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CORPORATE SOCIAL RESPONSIBILITY

An integral part of our business



In 2015, Songwon supported Bluecross Medical Volunteers' missions to Cambodia to help low-income patients with general health and cancer problems

At Songwon, Corporate Social Responsibility (CSR) is an integral part of our business. CSR underpins our strategy and helps us to manage our impact on society, and it contributes towards a more sustainable way of doing business.

CSR means including economic, social and ecological considerations in the core activity areas of our company. It ensures that we consciously consider the direct and indirect impacts of our operations on all Songwon's stakeholders including our customers, suppliers, workforce and the local community. And it leads us to adopt ethical and socially-responsible management approaches to complement environmental considerations.

We continually work to improve our performance and the consistent quality of our products, as well as how we do business, how we treat our people, the communities we serve and the environment around us.

Beyond this, we have always believed that it is our duty to take an active interest in the community and the environment that our company is part of. This commitment is rooted in Songwon's culture and has been a common theme throughout our history. In short, we firmly believe that performance and responsibility should go hand in hand.

GRI INTERNATIONAL GUIDELINES

Reporting method

The Board members, the Executive Committee members and the Senior Management are all in agreement that the topic of sustainability needs to be communicated not only internally, but also externally.

We want to send a clear signal and make our contribution to sustainable development in our industry. For this reason, we have decided to publish a sustainability report annually in accordance with the standards of the international Global Reporting Initiative (GRI). For the first time, the current report follows the GRI's G4 Guidelines, 'in accordance' Core option. (Songwon's 2014 Annual Report followed G3.1 General & Specific Standard Disclosures). This will make it possible to compile comparable values and continuously improve upon them.

The GRI G4 Content Index lists information on GRI indicators and topics relevant for Songwon.

■ General standard disclosures

The general standard disclosures offer a general strategic overview of the organization's sustainability. They are divided up into seven parts: strategy and analysis, organizational profile, identified material aspects and boundaries, stakeholder engagement, report profile, governance, and ethics and integrity.

■ Specific standard disclosures

The guidelines organize specific standard disclosures into three categories: economic, environmental and social. Within the specific standard disclosures, each indicator is allocated to the material topics.

Prior to selecting the relevant indicators, we looked at Songwon's stakeholders, their requirements and their expectations of us as a globally operating company. In our selection of the relevant indicators, our assessment of the individual aspects was carried out from two separate perspectives. We divided the identified stakeholders into groups based on whether they were directly or indirectly influenced by Songwon's activities. We also raised questions in relation to our organization with respect to identifying the goals that promise Songwon sustainable success.

Our management discussed each GRI indicator individually and evaluated it using a point system. It was a process that included various stages, and which ultimately resulted in defining the aspects and indicators most relevant for Songwon as an organization and for all of our stakeholders.

Fundamentally important for this step was the comprehensive expertise of our managing executives combined with Songwon's years of experience interacting with a wide spectrum of different

stakeholder groups. An overview of all the GRI indicators (incl. the UN Global Compact principles) and the relevant text sections can be found in the GRI G4 Content Index.

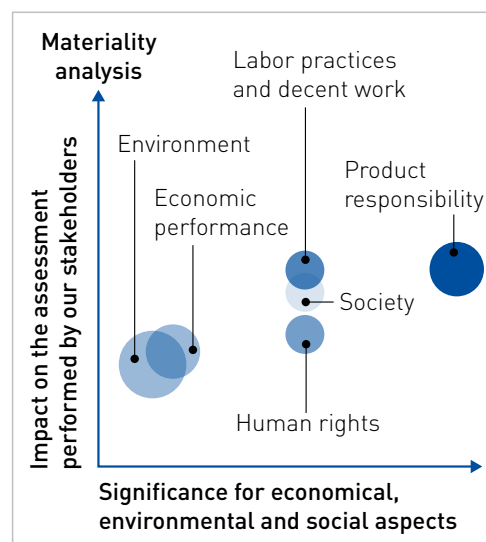
Materiality analysis

This analysis shows a condensed summary of all of the individually assessed indicators. The number of indicators per category is reflected in the size of the circles. The x-axis shows the significance of the respective category in relation to its economic, environmental and social impacts, while the evaluated impact of this specific category on the assessment performed by our stakeholders is indicated by the y-axis. The average value for the individually assessed indicators in the categories determines the x and y values. From Songwon's perspective, the economic, environmental, social categories appear to be of particularly high relevance to our stakeholders.

At Songwon, we understand that our commitment to sustainability should not be restricted solely to our organization because true sustainability is only possible when all those involved work together. For this reason, we encourage our suppliers and partners to launch their own initiatives that highlight their commitment to the environment and resources protection, while upholding human rights and complying with labor laws just as we do.

Operating internationally, we see it as our utmost obligation to act sustainably at both a global and local level. This is the reason that this report covers the entire Songwon Industrial Group, unless indicated otherwise.

The scope of application is indicated in the respective chapters. Furthermore, we would like to emphasize that we have used gender-neutral terms and pronouns wherever possible for the sake of simplicity, but these should be understood to refer to both males and females alike without discrimination.



SONGWON'S CATEGORIES / ASPECTS / INDICATORS:

CATEGORY: ECONOMIC

Through all of Songwon's operations, we aim to secure the organization's financial success and thus long-term value creation for our stakeholders. We know this can be achieved through implementing our long-term strategy, recognizing and managing risks and opportunities, as well as providing transparent information to our stakeholders. Our strategy has four key focus areas: business focus, growth, geographical focus, and innovation.

Songwon provides expertise and high-quality products to different industries, for a myriad of important applications. We are dedicated to creating long-term value, providing sustainable solutions, and strengthening the competitive position of our customers. At Songwon, we are focused on building a balanced product portfolio in order to support targeted growth and we are continuing with our expansion strategy to strengthen our presence in emerging markets and consolidating our position in existing ones.

ASPECT: ECONOMIC PERFORMANCE

G4-EC1

Direct economic value generated and distributed

G4-EC2

Financial implications and other risks and opportunities for the organization's activities due to climate change

G4-EC3

Overage of the organization's defined benefit plan obligations

CATEGORY: ENVIRONMENTAL

Our sustainability strategy supports Songwon's business goals and enables us to continuously reduce our environmental footprint. At the same time we are working to ensure that we give something back to both our employees and society as a whole. Our global sustainability commitment is directly managed by our Executive Committee. The committee is also responsible for overseeing the execution of all activities relating to achieving our sustainability goals.

All of Songwon's initiatives are designed to ensure that we focus on those areas where we, as a company, have the greatest impact. They also provide us with a clear direction that enables us to strive for a better performance.

ASPECT: MATERIALS

G4-EN1

Materials used by weight or volume

G4-EN2

Percentage of materials used that are recycled input materials

ASPECT: ENERGY

G4-EN3

Energy consumption within the organization

G4-EN4

Energy consumption outside of the organization

G4-EN6

Reduction of energy consumption

ASPECT: WATER

G4-EN8

Total water withdrawal by source

G4-EN10

Percentage and total volume of water recycled and reused

ASPECT: BIODIVERSITY**G4-EN11**

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

ASPECT: EMISSIONS**G4-EN15**

Direct greenhouse gas (GHG) emissions (Scope 1)

G4-EN16

Energy indirect greenhouse gas (GHG) emissions (Scope 2)

G4-EN19

Reduction of greenhouse gas (GHG) emissions

G4-EN21

NOX, SOX, and other significant air emissions

ASPECT: EFFLUENTS AND WASTE**G4-EN22**

Total water discharge by quality and destination

G4-EN23

Total weight of waste by type and disposal method

G4-EN24

Total number and volume of significant spills

ASPECT: COMPLIANCE**G4-EN29**

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

CATEGORY: SOCIAL

At Songwon, we emphasize the importance of our people for the company's long-term success: they manage strong brands, develop innovative products and support our customers around the world. Building and sustaining long-term, trustful relationships with our employees and all those who work for or with Songwon is essential to our organizational success.

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**ASPECT: EMPLOYMENT****G4-LA1**

Total number and rates of new employee hires and employee turnover by age group, gender and region

G4-LA3

Return to work and retention rates after parental leave, by gender

ASPECT: OCCUPATIONAL HEALTH AND SAFETY**G4-LA6**

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

ASPECT: TRAINING AND EDUCATION

G4-LA10

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-LA12

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

SUB-CATEGORY: HUMAN RIGHTS

ASPECT: NON-DISCRIMINATION

G4-HR3

Total number of incidents of discrimination and corrective actions taken

SUB-CATEGORY: SOCIETY

ASPECT: ANTI-CORRUPTION

G4-S04

Communication and training on anti-corruption policies and procedures

G4-S05

Confirmed incidents of corruption and actions taken

ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-S07

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

ASPECT: COMPLIANCE

G4-S08

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

SUB-CATEGORY: PRODUCT RESPONSIBILITY

ASPECT: PRODUCT AND SERVICE LABELLING

G4-PR3

Type of product and service and service information is required by the organization's procedures for product and service information and labeling

ASPECT: COMPLIANCE

G4-PR9

Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

REGULATORY AFFAIRS & REACH

Committed to compliance

As a market leader worldwide, we are committed to complying with all regional and country-specific laws and regulations. To ensure that our entire organization is always in full compliance, consistently monitoring all of our actions and activities is an integral part of our daily business. Operating in such a regulated industry, we also understand our responsibility to make sure that we operate our business in accordance with the highest ethical principles.

Compliance is at the very core of everything we do and our commitment to it is global. Everyone working at Songwon takes compliance seriously. Each one of us is highly aware of our responsibility to maintain compliance, and dedicated to ensuring that all of Songwon's business activities adhere to the required standards, laws and regulations.

At Songwon, our commitment includes offering our customers fully compliant, high-quality products that enable them to meet their EH&S goals. We also see it as our responsibility to provide expert support to our customers, and assist them in handling the complex aspects of regulatory compliance, registration and certification.

In line with this, we provide customers with extensive information on the REACH processes, requirements, deadline developments and achievements. Songwon's regular updates on the substances registration process allows our customers to remain confident, knowing that Songwon's products will be 100% compliant with REACH requirements.

In 2015, Songwon's regulatory team provided continuous registration support, global regulatory status and cost estimation for many of our products.

Although it is general practice in the industry to provide customers with essential product information such as the specification (CoA), a technical data sheet (TDS) and a safety data sheet (SDS), we go a step further. At Songwon, we provide our customers with an additional regulatory data sheet (RDS) that outlines critical global product regulatory approval information. The RDS also highlights to our customers that we care about their business. All of the regulatory support and information Songwon provides creates value for our customers and their businesses. We also anticipate future regulatory changes and working closely with customers, we adapt as quickly as possible, in order to ensure that Songwon remains fully compliant.

Supporting REACH objectives

Ensuring the safe use of our products and protecting the environment is one of Songwon's core goals. It is important that every organization operating in the industry assumes adequate responsibility through applying the right product stewardship measures.

Taking great care in how we produce chemicals is important to us, but also how we can use them safely. We are a responsible global manufacturer, and we care for the safety and health of people and the environment. In accordance with the

very high emphasis that Songwon places on compliance, we support the intervention of regulators to develop new regulations, for example within REACH (EU Regulation on Registration, Evaluation Authorization and Restriction of Chemicals).

Songwon also fully supports REACH objectives. It is our policy to minimize the risks associated with our production activities and products, and to continuously improve their safety, health and environmental performance. Our organization cooperates with co-producers, suppliers and customers to help us achieve our REACH goals. We know that through REACH, we can make a positive contribution to our common future.

AN OVERVIEW OF THE MOST IMPORTANT INDUSTRY ORGANIZATIONS OF WHICH SONGWON HOLDS MEMBERSHIP

- **Society of Plastics Engineers Korea**
(www.spekorea.org)
- **The Korean Chemical Society**
(www.kcsnet.or.kr)
- **Korea Industrial Safety Association**
(www.safety.or.kr)
- **European Light Stabilisers and Anti-Oxydants - ELiSANA**
(www.cefic.org/About-us/How-Cefic-is-organised/Fine-Speciality-and-Consumer-Chemicals/European-Light-Stabilisers-and-Anti-Oxydants-ELiSANA/)
- **The European Chemical Industry Council - CEFIC**
(www.cefic.org)
- **Light Stabilisers and Antioxidants LiSAO - REACH Consortium**
(www.reachcentrum.eu/consortium/lisao-light-stabilizers-and-antioxidants-reach-consortium-132.html?sid=320)
- **OrganoTinREACH REACH Consortium**
(www.reachcentrum.eu/consortium/organotin-reach-consortium-147.html?sid=421)
- **European Petrochemical Association - EPCA**
(www.epca.eu)
- **Gulf Petrochemicals and Chemicals Association - GPCA**
(www.gpca.org.ae)
- **American Fuel and Petrochemical Manufacturers - AFPM**
(www.afpm.org)
- **Japan Hygienic PVC Association - JHPA**
(www.jhpa.jp)
- **Japan Hygienic Olefin and Styrene Plastics Association - JHOSPA**
(www.jhospa.gr.jp)
- **Korea Specialty Chemical Industry Association - KSCIA**
(www.kscia.or.kr)
- **Korea Chemicals Management Association**
(www.ksma.or.kr)

Songwon & REACH in 2015

Helping our customers remain compliant

Songwon provided 445 REACH Coverage Statements for the year 2015 and 575 Import Certificates for our customers for their 2014 imports. The 2015 import certificates are currently being compiled by our Only Representative*.

We provided 135 Regulatory Data Sheets (RDS), of which about 30 have been newly created and many have been updated in 2015.

In 2015, Songwon continued its ongoing dedication to risk communication throughout the supply chain. We also created approximately 1 825 new SDS (including translations) and the same number of SDS were updated. Overall in 2015, we maintained approximately 13 300 SDS**

Refining registration dossiers and risk assessments is an ongoing process at Songwon. If new data is available or usage must be revised, REACH requires dossier updates. We take great care in supplying the required chemicals use information and labeling. Songwon is a member of several REACH consortia and we are actively involved in the dossier updating process of substances, where Songwon is not the Lead Registrant. In 2015, Songwon processed 3 registrations (non phase-in substances) and 8 dossier updates.

Also this year, all toxicity studies were completed for a volume update of our SONGNOX® PQ. Prior to developing new

substances for our Specialty Chemicals business portfolio, we check and review issues regarding toxicological properties or concerns in order to secure a safer and greener future. In 2015, Songwon generated SDSs and RDSs for the Specialty Chemicals Business Portfolio and successfully registered SONGSORB® CS 928 under REACH.

K-REACH

Korea's Act on the Registration and Evaluation of Chemicals (K-REACH) is similar to REACH and came into force in January 2015. K-REACH manages new chemical substances, existing chemical substances and downstream products by prescribing the process for chemical registration, evaluation, as well as the risk and hazard assessment of chemical substances and products containing hazardous chemical substances. Its main goal is to protect public health and the environment.

Product stewardship

Throughout 2015, several plastic additives underwent assessment by ECHA and the member states. Dossier evaluations, substance evaluations and proposals for a harmonized Classification and Labelling (CLH) were finalized or started. This is another continuous process and the authorities are assessing substances within different working programs, e.g. CoRAP, the Candidate List, CLH. It is crucial for those in the chemical industry to



be actively involved in an early stage of each process. After coming under the scrutiny of the regulators for 'persistent' properties (in the discussion on for e.g. Benzotriazoles

or Organotin products), Songwon is working within industry associations to demonstrate that polymer additive uses are safe. As a member, Songwon is also supporting the work of ELiSANA, a Cefic sector group for Light Stabilizers, regarding NIAS (Non-Intentionally Added Substances).

HELPING OUR CUSTOMERS REMAIN COMPLIANT

- 445 REACH Coverage Statements
- 575 Import Certificates
- provided 135 Regulatory Data Sheets (RDS)
- created 1 825 new Safety Data Sheets (SDS)
- maintained approximately 13 300 SDS

* ChemService

** In line with CLP (EU regulation on Classification, Labeling and Packaging) and GHS (Globally Harmonized System) requirements

EH&S & SUSTAINABILITY

Our sustainability strategy

At Songwon, sustainability is an essential part of our corporate culture and we have rooted it firmly in our everyday business activities. We understand that how we conduct our business is of equal importance to our results and we aim to align our structures, processes and systems toward sustainability. Our overall strategic objective is to create lasting value by managing our innovation, operations and business practices to meet the changing demands of our markets, our shareholders and society.

We are committed to sharing our expertise and are working more closely with our customers to develop products, applications and solutions that meet their sustainability goals. Our product portfolio, combined with our technological expertise and innovation, give us the opportunity to develop sustainable products and solutions that can help our customers address a wide variety of environmental issues.

Through the continuous efforts and focus on optimizing our production processes and developing more applications that bring savings in energy and resources, we are adding value - value for our customers, value for our people, value for society and value for future generations.

Committed to EH&S

We know that sustainability begins within our own operations. Therefore, at Songwon we have established high performance standards for environment, health and safety at our facilities that extend beyond compliance with laws and regulations.

Our proactive implementation of these standards demonstrates our commitment to sustainability leadership in our industry. Our organization is dedicated to the long-term health and safety of everyone at Songwon and protecting the environment in which we operate. We have driven tremendous improvement and heightened awareness of the importance of EH&S across our organization. Employees are engaged in identifying and managing risk and are active participants in continuously improving the environment, health and safety of our operations.

We recognize our obligation to provide safe and healthy work environments for all of our stakeholders (employees, contractors, neighbours) and we continue to make this a top priority. At every Songwon location, safety is taken very seriously and is not negotiable. This focus and priority are also implemented at the new manufacturing sites that became part of Songwon in 2015, either by acquisition (Panoli, India) or as a grass root plant (Abu Dhabi, UAE).

We place great importance on being trusted and seen by the public as an organization with a high level of safety awareness and clear safety processes.

All the EH&S indicators for 2015 are inclusive of the performances at the Panoli (India) site we acquired at the end of 2014 and are gradually being aligned to Songwon's EH&S level.

Achieving zero accidents

Incident-free production can only be achieved in safe plants with qualified, safety-

aware employees. At Songwon, efficient production and preventing injuries go hand in hand. We know that a zero accident target is difficult to reach but we also know that it is achievable and that is our goal.

All accidents must be reported at Songwon and we compile this data in a global database. We classify any injuries that occur according to the local laws and record-keeping criteria. These data include all employees of Songwon Industrial Co., Ltd. and all contractors operating in our plants.

Due to our heightened focus on safe operations and raised awareness among our plant operators, the total recordable accidents steadily decreased over the past few years. Out of all the Songwon manufacturing sites we had, in 2015, 3 recordable accidents, including all the Songwon personnel and the contractors.

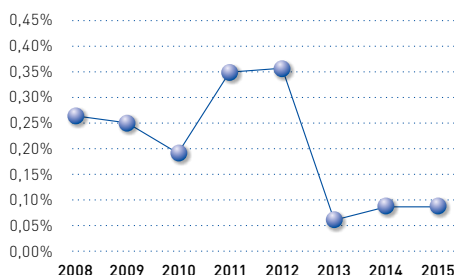
In 2015, we have started to investigate and test possible optimized technical solutions for reducing the manual operations that could still expose our operators to accidents or incidents. Filters discharge, manual

bagging and solid material unloading are the operations we are focusing on and where we started tangible improvements.

The Total Recordable Case Rate (TRCR) continued to significantly decrease, reaching 0.17 in 2015 and we registered a steady (0.07%) Total Lost Day Rate (LDR) showing a higher severity of the few recordable accidents that occurred.

LDR: Lost Day Rate

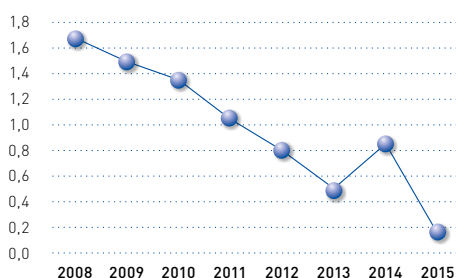
Total lost days / total worked hours



There were no fatalities and we achieved, for the third continuous year, a zero Occupational Diseases Rate (ODR) and zero Absentee Rate (AR). Even if these performances are aligned with the best-in-class chemical companies, we remain committed to the ongoing improvement of our Health and Safety performance.

TRCR: Total Recordable Case Rate

Recordable accidents *200.000 / total working hours



At Songwon, there are stringent procedures in place to continuously investigate and assess all possible risks, and to improve the existing operating procedures. In 2014 we focused on improving safety and environmental protection at our two main Korean plants and in 2015, by spending 10% of our annual capital investment, we introduced the same actions at the Suwon site in Korea and the recently acquired site in Panoli (India).

In 2015, we started to strongly focus on deep investigations and analysis of possible emergency scenarios with the aim to minimize the risk or at least minimize the impact. A fundamental tool for minimizing the risks are the ongoing monthly simulations carried out by our internal fire brigade, led by full-time dedicated fire marshals.

Environmental awareness

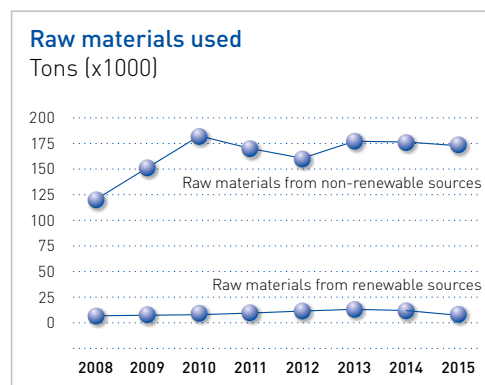
A long-standing commitment of Songwon's leadership team has been to make use of every opportunity to demonstrate the potential to contribute to a better world to our customers and to the chemical industry. As a global leader, developing processes that reduce our overall carbon footprint, saving energy and reducing emissions is a top priority.

We have an aggressive program in place to improve processes that not only increase competitiveness through cost reductions, but also significantly reduce energy consumption, as well as waste production and CO₂ emissions. In addition, we are continually investing in renewable energy resources.

MATERIALS

Raw materials

At Songwon, we look for every opportunity to use raw materials from renewable sources. However, unfortunately only a few of the key raw materials we use are available from these sources. The majority is oil derivatives or metals. The only raw



materials available from renewable sources are stearic acid and stearyl alcohol. Both are derived from palm kernel oil and represent approximately 7% of the total raw materials we use.

Recycled materials

We have consolidated the technology to recover, through a reverse reaction, the raw materials previously disposed as final product in organic waste. We have a double benefit to reduce the environmental impact and to recycle about 8%, corresponding to approx. 3500 t/y, of the raw material used in the production where this technology has been successful.

ENERGY

Energy regulatory policy and greenhouse gas regulatory policy is the same in Korea.

On 1 January 2015, Korea launched its national ETS (KETS, Korea Emission Trading System). KETS is a cap-and-trade program.

This type of ETS is mandatory (threshold: company → 125,000 tCO₂/year, installation → 25,000 tCO₂/Year) with voluntary opt in. It is mandatory for Songwon to participate.

Songwon initiatives

Here is an overview of the initiatives that have resulted in providing energy-efficient or renewable energy-based products and services, as well as reducing our energy needs.

Songwon is engaged in an energy consumption reduction program. One of the actions we have undertaken in the plants is to incinerate all the volatile organic compounds (VOC) produced. In doing this, we produce the steam we need in the production process. This action reduces overall energy consumption and contributes to a cleaner and safer environment. We have had 3 incinerators in operation since 2010. In 2013, we installed a new efficient steam generator based on LNG use in Maeam (Korea).

To improve the long term efficiency of our operations and products, we also have several energy consumption reduction initiatives in place:

- optimizing the use of steam in the distillation step
- partial recycling of washing solvents and mother liquors after the crystallization step
- steam condensate reuse to boiler feeder water
- installation of solar panels on the warehouse roof
- using an inverter for saving electricity
- direct recycling in crystallization of the solvents recovered from the final product drying step

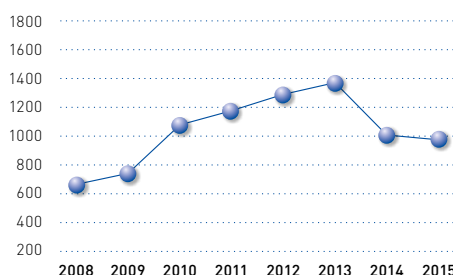
Thanks to the above initiatives in 2015 and compared to 2014, we have reduced

the total annual energy consumption for power generation by 96 354 GJ (9%).

• Direct energy consumption

Almost 100% of Songwon's direct energy consumption is in the form of natural gas and the majority is used for steam generation and the heating of hot oil. In 2015, we used 997469 GJ (gigajoules), in line with the previous year.

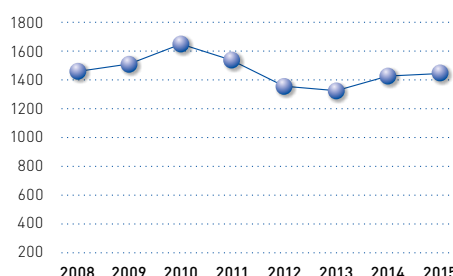
Direct energy consumption
GJ (x1000)



• Indirect energy consumption

We also purchase electricity and steam for our facilities. More than 75% is attributable to steam purchases. We typically make these purchases from local utility companies using non-renewable energy sources.

Indirect energy consumption
GJ (x1000)

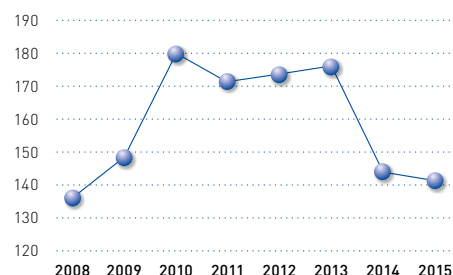


EMISSIONS

In Korea, activities measuring individual energy reduction are not calculated individually and separate from one another but as follows:

Emission reduction = Emission allowance – Actual Emission (Unit: tCO₂eq/year).

Total greenhouse gas emissions
Tons CO₂ (x1000)



Actual emission is measured according to 'Guideline for the Greenhouse Gas Target Management System' and 'The Allocation and Trade of Emission Allowance of Greenhouse Gas Act' in Korean law.

This is calculated as follows: Emission = Fuel consumption x NCV x EF x GWP, where:

- NCV = Net Calorific Value
- EF = Emission factor
- GWP = Global Warming Potential

Direct & indirect greenhouse gas emissions

Our overall objective at Songwon is to work progressively towards a reduction in carbon emissions and in 2015 we have confirmed our commitment by reducing the general greenhouse gas (GHG) reduction

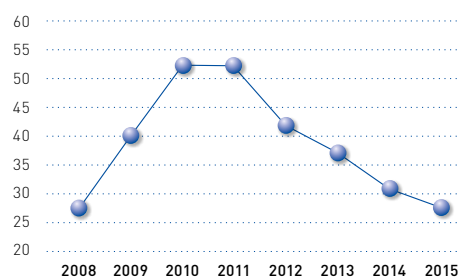
by 2% compared to 2014. Once again, this is another good achievement especially since Songwon's plant in Panoli was not included in the 2014 reports.

The reported data do include the direct emissions and the indirect emissions from our electricity and steam purchasing. There are no other indirect emissions to be recorded.

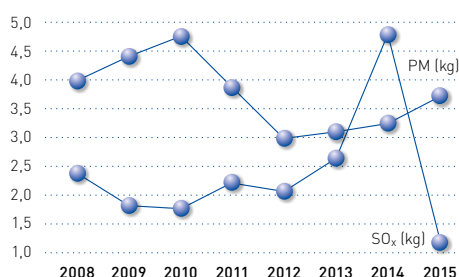
Significant air emissions

In Songwon's plants, nitrogen oxide (NO_x), sulfur oxide (SO_x) and particulate matter (PM) emissions are measured automatically by in-line analysers and the values are sent in real-time to government agencies.

NO_x (kg)
KG (x1000)



SO_x and particulate matter (kg)
KG (x1000)

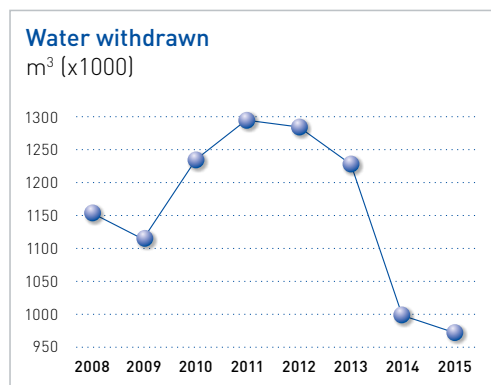


The increase of the SOx emissions in 2014 was due to the reduction of the neutralized chemical used in the vent scrubbers and occurred because of the need to reduce the salt content in the waste water discharged. In 2015, we successfully implemented an SOx emission reduction plan and we have achieved an outstanding reduction of these emissions (76%).

WATER

Total withdrawal of water by source

Songwon purchases water from the local municipality and suppliers for the Ulsan, Maeam and Panoli plants. At the Suwon plant, water is sourced from underground.



According to direct measurements on site, Songwon has reduced its total water consumption in 2015 by about 3% compared to 2014. As above, this is a very good achievement because our Panoli plant was not included in the 2014 reports.

At the moment, the total volume of water recycled and reused at Songwon plants has increased from the 2 % in 2014 to more than 16% of the total water we used in 2015 (103 547 tons of water).

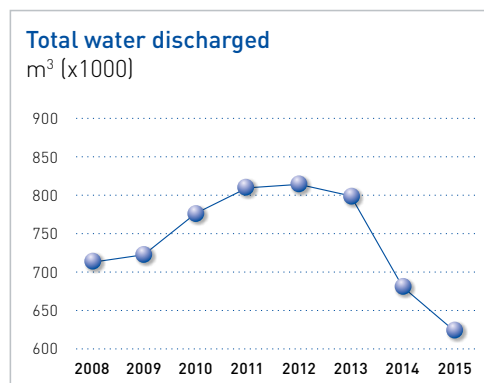
We were able to achieve this very positive result because the Ulsan plant incinerators produced 172 879 tons of steam in 2015 and 103 547 tons of water was supplied from high pressure steam condensate from the pumping trap of both the DiAlkylPhenol and the Maeam plants.

EFFLUENTS & WASTES

Total water discharged

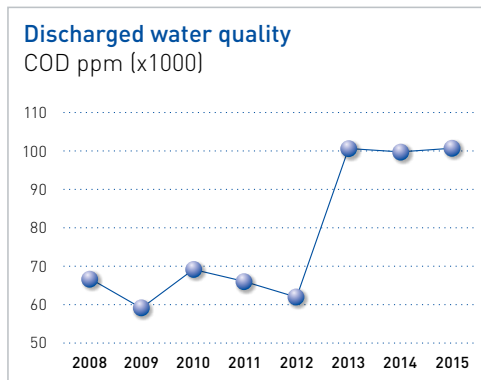
After being internally treated, all the water discharged by Songwon's plants is conveyed to the municipality's central water treatment plant to have the organic content reduced further and then discharged to the sea or to a regional water treatment like in India.

As already mentioned, specific water reduction projects were implemented during 2014 and progressed in 2015 resulting in further reducing our total water consumption by 8% compared to 2014.



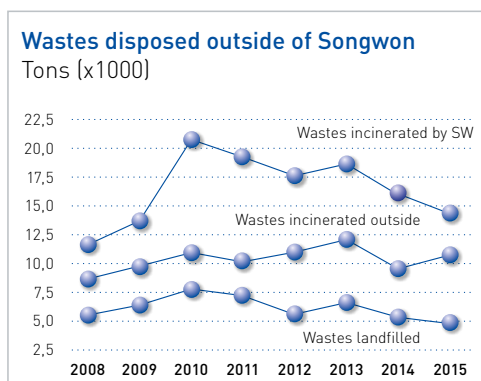
In 2015, we have largely improved the quality of the water discharged reducing the average COD (chemical oxygen demand) of the Korean sites from 100 to 60 ppm; this decrease has been nullified by the average

quality of the discharged water from our Indian site where we comply with the local rules but are implementing several improvements to align the COD with our Korean sites.



OTHER WASTES

There are no hazardous wastes created by Songwon's operations. Currently, approximately half of the liquid organic wastes are incinerated on site, while half are disposed offsite by incineration. All the solid wastes are disposed of outside via landfilling.



SIGNIFICANT SPILLS

We have had no spills recorded or reported since 2008 or during 2015.

BIODIVERSITY

Songwon does not own, lease or manage property or equipment that is in or near protected areas or areas of high biodiversity. To our knowledge, none of our activities, products or services have any significant impact on biodiversity.

NON-COMPLIANCE

We have been in full compliance with all environmental rules and regulations and we received no fines in 2015.



Maeam plant, Korea