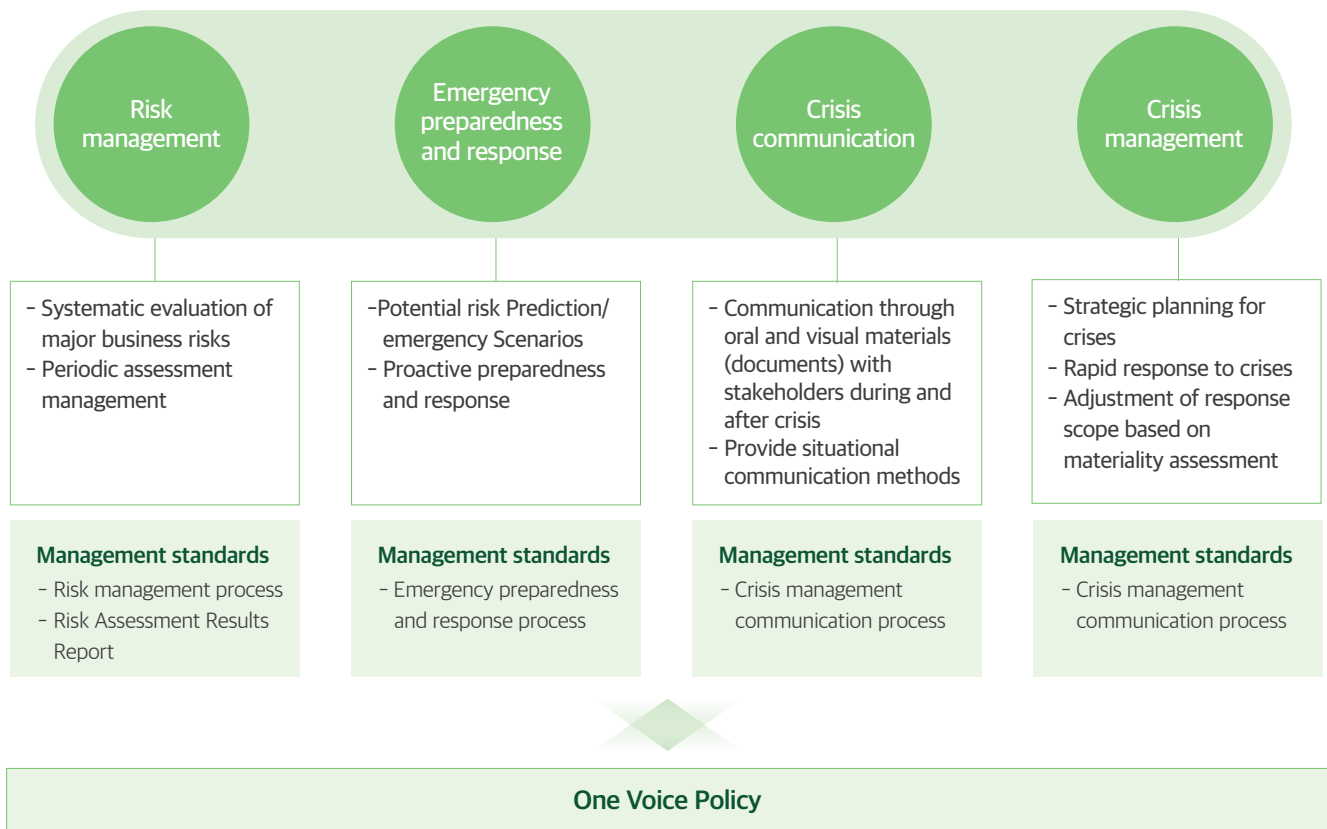
Risk	Financial impact	Countermeasures
Meteorological changes such as typhoons, earthquakes, etc.	Expenditure for compensation and restoration due to property damage	Establishment of an in-house risk management system - Establishment and operation of a systematic and specific risk management system through 'AF crisis management communication' Preemptive investment in facilities and infrastructure - Stable plant operation with plant design of seismic grade 1 (earthquake 8.0 to 9.0) - When constructing a cooling water system, the design of underground storage ensures the stable operation of a plant in the event of a water outage due to inclement weather.

TCFD Response Strategy

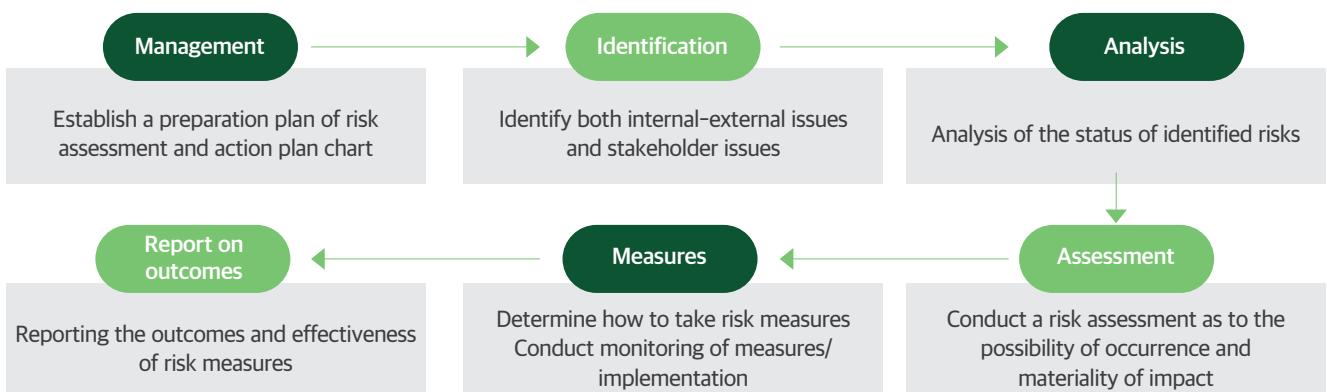
Risk Management

To preemptively respond to climate change, we established a climate change risk management process and advanced the risk management process with respect to alignment with corporate strategies.

Business Continuity Management System



Risk Management Process



Targets and indicators

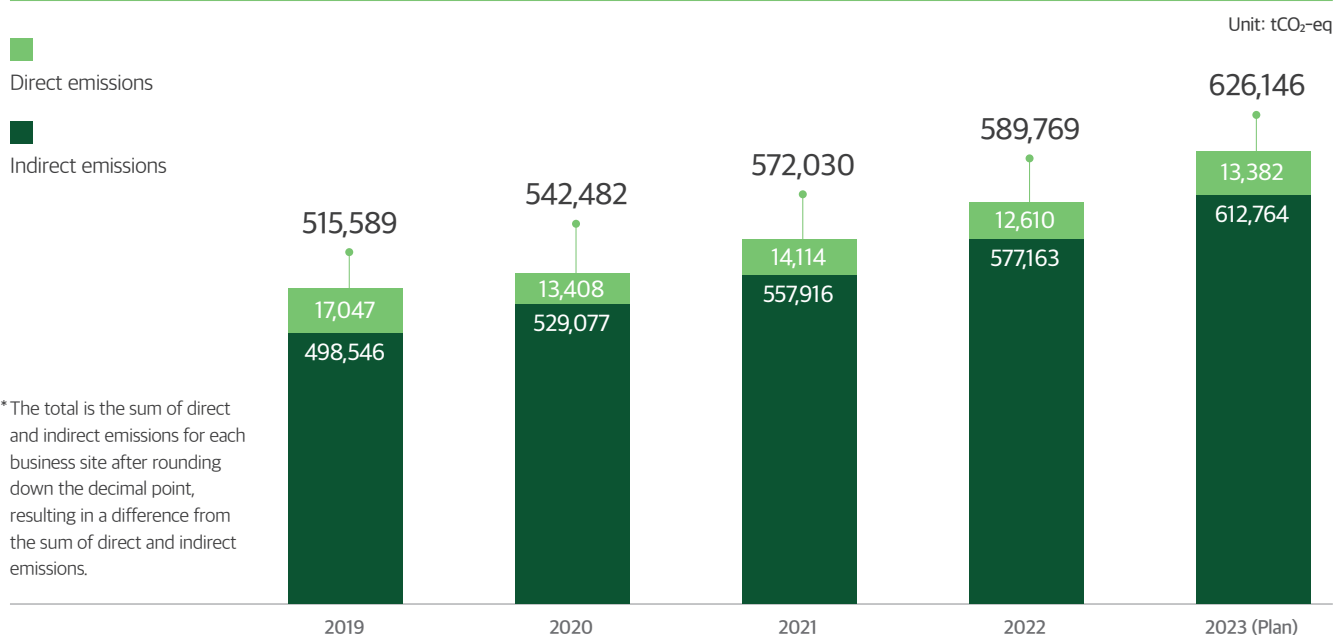
To actively respond to climate change, we identify environmental aspects for each business site, conduct impact assessments, and manage detailed targets and plans through the target management register. Every year, we transparently disclose key environmental indicators specific to each business site in the Environmental Information Disclosure System (www.env-info.kr).

In particular, AirFirst was selected to get "Carbon Neutral Technology Diagnosis Consulting", which is supported by the Korea Environment Corporation in June 2022 following 2021, with the role of conducting a technical diagnosis on the energy efficiency of AirFirst's facilities and making investments to reduce GHG emissions.

Mid- to Long-Term Facility Investment Plan to Reduce GHG Emissions

Category	Supporting facilities	Items	Improvements	Remarks
Short term	High-efficiency equipment	Lighting	Improved energy efficiency by replacing LED lights	Giheung Plant investment completed
Mid- to long-term	Carbon-free equipment	Renewable energy	Use of renewable energy through solar module installation	
	High-efficiency equipment	Cooling water pump	Improved energy efficiency by replacing high-efficiency pumps	
	Process improvement	IA dryer	Purges discharged into atmosphere during regeneration can be recovered ▶ Improve productivity and energy efficiency	Seosan Plant investment completed
		PA compressor	Improving energy efficiency by improving heat exchangers	Seosan Plant investment in progress for 2023

GHG Emission Performance





SOCIAL RESPONSIBILITY

STRATEGY & HIGHLIGHT

As of 2022

Welfare benefits and education
& training expenditures

KRW **2.559** billion

Excellent family-friendly company



AirFirst advocates the lenient work hours culture as the basis to ensure work-life balance, encourages employees to leave work early to spend evenings with their families on Wednesday designated as family day, and bans meetings every Friday afternoon. In addition, we are operating a work system that suits our employees' various work characteristics and lifestyles by operating a selective work hour system. We are actively implementing a family-friendly system to ensure the work-life balance of our employees, such as the free use of maternity and parental leave, and continue to make efforts for improvement.

Welfare and benefits

AirFirst actively communicates with internal employees, who are important stakeholders and highly valuable resources, and listens to their needs. We provide a fair and equitable workplace environment where employees can be satisfied by offering employees various welfare benefits systems and professional development opportunities. This is the case regardless of employees' gender, origin, etc.

Well-Being

Welfare point system

Welfare points without restrictions on the places to use

Long service reward

Industry-leading long-term service reward

Support for children's tuition

Quarterly support for children's kindergarten expenses, 100% tuition support for children in high school/university

Support for congratulations and bereavement

Provide congratulations and bereavement stipends and leave for congratulations and bereavement for employees

Condominium

Possible to use Sono Hotels & Resorts as member prices

Work attire support

Support to provide plant worker uniforms

Communication cost support

Support for communication expenses according to business characteristics and position

Work & Life Balance

Group annual leave system

Workdays between holidays, the day before the Lunar New Year/Chuseok holidays, and the second Friday every month without a holiday are all designated to use the group annual leave

Flexible work system

Implement flexible work systems such as selective and flexible work systems for efficient work performance and work-life balance

Housing fund support

Promote stable living conditions for executives and employees by providing funds for their housing arrangements

Healthy Life

Group life/ accident insurance

Support for insurance and indemnity insurance for employees, spouses, and children such as cancer/ surgery/ hospitalization/ death, etc

Comprehensive health checkup

In addition to mandated health checkups, comprehensive health checkups are provided to employees and their spouses

Company-provided lunch

Provide lunch that prioritizes employees' health.

Development

Improving safety awareness

Conduct safety management training/ drills geared to prioritizing the safety of employees

Job-related training/ skillset development

Support various programs to develop employees' capabilities

Support for employees

Support for employees tuition Tuition support for employees enrolled in job-related majors at universities and graduate schools

Language study

Support for language fluency through online and telephone English education

Education and Training

HR development

Acquiring and maintaining excellent human resources and fostering them through education and training are essential to become a sustainable company. AirFirst supports systematic education and training programs through human resource development strategies to develop skillsets for human resources to create future values and performance results.

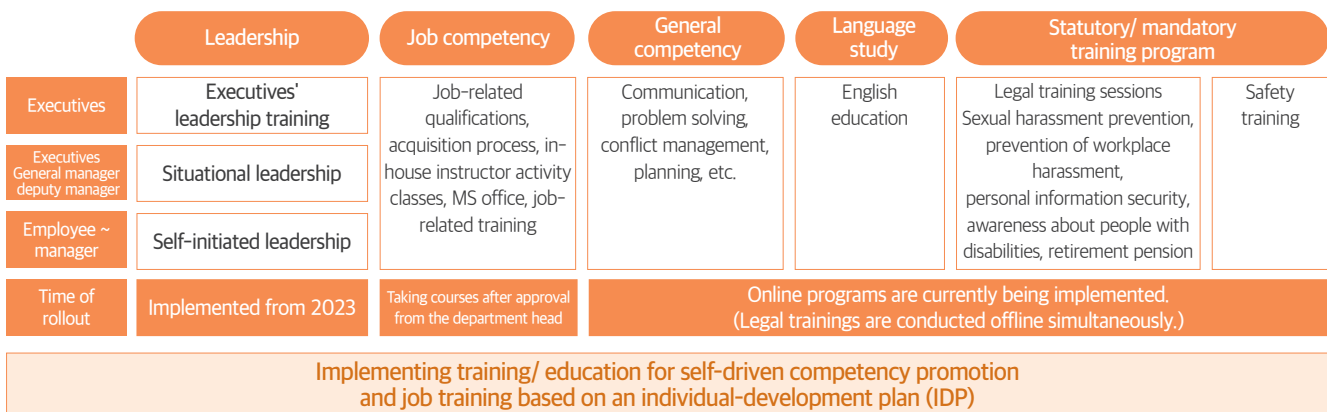


Training status

Name of training	Contents	Completed headcount (Number of people)	Remarks
Mandatory legal training	Prevention of sexual harassment	264	Once a year
	Prevention of workplace harassment	264	
	Improving awareness about people with disabilities	264	
	Personal information security	264	
	Understanding retirement pension	264	
Office safety training	Understanding the Occupational Health and Safety Act	53	Once a quarter
	Insurance benefits and procedures per the Industrial Accident Insurance Act	56	
	Commuting disasters, etc.	56	
	Work environment and health care for office employees	55	
Human rights education	Understanding Human Rights Management	224	Once a year

Educational System Diagram

We are strengthening training programs for all employees to realize results-driven outcomes and happiness through systematic growth support for each employee, the pursuit of work-life balance, and innovation rooted in our corporate culture. We provide various programs to cultivate leadership training for team managers, such as executives and managers, customized training for each job, and general competencies like communication, problem-solving, and conflict management.



Employee Communication and Labor-Management Council

To facilitate better communication between management and employees, we hold regular labor-management consultations, conduct grievance committee sessions, town hall meetings for employees, casual meetings, and companywide employee surveys to share key management information and gather employee opinions. We also run sporting events and year-end parties for team-bonding among executives and employees. Through this, we can internalize and instill a corporate culture where all employees are individually recognized and respected through efficient communication.

2022 Regular Meeting Schedule

Meeting name	Attendees	Date	Time	Location/ proceeding format
Town hall meetings	All employees	Quarterly (4th Thursday of January, April, July, October)	4 to 6 p.m.	Online meeting
Labor-Management Council	Labor-Management Council members	Last Tuesday of the Quarter	2 to 5 p.m.	Seoul
Complaint Handling Committee	Grievance-Handling Committee members	Establish separately if necessary		
Face-to-face meeting	Department heads and engineers	Specifying a Date by site	1 to 3 p.m.	Site tour
	Operator		3 to 5 p.m.	
	In the case of newly hired employees by site		10 a.m. to 12 p.m.	
	Sales staff (excluding relevant executives)	Semi-annual, the day after the management meeting	10 a.m. to 12 p.m.	Seoul
	Employees of the Seoul office		1 to 3 p.m.	
Year-end party	Proceeded by each site	December	6 to 9 p.m.	Proceeded by site

* Some meetings were canceled on account of COVID-19 protocols during the year.



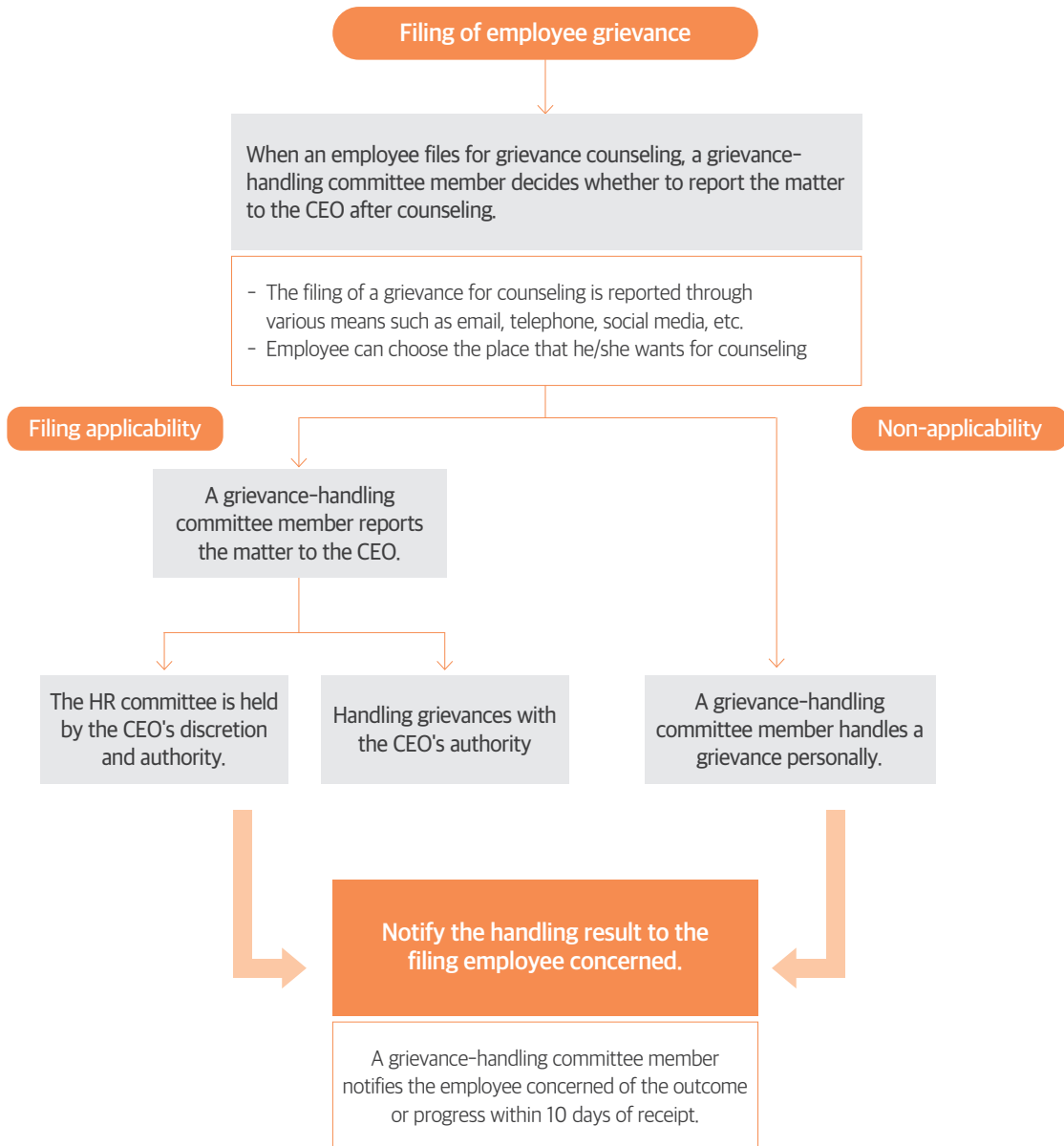
Labor-Management Council

We regularly hold quarterly Labor-Management Council meetings, and contemplate changes and decisions made through labor-management agreements in management activities. Through an agreement between labor and management, we have instituted and operate a flexible work system to comply with a 52-hour-a-week system. Also, we have instituted and implemented the selective work system for office employees, a flexible work system for factory workers, and a discretionary work system for sales staff, depending on the characteristics of each job group.

We are taking the lead in establishing a genuine work-life balance by expanding the staggered lenient work hour system, which was introduced at the start of the COVID-19 outbreak, to full-time operation according to the labor-management agreement, and by simplifying the procedure to put it into practice only with the approval of the team leader.

Grievance-Handling Committee Process

Since August 2020, AirFirst has been operating a grievance-handling committee to address and resolve any violations of employees' fundamental rights or unfair matters. Also, it operates a reporting center where violations can be reported anonymously to ensure a happy working life with psychological stability based on mutual respect and integrity for all employees. When an employee's grievance is received, the grievance-handling committee will hold a consultation first. If the case should be reported to the CEO, it will be immediately done so. The corrective measure is taken by the CEO's authority or the handling result is notified to the employee who filed the grievance through the Human Resources Committee. In addition, all these issues and procedures are strictly confidential with anonymity secured.



The Ratio of Workers and Employment Stabilization Activities

AirFirst newly hired 87 employees (increase) from January 2020 to December 2022. In addition, through the implementation of a college internship program from July to August 2021, we are building a network of talents for internship opportunities and regularly operating summer and winter internship programs every year.

Percentage of workers

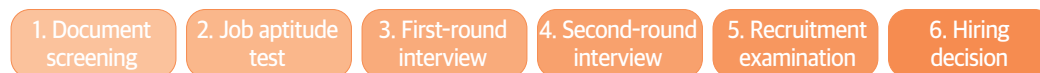
Contents	Category	2020	2021	2022
Number of employees based on workplace (headcount)	AF	187	201	221
	AF E&C		32	39
	Total	187	233	260
Newly hired (Number of people)	AF	29	52	42
	AF E&C		29	23
	Total	29	81	65
Employment of workers with disabilities (Number of people)	AF	5	4	4
	AF E&C		-	1
	Total	5	4	5
Employment of national merit (Number of people)	AF	1	-	-
	AF E&C		-	-
	Total	1	-	-
Employment rate of temporary workers (%)	AF	2.1	1.3	4.0
	AF E&C		-	5.1
	Total	2.1	1.3	4.2

*AF E&C was established in 2021.

Fair and Equitable Recruitment

AirFirst prioritizes employee welfare benefits and skillset development in the strong belief that securing excellent talent and world-class competencies of employees constitutes a competitive advantage. We constantly check and improve our human resource system to ensure that our employees develop their own expertise and achieve a work-life balance. Also, we will create a happy workplace through open collaboration among our executives and employees.

Recruitment Process



Recruitment of new and experienced employees is implemented in six stages. We publicize a post detailing required competencies for each job and seek for talented people. Then, we screen talented people based on documents, job aptitude tests, and two-round interviews. We follow a strict policy against preferential treatment and unfair or discriminatory practices in the screening and recruitment process on the grounds of age, ethnicity, education, and gender.

Performance evaluation

Team-level and individual goals (KPIs) are established for all executives and employees, and semi-annual and annual performance results are evaluated. The evaluation results are disclosed individually through the human resource system, and if necessary, adjustments are made. The final evaluation results are linked to individual compensation, such as annual salary and merit-based incentives.

Social Contribution Activities

AirFirst sincerely conducts activities that coexist with the local communities, and creates various social values by engaging in social contribution activities. To this end, in July 2022, the Social Contribution Activity Commitment was formed and promoted to encourage employees' interest in and self-initiated involvement in social contribution activities. Through sharing the commitments that contain not only corporate management activities but also employees' commitments to fulfill their social responsibilities, we will continue to make earnest efforts to systematically pursue social contribution activities to be integral to the AirFirst corporate culture.

In 2022, each factory carried out environmental purification measures in the region, and conducted donation events in which employees donated spare clothes from home to overseas refugees and disaster countries to reuse resources and improve environmental problems caused by incineration and disposal of clothes. In addition, we jointly carried out the 'Bird Saver' activity with the local community to attach stickers to prevent wild birds from crashing into clear glass facades.

Details of Social Contribution Activities

Date	Region	Name of activity	Place/ content	Related institution	Time spent (hours)	Number of participants (headcount)	Donation (KRW million)
Jan. 25	Giheung/ Yongin	Train of Love Relay		Yongin City Hall			1.0
May 13	Pohang	Environmental cleanup	Haedo Neighborhood Park		2	13	
May 19	Seosan	Environmental cleanup	Samgilpo Port		2	12	
May 24	Seoul	Making children's safety umbrellas		Seocho-gu Volunteer Center	2	20	0.7
June 10	Pyeongtaek	Donation	Support for Eumteo's training	Pyeongtaek Citizens Foundation			5.0
June ~July	Whole company	Clothing donation		Otcan			0.4
Sept. 7	Giheung/ Yongin	Bird Saver activity		Gyeonggi Volunteer Center			2.0
Oct. 6	Pyeongtaek	Environmental cleanup	Godeok Elementary School		2	10	
Nov. 16	Pyeongtaek	Sponsorship of goods	Used Laptop Donation	Eumteo			10.0
Total in 2022					8	55	19.1



Making children's safety umbrellas



Clothing donation drive



Used laptop donation drive



"Bird Saver" activity



Environmental cleanup (Pohang)



Environmental cleanup (Seosan)

Social Contribution Activities

Environmental protection participation campaign

At the end of 2022, as part of activities to pass on a clean environment and beautiful nature to future generations, we conducted an in-house environmental protection campaign for two months in which all employees actively joined.

Through this campaign, we carried out environmental protection measures to recognize environmental problems both at work and home, and practiced meaningful activities everyone can do for a better environment.



Picking up trash



Using a tumbler



Reusable shopping bag

Social Contribution Activities Plan

AirFirst's company-led social contribution activities are geared to build a better future. We strive to realize the dream of a happy and safe future by practicing various activities that lead to shared growth with the local community. Various activities are planned for each region/period, such as environmental protection measures and activities for win-win partnership with the local community.

Category	Region	Name of activity	Place/ content	Related institution
Environmental protection	Whole company	Corporate donations through walking to mark the company's founding	Donate the amount by matching the steps that employees took using the App.	Gyeonggi Volunteer Center
	Giheung/ Yongin	Plastic recycling	Collecting plastic bottle caps and purchasing items made of recycled plastic	Gyeonggi Volunteer Center
Community	Seoul	Making attachment dolls for sick children	Make attachment dolls to be donated to the sick children's ward.	Gyeonggi Volunteer Center
	Pohang	Pohang Senior Welfare Center Food soup kitchen service	Serving food to the elderly at Pohang Senior Welfare Center	Pohang Senior Welfare Center
	Pyeongtaek	Volunteer assistance for rural farmers	Rural volunteer work for farmers with labor shortages	Gyeonggi Volunteer Center
	Seosan	Volunteer visits to socially vulnerable areas in Seosan City	Local volunteer work in Seosan (hairdressing, taking pictures, providing meals, etc.)	Seosan Volunteer Center
	Whole company	Company-led donations/ charitable activities	Collecting unused personal items and donating them to an institution	Gyeonggi Volunteer Center

Safe Workplace Environment

Response to COVID-19

The COVID-19 pandemic has made the last three years from 2020 a challenging year. It was a time to pause for a moment to contemplate the new reality and adapt to the situation quickly. AirFirst has created an environment where employees and business partners can work safely. In addition to distributing masks and hand sanitizers free of charge to employees, certain sites provided lunch boxes instead of lunch in the cafeteria. While responding to the national epidemic prevention policy at the corporate level, such as real-time monitoring of new COVID patient cases and guidance on quarantine protocols, we have made it possible to stabilize our customers' production activities by doing our best to ensure a stable supply of industrial gases to them.

Giheung



Strengthening visitor management



Posting COVID-19 protocols and guidelines



Measuring body temperature of employees and other visitors

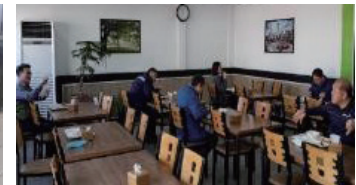
Pohang



Distributed hand sanitizers and disinfectants



Site quarantine (disinfection) protocols



Cafeteria management (group meal by the team)

Seosan



Supplied sanitary supplies (masks/hand sanitizers)



Measuring the body temperature of the drivers entering and exiting



Building quarantine protocols- SEETEC (3 times a week)/HTC complex (weekly basis)

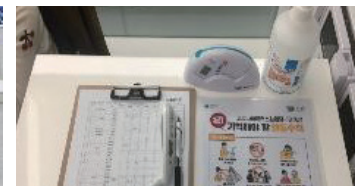
SOP/Seoul



Bucheon business site- Measuring body temperature, notices



Gunsan business site - Access control



Seoul Headquarters - Measuring body temperature, notices

Shipping team



Transportation Partners- Measuring body temperature, notices



Transportation Partners- Drivers advised to wear a mask.



Transportation partners- Vehicle quarantine (disinfection) protocols

Safe Workplace Environment

Fulfilling social responsibility obligations such as conducting various gas safety training

Implementing the company's original social responsibility under internal and external safety measures and COVID-19 situations

In addition to complying with safety, AirFirst is committed to fulfilling our social responsibilities for win-win partnership and community co-development.

As typical internal activities,

We raise safety awareness and regularly conduct safety management and training that prioritizes the safety of our employees first. We are mandating the submission of a safe work plan in advance for employees of partner companies who enter and exit an AirFirst business site for work. Also, we are prioritizing and instilling our core value of 'Safety First' through regular mandatory safety training, including safety protocols to be followed within the workplace, and retaining training results for one year.

As typical external activities,

From 2010 to the present, we have been conducting gas safety inspection and gas handling safety training every year for Pohang University of Science and Technology. In particular, from 2016 to 2017, in addition to Pohang University of Science and Technology, we provided free gas facility inspections and gas-handling safety training to Donggang Hospital, Pusan National University Hospital, Kosin University Hospital, etc.

Regarding medical oxygen, which once raised concerns about supply shortages as demand soared due to the COVID pandemic over the past three years, AirFirst, the nation's first industrial gas manufacturer that obtained the "Medical High-Pressure Gas Manufacturing and Quality Control Standard (GMP) certification" in 2017 for medical oxygen, is fulfilling our "social responsibility to overcome COVID-19 and put it behind us.



Safety training for partner companies



Internal safety training



Cardiopulmonary resuscitation training- Suwon Central Hospital



Emergency response training

Report on Health and Safety Training Results

Training name	Site	Date	Time spent (hour)	Number of participant (headcount)	Participation rate (%)
Health & safety training	Seosan	June 14~24, 2022	2	43	100
	Giheung	Feb. 10~22, 2022	2	38	100
	Pohang	July 20, 2022	2	18	100

Safety, Health and Environment (SHE)

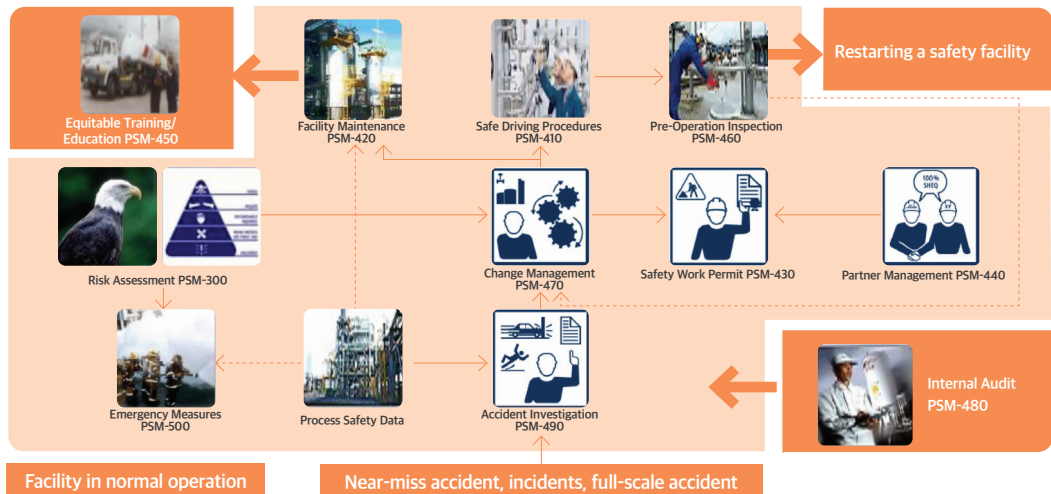
Preemptive safety management through the production and distribution of safety, health and environment (SHE) manual

SHEQ (Safety, Health, Environment and Quality), AirFirst's dedicated organization tasked with environmental safety, continues its earnest efforts to prioritize and instill the values of safety, health, and environmental protection in all AirFirst's businesses. In particular, we produced and distributed the 'Safety, Health and Environment (SHE) Manual,' which stipulates common policies, procedures, and guidelines that all workplaces must comply with. The purpose of the manual is to maintain and promote the health and safety of employees, preserve the company's asset, and improve production efficiency by creating a pleasant workplace environment through awareness of work safety guidelines and domestic laws based on AirFirst's management procedures of the safety, health, and environment. In addition, we are guiding all employees entering and exiting AirFirst's workplace to ensure that safety is prioritized by complying with the stipulations in the manual.



Process Safety Management

To minimize serious accidents, we are responding by establishing strategic tasks to protect employees and various stakeholders. Fully dedicated employees comply with health and safety rules, and establish and operate plans to identify and improve risk factors. Also, we are striving to strengthen the safety management of our partners by introducing work evaluations for health and safety managers and supervisors and health and safety evaluations for subcontractors, services, and consigned companies. In addition, we comply with health and safety-related laws in our commitment to ensure health and safety at all workplaces.



Safety, Health and Environment (SHE)

Conducting emergency response drills

Accident response training was conducted to execute prompt rescues without casualties due to poor oxygen supply when working in a confined space in the event of an accident.



Thorough handling and management of chemicals

AirFirst thoroughly manages chemical substances according to related laws, such as the Chemical Substances Control Act, and strives to prevent potential accidents due to the chemical substance in advance. Meanwhile, we are continuing diligent efforts to protect the life and property of all employees and the environment from potential accidents due to chemical substances by preparing a rapid accident response system supported by simulation-based experience through regular virtual training.

Continued permit, inspection, training related to hazardous chemicals

As for handling hazardous chemicals, AirFirst has acquired and holds legal permits required by law, such as hazardous chemical permits, restricted and toxic substance permits, etc. Every year, we receive 'regular inspections for hazardous chemical-handling facilities,' which targets facilities or equipment for manufacturing, using, keeping, storing, or transporting hazardous chemicals. In addition, to ensure safety at workplaces where hazardous chemicals are handled, we regularly conduct safety training that exceeds training standards stipulated by law and regulations for workers, handlers, managers, and transporters. Meanwhile, we require the use of labels and the MSDS (Material Safety Data Sheet) where information on all hazardous chemicals is contained for all employees, including relevant workers, handlers and managers, and carriers, to easily recognize them.

PSM process safety work standards (Hazard and Risk Management Guidelines)

Instructions for safe work when operating facility

Supplier	Worker
Weighing delivery vehicle	
Installation of chocks after stopping	
Connect the charging hose.	Check vehicle safety measures.
Delivery charge start	Check for leakage in connection.
Remove the chemical hose after completion of charging.	Check storage tank level.
Check for chemicals leakage at storage tank and surrounding	

During normal operation (when daily inspection)

- Safety helmet
- Safety face shield
- Earplugs
- Gas mask
- Chemical-resistant protective clothing
- Apron
- Chemical-resistant gloves
- Safety boots
- Waterproof boots

● Comply all the times
● Sometimes

Required protective gear:

Hazardous pictogram:

In case of leakage of chemical substances (in case of abnormal operation)

- Safety helmet
- Safety face shield
- Earplugs
- Gas mask
- Chemical-resistant protective clothing
- Apron
- Chemical-resistant gloves
- Safety boots
- Waterproof boots

● Comply all the times
● Sometimes

Required protective gear:

Hazardous pictogram:

Quality Safety Management of Product and Service

The ISO 9001 (Quality Management System) Certification ensures objective reliability of products.

Acquisition of medical high-pressure gas manufacturing and quality-control standards (GMP) certification

In January 2017, we contributed to the stable supply of medical oxygen and nitrogen to each medical institution by acquiring the 'Medical High-Pressure Gas Manufacturing and Quality Management Standard (GMP)' certification for the first time among domestic industrial gas manufacturers and establishing a standard process for manufacturing medical high-pressure gas.

Mobile management system based on GIS (Geographic information system)

In October 2016, we are the first domestic industrial gas company to develop a mobile management system for the gas supply chain (underground pipe, 36.94 km), together with the Korea Gas Safety Corporation, while also establishing an efficient pipeline safety management capability and a foundation of stable supply. A mobile management system makes it possible to monitor and check the pipe location and condition for underground landfill piping using Google Maps.

Development and operation of real-time control system for high-pressure gas transport vehicles based on GPS

In December 2012, AirFirst independently developed and has operated a GPS-based real-time control system for high-pressure gas transport vehicles. The system contributes to managing potential risk factors during transportation and to preventing traffic accidents through real-time location and operation information control of all AirFirst's high-pressure gas transport vehicles. We have collected real-time vehicle location and driving information data over the past ten years to analyze driving habits such as speeding, rapid acceleration, and sudden braking that occur during driving, while also operating programs to prevent recurrence according to the results. By analyzing all vehicle movement routes and the speed limit for each driving section, we prevent large-scale accidents by managing the driving speed at risky points such as curves and roundabouts where the risk of a rollover accident is high. We have introduced a driver-defensive driving training program, evaluated the risk of high-pressure gas transportation. In addition, we operate a driver fatigue management system, installed a driver drowsy driving alarm device in vehicles, and operate policies for maximum daily work hours, driving hours, and break times.

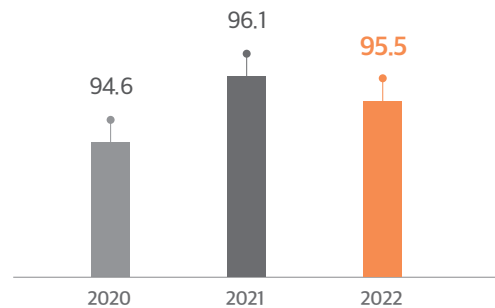
Operation of integrated ROC monitoring system

Through the operation of the integrated ROC remote monitoring system at the business site, we are contributing to supply stability and factory accident prevention by promptly responding to equipment anomalies through real-time multi-monitoring system and local operation.

Comprehensive evaluation of Samsung Electronics' partner companies

As a result of the comprehensive evaluation of Samsung Electronics' partner companies in 2022, we have obtained a grade A following 2021. This is the result obtained through rigorous screening of major partners of leading domestic semiconductor companies. All company employees have made earnest efforts to maintain the top grade continuously even after 2022.

Partner company name	AirFirst Co., Ltd.
Main trading division	Semiconductor equipment/parts
Main transaction evaluation business type	General Purchase (UT)
Evaluation grade	A
Evaluation score	95.5
Previous year's grade	A



Shared growth

As transactions with partners increased, we shortened the payment deadline compared to the previous one to ensure that the payment can be made without exceeding the payment due date to comply with ESG and the Mutually Beneficial Cooperation Act. By shortening the payment due date of 60 days by up to 15 days or more and paying cash, we aim to achieve mutual growth by helping our business partners' financial safety.

Supply chain ESG management

When registering and contracting as a new partner of AirFirst, we require all our business partners to comply with the 'Supplier's Code of Conduct.'

The above 'Supplier's Code of Conduct' defines detailed codes of conduct for health and safety, human rights and labor standards, legal compliance and preservation, and environmental protection. Together with our business partners, we are committed to following it in strict compliance.

Fairness in partner selection

AirFirst follows the purchase procedure regulations that document reasonable standards and procedures in selecting partners. Also, to fairly select partners, we judge whether they meet AirFirst's logistics, production, project, safety, health, environment, quality, and purchase requirements, and review them through health and safety evaluation and potential new supplier qualification evaluation steps. Then, we proceed with the bidding and ordering for the final approved companies.

	*Newly established New supplier PQ (Prequalification)	PWE (Post Work Evaluation)	Annual Supplier Assessment	*Newly established Regular health & safety evaluation
Evaluation target	Official vendor registration scheduled company	Onsite work orders worth KRW 20 million or more	Top 80% in terms of total purchase amount in the previous year (Company A)	A company where the supplier's manpower is put into AF site/ facilities (looming risk of casualty accidents)
Evaluation cycle	When registering a new vendor	Monthly basis	Yearly basis	Every 2 years
Assessment methods	Prepare a safety/ technology/ purchasing evaluation sheet by visiting a supplier	Submit an SAP Fiori System PWE assessment	Submit an SAP Fiori System ASA assessment	Prepare the Health and Safety Assessment Sheet
Assessment department in-charge	Purchasing Department in-charge	Department in-charge, SHEQ	Purchasing Department in-charge, SHEQ	Purchasing Department
Criterion score	Health & safety: 70 points or higher	60 points or higher	70 points or higher	70 points or higher
When below the standard	Unable to register vendor	Restrict bid participation or delete vendor	Inform the countermeasures	Delete vendor or purchasing block

*Exceptional regulation) When registering overseas manufacturers' domestic agents and product suppliers upon their arrival, only the safety and health evaluation 'common questions' are assessed, and a minimum standard score of 50 is required

Continuous communication with partners

AirFirst is ceaselessly communicating with partners for efficient business promotion and cooperation. We hold 'semi-annual partner company meetings through online meetings' twice a year and continue our efforts to communicate with companies that cannot participate due to time and space constraints. Meanwhile, by holding a 'lunch meeting at the AF meeting room' two- three times a month for key stakeholders, such as company representatives, we are striving to enhance win-win partnership and instill and internalize a shared growth culture by promoting mutual information exchange and cooperation.

Roundtable Meeting

Category	Date	Number of companies present	Expected effect
The first half of year	4.27	61	Enhancement of mutual partnership with continuous communication
The second half of year	11.3	92	
Occasional (lunch meeting)	May ~ Dec.	22	





GOVERNANCE

STRATEGY & HIGHLIGHT

As of 2022

Number of board meetings held

7 times

Percentage of non-standing directors

33 %

Dividend payout ratio

42 %

Completion of self-initiated ethical management training

128 people

Board of Directors

AirFirst maintains transparency, professionalism, and independence in corporate governance by introducing and operating an executive officer system in which the separation of ownership and management is strictly ensured. In addition, apart from the currently operating Crisis Response Committee and Grievance-Handling Committee, a dedicated organization and a committee have been newly established and operate to establish an ESG management system to manage management direction and performance, protect the fundamental rights of stakeholders, including shareholders, protect corporate social responsibility, and recognize our responsibility with the goal of instilling corporate sustainability management.

Board and Committees

Category	Name	Committees			
		Board of Directors' Steering Committee	Crisis Response Committee	Grievance Committee	ESG Committee
Directors and auditors	Dong-han Son	Other non-executive director (chairman)			
	In-jun Song	Other non-executive director			
	Jeong-won Kim	Other non-executive director			
	Heon-seok Yoo	Other non-executive director			
	Joo-hwan Choi	Non-standing director			
	Seok-joong Kim	Non-standing director			
	Jong-hyun Shin	Auditor			
Senior management	Han-yong Yang	Executive officer	Chairman of the Crisis Response Committee		ESG Committee member
	Jin-seon Kim		Crisis Response Committee member	Established and in operation	ESG Committee member
	Seong-jae Lee		Crisis Response Committee member		ESG Committee member
	Yong-nam Seo				ESG Committee member

Regular board activities and strengthening corporate transparency

AirFirst's Board of Directors consists of six (4 other non-executive directors (67%) and two non-standing directors (33%). In addition to the quarterly regular board meeting (4 sessions), when a resolution agenda and important matters are reported, an extraordinary board meeting is held to actively share thoughts and ideas and communicate with the company and the Board of Directors. In 2022, it held a total of seven board meetings. In addition, to enhance corporate management transparency and improve corporate governance, one additional non-standing director was appointed to increase the ratio of non-standing directors on the Board.

The general shareholders' meeting is held according to the internal accounting schedule. In addition, it has continued its pro-shareholder management policy by providing regular dividends for the past three consecutive years and additional interim dividends in 2019 and 2020.

Category	2020	2021	2022
Number of sessions held (times)	14	8	7
Average attendance (%)	100	100	92.7
Percentage of non-standing directors (%)	20	20	33
Average length of one's tenure (years)	3	3	3

Crisis Response Committee

AirFirst defines risk as a concept that includes risk and crisis. Under the CEO's purview, we identify and manage risks related to strategy, finance, law, purchase, maintenance, human resources, and ethics by department and job position.

The Crisis Response Committee makes decisions to ensure business continuity at each crisis stage, and an organization based on a crisis management response plan was formulated and has been implemented. In addition, the company evaluates and determines internal and external crisis management stages, and comprehensively manages risks by organically cooperating and communicating with emergency response teams by function, such as communication and cooperation with internal and external experts and requesting support from them.

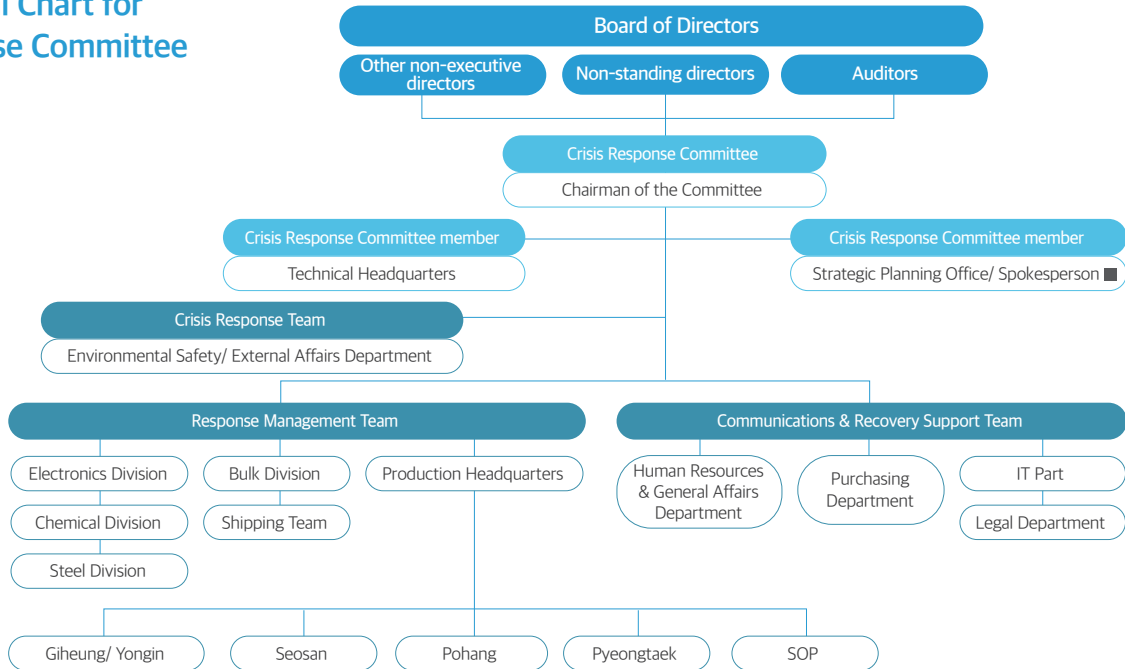
Organizational Chart for Crisis Response Committee

Board of Directors

Crisis Response Committee

Functional Emergency Response Team

Spokesperson



'One Team, One Voice' Approach to Quick Response to Typhoon Damage at Pohang Plant

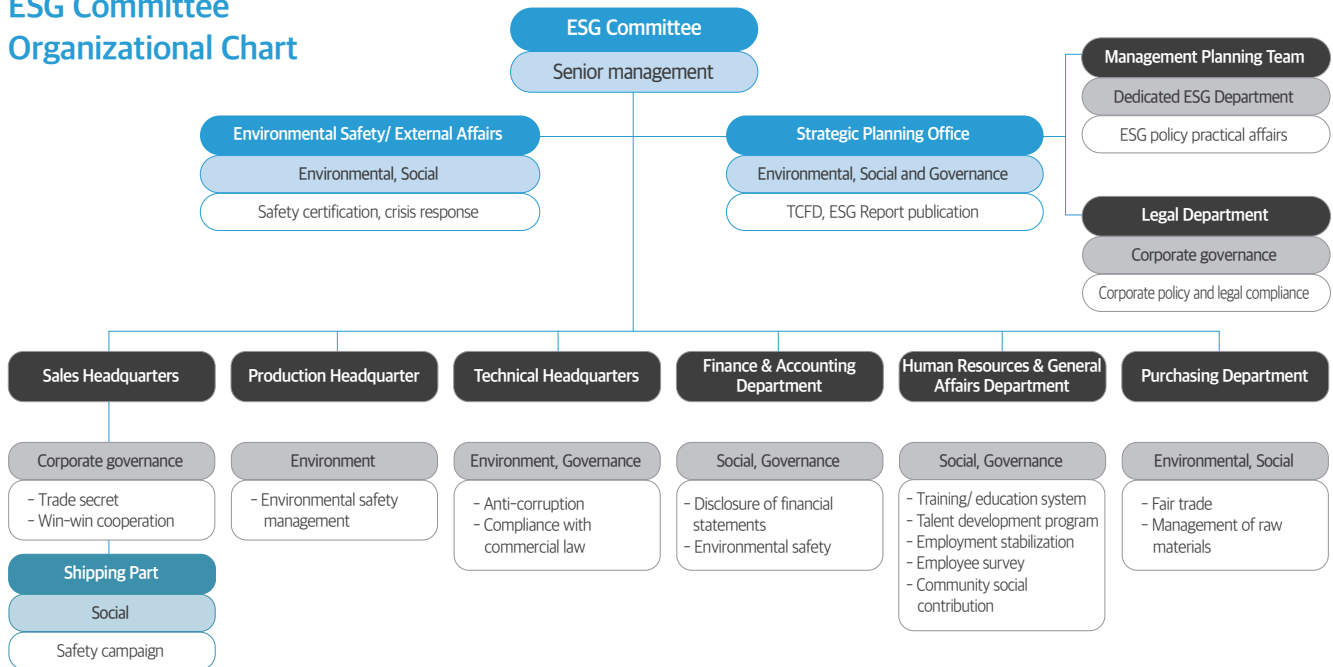
In September 2022, AirFirst faced an emergency: the Pohang factory was flooded, and the plant came to a halt due to typhoon Hinnamnor. The company has formed and operates an emergency response team for each function (crisis response team, response management team, communication team, recovery support team) under the Crisis Response Committee, headed by CEO Han-yong Yang as the chairman and the CTO and CSO (spokesman) as a member, according to the Crisis Management Strategy and Process, which aims to minimize damages from the crisis by protecting organizations, lives, and facilities and provide all employees guidance in a crisis. Through this, while responding organically with 'One Voice' approach by identifying risks to action plans in an emergency, rapid flood recovery and factory restart were carried out thanks to the immediate support of each factory and support teams in other regions, who canceled their Chuseok holidays without hesitation to provide support. With this case, we were able to inform our executives, employees, and even our customers of the results of AirFirst's 'One Team, One Voice' approach as a corporate mantra.



ESG Committee

Since 2021, apart from the Board of Directors (Board), Crisis Response Committee, and Grievance-Handling Committee, AirFirst has formed and operates the ESG Committee, composed of four top executives (CEO, CSO, CTO, CFO) as an in-house decision-making body. Through regular monthly management meetings, ESG Committee has made major ESG-related decisions and always reported decisions separately to the Board. Through the operation of the ESG Committee, we protect the fundamental rights of stakeholders, including shareholders, and instill ESG management by recognizing social responsibility. In addition, under the ESG Committee's operational regulations, the seal management regulations were revised in January 2022, and the internal report system management regulations were adopted for operation in August 2022.

ESG Committee Organizational Chart



Ethical Management

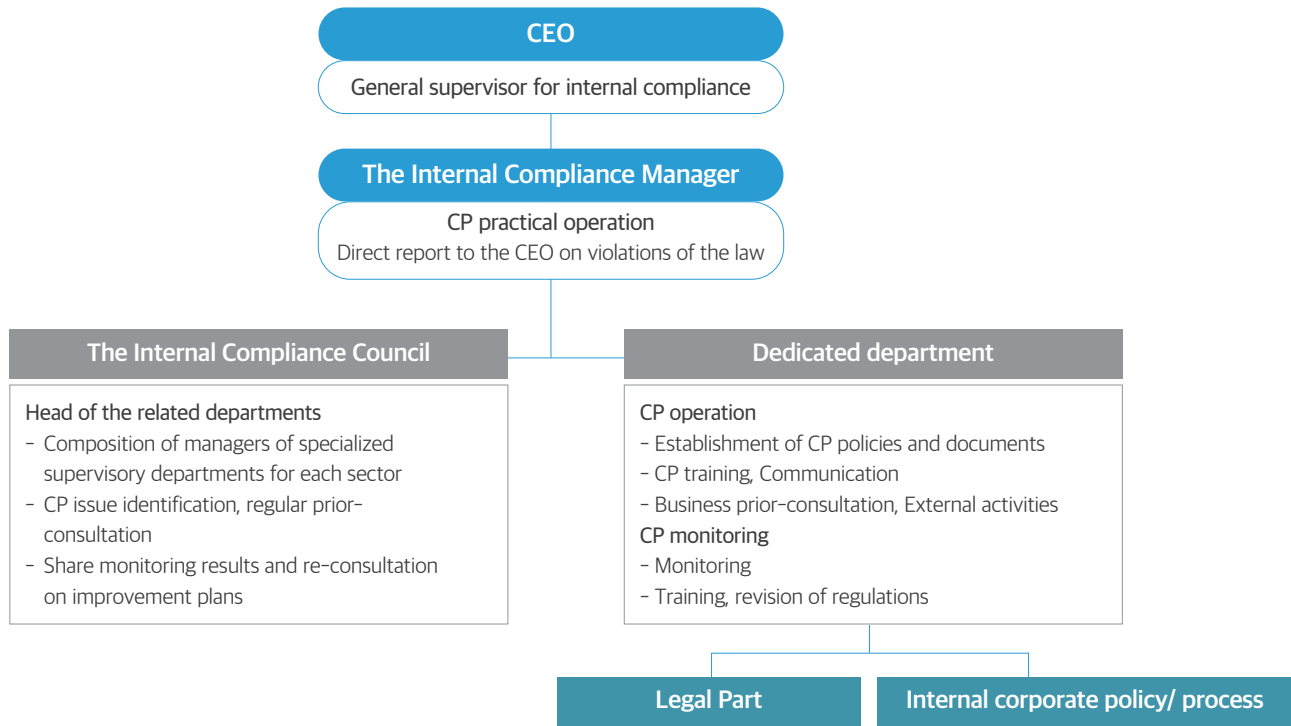
AirFirst recognizes the importance of ethical management and discloses ESG categories on its website to disclose environmental safety, human rights, and compliance management policies. Through the operation of the anonymity-secured system, we are not only preventing violations of related laws, but also conducting activities to detect, address, and improve violations afterward. So far, there have been no law violations, such as the occurrence of the breach of the act. In addition, on November 22, 2022, under the support of the Anti-Corruption and Civil Rights Commission, two-hour-long ethical management training (anti-corruption, compliance) was conducted for executives and employees, and we plan to regularize, continue, and expand ethical management training through various methods.



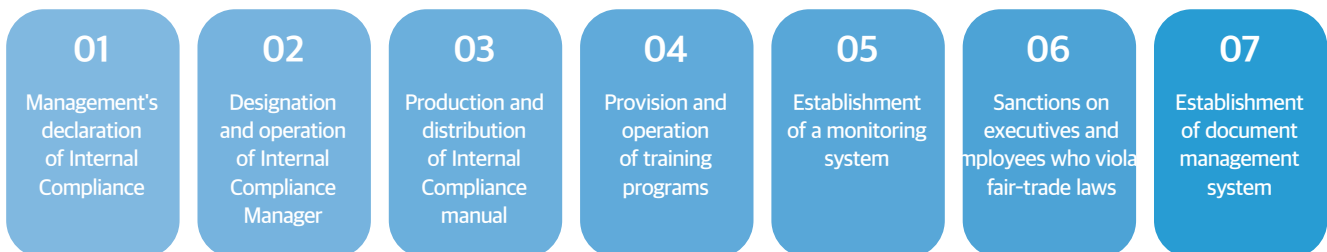
Compliance Program

AirFirst prevents law violations in advance by operating the Compliance Program with a compliance manager directly reporting to the CEO, and regularly reports the inspection status and operational performance through internal supervision to the Board. In addition, the compliance manual (i.e., ethics guidelines, anti-corruption compliance guidelines, and fair-trade compliance guidelines) is produced and distributed to provide standards for employees to make the right actions and decisions. To implement this, we have established and expanded regular training/education programs that fit the characteristics of each job and position for all employees, building a corporate consensus.

We also actively communicate with various stakeholders by establishing and operating a claim receipt and handling process internally for our customers. In addition, by opening an anonymity-secured reporting system on the AirFirst website, we collect stakeholders' opinions and facilitate better communication with them.



Seven Elements of CP



Human Rights Management

Respect for people should always be at the center of human rights management. AirFirst is building human rights management that advocates mutual respect and universal rights for all stakeholders, including our own employees, and employees of partner companies. Companies' role in human rights protection is taking on greater significance as internal regulatory framework, such as human rights due diligence guidelines mandated for the entire supply chain globally, etc.

1. We strictly prohibit any form of discrimination in recruitment, compensation, promotion, etc., on the grounds of gender, age, ethnicity, disability, religion, political orientation, and region of origin, and respect diversity.
2. We do not engage in acts such as assault, intimidation, imprisonment, etc., or force executives and employees to work against their free will. In addition, child labor is prohibited in principle, and harmful work is not assigned to minors.
3. We comply with the statutory work hours, and pay reasonable wages for all employees with a pay slip.
4. To ensure that all executives and employees can work in a safe workplace environment, we regularly check the workplace's facilities, equipment, tools, etc. And we prepare appropriate measures to prevent physical and mental risks, and support plans for follow-up management.
5. We respect the human rights of all stakeholders, including employees, partners, and customers, and take the optimal measures to protect personal information collected in business.

Whistleblower Center

The 'Whistleblower Center' is established and operated to maintain AirFirst's ethical values and integrity, with the informant's/ whistleblower's anonymity strictly secured.

Please fill out the contents specifically and surely following the 5Ws and 1H principles. We can promptly process measures such as fact checks, if you attach reference materials such as evidence and assurance methods. Reports can also be made by email or phone shown below. If it is a simple petition, an unclear subject or content, and is judged to be groundless slander, it may not be investigated even if reported.

Reporting violations of compliance management

Acceptance of money, valuables, and entertainment, unfair trade, other violations of laws or internal bylaws, etc.

E-Mail compliance@airfst.com

Tel 02-769-5511

Reporting violations of human rights management

Workplace harassment and sexual harassment

E-Mail humanright@airfst.com

Tel 02-769-5522

Distribution Policy and Information Security

Separate implementation of fair performance management and reasonable distribution policy

AirFirst has established and implements appropriate distribution policies for stakeholders (including executives and employees, shareholders) on the economic value created by corporate management activities. While executing a reasonable and transparent merit-based incentive policy to distribute performance appropriately to internal employees, it is implementing a pro-shareholder management policy by separately implementing interim and regular dividends on a yearly basis.

Dividend Payout Ratio

Category	2020	2021	2022
%	49.6	53.1	42.2

*Based on regular dividends at year-end (In 2020, an interim dividend of KRW 20.1 billion was distributed, in addition to period-end regular dividends)

Information Security Management System

While the information age has brought convenience to life, the threat of security accidents, such as cyberattacks and personal information leakage due to information sharing and utilization is also increasing day by day. AirFirst has established and operates an 'Information Security Management System/ Regulations and Guidelines' to protect the valuable information of its employees and customers.

Information Protection Organizational System

Based on the Information and Communication Network Act, AirFirst designates a chief information security officer (CISO) to protect users of information and communication services, and reports it to related ministries (Ministry of Science and ICT) for operation. The chief information security officer's is primarily tasked with advancing the company's information reporting management system and personal information protection management and managing an information security manager who subdivides the task into personal information operation and IT operation. For personal information management, the rights and interests of personal information providers are protected by determining matters related to the processing and protection of personal information according to the Personal Information Protection Act. To limit the use and provision of personal information for unauthorized purposes, a person in charge of personal security operation is designated and managed by the company's competent Human Resources & General Affairs Department. Meanwhile, for the IT operation field, tasks are managed by designating an IT operation manager in the company's competent Administration Support Team IT Department in order to conduct use of information and communications networks, protect users of information and communications services, and create an environment for sound and safe use of information and communications networks according to the Information and Communications Network Act.



Definition of Stakeholders and Communication Channels

A more advanced world can be created only when all members collectively internalize the value and move toward a common goal. Therefore, for shared growth and prosperity with partners, measures are essential to improve the deficiencies through an impact assessment on society and to resolve their grievances together. We discover improvements based on the value of respect for people, and conduct regular inspections for ceaseless improvement on a proactive and prompt basis, not solely relying on reactionary improvement measures.

Recognizing the importance of win-win partnerships, AirFirst is doing its best to help our partners strengthen their competitiveness and maintain a fair and transparent supply chain. If it is necessary to establish a virtuous cycle system for mutual growth with partners, we provide training facilities and instructors for primary and secondary partners to organize and benefit from training programs.

Stakeholder	Main communication channels	Communication cycle	Win-win principle
Shareholders & investors	Board of Directors	Quarterly	Business risk management Enhancing value for shareholders and investors Cooperation to share value created
	Shareholders' meetings	Annually	
	Public announcement	When an issue occurs	
	In-person or virtual meetings	When an issue occurs	
Community	Volunteer activities	Periodic	Support for the socially vulnerable Community co-development Value sharing
	Employee relocation settlement support	When an issue occurs	
	Dormitory housing provision	When an issue occurs	
Government	Laws and regulations	When an issue occurs	Policy advancement Policy and regulatory response Value sharing
	Forum/ conferences	When an issue occurs	
	Official letter	When an issue occurs	
Executives & employees	Groupware	At any time	Self-initiated participation in management Strengthening of human rights Lifetime relationships and pursuit of happiness
	Report/ Whistleblower Center	At any time	
	Decision-making meeting	Monthly	
Partner companies	Customer satisfaction survey	When an issue occurs	Customer satisfaction Fair competition Cooperation and sharing of created value
	Report-handling process	When an issue occurs	
	Email, homepage, social media	Periodic	

A

APPENDIX

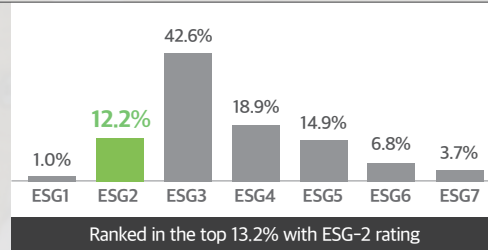
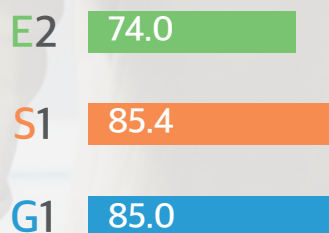
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Third-Party Assurance Statement
GRI Contents Index

ESG Rating Results



ESG Score **80.7**



ESG Evaluation Overview

Category	ESG item	Major details	Good	Moderate	Insufficient
E Environment	Environmental strategy	Environmental organization and training operation	●		
	Environmental management	Acquiring environmental certification and conducting eco-friendly business		●	
	environmental performance	GHG emissions and reduction	●		
	Environmental compliance	Compliance with environmental laws, etc.	●		
Environmental Arena			E2 / 74.0 (100)		
S Employment	Employment security	Conversion to full-time workers, wage delays, etc.	●		
	Employment conditions	Compliance with Labor Standards Act and welfare Level	●		
Social arena	Respect for human rights	Communication with workers and respect for human rights	●		
	Social contribution	Employment of the vulnerable, expenditure of donations, etc.	●		
S Customers	Education management	Investment in training for executives and employees	●		
	Supply Chain Management	Quality control, customer management, etc.		●	
S Safety	Health & safety management system	Health & safety organization and regulations	●		
	Health & safety operation management	Risk assessment, health & safety inspection and education, etc.	●		
	Health & safety investment	Health & safety certification and establishing a budget	●		
	Health & safety performance	Current status of industrial accidents and serious accidents, health & safety rewards	●		
Social Arena			S1 / 85.4 (100)		
G Management	Management safety	Shareholder composition, CEO risk, etc.	●		
	Accounting transparency	Conducting external audits, outflows of funds, and transactions with related parties	●		
	Ethical management	Ethical management and information security	●		
Management			G1 / 85.0 (100)		
ESG Evaluation Results			ESG2 / 80.7 (100)		

*Evaluation Institute: ECREDIBLE CO. LTD.

Financial Statements

Financial reporting results

Snapshot Statement of Financial Position

Unit: KRW 1 million

Category	2020	2021	2022	
Asset	Current assets	57,730	334,116	432,397
	Non-current assets	1,674,048	1,783,415	1,989,735
	Total assets	1,731,778	2,117,531	2,422,132
Debt	Current liabilities	73,164	165,781	351,833
	Non-current liabilities	330,812	297,397	376,466
	Total liabilities	403,976	463,178	728,299
Capital	Paid-in capital	123,130	149,996	149,996
	Capital surplus	871,068	1,126,420	1,126,420
	Retained earnings	333,604	377,937	417,485
	Total capital	1,327,802	1,654,353	1,693,832*

*Including -KRW 69 million of non-controlling interest

Snapshot Income Statement

Unit: KRW 1 million

Category	2020	2021	2022
Revenues	280,251	400,640	602,234
Gross profit on revenues	86,308	106,938	128,201
Operating profits	47,292	69,930	83,398
Net income before tax deduction	38,199	70,456	86,466
Corporate tax expense	7,946	10,018	14,921
Net income	30,253	60,438	71,545

Non-Financial Performance

Environmental(E)

Category	Unit	2020	2021	2022	
Health & safety training (production worker)	Current status	Tally	3	3	3
	Number of attendees	persons	94	102	99
GHG emissions	tCO ₂ -eq	542,482	572,021	589,769	
Energy usage	TJ	10,962	11,721	12,125	
Energy cost	KRW million	121,502	122,796	147,223	
Ratio of energy costs to sales	%	43.4	30.7	24.4	
Water usage	Seosan		895,931	973,064	1,020,984
	Giheung	ton	808,050	872,907	926,000
	Pohang		258,148	267,377	259,300
	Total		1,962,129	2,113,348	2,206,284
Waste discharge	Seosan		32.4	3.0	8.2
	Giheung		19.8	22.2	10.0
	Pohang	ton	3.7	8.4	21.9
	Pyeongtaek *Construction waste			310.6	244.6
Total		55.9	344.1	284.8	
Amount of recycled waste	ton	21.9	27.5	21.2	
Waste recycling rate	%	39.2	8.0	7.4	
Pohang Hazardous chemicals emissions	Naphtha		619.0	646.4	600.2
	NaOH	kg	0.1	0.1	0.1
	HCl		1.3	2.7	2.5
	Total		620	649	602.8
Environmental investment amount	Noise, atmosphere, water, etc.		1,269	9,241	506
	Efficiency improvement (energy)	KRW million	290	89	252
	Total		1,559	9,330	758

Non-Financial Performance

Social(S)

Category		Unit	2020	2021	2022
Number of employees based on workplace	AF	Headcount	187	201	221
	AF E&C		32	39	
	Total		187	233	260
New recruitment	AF Male	persons	23	48	37
	AF Female		6	4	5
	AF E&C Male		27	21	
	AF E&C Female		2	2	
	Total		29	81	65
Job creation status	AF Male	%	4.3	4.6	1.6
	AF Female		-	-	-
	AF E&C Male		12.5	6.5	
	AF E&C Female		-	-	
	Total		3.9	5.0	2.0
Turnover rate	AF Male	%	4.3	9.2	6.9
	AF Female		11.1	5.0	9.1
	AF E&C Male		29.2	45.2	
	AF E&C Female		-	66.7	
	Total		5.0	11.1	12.6
Average years of service	AF Male	Year	12	11	10
	AF Female		8	8	7
	AF E&C Male		2.2	1.5	
	AF E&C Female		2.1	1.7	
Number of dismissed employees		persons	-	-	-
Gender ratio by headcount	AF Male	persons	168	180	197
	AF Female		19	21	24
	AF E&C Male		29	36	
	AF E&C Female		3	3	
	Total		187	233	260
Diversity	AF	persons	5	4	4
	AF E&C		-	1	
	Total		5	4	5
Employment of national merit	AF	persons	1	-	-
	AF E&C		-	-	
	Total		-	-	

*AF E&C was established in 2021.

Non-Financial Performance

Social(S)

Category		Unit	2020	2021	2022	
Workplace environment	Parental leave use and return status	persons	N/A	N/A	N/A	
	Employment rate of temporary workers	AF	2.1	1.3	4.0	
		AF E&C	%		-	5.1
		Total		2.1	1.3	4.2
Welfare and education/ training	Total	KRW million	1,394	2,081	2,559	
Annual leave usage status (Number of uses/ tally)		%	53	48	62	
Labor-management relations	Number of people joined the union	persons	79	80	80	
	Subscription rate	AF + AF E&C	42	34	31	
		AF	%		40	36
	Number of labor-management meetings held	Times/year	4	4	4	
Social contribution	Volunteer hours	Time spent	hours	-	-	8
		Number of participants	persons	-	-	55
	Donation amount		KRW million	40	1	19
Fair trade	Number of partner companies	Tally	408	336	315	
	Roundtable meeting	First half			61	
		Second half	Tally			92
		Occasional (lunch)				22
	Purchase cost		KRW million	249,492	408,357	475,532
Completion of relevant training		Tally	1	1	1	
Industrial accident	Industrial accident rate		%	-	-	-
	Number of workers subscribed to industrial accident insurance*		persons	183	200	221

*AF E&C, a general construction subsidiary specializing in engineering, is separately subscribed to and managed by industrial accident insurance policy.

Corporate Governance(G)

Category		Unit	2020	2021	2022
Number of BOD meetings held		Tally	14	8	7
Board attendance rate		%	100	100	92.7
Percentage of non-standing directors (%)		%	20	20	33
Average tenure of the board directors		Year	3	3	3
Number of female executives		Person	1	1	1
Number of ethical management reports received		Case	-	-	-
Total cash dividends		KRW million	35,075	32,099	30,239
Dividend payout ratio*		%	49.6	53.1	42.2

*Based on period-end regular dividends. In 2020, an interim dividend of KRW 20.1 billion was distributed, in addition to period-end regular dividends.

Materiality Evaluation

AirFirst conducted a materiality test by comprehensively with respect to the impact of internal and external stakeholders to manage and respond to key issues for sustainable management more effectively. A total of 11 material topics were derived from the materiality test based on media analysis, stakeholder surveys, and benchmarking analysis. The corporate countermeasure and performance for those topics were included in the report. AirFirst will continue regularly conducting and managing materiality evaluations and disclosing them transparently to stakeholders.

Materiality Evaluation Process

1) Issue identification and formation of issue pool

We analyzed the sustainability management standards, focusing on the GRI (Global Reporting Initiative) Standards, an international sustainability reporting guideline, and comprehensively reviewed both internal and external issues (i.e., business reports, media, industries, and best practices), formulating a pool of 66 potential issues. Then, after eliminating duplicate issues, 11 material topics were finally selected based on the internal or external relevance of issues, importance, and possibility of occurrence.

2) Impact analysis and selection of critical topics

After conducting comprehensive evaluations for the selected 11 material topics based on media analysis, benchmarking, and internal interviews, we selected five key topics, and reported them as highlighted items in the ESG Report.

Materiality Evaluation Results

Safety management, labor-management relations and non-discrimination, and compliance, items for mutual growth with partners and work-life balance were selected as key issues under the results of the materiality evaluation, for reporting purposes in further detail. By reflecting on other issues throughout the report, all issues materially significant to AirFirst were described in the report.

Core Issue	Critical topic	Major issues	GRI Index	Number of pages in the report
v	Safety management	Environmental safety management, ISO 14001 Certification, health & safety environment	GRI 403	27, 34, 35, 36, 37, 38
v	Compliance	Ethical management, compliance program management system	GRI 205	28, 43, 44
v	Labor-Management relations & discrimination	Human rights management, Labor-Management Council, Grievance Committee	GRI 401, 402, 406	27, 29, 45, 52, 53
v	Work-life balance	Family-friendly enterprise certification, Welfare, Education system	GRI 404, 405	27, 28, 31, 52
v	Mutual growth	Responsible supply chain management	GRI 413, 414	20, 39, 47, 53
	Greenhouse gases	TCFD response strategy	GRI 305	18, 21, 22, 23, 24, 51
	Transparent governance	Executive officer system, BOD	GRI 2	41, 42, 43, 53
	Environmental management investment	Environmental management investment results and plans	GRI 302	11, 18, 19, 51
	Local communities	Social contribution activities	GRI 413	20, 47
	ESG risk management	Risk Management Committee	GRI 205	28, 43, 44
	Environment dedicated organization & certification	Operational status of dedicated organization	GRI 403	27, 34, 35, 36, 37, 38

GHG Emission Verification Report

Assurance results

Company name

AirFirst Co., Ltd.

Company serial No.

IO500100017

Assurance Opinion

Unqualified opinion

Assurance target

Statement of GHG Emissions and Energy Usage of AirFirst Co. Ltd. in 2022

Assurance criteria

Assurance guidelines for the operation of the GHG emissions trading system, guidelines for reporting and certification of GHG emissions, and emission calculation plans distributed to NGMS

Assurance Procedure

The assurance process was carried out according to the guidelines for the reporting and certification of GHG emissions and the emission calculation plan distributed to NGMS, and it was determined that the assurance credibility level was within reasonable acceptability.

Scope of Assurance Engagement

This assurance is based on the “prescribed guidelines, monitoring plan distributed in NGMS, etc.” as the assurance standard and applied the sampling method for the GHG emission statement, related data and information, and associated systems provided by AirFirst, according to the assurance plan recognized by the National Institute of Environmental Research. Therefore, it reasonably assumes the limitations on detection errors that sampling limitations may cause.

Third-Party Assurance Statement of Opinion (Unqualified opinion/ qualified opinion/ adverse opinion)

AirFirst's 2022 greenhouse gas emission statement contains the errors presented in paragraph 3 above, meets the materiality criterion (lower than the materiality criterion of 2.5%), and was written using accurate parameters and activity data overall. Therefore, the amount of greenhouse gas emissions described in the specification is determined to be "appropriate" according to the guidelines for reporting and certification of greenhouse gas emissions.

*Materiality calculation method = [Total amount of emissions based on error evaluation (%) without corrective action/total greenhouse gas emissions finally confirmed and reported in the statement] × 100

Overall Opinion

AirFirst Co., Ltd.'s GG emissions and energy use in 2022 were properly collected, prepared, and reported according to the guidelines through the assurance process, it was confirmed that emissions from major emission facilities (facilities accounting for 99% of the total GHG emissions) were calculated and reported without omission.

March 30, 2023

Hae-jong Lim, CEO of Korea Gas Safety Corporation, assurance provider 

Independent Assurance Statement

To readers of AIRFIRST ESG Report 2023

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

Scope and Standards AIRFIRST 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 the Core Options of the GRI standards 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
- Material Topic standards
 - GRI 205 : Anti-corruption
 - GRI 305 : Emissions
 - GRI 401 : Employment
 - GRI 402 : Labor/Management Relations
 - GRI 403 : Occupational Health and Safety
 - GRI 404 : Training and Education
 - GRI 405 : Diversity and Equal Opportunity
 - GRI 406 : Non-discrimination
 - GRI 413 : Local Communities
 - GRI 414 : Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of AIRFIRST’s partners, suppliers and any third parties.

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

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by AIRFIRST to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with AIRFIRST 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 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

AIRFIRST 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

AIRFIRST 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

AIRFIRST 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 AIRFIRST's actions.

Impact

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

May 2023 Seoul, Korea



SRV1000
Sustainability Committee Assurance



AA1000
Licensed Report
000-129/V3-PBHIP

CEO E. J. Hwang

GRI Content Index

ver. GRI Standards 2021

GRI 2

Category	GRI No.	Index name	Reporting page
The organization and its reporting practices	2-1	Organization details	2, 7, 8, 62
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	2-3	Reporting period, frequency and contact point	2, 62
	2-4	Restatements of information	11, 18
	2-5	External assurance	2, 42, 56
Activities and workers	2-7	Employees	11, 31, 52
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Governance	2-9	Governance structure and composition	41, 42, 43, 53
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	2-11	Chair of the highest governance body	41, 42, 43
	2-12	Role of the highest governance body in overseeing the management of impacts	41, 42, 43
	2-13	Delegation of responsibility for managing impacts	41, 42, 43
	2-14	Role of the highest governance body in sustainability reporting	41, 42, 43
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	2-16	Communication of critical concerns	41, 42, 43
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	2-20	Process to determine remuneration	46, 53
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	2-22	Statement on sustainable development strategy	6
	2-23	Policy commitments	14, 15
	2-24	Embedding policy commitments	14, 15, 28
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	2-26	Mechanisms for seeking advice and raising concerns	30, 44, 45
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GRI 3

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GRI Content Index

GRI 200

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	201-2	Financial implications and other risks and opportunities due to climate change	22, 23
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	201-4	Financial assistance received from government	-
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Proportion of senior management hired from the local community	-
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	-
	203-2	Significant indirect economic impacts	-
Procurement Practices	204-1	Proportion of spending on local suppliers	-
Anti-corruption	205-1	Operations assessed for risks related to corruption	43, 44
	205-2	Communication and training about anti-corruption policies and procedures	28, 44
	205-3	Confirmed incidents of corruption and actions taken	-
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
Tax Standard	207-1	Approach to tax	-
	207-2	Tax governance, control and risk management	-
	207-3	Stakeholder engagement and management concerns related to tax	-
	207-4	Country-by-country reporting	-

GRI 300

Category	GRI No.	Index name	Reporting page
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	301-2	Recycled input materials used	-
	301-3	Reclaimed products and their packaging materials	-
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Water and Effluents	303-1	Interactions with water as a shared resource	21, 51
	303-2	Management of water discharge-related impacts	21, 51
	303-3	Water withdrawal	51
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GRI Content Index

GRI 300

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Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
	304-2	Significant impacts of activities, products, and services on biodiversity	-
	304-3	Habitats protected or restored	-
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
Emissions	305-1	Direct (Scope 1) GHG emissions	18, 21, 22, 23, 24, 51
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	305-3	Other indirect (Scope 3) GHG emissions	21, 22, 23, 24
	305-4	GHG emissions intensity	21, 22, 23, 24
	305-5	Reduction of GHG emissions	21, 22, 23, 24
	305-6	Emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	18, 19, 51
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GRI 400

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	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	27, 52
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	403-2	Hazard identification, risk assessment, and incident investigation	34, 35, 36, 37, 42
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GRI Content Index

GRI 400

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	403-9	Work-related injuries	27, 34, 35, 36, 37, 38
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Training and Education	404-1	Average hours of training per year per employee	27, 28
	404-2	Programs for upgrading employee skills and transition assistance program	27, 28
	404-3	Percentage of employees receiving regular performance and career development reviews	-
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	31, 52
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	414-2	Negative social impacts in the supply chain and actions taken	39, 53
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	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-

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