INTEGRATED REPORT 2020

TRANSFORMING OPPORTUNITIES

OCI

Global Leading Green Energy and Chemical Company

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This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report with shortcuts to the related web pages and media.

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COVER DESIGN

Inspired by the "Door to Tomorrow" imagery of the "I" in our corporate identity, the cover design expresses our forward-looking commitment to agile transformation as we restructure and expand our business portfolio to lay the foundation for our return to profitability and drive new growth.

About This Report

Reporting Principles and Standards

The 2020 OCI Integrated Report is prepared in accordance with the Core option of the GRI (Global Reporting Initiative) Standards and referred to Integrated Reporting Framework of the IIRC (International Sustainability Standards). This is the twelfth edition of our annual report, focusing on OCI's economic, social and environmental sustainability performance.

Reporting Period

This report is based on financial and non-financial performance from January to December 2020. With respect to certain business activities, the first half of 2021 is included where it is of interest to our stakeholders. Certain quantitative data are included for the 3-year period from 2018 to 2020 to enable identification of trends.

Reporting Boundaries

This report covers the activities of OCI headquarters, the R&D center, the training center, domestic business sites in Gunsan, Pohang, Gwangyang, Iksan and Iksan VIP, as well as subsidiaries including OCI Solar Power LLC, Shandong OCI Co., Ltd., Shandong OCI-Jianyang Carbon Black Co., Ltd., Ma Steel OCI Chemical Co., Ltd. and OCIM Sdn. Bhd. The financial data in this report was prepared according to the Korean International Financial Reporting Standards (K-IFRS). We have noted where separate standards are used in the case of energy consumption, GHG emissions, health and safety, etc. Where substantial boundary changes have occurred, the changes are noted with each item.

Third Party Assurance

This report has been officially assured by an independent external body in order to enhance its reliability and quality. The assurance results are stated in detail on page 56. Financial data have been independently audited and given an unqualified opinion, while GHG emissions and energy consumption have been verified in accordance with the principles of the Verification Guidelines for the Operation of Greenhouse Gas Emissions trading System.

CEO Message

Although COVID-19 will continue to have global repercussions in 2021 and likely beyond, I am confident that with the fundamental restructuring of our polysilicon business behind us and new value-added opportunities in existing and new businesses on the horizon, we have a solid foundation for our return to profitability in 2021.

How did OCI perform in 2020?

Even before COVID-19 was declared a global pandemic, we knew 2020 was going to be a challenging year as we executed a fundamental restructuring of our polysilicon operations in Korea. While ongoing cost reduction and value-added product development had clearly improved our agility and fundamental competitiveness, COVID-19 forced us to rethink the fundamentals of working and collaborating in remote and socially-distanced environments.

COVID-19 also dramatically impacted global manufacturing and logistics, particularly in the first-half of the year. As a supplier of basic chemicals and materials, most of our businesses experienced a sharp drop in sales as downstream industries cut production in response to falling industrial and consumer demand. In most cases, demand began to recover in the second half of the year but remained notably lower than pre-pandemic levels.

Overall, we recorded a 23% decline in consolidated sales to KRW 2,002.5 billion and a consolidated operating loss of KRW 86.1 billion for the year.

Our Basic Chemicals segment recorded sales of KRW 851.4 billion and an operating loss of KRW 71.7 billion. Our shuttering of solar-grade polysilicon production in Korea in the first quarter stopped snowballing operating losses in this flagship business. Here, our refocus on electronic-grade polysilicon production at our Gunsan P1 plant while continuing to make cost-efficient investments to expand solar-grade polysilicon production at our Sarawak plant in Malaysia enabled us to return to operating profitability in the second-half of the year.

Our Petrochemicals and Carbon Materials segment recorded sales of KRW 904.8 billion and operating income of KRW 16.1 billion. While experiencing lower sales and operating income for the year, this segment saw a robust recovery in the second half. This recovery was backed by the solid performance by our Korea operations as well as the return to profitability of our joint ventures in China.

Our Energy Solutions segment recorded sales of KRW 328.5 billion and operating income of KRW 6.2 billion. This segment experienced falling sales and profitability in key businesses. In the United States, our Mission Solar Energy solar module manufacturing subsidiary saw a sharp drop in module sales as consumers delayed residential PV system installations. In Korea, our OCI SE cogeneration power subsidiary saw sales and profitability drop substantially due to falling prices in both the wholesale electricity and renewable energy certificate markets.

What were OCI's primary operating accomplishments in 2020?

Our Basic Chemicals segment completed the shutdown of solar-grade polysilicon production at the Gunsan P2 and P3 plants in February and the revamp of the Gunsan P1 plant to produce electronic-grade polysilicon in May. We also completed a debottlenecking project at our Sarawak polysilicon plant in Malaysia, increasing solar-grade production capacity to 30,000 metric tons to meet growing demand.

Separately, our new P&O Chemical joint venture with Posco Chemical broke ground for a 50,000 metric ton hydrogen peroxide plant in Gwangyang, Korea. Scheduled for completion in 2022, the plant will supply electronic-grade H_2O_2 to meet growing demand from the domestic semiconductor and display industries.

Our Petrochemicals and Carbon Materials segment continued to optimize operations both in Korea and China, paving the way for us to benefit from recovering demand in the second half of the year.

Our Energy Solutions segment continued to refine its inverter and power conditioning system offerings utilizing technologies acquired through our 2019 purchase of the Korea operations of German PV inverter maker Kaco New Energy. We also prepared to validate the performance and reliability of our energy storage systems built with recycled electric vehicle batteries provided by Hyundai Motor Group.



Our new Biopharmaceuticals business saw all three companies it made initial investments in last year—Korea-based SN BioScience, Israel-based Nucleix, and US-based Adicet Bio—steadily advance their innovative cancer diagnostics and therapies through the development pipeline.

Our Urban Development project has launched the first phase of apartment pre-sales for its City Ociel residential and commercial development. Located on the site of our former Incheon plant, City Ociel will ultimately have approximately 13,000 residences when completed in 2025.

What is your outlook for OCI's businesses in 2021?

As we enter the second year of the COVID-19 pandemic, national vaccination programs are picking up speed and the global economy continues a slow-but-steady recovery. While the challenges we face are many, the past year has proven beyond doubt that we have the people, products, network, and financial foundation to successfully navigate whatever lies ahead. Our goal for 2021 is to lay a solid foundation for our return to profitability as we build on the successful restructuring of our polysilicon business and emerging opportunities to generate new value in both existing and new businesses.

Our Basic Chemicals segment enters 2021 with a specialized polysilicon production network balanced to meet present and future market trends. Our Gunsan P1 plant in Korea has ramped up production of electronic-grade polysilicon and continues to pursue qualification with major global semiconductor wafer makers. Our Sarawak plant in Malaysia aims to boost capacity from 30,000 to 35,000 metric tons in 2022 through ongoing debottlenecking efforts as it continues to enhance economies of scale.

Our Petrochemicals and Carbon Materials segment is well positioned for growth as the global economy recovers. Backed by world-class economies of scale and a diversified production network, our product portfolio aligns nicely with a number of emerging downstream growth industries.

Our Energy Solutions segment is now capable of delivering one-stop solutions for distributed solar PV installations. We expect to further refine our energy storage system offerings through ongoing validation testing of recycled electric vehicle batteries and other battery configurations.



Our Biopharmaceuticals business will continue to pursue new investments in promising oncology technologies as its partners to bring a growing pipeline of innovative diagnostics and therapeutics to market in the coming years.

Our Urban Development project successfully completed its first phase of apartment pre-sales for City Ociel in the second quarter of 2021 and is moving forward with pre-sales of additional phases as construction gets underway in earnest.

What are your key areas of focus going forward?

Although COVID-19 will continue to have global repercussions in 2021 and likely beyond, I am confident that with the fundamental restructuring of our polysilicon business behind us and new value-added opportunities in existing and new businesses on the horizon, we have a solid foundation for our return to profitability in 2021.

We continue to review and evaluate every aspect of our organization and work processes to eliminate inefficiencies and boost productivity. New online tools and systems will continue to play a key role in strengthening collaboration and maximizing the efficiency of our resources, ultimately leading to enhanced profitability.

We will also continue to look beyond existing businesses to identify previously untapped strengths and emerging business opportunities. Here, synergistic partnerships will play an important role in helping us grow our businesses. We must also get closer to our customers to ensure we have the insights essential to deliver what they need exactly when they need it.

Safety continues to be our top priority. Over the past two years, our Safety 2020 program has played a key role in dramatically improving safety performance, helping us regain the trust and confidence of our local communities. We continue to build on this hard-won progress each and every day, fostering a proactive, systematic culture of safety across all our operations.

Finally, we are committed to upholding the highest standards in environmental, social, and corporate governance (ESG). In 2020, we received an integrated "A" score on an ESG assessment conducted by Korea Corporate Governance Service (KCGS) and marked our 12th consecutive year on the Dow Jones Sustainability Korea Index. We intend to continually improve on this performance in the years ahead as we build an organization that is both responsible and sustainable.

Thank you once again for your interest in OCI. We look forward to sharing our progress as we write the next chapter in our transformation as a global leading green energy and chemical company with you in the coming year.

Teak-Joung Kim
CEO
OCI Company

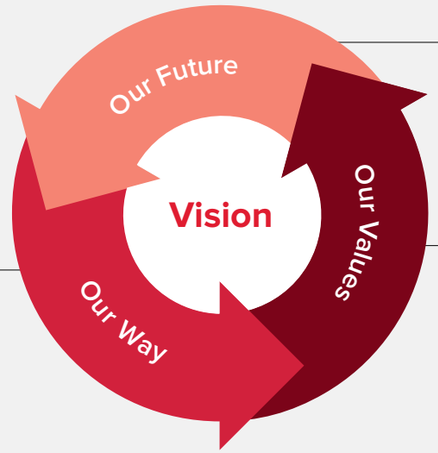


About OCI

OCI Introduction Video

OCI is a global producer of value-added chemicals and materials for a broad range of industries.
Since our founding in 1959, we have leveraged our technical expertise, process know-how, and highly efficient manufacturing capabilities to develop a diversified portfolio of world-class products and solutions. We are now meeting the needs of customers around the globe with a portfolio that spans the fields of basic chemicals, petrochemicals and carbon materials, energy solutions, and biopharmaceuticals. Looking ahead, we continue to strategically invest in tomorrow's technologies to make the future a better place as we fulfill our vision of being a global leading green energy and chemical company.

Global Leading Green Energy and Chemical Company



Constantly innovate to produce green energy and chemical products with the highest level of satisfaction for our employees, customers, shareholders, and stakeholders.

Seize the CHANCE with thorough preparation and with the spirit to CHALLENGE for continuous CHANGE for a greater future.

Achieve core technology leadership through innovation, operational excellence, and resource optimization based on an open and diversity-respectful corporate culture.

CHANCE

The future is for those who find and seize the chance. We should take the chance when we are prepared to embrace future opportunities by swiftly responding to changing market, customer, and business circumstances.

CHALLENGE

A greater future is achieved when we are brave enough to face a challenge with progressive and entrepreneurial minds and spirits to overcome difficulties.

CHANGE

Innovation through change is essential for growth. We embrace continuous change to reach the same goal and attain success together.

Key Figures

	2018		2019		2020	
	KRW	USD	KRW	USD	KRW	USD
Economic performance						
Sales [1]	3,112	2,828	2,605	2,235	2,003	1,697
Operating income [1]	159	144	-180	-155	-86	-73
Net income [1]	104	94	-807	-693	-251	-213
EBITDA [1]	460	418	130	112	52	44
Capital expenditures [1]	282	256	157	135	63	53
Total assets [2]	6,078	5,062	4,811	4,168	4,437	4,078
Total liabilities [2]	2,662	1,938	2,125	1,841	2,052	1,886
Total shareholders' equity [2]	3,416	3,124	2,686	2,327	2,386	2,193
ROA	1.8%		-15.4%		-5.4%	
ROE	3.0%		-26.1%		-9.9%	
Net debt-to-equity ratio	16%		31.5%		43%	
Leverage ratio	62%		79.0%		86%	
Safety responsibility						
Injury frequency rate	0.55		0.39		0.24	
Environmental responsibility						
CO_2 emissions (tCO_2-eq)	2,262,324		2,116,274		1,223,537	
Waste recycling	59%		48%		52%	
Water consumption (in tons)	13,118,402		12,084,985		8,556,021	
Social responsibility						
Total social contribution (in KRW bn)	0.5		0.7		0.4	
Total volunteer hours	3,684		2,620		333	

* OCI maintains all financial records in KRW. USD figures are estimated and presented as a convenience to the reader.

1 In USD mn and KRW billion. USD figures are based on the average 2020 KRW-USD exchange rate of 1,180.

2 In USD mn and KRW billion. USD figures are based on the KRW-USD exchange rate of 1,088 as of December 31, 2020.

2020 in Figures

2020 Performance

Sales
In KRW bn
2,003

EBITDA
In KRW bn
52

Operating income
In KRW bn
-86

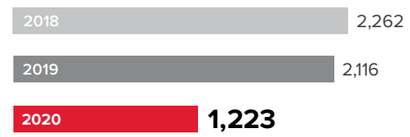
Operations

Business sites
53

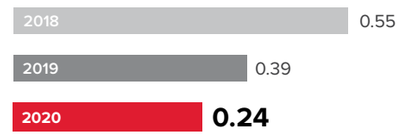
Employees
3,249
(OCI company: 1,551)

Safety & environmental responsibility

CO_2 emissions
Total emissions (in $ktCO_2$-eq)

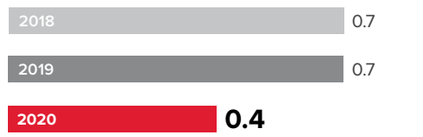


Injury frequency rate

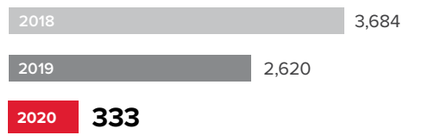


Social contribution

Social contribution
In KRW bn



Volunteer hours



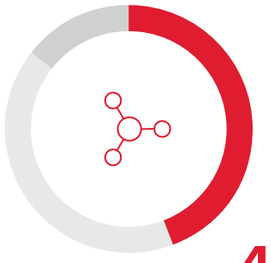
Our businesses

Basic Chemicals

Sales
In KRW bn
851

Operating income
In KRW bn
-72

Segment contribution to sales
(before adjustment)



40%

Major products

- Polysilicon
- Hydrogen peroxide
- Fumed silica
- Phosphoric acid
- Chlor alkali
- Calcium chloride

Petrochemicals & Carbon Materials

Sales
In KRW bn
905

Operating income
In KRW bn
16

Segment contribution to sales
(before adjustment)



43%

Major products

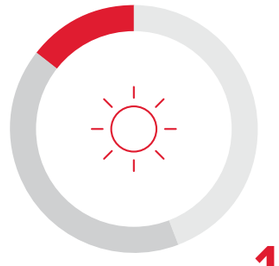
- Carbon black
- TDI (Toluene di-isocyanate)
- Pitch
- BTX (Benzene, Toluene, Xylene)
- Phthalic anhydride
- Plasticizer

Energy Solutions

Sales
In KRW bn
328

Operating income
In KRW bn
6

Segment contribution to sales
(before adjustment)



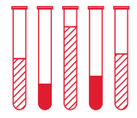
16%

Major products

- Solar PV energy
- Cogeneration power plant

Operating highlights

Polysilicon cost reduction



12%

Local credit rating



A
(Negative)

R&D portfolio

Short-term projects
Cost innovation



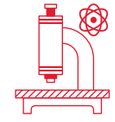
8%

Mid-term projects
Diversification & differentiation



48%

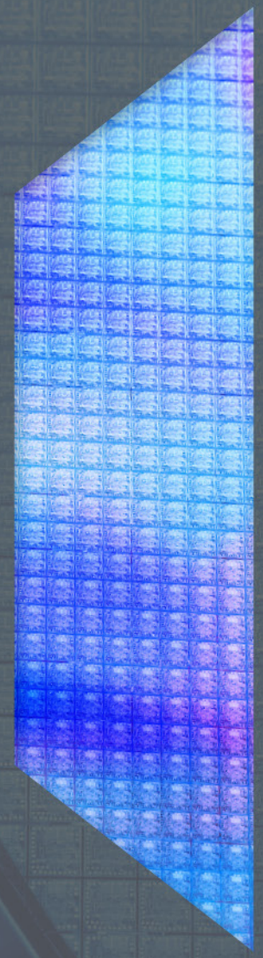
Long-term projects
New products & processes



44%

BUSINESS REVIEW

OCI operations span four major business segments.
In addition to our core operations in the fields of basic chemicals, petrochemicals and carbon materials, and energy solutions, we are now in the process of establishing ourselves in the field of biopharmaceuticals as we begin our seventh decade in business.



08
Basic Chemicals

09
Petrochemicals & Carbon Materials

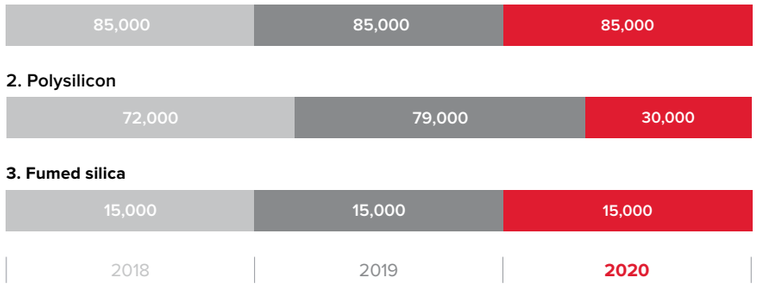
10
Energy Solutions

11
Biopharmaceuticals
Research & Development
Urban Development

Basic Chemicals

Capacities

In metric tons





Polysilicon

We have produced polysilicon since 2008. In 2020, we completed a major restructuring of our Korea operations that included the shuttering of our Gunsan P2 and P3 plants dedicated to solar-grade polysilicon production and the ramp-up of electronic-grade polysilicon production at our revamped Gunsan P1 plant. To partially offset solar-grade polysilicon capacity lost by the above shutdowns, we increased the nameplate capacity of our Sarawak plant in Malaysia from 27,000 to 30,000 metric tons through ongoing debottlenecking initiatives.

Looking ahead, our Korea operations will exclusively produce electronic-grade polysilicon to meet growing demand from the global semiconductor industry. We have also launched a new debottlenecking project in Malaysia aimed at increasing capacity to 35,000 metric tons in 2022 to boost economies of scale and prepare for emerging opportunities in the global solar-grade market.

Phosphoric acid

We have produced H_3PO_4 since 2003 at our Gunsan plant in Korea. Today our 30,000 metric ton plant supplies major customers across Korea.

In 2020, our semiconductor-grade capacity increase to 20,000 metric tons completed the previous year enabled us to grow sales to domestic semiconductor makers. We are prepared to expand capacity as needed to meet growing demand in this value-added market segment.

Hydrogen peroxide

We have produced H_2O_2 since 1979 at our Iksan plant in Korea. Today we are a major domestic supplier with a total production capacity of 85,000 metric tons, including 50,000 metric tons of electronic-grade H_2O_2. In 2020, our new P&O Chemical joint venture with Posco Chemical broke ground on a 50,000 metric ton plant in Gwangyang, Korea. When completed in the second half of 2022, the plant will meet growing demand for value-added electronic-grade H_2O_2 from Korea's semiconductor and display industries.

Fumed silica

We have produced fumed silica since 2006 at our Gunsan plant in Korea. Today we are a top-5 global producer with a total production capacity of 15,000 metric tons, including 9,000 metric tons in Korea and 6,000 metric tons in China. In 2020, we continued to focus on increasing value-added hydrophobic fumed silica sales, aided by a 500 metric ton capacity increase to 1,000 metric tons completed the previous year.

Chlor alkali

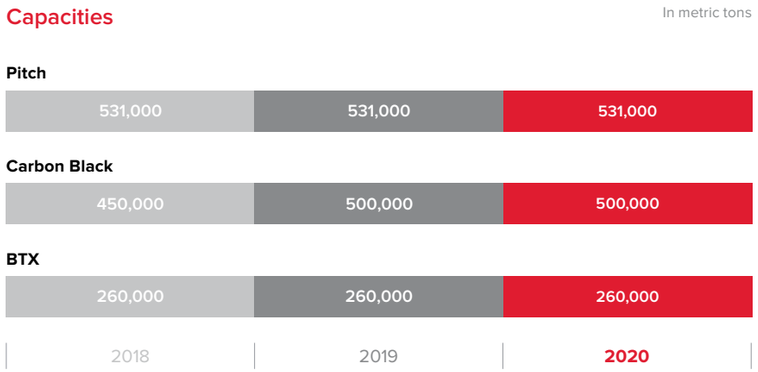
We have produced chlor alkali since 1990 at our Gunsan plant in Korea. Today we produce 117,000 metric tons of various grades for captive use and sale on the domestic market.

In 2020, we continued to research new applications for chlorine across our operations. We continue to monitor internal and market demand as we formulate future expansion plans.

Petrochemicals & Carbon Materials

Capacities

In metric tons





Carbon Black

We have produced carbon black since 1981 in Korea. Today we are Korea's No. 1 producer operating four plants in Korea and China with a global sales capacity of 500,000 metric tons, including 150,000 metric tons from our Hyundai OCI joint venture in Seosan, Korea.

In 2020, demand and prices began to recover in the third quarter of the year as Asian tiremakers ramped up production to meet rebounding consumer demand. While this trend is expected to continue in 2021, the preliminary assessment of antidumping duties by the US may impact the market going forward.

Toluene di-isocyanate (TDI)

We have produced TDI since 1990 at our Gunsan plant in Korea. Today we have a production capacity of 50,000 metric tons.

In 2020, prices rose sharply in the second half of the year on global supply issues before correcting at year end. Our manufacturing competitiveness and ability to self-source key feedstocks such as chlorine and hydrogen give us a fundamental advantage in this often volatile market.

Pitch

We have produced coal tar pitch since 1976 at four plants, including two plants each in Korea and China. Today we are a global top-3 coal tar pitch producer operating with a coal tar distillation capacity of 1,180,000 metric tons, including 450,000 metric tons in Korea and 730,000 metric tons in China. Our total pitch production capacity is 531,000 metric tons, including 202,500 metric tons in Korea and 328,500 metric tons in China.

In 2020, demand and prices began to rise in the third quarter of the year as aluminum smelters in China ramped up production to meet recovering downstream demand. Our diversified East Asia production network continues to enhance our flexibility in rapidly changing market conditions.

BTX

We have produced BTX products since 1995 at our Gwangyang plant in Korea. Today we are Korea's sole manufacturer of coal-based BTX products with a capacity of 260,000 metric tons.

In 2020, benzene prices fell more than 50% before rallying to approach their pre-pandemic level at year end. Our strong, long-term relationships with key feedstock suppliers are a core competitive advantage in this often volatile market.

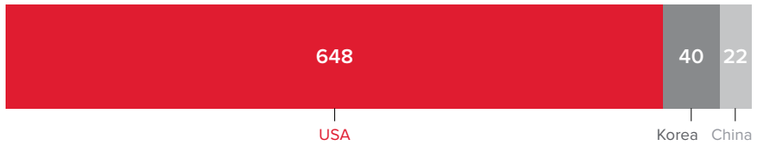
Energy Solutions

Solar PV projects

In MWdc

Total

710 MWdc




Alamo solar PV plant, Texas, USA

Solar PV Energy

We are a global solar PV project developer with a presence in key markets including the United States, China, and Korea. As of the end of 2020, we had completed independent power producer (IPP) and engineering, procurement, and construction (EPC) projects totaling 710 MWdc worldwide. We currently operate IPP and EPC projects totaling 108 MWdc.

In the United States, Mission Solar Energy, our solar PV module manufacturing subsidiary in San Antonio, Texas, saw demand for its best-in-class solar modules drop sharply as consumers opted to delay residential PV system installations.

Despite the impact of COVID-19, worldwide solar PV installations are expected to grow by at least 15% in 2021 due to increased interest in renewable energy and favorable government policies. In March 2021, Mission Solar Energy began production of modules using M6-size cells, as it aims to expand its presence in the US residential and commercial markets.

Looking ahead, we continue to focus on innovations in the energy storage system (ESS) field. Building on an agreement signed with Hyundai Motor Group in September 2019, we prepared to launch the first of two projects to validate the performance and reliability of ESS systems built with recycled electric vehicle batteries in 2020. Commissioned in January 2021 at subsidiary OCI Specialty in Gongju, Korea, the first project pairs an existing 727 kW solar PV installation with a containerized 300 kWh ESS platform using recycled EV batteries supplied by Hyundai. We plan to expand validation testing to additional sites and battery configurations in the coming year as we continue to refine our ESS solutions.


Power plant in the Saemangeum Industrial Complex

Cogeneration Power Plant

Our OCI SE subsidiary operates a 303 MW cogeneration power plant in the Saemangeum Industrial Complex near our Gunsan plant in Korea. We consistently achieve world-class efficiency and emissions performance backed on five decades of operational know-how gained from operating cogeneration power plants at our Incheon, Gwangyang, and Pohang plants.

In 2020, sales decreased due to ongoing price declines and valuation losses in system marginal price (SMP) and renewable energy certificates (REC). We earn RECs by operating our plant with a fuel mix that includes wood pellets.

Biopharmaceuticals

In 2018, we entered the biopharmaceutical field with a mission to bring new and effective cancer treatments to market through global partnerships with leading biotech innovators and investors. Our strength in global networking and expertise in mergers and acquisitions in conjunction with world-class nanotechnology will be key in expanding our footprint in the oncology sector.

All three of the partners we made initial investments in during 2019 achieved major milestones in 2020, further advancing next-generation diagnostics and therapeutic products through the development pipeline. SN BioScience (Korea) received approval to begin a phase 1 clinical trial for its pancreatic cancer drug in both the US and Korea. Nucleix (Israel) received EU approval to market its liquid biopsy diagnostic kit for recurrent bladder cancer. Last but not least, Adicet Bio (USA) was listed on the Nasdaq exchange in September and received approval for a phase 1 clinical trial of its novel chimeric antigen receptor engineered T cell (CAR-T) therapy in October.

Looking forward, we continue to seek out promising investment opportunities in disruptive technologies around the world. In the coming years, we aim to collaborate and forge close R&D partnerships with innovative leaders and institutions to pioneer and expand key assets in the fight against cancer.



Research & Development

The OCI R&D Center oversees a broad range of synergistic R&D initiatives spanning the entire portfolio of OCI businesses, enabling us to consistently deliver new products and technologies that create real, sustainable value for industry and society.

In 2020, our ongoing pursuit of cost savings across all facets of our operations through rapid technical and manufacturing innovation gained added urgency as the unfolding COVID-19 pandemic disrupted global markets. Although the pandemic made collaboration with partners and customers challenging, our focus on the fundamental tasks of bolstering the competitiveness and profitability of our product lineup continued uninterrupted during the year.

Looking ahead, we are accelerating development of high-performance chemicals and materials for the semiconductor, cold-chain logistics, tire, electronics, and environmental industries as we continue to deliver value-added products with outstanding performance and quality in every product category.

Patents Granted

Total
305

Korea	Rest of world
185	120

Patent Applications

Total
249

Korea	Rest of world
140	109

Urban Development



Subsidiary DCRE is leading the redevelopment of the site of our former Incheon plant. Officially named City Ociel, the project consists of 10 residential complexes located in Incheon's Yonghyeon-Hagik district. Approximately 13,000 residential units as well as commercial, retail, and cultural facilities are scheduled for completion through 2025.

In 2020, the evolving COVID-19 pandemic led to multiple delays in the apartment pre-sale schedule. Complex 3, the first to be offered for pre-sale, was offered in March 2021. Complex 1 pre-sales are scheduled to launch in the second quarter of the year.

SUSTAINABLE OVERVIEW

OCI has improved its management activities in order to gain a competitive advantage and grow into a sustainable company. From the development of differentiated high value-added future technologies to efficient support activities, we will increase the overall competitiveness of the management. We will continuously communicate with stakeholders, focus on major topics, and become a pioneer of the future.



13
Sustainable Value Chain

14
Stakeholder Engagement

15
Materiality Assessment

Sustainable Value Chain

INPUT

FINANCIAL

Assets	KRW 4,437.2 B
Liabilities	KRW 2,051.5 B
Shareholders' equity	KRW 2,385.7 B
No. of stocks issued	23,849,371 Shares

MANUFACTURED

No. of suppliers	861
Purchases from suppliers	KRW 752.4 B
Tangible assets	KRW 1,710.2 B

INTELLECTUAL

Intangible assets	KRW 40.3 B
R&D investment (as a % of sales)	KRW 22.6 B (1.2%)
No. of R&D personnel (% of total employees)	90 Persons (5.8%)

NATURAL

Energy consumption	20,042 TJ
Raw material use	1,222 KT
Water consumption	8,556 KT
Environmental investment	KRW 17.9 B

HUMAN RESOURCES

No. of employees	1,551 Persons
Total annual wages	KRW 117.3 B
Training hours	22,168 Hours
No. of new employees	41 Persons

SOCIAL&RELATIONSHIP

Volunteer hours	333 Hours
No. of volunteers	72 Persons
Total social contribution	KRW 393 M

BUSINESS ACTIVITIES

R&D

We are continuously conducting R&D in areas related to the company's business strategy with the goal of developing high value-added future technologies.

- Advancing R&D projects
- Identifying new business items

Procurement

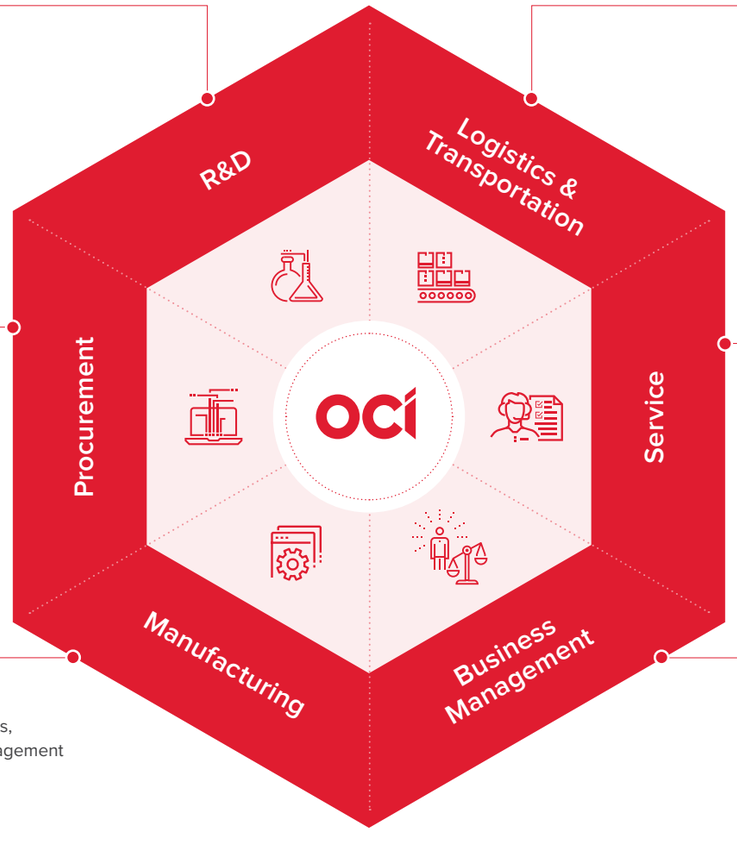
We are striving to strengthen monitoring of purchases through the establishment of an optimized purchasing process and by building relationships of mutual cooperation with our suppliers.

- Performing purchase monitoring
- Strengthening relationships of mutual cooperation

Manufacturing

In addition to securing cost competitiveness, we operate environmental and safety management systems that meet international standards.

- Securing cost competitiveness
- Securing manufacturing efficiency
- Obtaining environment/safety management system certification



Logistics & Transportation

We operate a TMS (Transportation Management System) in order to efficiently manage and review the logistics process to prevent risks that may arise in logistics and transportation.

- Developing and operating a TMS (Transportation Management System)
- Reviewing and managing logistics/ transportation risks

Service

We are maximizing customer satisfaction by preventing inconveniences after product sale.

- Operating a customer center
- Conducting stakeholder surveys

Business Management

We effectively utilize human and material resources to practice sustainability management in the areas of organizational culture, safety and the environment, human rights management, etc.

- Effectively utilizing internal resources
- Establishing a human rights policy

OUTPUT

FINANCIAL

Sales	KRW 2,002.5 B
Operating loss	KRW 86.1 B
Net loss	KRW 251.2 B

MANUFACTURED

Key production	1,128 KT
Operating hours ratio	5,148 Hours (65%)
Quality certifications	ISO 9001, IATF 16949, KS M 1112

INTELLECTUAL

No. of intellectual property rights	599
No. of government R&D projects	2

NATURAL

GHG emissions	1,223,537tCO_2-eq
Waste water treatment	2,212,234m^3
Water recycling rate	5.2%

HUMAN RESOURCES

Employment ratio of socially vulnerable persons*	4.6%
Female employees ratio	95 Persons (6.2%)
Average employee tenure	14.8 Years
Injury frequency rate	0.24%

* Disabled, Patriots and war veterans

SOCIAL&RELATIONSHIP

Corporate tax profit	KRW 16.1 B
Engagement with local communities and social contribution activities, including scholarships, support for elementary school lunches, etc.	
2020 Number of employees of OCI Dream (standardized workplace for the disabled)	33 Persons (18%↑ compared to 2019)

* OCI Dream

Stakeholder Engagement

Selection and Classification of Stakeholders

In our pursuit of sustainable management, we have identified shareholders and investors, customers, local communities, suppliers, the government, and employees as our six core stakeholder groups and are operating various communication channels in accordance with the major interests of each group. We will transparently provide correct information about our company by enhancing communication and exchange with our stakeholders and will strive to reflect their various opinions in our policies on sustainable management.

Engagement and Communication with Stakeholders

We have established communication channels for stakeholders to participate in management activities and disclose them transparently to the public. In addition, we have striven to provide reliable and transparent information to our core stakeholders (shareholders and investors, customers, communities, suppliers, the government, and employees) and are operating communication channels through which stakeholders can freely engage anytime, anywhere, regardless of any change in corporate management or the occurrence of a major event. We guarantee our stakeholders' right to know by providing timely information on the circumstances surrounding, key details of, and countermeasures for any change in corporate management or the occurrence of any major event that affects the company.

Stakeholder Groups	Expectations and Demands	Communication Channels	Responses from OCI
Shareholders & Investors	• Business portfolio diversification • Enhancement of financial stability	• General meeting of shareholders • Management disclosure and IR • Integrated Report	We have striven to improve value for shareholders and investors by expanding our business portfolio and generating greater profits, and have disclosed our corporate management information transparently through various channels.
Employees	• Improvement of the working environment • Fair performance evaluations • Guarantee of employment stability	• Labor-Management Council • Meetings by job seniority • Presentations on the current state of management	We have taken steps to help our employees conduct their duties in a comfortable environment by implementing a variety of educational programs aimed at improving competencies, establishing a system of fair performance evaluations, and guaranteeing job security.
Local Community	• Zero safety accidents in local communities • Promotion of local economies and social contributions	• Social contribution activities • Community councils • Scholarship/OCI Museum of Art	We have enhanced safety management at business sites in order to prevent the occurrence of safety accidents which affect local communities and have contributed to the development of those communities by operating customized social contribution programs.
Suppliers	• Mutual growth and improved cooperation • CSR management for suppliers	• Supplier workshops • Meetings with suppliers • E-procurement system	We have made various efforts towards sustainable development through mutual growth with our suppliers and are conducting monitoring to identify unfair practices and corruption among them.
Government	• Compliance with laws and regulations • Enhanced transparency in tax payment	• Participation in meetings with government agencies • Participation in government policy-making and investments	We comply with all laws and regulations of the government, have paid taxes faithfully through transparent accounting procedures, and are striving to prevent unfair practices and corruption in the company.
Customers	• Product quality and competitiveness • Sales of safe products	• Customer satisfaction survey • Face-to-face and non-face-to-face consultation channels • Sales/marketing activities	We have gathered the opinions of customers and applied their feedback to the development of products and services that care for the customers' health and safety.

Materiality Assessment

Materiality Assessment Overview and Process

We have conducted our materiality assessment through a comprehensive review of the interests of internal and external stakeholders and impacts on business in accordance with the reporting principles of the GRI (Global Reporting Initiative)—sustainability context, materiality, stakeholder engagement and completeness. Through an analysis of international standards, as well as benchmarking of leading companies, internal analysis, media research, and surveys of stakeholders, we have identified a pool of 32 major issues related to our sustainability management activities.

Analysis of International Standards
- Analysis of international standards (GRI Standards, UN SDGs, ISO26000, DJSI, SASB, etc.) and their evaluation criteria in relation to sustainability management

Benchmarking
- Analysis of topics and priorities included in the sustainability reports of 10 global companies in the chemical industry
- Analysis of current status of and trends in sustainability management of global companies

Internal Analysis
- Mid- and long-term business strategy and review of KPI
- Analysis of internal issues through business reports, business performance data, and business policies

Media Research
- Analysis of 1,129 articles related to economic, environmental and social issues impacting OCI
- Period: January - December, 2020

Identifying the Pool of **32** Issues

Validity Review of the Materiality Assessment

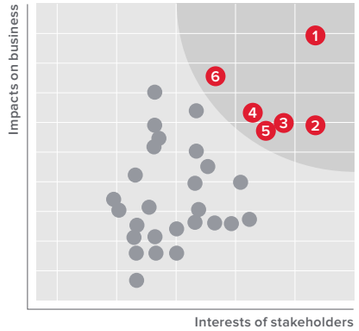
Based on the 32 major issues identified, we have quantified the ‘interests of stakeholders’ and ‘impacts on business’ and then prioritized the issues accordingly. We have assessed the interests of stakeholders by reviewing the validity of the effect of business ‘costs,’ ‘revenue,’ and ‘risk’ on stakeholders and the impact on business by taking into consideration the financial and non-financial effects of management activities and the connection of these to business policies. In the end, we identified six material issues through the materiality assessment.

Interests of Stakeholders
- Analysis of the effects of international standards and their evaluation criteria
- Analysis of the effects of media, reputation, etc.
- Review of the impact of issues on each stakeholder group

Impacts on Business
- Business strategies and KPI analysis
- Review of internal issues including business performance data and business policies
- Review of economic, social, and environmental importance through surveys of internal employees

Identification of the **6** Material Issues

Materiality Assessment Matrix



Material Issues

1	Increasing economic profits
2	Enhancing safety and health at business sites
3	Managing energy consumption and increasing energy efficiency
4	Reinforcing the system for managing the safety and health of employees
5	Strengthening R&D and improving innovation and competitiveness
6	Developing eco-friendly products and services

7	Establishing integrated risk management
8	Preventing accidents through chemical management
9	Expanding global business areas
10	Enhancing policies for mutual growth with the supply chain
11	Controlling pollutant emissions
12	Carrying out social contribution activities tailored to local communities
13	Stimulating corporate growth through business expansion
14	Enhancing financial soundness
15	Reducing and monitoring GHG (greenhouse gas) emissions
16	Responding to climate change
17	Complying with environmental laws and regulations
18	Developing and operating an SH&E management system
19	Creating an innovative work environment
20	Establishing labor-management relations based on trust and communication
21	Ensuring ethical corporate management and compliance with regulation
22	Developing products that take into account the safety and health of customers
23	Preventing unfair practices and corruption
24	Promoting human rights and diversity among employees
25	Protecting biodiversity
26	Obtaining top talent through job creation
27	Managing water consumption and minimizing wastewater discharge
28	Securing soundness in the composition of the Board of Directors
29	Developing employees and ensuring fair evaluations
30	Managing risks and assessing sustainability of suppliers
31	Improving information security and cybersecurity
32	Transparently disclosing the remuneration of members of the Board of Directors

Selected Material Topics

NO.	Material Issue	Material Topic	GRI Topic	Page
1	Increasing economic profits	Discovery of core businesses of the future	Economic performance (201)	17p
5	Strengthening R&D and improving innovation and competitiveness			
2	Enhancing safety and health at business sites	Fostering a safety culture	Occupational health and safety (403)	18p
4	Reinforcing the system for managing the safety and health of employees			
3	Managing energy consumption and increasing energy efficiency	Eco-friendly management	Energy (302) Materials (301)	19p
6	Developing eco-friendly products and services			

MATERIAL HIGHLIGHTS

OCI has kept pace with the time trends in order to take the lead in the future initiatives. We are focusing on our core business models and development of high value-added product, and strengthening the safety and health management system of employees by establishing a safety and health management system. OCI will fulfill its corporate social responsibility and dedicate for the better future by establishing an eco-friendly management system that has become a new paradigm of management.



17
Main Issue - 1
Discovery of core businesses of the future

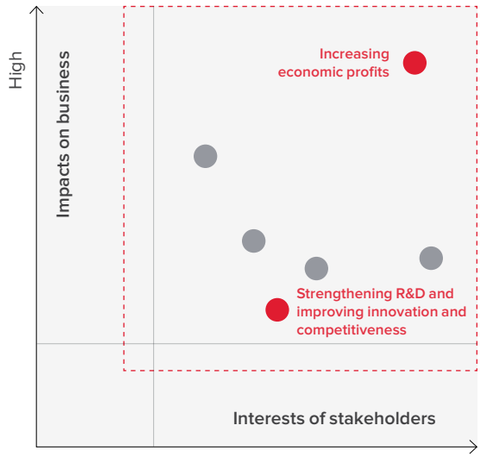
18
Main Issue - 2
Fostering a safety culture

19
Main Issue - 3
Eco-friendly management

MAIN ISSUE - 1

Discovery of Core Businesses of the Future

Background for Selection of the Issue



Importance of the Issue

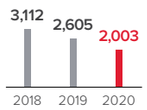
To identify sustainable core businesses of the future, we must discover and expand new businesses and secure competitiveness through ceaseless efforts in R&D. While concentrating on the development of technology-intensive high value-added products and core businesses, we have generated more profits by diversifying overseas businesses based on our local and overseas business competitiveness. In addition, we have secured business competitiveness through continuous investment in R&D in promising industrial technologies and process innovations for existing plants.

Impact of the Issue

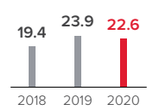
Material Issues	Impact Assessment		
	Costs	Revenue	Risk
Increasing economic profits	•		
Strengthening R&D and improving innovation and competitiveness		•	

Key Indicators

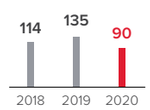
Total sales by business segment
KRW billion



R&D investment
KRW billion



R&D personnel



What we have done

- Improved business competitiveness, such as by expanding production capacity of polysilicon
- Discovered high value-added businesses and promoted investment in bio-businesses
- Stimulated R&D in industrial technologies

Future Plans and Objectives

- Expand polysilicon business for semiconductors
- Improve competitiveness as a foundation for international business
- Secure key R&D personnel and technologies

Our Innovation Activities

We have been promoting business diversification through innovation activities. In order to compete against China's low-cost, solar-grade polysilicon and to expand our portfolio of high value-added businesses, we have taken a two-track approach: OCIM Sdn. Bhd., our subsidiary in Malaysia, has concentrated on the production of solar-grade polysilicon and our plant in Gunsan has focused on the production of electronic-grade polysilicon. Our Gunsan plant has only manufactured semiconductor materials in small amounts on a trial basis in the past, but we have changed production facilities and will now produce semiconductor materials in the entire line of the plant for the first time. Our production of high-quality electronic-grade polysilicon has stabilized thanks to continuous efforts to adjust yields, and our objective is to sell about 5,000 tons of the material by 2022.

Development of a New Transportation System

The spread of COVID-19 has affirmed the importance of cold chains, the frozen and refrigerated supply chains used in transporting vaccines and bio-pharmaceuticals, leading to growth in the market for insulated transport containers. In line with this trend, we have utilized fumed silica, which we manufacture in-house, to produce EVERVAC, an eco-friendly vacuum insulation material that is harmless to people. ENERVAC's insulation performance is eight times higher than that of existing materials such as extruded polystyrene foam, and containers using ENERVAC can maintain their internal temperature for a long time. We have developed unique technology for PCM (Phase Change Material) and plan to engage in various businesses by utilizing this technology alongside ENERVAC.


Highly-Insulated Containers

The expansion of OCI's business areas

Increased Investment in Biopharmaceuticals

We continued making effort in existing business segments to secure our rights and utilize our right reserved efficiently. In November 2020, we made additional investment of USD 1.3 million (about KRW 1.46 billion) in Nucleix following by USD 770 thousand to secure board seat. Nucleix is a bio-venture company which is developing liquid-biopsy technologies called Epi-check, a blood assay for early detection of lung and bladder cancer. Also in February 2021, we invested additional USD 770K (about KRW 868 million) in Adicet Bio, a company that is specialized in allogeneic gamma delta T cell therapies for cancer and other diseases. We intend to improve our capacity for investment in essential biopharmaceuticals and secure our global competitiveness through strategic investments.

Strengthened Capacity for R&D

The OCI R&D Center has developed core technologies related to our business sites and segments, encompassing chemical products and renewables, and has nurtured experts in each field by further advancing R&D projects. We have secured original technology for the manufacture of polysilicon, a base material for the solar PV industry, established a foundation for our renewables business, and striven to improve our core technologies by expanding into the energy sector. Since 2020, we have been conducting research into the development of material technologies for high-performance tires in line with the government policy of fine dust reduction. In addition to these R&D efforts, we intend to practice eco-friendly management as a green company. We plan to develop new products and secure product competitiveness by acquiring technological resources and expanding our analytical capacity.

Launch of a Joint Venture for Manufacturing High-Purity Hydrogen Peroxide

In July 2020, in response to an increase in demand for the high-purity hydrogen peroxide used in the production of electronic devices and semiconductors, we officially launched a joint-venture with POSCO Chemical, called P&O Chemical, to manufacture high purity-hydrogen peroxide. As a result of this joint-venture, we are now planning to build a new plant near the OCI Gwangyang Plant to manufacture hydrogen peroxide, with an annual capacity of 50,000 tons on an area of 42,000 m^2, and to start commercial production from 2022. Through this joint-venture, we intend to earnestly expand our business into general chemistry by enhancing our portfolio of materials.

QMS Management

All of our business sites in Korea have obtained and maintained ISO 9001 (Quality Management System), ensuring global quality management systems. We intend to become a future-leading company with top products and services provided through quality management.

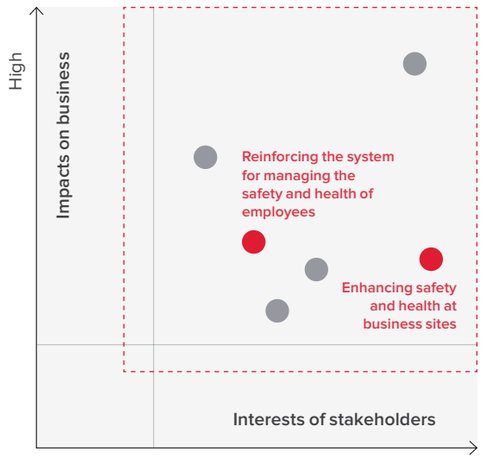
QMS Certification by Business Site

Site	QMS Certification
HQ	ISO 9001, IATF 16949
Gunsan	ISO 9001, IATF 16949
Pohang	ISO 9001, IATF 16949
Gwangyang	ISO 9001, IATF 16949
Iksan	ISO 9001, KS M 1112
Iksan VIP	ISO 9001

MAIN ISSUE - 2

Fostering a Safety Culture

Background for Selection of the Issue



Importance of the Issue

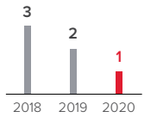
Regulations on corporate safety and health have been tightened in accordance with the comprehensively revised Occupational Safety and Health Act and the enactment of the Serious Accidents Act. Ensuring the safety of our employees and managing the working environment at our business sites are key factors behind overall corporate management process and are material issues that help improve the corporate reputation. We have established a safety and health management system to continue to reinforce the safety and health management of our business sites and employees, thereby fulfilling our social responsibilities.

Impact of the Issue

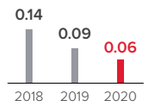
Material Issues	Impact Assessment		
	Costs	Revenue	Risk
Enhancing safety and health at business sites	•		•
Reinforcing the system for managing the safety and health of employees		•	

Key Indicators

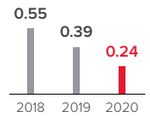
Occupational injury cases



Occupational injury rate



Injury frequency rate



What we have done

- Promoted the SAFETY 2020 Project
- Reflected the revised Occupational Safety and Health Act
- Conducted activities to prevent COVID-19 infections

Future Plans and Objectives

- Establish and manage a computer system for safety and health
- Reinforce and supporting the safety management of suppliers
- Operate a task force for the prevention of fatal accidents

Reinforcing the Safety and Health System

For our occupational safety and health management system, we have established the SH&E Department, which is the directly under the CEO, and created and operated safety objectives and business policies to make our business sites safe. We have established and implemented plans to remedy deficiencies based on the results of not only our own safety inspections but also external safety inspections, and have identified and improved the effectiveness of these plans. In addition, we have established and implemented key tasks for SAFETY 2020 and we plan to increase our investment related to safety and health by about 21% year-on-year in 2021. Moreover, we plan to systematize the handling of all information related to safety and health management and thereby prevent missing work duties by building a company-wide platform for safety and health management.

Eight Key Tasks

System	People
• Complying with safety rules • Innovating work process management • Improving the environmental safety evaluation system • Re-initiating risk assessments	• Demonstrating leadership • Raising safety awareness • Strengthening safety training • Promoting individual health

On-Site Safety Management

We have established the 'OCI Safety Golden Rule,' our fundamental safety principle for accident prevention. Employees need to chant the Safety Golden Rule before work and various meetings and keep in mind that the Rule is our top priority. In addition, we have selected PPE (personal protective equipment) appropriate to each type of work/material in accordance with the characteristics of each site, provided the equipment to workers, and monitored whether the equipment was used properly. We have reinforced our safety training to make sure that all employees of our suppliers comply with the OCI Safety Golden Rule and intend to strengthen our safety management by taking into consideration the evaluated safety level of a potential supplier when signing a contract with that supplier.

OCI Safety Golden Rule

1. Put on personal protective equipment to protect against possible leaks before opening or starting work on any facility.
2. Do not commence work without a work permit.
3. Do not work on electrical/rotating devices before disconnecting the power.
4. Make sure to measure toxic gas/oxygen concentration levels before starting work in a confined area.
5. Connect safety hooks before starting work in a high place.
6. Do not put your hands in your pockets or use mobile phone while walking.
7. Do not condone the violation of safety rules or work processes.

Compliance with the Occupational Safety and Health Act

The Occupational Safety and Health Act, which was comprehensively revised on January 26, 2020, required us to establish systematic procedures for compliance with the Act. In order to abide by the amended provisions without omission, the SH&E Department took the lead in drawing up the Checklist for the Occupational Health and Safety Act. We have distributed the Checklist to each business site/department to allow them to conduct self-inspections and will periodically update and manage the Checklist pursuant to any amendment to the Act.

Activities to Prevent COVID-19 Infections

The ongoing COVID-19 pandemic has caused us to develop internal response guidelines for pandemic control and to carry out activities to prevent COVID-19 infections that are in line with each social distancing phase announced by the government. Various education programs and face-to-face meetings have now switched over to non-contact video meetings and, in order to minimize contact between employees, we have promoted rotational telecommuting and distribution of work in line with each of the government's social distancing phases. In addition, thermal imaging cameras have been installed at the entrance to each site as well as the HQ to perform temperature checks of all persons entering the building, thereby impeding the spread of the virus.

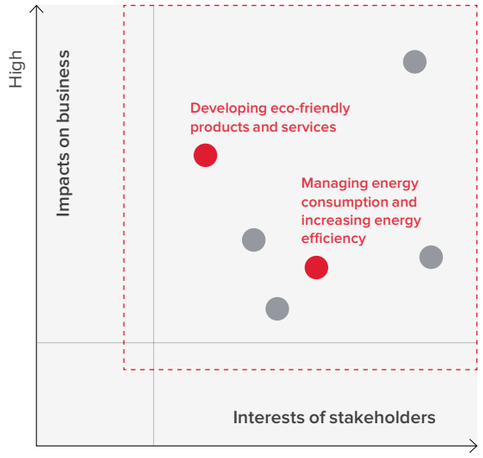
Safety and Health Management System Certification by Business Site

Site	Safety and Health Management Certification	Validity Period
Gunsan	ISO 45001	2020.11.20 ~ 2021.11.7
Pohang	KOSHA 18001	2019.5.10 ~ 2022.5.9
Gwangyang	ISO 45001	2020.11.20 ~ 2021.11.7
Iksan	KOSHA 18001	2020.7.20 ~ 2022.6.30
Percentage of sites with Safety and Health Management Certification : 80%		

MAIN ISSUE - 3

Eco-Friendly Management

Background for Selection of the Issue



Importance of the Issue

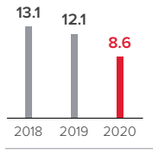
Eco-friendly management has become a new paradigm for corporate management as the government pushes ahead with the Korean New Deal, a massive national project. Accordingly, eco-friendly management, such as the promotion of renewables businesses and the development of eco-friendly products, has emerged as a core business element. In line with this global trend, we have promoted various eco-friendly businesses, and have established and are operating an eco-friendly management system.

Impact of the Issue

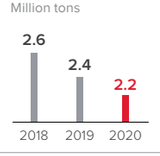
Material Issues	Impact Assessment		
	Costs	Revenue	Risk
Managing energy consumption and increasing energy efficiency		•	
Developing eco-friendly products and services	•		

Key Indicators

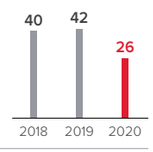
Water consumption
Million tons



Wastewater discharge
Million tons



Waste generation
Thousand tons



What we have done

- Promoted activities to reduce fine dust
- Obtained licenses for sites subject to the regulation on the permissible quantity of emissions
- Upgraded facilities that handle hazardous chemicals

Future Plans and Objectives

- Foster an eco-friendly business environment
- Register chemicals imported or manufactured in quantities above 1,000 tons
- Installation more smokestack TMSs (Tele-Monitoring Systems)

Fostering Eco-Friendliness On-Site

We intend to foster eco-friendliness in our corporate culture by helping eco-friendly management take root and by raising awareness of its importance throughout the company. For this purpose, we have made our sites eco-friendlier through environmental impact management and improvements in energy efficiency. In addition, we have continued our efforts to minimize our environmental impact on areas surrounding our plants by setting stricter environmental objectives than legal standards and by tightening our control over the discharge of pollutants.

Energy Saving Activities

We have promoted various energy saving activities to reduce energy consumption during our business activities. We have set energy saving objectives for each business site and then performed our business activities in accordance with these objectives, thereby achieving encouraging results in energy saving.

Energy Saving Activities by Business Site

Gunsan

Increased energy efficiency
We have maximized energy efficiency by optimizing the operation recipe of P1 CVD (Chemical Vapor Deposition) reactors to minimize power consumption.

Pohang

Increased energy efficiency
We have improved efficiency in energy consumption by increasing yield through improvement of air pre-heating system for boiler combustion and optimization of combustion operation for carbon black.

Gwangyang

Increased steam generation by installing waste heat boilers
We installed waste heat boilers in the exhaust piping system used to emit the gas generated from carbon factory, and this led to increased power generation through increased steam volume and enhanced energy efficiency.

Iksan

Reduced power consumption by installing high-efficiency equipment
We replaced the existing low-efficiency freezers with high-efficiency ones, resulting in improved freezing capacity and power savings.

Energy Savings

Category	Unit	2018	2019	2020
Direct energy savings	TJ	10	42	12
Indirect energy savings	TJ	8,206	8,377	1,487

Energy Intensity

Category	Unit	2018	2019	2020
Direct energy intensity	TJ/KRW billion	3.0	3.2	3.7
Indirect energy intensity	TJ/KRW billion	9.9	11.3	6.3

Eco-Friendly R&D

We have promoted a demonstration project for battery reuse involving recycled electric vehicle batteries and solar PV plants. This demonstration project, a collaboration with Hyundai Motor Group, connects an ESS (energy storage system) which reuses batteries retrieved from electric vehicles with solar PV plants. We have expected that this project will facilitate the promotion of our ESS supply business, which reuses the largest scale 3GWh electric vehicle batteries. We will continue our efforts for eco-friendly R&D by leading various technology developments, signing technology development agreements, and preparing ourselves for strategic business promotion.

ESS Cube at Gongju Solar PV Plant



OCI launches ESS with Hyundai Motor Group

Operation of Eco-Friendly Business Sites

All of our business sites have acquired and maintained ISO 14001 certification, a family of international standards related to EMSs (Environmental Management Systems), ensuring that environmental management is performed systemically. In order to maintain the certification, we have carried out environmental management activities that conform to international standards, such as legal compliance and performance improvements.

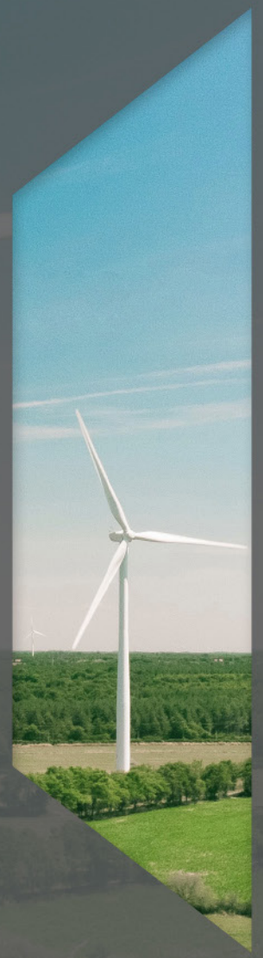
Environmental Management System Certification

Site	EMS Certification	Validity Period
Gunsan	ISO 14001	2020.11.01 ~ 2023.10.31
Pohang	ISO 14001	2020.11.01 ~ 2023.10.31
Gwangyang	ISO 14001	2020.11.01 ~ 2023.10.31
Iksan	ISO 14001	2020.11.01 ~ 2023.10.31
Percentage of sites with ISO 14001 certification : 80%		

ESG TOPICS

OCI has committed to corporate social responsibility for sustainable development. OCI has been included in the DJSI Korea Index for 12 consecutive years and recognized as the one of the best companies in terms of ESG compliance. We will continue to operate with differentiated ESG competitiveness and initiate a movement for sustainable future.

OCI listed on 2020 DJSI Korea for 12 consecutive years



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Environment

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Response to Climate Change

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Environmental Management

Global Green Enterprise OCI

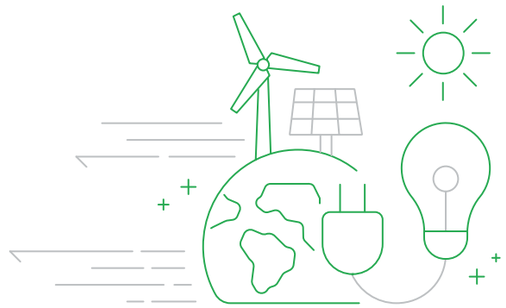
OCI has opened up the future by proactively responding to climate change. We put utmost priority on the environment for the next generation and fulfill our social responsibilities by implementing eco-friendly and global environmental management strategies. OCI will continuously adhere to the environmental principles and create a sustainable future.

2020 DJSI Korea Index	Included for **12**	**consecutive years**
Response to climate change	**GHG**	**Master Plan establishment**
KCGS ESG Evaluation 2020	**Environmental Rating** **A**	(ESG Integrated Rating: A)



ENVIRONMENT

Response to Climate Change



GHG Master Plan

We have established and administered the 'GHG (greenhouse gas) Master Plan' to preemptively respond to climate change. In order to adapt to the emissions trading scheme which has been in force since 2015, we have developed internal standards and made efforts to discover external projects for GHG reductions. In addition, we have sought additional methods for applying GHG reduction technologies to our production processes.

STEP	Emissions trading scheme First planning period	Emissions trading scheme Second planning period	Emissions trading scheme Third planning period
Reduction Targets	• Achieving the government's allocation target • Discovering offset credits in Korea • Devising internal standards for emissions trading	• Achieving the government's allocation target • Discovering offset credit at home and abroad	• Exceeding the government's allocation target • Reducing emissions by product
Reduction Strategies	• Establishing strategies to prepare for emissions trading systems • Discovering factors for GHG reductions • Implementing reduction targets by business site • Researching measures for applying reduction technology • Establishing GHG monitoring systems	• Project to acquire emissions offsets • Discovering new technology application processes • Implementing reduction targets by site • Applying and developing new technologies • Devising standards for calculating GHG emissions	• Discovering technologies and facilities that can reduce greenhouse gas emissions • Analyzing the GHG impact of new projects • Achieving additional reductions by participating in domestic and foreign external reduction projects

OCI TCFD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The FSB (Financial Stability Board) is an international financial organization. It has established the TCFD (Task Force on Climate-related Financial Disclosure) to disclose financial information related to climate change, and it also proposes recommendations related to the climate crisis. In order to actively engage in global trends in our response to climate change, we are striving to follow the recommendations of the TCFD.

	TCFD Guidelines
Governance Organizational governance of climate change risks and opportunities	a) Oversight of the Board of Directors on climate-related risks and opportunities b) Management and evaluation of climate-related risks and opportunities
Management strategy Real and potential impacts of climate change risks and opportunities on organizational business, strategy and financial planning	a) Identification of short-term, medium-term, and long-term climate risks and opportunities b) Impact of climate risks and opportunities on organizational management, strategy and financial planning c) Recovery elasticity of organizational strategies under climate-related scenarios
Risk management Processes used by enterprises to identify, assess and manage climate change risks	a) Organizational processes to assess and identify climate-related risks b) Integration of organizational processes to manage climate-related risks c) Integration of risk management and climate-related risk management processes across the organization
Indicators and Reduction Targets Indicators and reduction targets used to evaluate and manage risks and opportunities related to climate change	a) Disclosure of indicators used to assess and manage risks and opportunities related to climate change b) Risk associated with greenhouse gas emissions (Scope 1, 2, 3) c) Climate-related risks, opportunities, and performance-to-goal indicators

ENVIRONMENT

Response to Climate Change

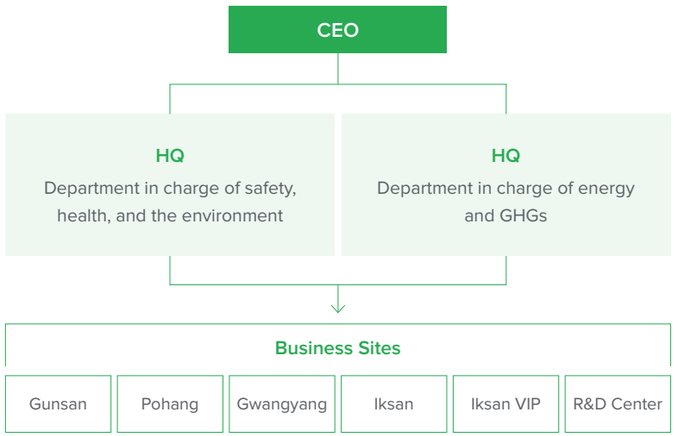
Responses from OCI

Governance

The Role of Executives

We strive to respond to climate change by building an organization dedicated to SH&E (Safety, Health, and the Environment) management under the CEO and conducting SH&E meetings on a regular basis. Our climate change response activities are directly linked to GHG reductions, energy saving activities, and new energy projects. Major issues related to our climate change response are reported to the Executives and these Executives make decisions on the issues.

SH&E Management Organizational Chart



Business Strategies

Strategies for Responding to Climate Change

To respond to climate change, we have established the GHG Master Plan and are conducting GHG reduction activities. In 2015, we were designated as an emissions trading company in Korea. Since then, we have carried out various activities to reduce GHG emissions, such as using by-product gas, reducing incinerator loads, and optimizing operating conditions. In addition, we are monitoring GHG emissions and energy consumption at each business site.

Major Risks and Opportunity Factors

The chemical and energy sectors to which we belong to are energy-intensive and there is huge pressure to reduce GHG emissions. In addition, regulations and abnormal weather conditions caused by climate change have brought about some changes in the physical environment and there is a possibility of technical risks caused by those changes. Such risk factors are expected to grow gradually. We have established our strategy for reducing GHG emissions, and have identified effective management performance and increased eco-friendly investment as opportunity factors.

Risk Management

We categorize the risks related to climate change as one of our key risk areas and have established countermeasures to deal with these risks by analyzing their impact on management activities. In addition, with the establishment of our SH&E management system, we are able to monitor environmental indicators and environmental impacts on a regular basis. Our SH&E management organization has set and implemented detailed strategic tasks in order to identify and achieve GHG reduction objectives.

Risk Response Process



Setting Indicators and Objectives

GHG Reduction Targets

We have established GHG reduction targets that apply to the entire company, such as reduced incinerator loads, the use of by-product gas, and reduced consumption of both fuel and raw materials through waste heat recovery, and developed detailed strategies for each reduction target as our way of carrying out GHG reduction activities.

GHG Reductions Performance

Category	Unit	2018	2019	2020
Scope 1	tCO_2-eq	2,661	3,410	1,297
Scope 2	tCO_2-eq	435,679	439,506	78,373

GHG Emissions

Category	Unit	2018	2019	2020*
Scope 1	tCO_2-eq	709,560	636,911	584,137
Scope 2	tCO_2-eq	1,552,553	1,479,380	639,400

* Indirect GHG emissions have been reduced due to the suspension of operation of polysilicon P2 and 3 plants

GHG Intensity

Category	Unit	2018	2019	2020
Scope 1	tCO_2-eq/KRW billion	288.0	244.6	291.6
Scope 2	tCO_2-eq/KRW billion	498.9	567.8	319.2

ENVIRONMENT

Environmental Management

Environmental Management Promotion System

Global Environmental Management

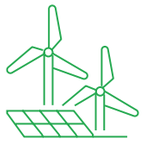
Strategy



Response to Climate Change
Management of Hazardous Chemicals
Waste Management



SH&E Management



Eco-Friendly Business Sites

Goals	Global Standard	Climate Change	Pollution Prevention	Waste Reduction
Key Tasks	• Maintain environmental certifications (i.e., ISO 14001)	• 2025 GHG Master Plan • Save energy and reduce greenhouse gas emissions at each business site	• Minimize soil, water and air pollutants • Reduce pollutants at each business site	• Conduct a waste reduction and resource recycling campaign

SH&E Management

We had our SH&E management system certified by external organizations and have operated the system since. We comply with all laws, regulations, and other requirements, and are thereby striving to practice environmental management at a global level. We have improved the level of our SH&E management by evaluating factors impacting the environmental through environmental impact assessments, and are developing and upgrading measures for environmental impacts that need to be managed.

Principles Behind SH&E

PRIORITY	POSITIVE	PARTNERSHIP
Prioritizing SH&E over all other activities, minimizing the discharge of pollutants by complying with laws, regulations, and other requirements, and preventing occupational injuries and health problems	Improving the SH&E management system continuously with a positive and voluntary attitude	Gaining the trust of society, maintaining an honest partnership with stakeholders through ongoing dialogue, and promoting SH&E activities through consultation with and the participation of all employees

Establishment of the Chemical Management System

In response to tightened laws and regulations related to chemical management, we introduced and the CMS (Chemical Management System) in June 2019 and have been operating it since. The CMS integrates all the systems involved in the purchase and management of a total of 15,500 chemicals by computerizing the entire process for each chemical, from purchase to use and disposal. In the past, the department in charge of purchasing chemicals was separate from the one in charge of managing them, making integrated chemical management difficult. However, the adoption of the CMS has enabled us to purchase and manage chemicals simultaneously, improving both safety and efficiency. In the future, we will preemptively respond to laws and regulations related to chemicals through our CMS.

Management of Hazardous Chemicals

Warehousing	Storage	Shipment
• Pre-evaluate the safety of hazardous materials • Select appropriate spaces for storage • Train employees who handle hazardous materials	• Inspect hazardous chemical storage facilities on a regular basis • Install leak detectors and safeguards • Form and train emergency response teams for fires, explosions, leaks, etc.	• Develop and operate a TMS (Transportation Management System) • Conduct daily inspections and driver training • Practice emergency drills through accident simulations (with logistics companies)

ENVIRONMENT

Environmental Management

Environmental Impact Management

BUSINESS CASE

Promoting Fine Dust Reduction Projects

The government has tightened regulations on fine dust pursuant to the Special Act on the Reduction and Management of Fine Dust, enacted in February 2019, and the Special Act on the Improvement of Air Quality in Air Control Zones. We signed the 'Voluntary Agreement on the Reduction of Fine Dust during Seasons with High Concentrations of Fine Dust' with the Ministry of Environment in December 2019 to promote 'activities to handle fine dust on a seasonal basis.' And we obtained a license as a 'business operator under the total controlled volume of air pollutants' in November 2020 and plan to gradually reduce air pollutants by December 2024.





CB Environmental Facilities at the Gwangyang Plant

Water Resource Management

We have striven to reduce water consumption and wastewater discharge as a way of practicing environmental management and have undertaken activities to increase wastewater reclamation. In 2020, we used a total of 8,556,021 tons of water and reused a total of 446,993 tons of water. Moreover, in order to minimize the impact of wastewater on the environment, we are treating wastewater in our own wastewater treatment facilities or through the entrustment of companies duly authorized to treat wastewater.

Water Consumption

Category	Unit	2018	2019	2020
Total water consumption	Ton	13,118,402	12,084,985	8,556,021

Water Reuse

Category	Unit	2018	2019	2020
Total water reuse	Ton	601,435	640,604	446,993

Waste Management

We have separated the waste generated during business activities into ordinary waste and designated waste, managed each type according to the Waste Control Act and entrusted waste disposal to companies duly authorized to dispose of it. Each of our business units has conducted various activities to reduce waste and to facilitate waste-to-energy transformation.

Waste Generation

Category	Unit	2018	2019	2020
Total waste generated	Ton	40,159	42,098	26,042

Percentage of Waste Recycled*

Category	Unit	2018	2019	2020
Percentage of waste recycled	%	59.1	47.7	51.6

* Including data from Gunsan, Pohang, Gwangyang, and Iksan

Activities to Prevent Chemical Accidents

We operate a designated facility inspection team to monitor facilities that use hazardous chemicals. In addition, we have striven to prevent any chemical accident from occurring by inspecting facilities at all business sites on a regular basis and providing safety training programs to the personnel handling hazardous chemicals. All chemicals used at business sites are meticulously managed in accordance with legal standards for the use, storage, and disposal of chemicals.

Activities in Response to Regulations on Chemicals

Regulations on the management of chemicals have been tightened, as seen in the Act on the Registration, Evaluation, etc., of Chemicals, the Chemical Substances Control Act, and the Act on Safety Management of Household Chemical Products and Biocides. We proceed with the registration and approval of chemicals within the registration and approval period pursuant to the relevant laws and regulations as a proactive response to the regulations on chemicals, and have improved our facilities to meet the standards for handling chemicals pursuant to the Chemical Substances Control Act.

Control of Air Pollutant Emissions

We have measured and controlled emissions of NOx, SOx, and TSP at business sites with smokestack tele-monitoring systems. In addition, we have installed and operated new air pollution reduction facilities to reduce air pollutants and have replaced existing fuels at heating facilities and catalysts at the reduction facilities with eco-friendly products to reduce emissions of NOx, which is known to be a constituent of fine dust. We will strive to reduce emissions of air pollutants by improving reduction facilities and equipment operation methods.

Social

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Talent Management

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Supply Chain Management

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Value Creation for
Local Communities



Sharing Society, Together OCI

OCI strives internally and externally to innovate organizational culture, practice talent management, and strive mutual growth and win-win cooperation with suppliers. In 2020, we shared our hopes throughout the community as the society is going through a hard time due to COVID-19 pandemic. OCI will continue to fulfill our corporate social responsibility and work towards creating a brighter future of local communities.

Mutual cooperation with suppliers 2020 Purchase status
861 suppliers
89% domestic
11% overseas

COVID-19 supports Delivery of hopes
Sharing for the 150 households in Pohang

KCGS ESG Evaluation 2020
Social Rating A+ (ESG Integrated Rating: A)

SOCIAL

Talent Management



Hiring and Nurturing Professional Talent

Hiring Talent

In response to the COVID-19 pandemic, we adopted non-contact methods throughout the entire hiring process, including non-contact counseling for applicants, in 2020. In addition to doing job interviews by video, we also conducted job-oriented screening for applicants, such as presentations and essays, online to secure the applicants' safety while striving to hire qualified personnel. Moreover, we have expanded the application of AI interviews and improved our personality test for hiring new employees suited to our company, thereby giving more opportunities to applicants and achieving fairness in employment. We have also made efforts to guarantee job security for socially vulnerable persons by hiring patriots and veterans and conducting public recruitment of specialized vocational high school students.

New Employees in 2020

Category		Unit	No. of Employees
Total number of new employees		Persons	41
By employment type	Regular		24
	Non-regular		17
By age	Less than 30		9
	Between 30 and 50		25
	More than 50		7
By gender	Male		29
	Female		12

Cultivating Global Talent

We provide learning support programs, such as foreign language courses and courses for employees dispatched overseas, to cultivate global talents. In particular, as face-to-face courses became unavailable due to COVID-19, we replaced all foreign language courses with online video telephone English courses and created an environment where all employees can attend classes via our Mobile-Learning Program. For employees dispatched overseas, we support them in adapting to local conditions through intensive online video telephone English courses, cross-cultural diagnosis and learning programs.

Status of Employee Training

Category	Unit	2018	2019	2020
Average training time per employee	Hours	18	19	14

Fair Performance Evaluation and Compensation

We evaluate employee performance fairly and provide reasonable compensation according to job contributions, thereby promoting performance. We carry out organized objective management by setting objectives at the beginning of each year, and conducting mid-year audits and year-end evaluations, and manage the performance of each employee by providing detailed guidelines for each performance area at the objective-setting stage. If an employee wants to dispute his/her evaluation results, he/she can apply for a re-evaluation by filing a complaint regarding the results.

Developing Employee Competencies

We have provided various learning opportunities* for our employees in order to foster talent with international competitiveness.

* Types of courses: Accounting, business strategies, marketing, sales, production management, etc.

Nurturing New Employees

Our non-contact introductory courses for new employees helped them learn the essentials about our company, and our OJT (On-the-Job Training) and work improvement projects assisted them in improving their job competencies. One year after being assigned to a position, new employees participate in a workshop which supports their successful adaptation and encourages them to develop themselves. In 2020, we held a real-time workshop via video conferencing due to COVID-19.

Developing Job-Specific Competencies

We help our employees enhance their job-specific competencies through training courses tailored to the competencies for each position. Under the flexible work schedules due to COVID-19, we have carried out non-contact on-the-job training for employees at the HQ and business sites by using videoconferencing tools.

Talent Development Systems for Each Position

	Associate·Associate Researcher	Senior Associate·Researcher	Manager·Senior Researcher	Team Manager·Principal Researcher	Executive
FUNDAMENTAL COURSE	Junior Leader Essential Course I & II		Manager Essential Course	New Team Manager Orientation Course	New Executive Orientation Course
	Workshop for First Years & OJT	Senior Associate Advanced Course	Manager Advanced Course	Team Manager Workshop	Executive Workshop
	Onboarding Program for New Professionals				
FUNCTIONAL COURSE	Accounting Job Training				
			OCI MBA		Executive Program (Domestic/Overseas)
	Engineer Job Training				
	Job Training (External & Mobile Courses)				
GLOBAL COURSE		Overseas Assignment Program			
	Video Foreign-Language Courses (English, Chinese)				
	Mobile-Learning Program				

SOCIAL

Talent Management



Innovation in Organizational Culture

Enhancing Human Resources Management

We have taken strides to ensure that our employees can unleash their full potential and receive fair compensation based on their performance by developing various policies encompassing human resources management and labor-management cooperation. In addition, we hope to increase employee satisfaction by creating a pleasant working environment that promotes health and wellbeing and by leading innovation for a fairer and more equal organizational culture.

Enhancing Organizational Communication

We have developed and executed plans to improve our organizational culture in various fields. In 2020, we held a Townhall Meeting, an non-contact communication channel between the CEO and employees, to give employees an opportunity to share their ideas about where the company should be headed with the CEO. In addition, we held coaching sessions for the leaders of certain organizations as part of our organizational revitalization to facilitate communication between employees, coordinate their work, and help establish operational rules.

Creating a Good Working Environment

Due to the government's 40-hour work week policy and COVID-19, we have implemented telecommuting and distributed work for disease control and safety, and have provided telecommuting guidelines to help employees working from home improve their work efficiency. In addition, we have carried out our first and second campaigns for mutual respect to foster an atmosphere where employees work together while respecting each other. We have also made efforts to enhance employee health and wellbeing with our various employee benefits.

Employee Benefits

Category	Details
Housing and livelihood stabilization	• Providing dormitories • Supporting housing loans and emergency cash loans • Providing homecoming subsidies and operating commuter buses • Providing educational expenses • Operating workplace daycare centers • Joining retirement pension plans
Medical and health promotion	• Joining group insurance plans • Offering medical check-up and employee assistance programs
Work-family balance and self-development	• Operating summer resorts and providing vacation expenses • Providing subsidies for self-development • Supporting in-house clubs • Adopting flexible work schedules
Compensation	• Rewarding long-term employees • Rewarding excellent and exemplary employees • Operating selective welfare systems

Respecting Employee Diversity

We respect the diversity of our employees and do not discriminate on the grounds of age, gender, race, country of origin, etc., when it comes to work processes such as employment, job performance, and promotion. In addition, we have hired socially vulnerable persons, such as the disabled, patriots, and veterans, every year.

Employee Diversity

Category		Unit	2018	2019	2020
Total no. of employees		Persons	2,251	2,234	1,551
Female employees	No. of female employees	Persons	120	123	97
	Ratio of female employees to total employees	%	5.3	5.5	6.2
By age	Under 30	%	6.7	6.5	6.4
	Between 30 and 50	%	74.0	71.7	70.6
	Over 50	%	19.3	21.8	23
Socially vulnerable persons	Disabled persons	%	1.1	1.3	1.1
	Patriots and veterans	%	3.2	3.2	3.4

Adopting Flexible Work Schedules

We have adopted various flexible work schedules, such as selective working hours, discretionary working hours, flexible working hours, and flex-time working hours, to help employees achieve work-family balance and improve work productivity. In particular, we adopted telecommuting and distributed work in 2020 in response to COVID-19, thereby helping to prevent the spread of COVID-19 and protecting the health of employees and their families.

Operating a Retirement Pension Plan

We have implemented a retirement pension plan to alleviate financial burdens on employees. As of December 31, 2020, the value of the DB (Defined Benefit) liabilities was KRW 158.7 billion, while expenditures for the DC (Defined Contribution) plan totaled KRW 2.0 billion on a consolidated basis.

Reinforcing Win-Win Labor-Management Cooperation

We have been holding labor-management councils on a regular basis to reinforce a sound labor-management relationship. During the councils, we share business conditions and performance and consult with each other on major agenda items such as employee benefits and improvements to working conditions. According to labor-management council rules, any important management-related changes are promptly communicated to employees. We have also been holding labor-management workshops on a regular basis to encourage harmony between labor and management and build mutual understanding and trust.

Operating an Employee Assistance Program

We have adopted and are operating our Employee Assistance Program in collaboration with external expert organizations in order to help employees redress their various grievances, thereby promoting a healthy work life. Under the Program, employees can access psychological counseling free of charge for various issues, such as depression, workplace harassment, alcohol and tobacco addiction, and family troubles, from experts in each field, and the content of the counseling is kept strictly confidential. The Program helps employees live happy lives by alleviating stress and grievances at work or in daily life.



CEO Town Hall Meeting

SOCIAL

Supply Chain Management

Mutual Cooperation with Suppliers

Win-Win Management with Suppliers

We have pursued our SCM (Supply Chain Management) strategy based on the three principles of SCM—visibility, speed, and flexibility—to help suppliers strengthen their competitiveness. We have engaged in fair trade with suppliers through fair and transparent processes and practiced win-win management with suppliers by pushing ahead with competency enhancement and mutual growth. As of 2020, we were doing business with 861 suppliers and the total amount of purchases from the suppliers was KRW 752.4 billion.

Purchases from Suppliers in 2020

Suppliers in 2020	Total Purchases in 2020
861 suppliers	KRW 752.4 billion
Domestic 89% / Overseas 11%	Domestic 59% / Overseas 41%

SCM Strategic Direction

VISIBILITY	SPEED	FLEXIBILITY
Improve supply chain visibility	Maximize decision-making and execution speed	Reinforce responsiveness to market changes

Reinforcing Fair Trade with Suppliers

We have made effort to help our employees build fair business relationships with our suppliers and recognize the importance of mutual cooperation with suppliers. We have reinforced order in fair trade by complying with the four action agendas announced by the Fair Trade Commission and prevented unfair practices by supervising transactions with subcontractors and obeying fair trade policies. In addition, we have also reinforced order in fair trade by providing regular training in 1) key provisions of the Fair Transactions in Subcontracting Act; 2) fairness in doing business with subcontractors; and 3) punishment when violating relevant laws and regulations.

Strengthening Partnerships with Suppliers

We have built partnerships with our suppliers by operating and reinforcing communication channels. We host annual workshops on mutual growth with suppliers to share policies on mutual growth and seek ways to help suppliers grow. However, we were unable to hold the regular workshop in 2020 due to COVID-19. In addition, our e-procurement system has an unfair transaction reporting center that collects and handles supplier grievances, and our company regulations strictly prohibit employees from receiving money or gifts from suppliers and clearly stipulate that violators shall face severe penalties.

Promoting Mutual Growth

We have operated and managed various programs for mutual growth such as technical cooperation, financial support, and management support, and have laid the groundwork for mutual growth with suppliers. We will strive to facilitate mutual cooperation with suppliers by continuously discovering and implementing mutual growth programs.

2020 Mutual Growth Programs

Area		Details
Technological cooperation	Support for HRD development and exchanges	• Provided a mobile training platform for job competency and language proficiency improvement and supported job fairs
Financial support	Activities to reduce the pay gap	• Supported commuting expenses for employees of suppliers
Management support	Support for domestic sales	• Participated in procurement consulting meetings • Generated sales revenue for SMEs through new transactions with OCI's own projects
	Operation of a transparent settlement system	• Operated a mutual growth settlement system
	Support for welfare benefits	• Provided gifts for various occasions (foundation day, May day)
National disaster support	Support for overcoming COVID-19	• Supported suppliers with quarantine suppliers • Donated to local communities to help overcome COVID-19

Supply Chain Risk Management

Enhancing Supply Chain Risk Management

We intend to establish a fair and transparent process for managing suppliers in order to prevent risks that may arise during transactions with suppliers. We have conducted comprehensive analyses, regular evaluations, and on-site due diligence of existing and new suppliers. In addition, we identify and monitor their problems and improvements through our supplier evaluations. Based on this approach, we have prevented any risk that may occur in the supply chain and conducted management activities customized for each supplier.

Integrated Supply Chain Management Process

STEP 1 Strengthen Supplier Visibility	• Efficient decision-making • Faster implementation
STEP 2 Integrate Management of Suppliers	• Process integration and standardization (e.g. selection, evaluation, management, etc.) • Consistent monitoring and management
STEP 3 Strengthen Supplier Response Systems	• Information-sharing on the changing market environment • Support for the establishment of risk response systems

Supply Chain Risk Assessment

We have assessed and identified supply chain risks from a variety of different perspectives while taking into consideration various factors, such as impact on raw and subsidiary materials, performance, quality control, and costs, during on-site due diligence and assessment. After the risk assessments, we identified and analyzed the suppliers with high potential for risk and then conducted on-site due diligence of their overall management activities.

Supply Chain Risk Prevention Activities

We have monitored and managed various factors that can affect the financial conditions of suppliers, such as supplier defaults, administrative litigation, and change in credit rating, with the help of our mailing service about supplier credit ratings. With the mailing service, we have minimized potential risks by identifying risk factors behind suppliers' management activities.

Supply Chain Communication

Our e-procurement system serves as a communication channel where our company, our suppliers, and our subcontractors can all communicate with each other. This allows us to collect opinions from our suppliers smoothly. We also do our best to pay attention to on-site issues and deal with potential problems.

Regular Evaluations and On-Site Due Diligence

We have carried out regular on-site due diligence of suppliers. Prior to on-site due diligence, suppliers needed to perform their own evaluations for indicators on overall management activities such as management, technology, quality, the environment, safety, and society, and we conducted targeted on-site due diligence based on the evaluation results.

Key Indicators for On-Site Inspections

Category	Item	
Management	• Financial stability • Product profitability	• Growth potential
Technology	• R&D investment • Cost savings	• Employee training
Quality	• Self-directed quality review • Establishment of assessment standards • Material and process assessment	
Environment & Safety	• Environment & safety organization • Safety inspections & training • Hazardous material control	
Human Resources	• Employment stability • Expertise and capacity building • Compliance with employment laws	
Society	• Disclosure of major changes in management • Social contributions	• Awards and recognitions

Conducting Improvement Activities

Based on due diligence, we have identified risks that have a high potential of occurring, categorized the risk factors as improvement targets, and requested that suppliers establish and implement plans to take corrective actions against them. We then take follow-up actions to ensure the safety of employees. For example, when improvement targets are related to the safety of employees, we strongly demand that suppliers achieve such targets. In addition, we provide consulting services regarding the improvement targets of each supplier and then request that the supplier submit reports on their progress in achieving the targets. If we consider a supplier's progress in fulfilling its social responsibilities to be insufficient, we present recommendations to the supplier or express our opinion on taking additional measures, and in doing so we have expanded our risk management measures for suppliers.

Enhancing the Health and Safety Environments of Suppliers

We have provided safety training to suppliers to reduce industrial accident rates. In addition, we have observed the OCI Safety Golden Rule that all employees at our business sites have had to abide by since 2019 in order to create a safe and pleasant working environment and to prevent industrial accidents. We will strive to be an accident-free company in the future in various ways, such as by establishing a safe working environment.

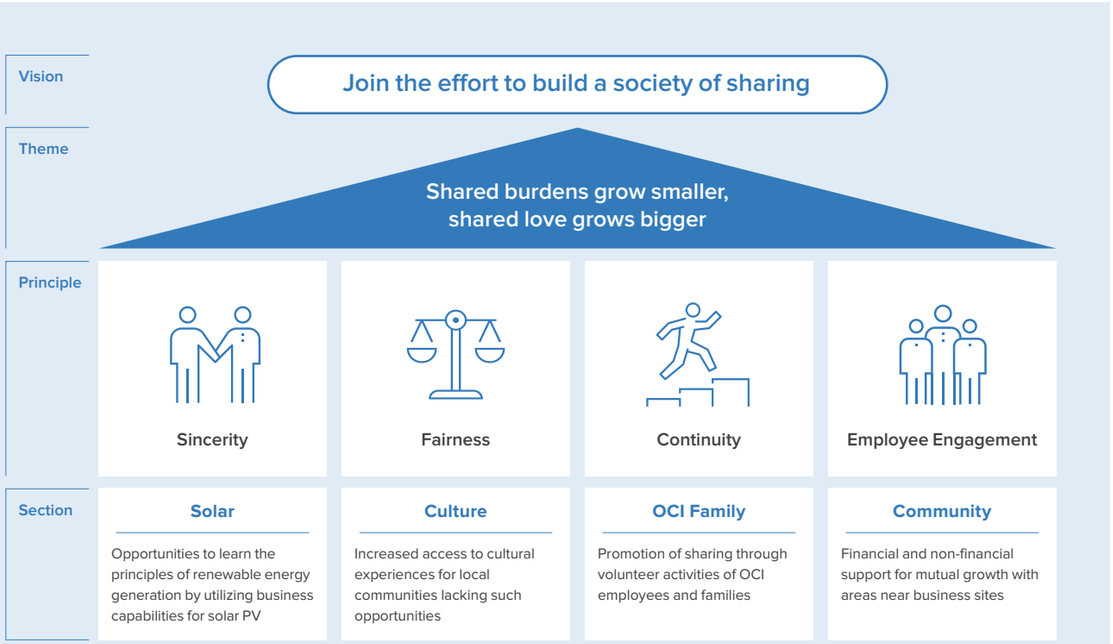
SOCIAL

Value Creation for Local Communities

Strategic Social Contributions

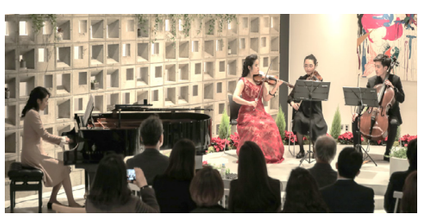
Based on our company-wide management strategy for sustainable development, we operate various social contribution programs to improve the quality of life of local residents and put our value of sharing into practice.

60th anniversary social contribution activities



OCI Dream's 'Dream Ensemble'

We founded Dream Ensemble, a professional classical music troupe, to realize the social and artistic value of disabled persons with musical talent. Dream Ensemble is composed of violin, cello, and piano players and plays music as a troupe under OCI Dream, a subsidiary company of OCI and a standardized workplace for the disabled. Since its founding in 2019, members of the Ensemble have aimed to create positive awareness of the disabled among the public, and to build a society where disabled and non-disabled people can live together.



Dream Ensemble

Support Activities for the Fight Against COVID-19

Support Activities for Employees Residing Overseas

To our overseas employees who are experiencing challenges due to the COVID-19 pandemic, OCI has delivered red ginseng gift sets and a letter from our CEO. This event was prepared for expatriate employees in our subsidiaries in China, Malaysia, the US, Vietnam, and Japan, who have been facing difficulties due to restrictions on returning home or a deterioration in the quality of life in their localities.

Delivering Huimangdeurim Goods

Our Pohang plant delivered huimangdeurim (literally, 'hopes and dreams' or 'providing hope') boxes filled with face masks and hand sanitizer to local residents suffering from the prolonged COVID-19 pandemic. For this support activity, employees of the Pohang plant made voluntary donations, entitled 1004 Donations (1004 is a homonym for 'angel' in Korean). Using these donations, the Korean Red Cross filled the boxes with daily necessities worth about KRW 50 thousand. Then, the Pohang plant selected 150 nearby households in Pohang and then delivered the boxes to those households.

Sharing Gimjang Kimchi of Love

At the end of the year, our Gwangyang plant delivered 1,700kg of kimchi that worth about KRW 10 million to neighbors suffering due to COVID-19 through the Welfare Foundation for Sharing Love of Gwangyang City. The gimjang kimchi was delivered to elderly persons living alone in Taein-dong, Gwangyang-si (city), 150 underprivileged households, and 18 local children's centers in Gwangyang-si. This sharing event was organized to provide healthy food and help get people through the winter.



Ceremony for the Delivery of Encouragement Gift (OCI USA)



Ceremony for the Delivery of Huimangdeurim Goods to Help Overcome COVID-19



Sharing Gimjang Kimchi of Love

Local Community Contribution Activities

Ceremony for Donations to a Childcare Foundation

In July 2020, we donated KRW 15 million collected from employees at the Gwangyang plant to the Childcare Foundation of Gwangyang-si through the 1004 Fund of Love (or Angel Fund of Love). As a member of the local community, our Gwangyang plant participated in this donation event to help Gwangyang-si achieve its vision of 'Happy City Good for Raising Children.'

Donating Walkers to the Elderly

In October 2020, our Gwangyang plant held a ceremony to donate 47 walkers that worth about KRW 7 million to elderly persons in Taein-dong, Gwangyang-si. The walkers were delivered to residents of Taein-dong aged 65 and older with limited mobility and aged 90 or older. As our way of giving back to the local community, we will strive to support underprivileged persons by engaging in various social contribution activities.

Sharing Yeontan of Love

The 1004 Volunteers (or Angel Volunteers) at our Gunsan plant held a ceremony in November 2020 to mark the delivery of 4,000 yeontan which are Korean coal briquettes that were donated to underprivileged persons living in the nearby sister neighborhood. These coal briquettes were bought with money collected from employee salaries and were delivered to elderly persons living alone and underprivileged persons living in the sister neighborhood.



Ceremony for Donations to the Childcare Foundation of Gwangyang-si



Donating Walkers to the Elderly



Sharing Yeontan of Love for Our Sister Neighborhood

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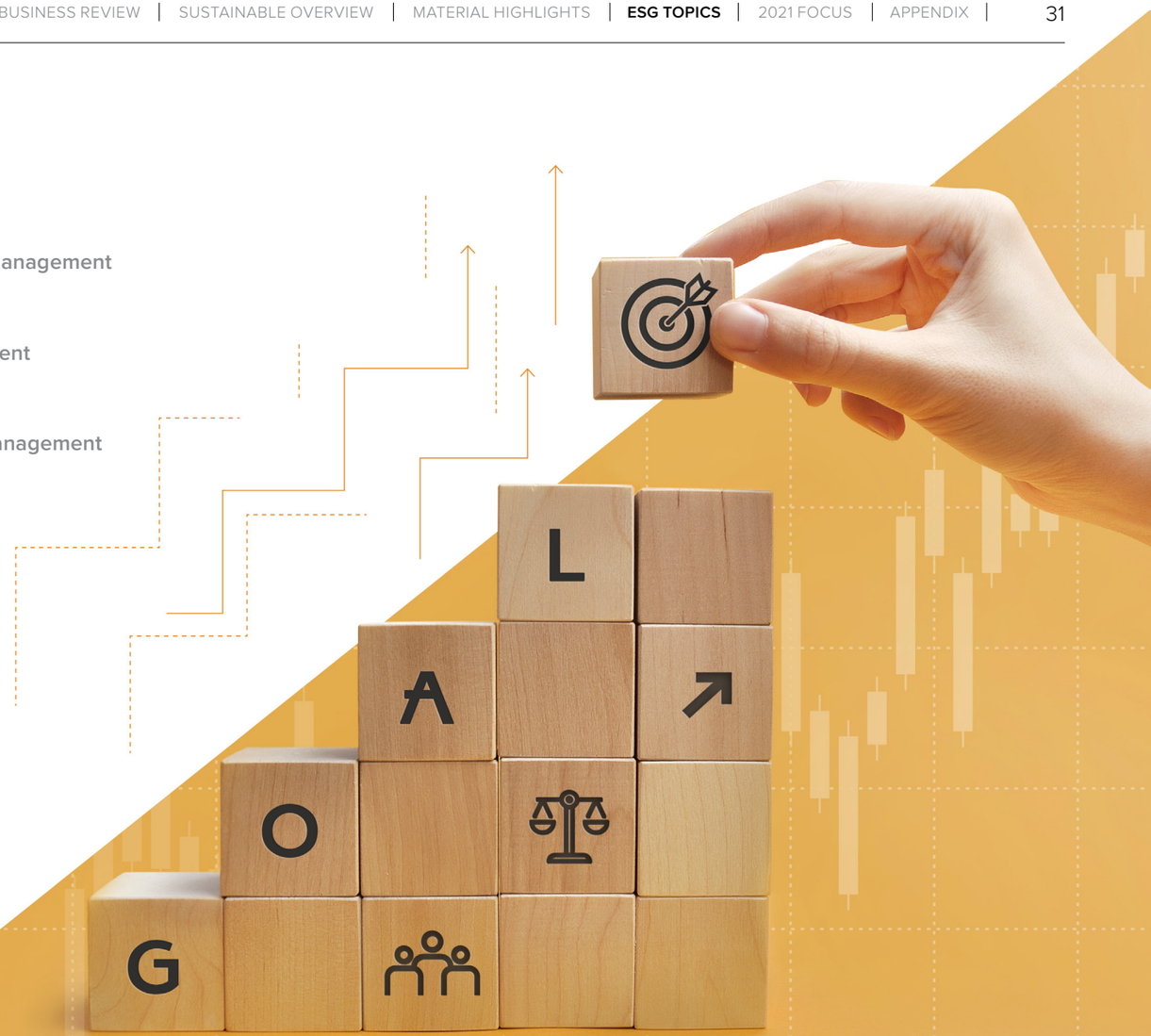


OCI with transparent, ethical, and human rights management

OCI has operated a variety of committees in order to increase its transparency of governance and appropriately respond to risks through an integrated risk management system. Based on a culture of transparency, ethics, and respect for human rights, we will increase the future value of OCI and make right decisions through effective communication and cooperation with the stakeholders.

Integrated Risk Management System
Each team **twice a year**
Division in charge **once a year**
Monitoring

2020 Ethics Audit
Periodic Audits **5** Times

KCGS ESG Evaluation 2020
Governance Rating **A** (ESG Integrated Rating: A)

GOVERNANCE

Governance

Composition of and Appointment to the Board of Directors

Composition of the Board of Directors

As of December 31, 2020, the Board of Directors had nine directors in total, comprising three executive directors, one other non-standing director, and five independent directors. However, the term of office of Sang Yeol Kim, the other non-standing director, expired on March 24, 2021. As a result, the Board of Directors had eight directors as of March 2021. In order to reinforce the checks and balances of the Board of Directors, nominations of potential directors are done by the Independent Director Nomination Committee and nominated candidates are appointed as directors at the General Meeting of Shareholders. Director appointments are based on diversity, without discrimination against gender, age, race, ethnicity, country of origin, or nationality. As of March 2021, the Board of Directors had two female directors.

Appointment to the Board of Directors

To raise the Board's level of expertise, the Independent Director Nomination Committee takes into consideration candidates' careers and specialization in chemistry, law, accounting, and finance, conflict of interests, and concurrent positions. Then the Committee makes a final determination as to whether or not to disqualify each candidate. In addition, in order to ensure that the Board is not biased towards a certain background or occupation and to improve its level of expertise, the members of the Board are experts with diverse academic backgrounds and industrial experience.

Independent Director Appointment Procedure

- STEP 1: Independence review / Review qualifications for independence
- STEP 2: Formation of a pool of independent director candidates / Consider expertise, diversity factors, etc
- STEP 3: Nomination by the Independent Director Recommendation Committee
- STEP 4: Appointment at the Annual General Meeting

Fostering the Independence of the Board of Directors

The qualifications of the independent directors are transparently disclosed to the public in compliance with relevant laws, including the Commercial Act, to guarantee their independence. To ensure the independence of directors, any member with a possible conflict of interest in a given agenda is not permitted to exercise his or her voting rights. In addition, directors are not allowed to enter into any transactions with the company they are engaged in or to serve as a director in another company in the same industry without prior approval from the Board. With the exception of the Management Committee, the independent directors shall form the majority for all committees under the Board. As of the end of March 2021, all five members of the Audit Committee were independent directors, thus ensuring the independence of the Board's decision-making.

Disqualifications for Independent Directors

1. Directors, executive directors and employees who are engaged in the regular business of a relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of a relevant company within the previous two years;
2. the principal shareholder, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
3. directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation;
4. the spouses, lineal ascendants, and lineal descendants of directors, auditors and executive directors;
5. the directors, auditors, executive directors and employees of a parent company or a subsidiary company of a relevant company;
6. directors, auditors, executive directors and employees of a corporation which has a significant interest in a relevant company, such as business relations with the company;
7. directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of a relevant company serve as directors and executive directors.

Directors

(As of March 2021)

Position	Name	Gender	Tenure	Major work experience
Executive Director	Woo Sug Baik	Male	2021.03.24 ~ 2024.03.23	• (Current) Vice chairman, Korea Listed Companies Association • (Current) Executive vice-chairman, Korea Enterprises Federation
	Woo Hyun Lee	Male	2021.03.24 ~ 2024.03.23	• (Current) Non-standing vice chairman, Seoul Chamber of Commerce and Industry • (Current) Non-standing vice chairman, Korea International Trade Association
	Teak Joung Kim	Male	2019.03.26 ~ 2022.03.25	• (Current) Director, OCIM Sdn. Bhd. • (Current) Auditor, Korea Chlor Alkali Industry Association • (Current) Director, Korea Specialty Chemical Industry Association
Independent Director	Ki Pung Yoo	Male	2020.03.25 ~ 2023.03.24	• (Current) Chair professor, Korea University • (Current) Director of education, KEPCOTech Educational Foundation
	Boo Whan Han	Male	2021.03.24 ~ 2024.03.23	• (Current) Lawyer, Gangnam LLC. • independent director/member of Audit Committee, Yesco Holdings Co., Ltd. • 43rd Vice Minister of Justice, prosecutor
	Kyung Hwan Chang	Male	2021.03.24 ~ 2024.03.23	• Vice president/strategy managing director/CFO, KOREAN AIR. • Representative director, KPMG Consulting Korea • Audit partner, KPMG US
	Mi Chung Ahn	Female	2019.03.26 ~ 2022.03.25	• (Current) Managing partner, ERUUM & LEEON INTELLECTUAL PROPERTY LAW FIRM • (Current) Independent director/member of Audit Committee, Medipost Co., Ltd.
	Jina Kang	Female	2019.03.26 ~ 2022.03.25	• (Current) Professor, Seoul National University • (Current) Independent director/member of Audit Committee, Hyundai Mobis Co., Ltd.

GOVERNANCE

Governance



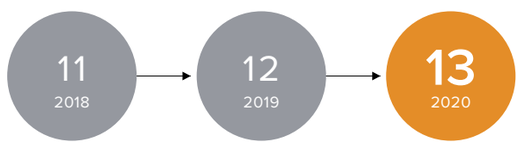
Operation of the Board of Directors

Operation of the Board of Directors

The Board of Directors is responsible for making decisions concerning the laws and Articles of Incorporation, items delegated by the General Meeting of Shareholders, corporate management directions, and key management agendas, and oversees the performance of duties by directors. The Board has five committees to ensure independence and efficiency in decision-making—the Independent Director Nomination Committee, Audit Committee, Management Committee, Compensation Committee, and Related Party Transactions Committee.

Meetings of the Board of Directors in Detail

(Unit: No. of times)



Board Attendance Rate

	2018	2019	2020
Attendance Rate of Executive Directors*	100%	91%	98%
Attendance Rate of Independent Directors	97%	100%	98%

* Including the Other Non-Standing Director

Agendas Presented/Passed

	2018	2019	2020
Presented	27 Cases	24 Cases	18 Cases
Passed	27 Cases	24 Cases	18 Cases

Evaluation of the Board and Its Committees

We evaluate the activities of our independent directors through a fair evaluation process and comprehensive consideration of their attendance rate at Board and committee meetings, independence, and expertise. We evaluate the activities of the executives based on their performance in business development, expertise in organizational management and technological innovation, and attendance rate at the Board meetings. We evaluate the performance of the Board based on the increase in shareholder value, faithful performance of duties, and transparency in work procedures, and the roles of directors based on their achievements in social responsibility, such as improvements in the SH&E management system, health and safety at business sites, mutual growth with suppliers, and performance of social contribution activities.

Remuneration for the Board of Directors

The remuneration cap for directors is determined after approval by the General Meeting of Shareholders to improve transparency in remuneration and meet the requirements for the legitimacy of remuneration. The remuneration of the directors shall be determined within the cap approved by the General Meeting of Shareholders and is composed of a base salary, a bonus, and incentives based on responsibilities, job title, and business performances. As for the independent directors, factors including their attendance rate and the number of committees they serve on as members are also considered in determining remuneration. The remuneration cap for 2020, as approved by the General Meeting of Shareholders, was set at KRW 6.5 billion, and the remuneration paid to the directors totaled KRW 4.16 billion.

Average Remuneration per Director

(Unit: KRW million)

	2018	2019	2020
Representative Director	1,547	1,231	1,267
Registered Directors* (excluding Independent Directors)	1,051	914	965
Independent Directors	55	57	60

* Including the Other Non-Standing Director

Committees Under the Board

We have operated various committees under the Board to enhance transparency in our governance. Independent directors must form the majority of all committees to ensure their independence and fairness. The Independent Director Nomination Committee recommends all director candidates, including independent director candidates, to the General Meeting of Shareholders. The Audit Committee performs audits on accounting and task performances, and checks whether corrective actions recommended in audits are completed. The Management Committee handles tasks related to capital expenditures entrusted to it by the Board. The Compensation Committee reviews and approves the rightful amount of compensation for the directors and executives through a fair performance evaluation system. Finally, the Related Party Transactions Committee approves large-scale internal trading of goods and services in accordance with the Monopoly Regulation and Fair Trade Act.

Committees of the Board of Directors

As of March, 2021

Committee	Executive Directors	Independent Directors
Independent Director Recommendation Committee	Woo Hyun Lee	Ki Pung Yoo*, Boo Whan Han, Kyung Hwan Chang, Mi Chung Ahn, Jina Kang
Audit Committee		Kyung Hwan Chang*, Ki Pung Yoo, Boo Whan Han, Mi Chung Ahn, Jina Kang
Management Committee	Woo Sug Baik*, Woo Hyun Lee, Teak Joung Kim	
Compensation Committee	Woo Sug Baik*	Ki Pung Yoo, Boo Whan Han, Kyung Hwan Chang, Mi Chung Ahn, Jina Kang
Related Party Transactions Committee		Boo Whan Han*, Ki Pung Yoo, Kyung Hwan Chang, Mi Chung Ahn, Jina Kang

* Committee Chair

GOVERNANCE

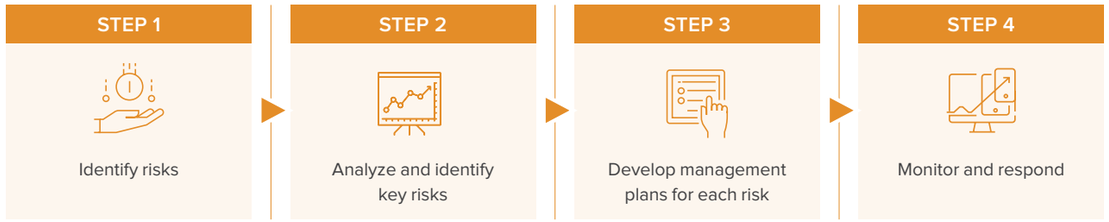
Integrated Risk Management

System to Promote Integrated Risk Management

Integrated Risk Management System

We intend to respond to the various risks that arise from uncertainties in corporate management activities. In particular, we have established and are operating an integrated risk management system to preemptively identify and deal with risks that may have an impact on achieving our management objectives at the corporate level. We have established our risk management policy and its detailed guidelines, developed methods to review how each organization manages risks, and incorporated the Regulations Governing Risk Management into our company regulations. Under the Regulations, every department should establish its own risk management plan at the beginning of each year under the supervision of the Corporate Planning Team. Regarding risk management, each team monitors risks twice a year and each department in charge once a year and the details are submitted in the form of a report. In the event of a serious problem that may affect management, the department in charge reports it to the executives and the related department is instructed to develop countermeasures rapidly. We have striven to minimize the impact of all risks through continuous monitoring.

Risk Management Process



Disclosure-Related Risk Management

In order to ensure that all information related to disclosure is disclosed accurately and transparently, we developed the Corporate Policies on Public Information Disclosure and Insider Trading. We have also taken steps to monitor any risk related to disclosure that may have a negative impact on the accuracy, integrity, fairness, or timeliness of the publicly disclosed information in a timely manner, and then to manage the risk continuously. To prevent unfair transactions by insiders, we check whether our employees use undisclosed material information. If employee intend to sell, buy or perform any transaction with certain securities, they are required to notify the Disclosure Officer in advance and then file a report on the transaction within two business days from the date when it takes place.

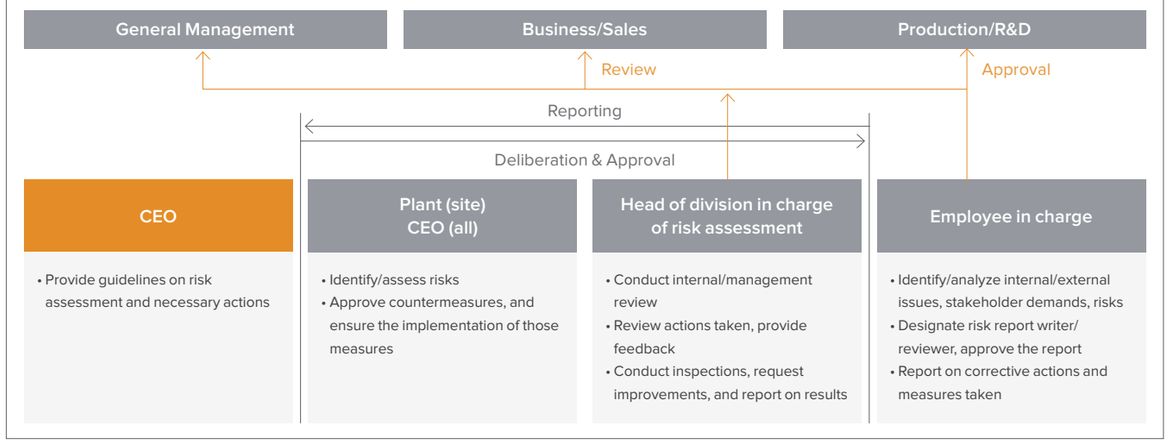
Information Security Risk Management

We have operated and managed a security system to prevent the leakage of confidential information in accordance with our information security management policy. In 2020, an external third party conducted a security vulnerability check and we took action against the vulnerabilities that were identified. By doing so, we reinforced our information security risk management. In addition, we provide training on information protection to our employees once a year to ensure their compliance with information protection policies, and our new employees are required to receive the training within a certain period after joining the company. We will strive to minimize the possibility of security incidents through information protection and security compliance checks.

Tax Risk Management

We established our Tax Team in December 2020 to minimize tax-related risks that may occur during management activities and to enhance compliance with tax obligations. We have also reinforced our compliance with tax laws by separating monthly and yearly tax-related tasks in order to manage tax payments transparently.

Organization for Risk Management



GOVERNANCE

Integrated Risk Management

Reinforcement of Key Risk Management

We have not only identified financial and non-financial risks that may arise during our management activities, but also continuously monitored each of the key risks in accordance with its characteristics. Based on this, we have analyzed each of the risks in detail and developed a process to handle it in order to identify and minimize the potential impact of the risk. In addition, we identified the risks related to climate change and information security as potential risks, and then analyzed the impacts of the risks and established countermeasures against the risks.



	Type	Cause	Impact	Measures
Financial Risk	Foreign Exchange Risk	Due to a high overseas sales revenue ratio of 66% and payments in foreign currencies, gains/losses may occur due to currency fluctuations.	• Asset value variance due to fluctuating foreign exchange rate • Poor export profitability and price competitiveness	Conduct periodic monitoring and currency forward contracts to minimize profit fluctuation due to the exchange rate
	Credit Risk	As of the end of 2020, the credit rating was A (KIS Rating, NICE Rating, Korea Rating), which had decreased compared to the previous year, resulting in uncertainty in securing additional financing.	• Downgrade in credit ratings • Difficulty securing corporate loans due to tightened bank loan screening	Prevent potential loss from non-compliance with contract obligations based on financial status and credit ratings by using bank deposits, etc.
	Liquidity Risk	As of the end of 2020, liquidity borrowings total approx. KRW 416.2 billion and the liquidity ratio is approx. 237%. An effort to maintain sound liquidity is required.	• Disruption in funding • Loss due to the emergency sale of assets at a lower value	Maintain the appropriate liquidity ratio through short/mid/long-term fund planning and strengthen monitoring
	Interest Rate Risk	Borrowings (approx. KRW 443 billion) at floating interest rates as of the end of 2020 are exposed to risks of interest rate fluctuations.	• High interest due to an unfavorable fluctuation of interest rates • Reduced profit and investment, and illiquidity	Balance loans with an appropriate mix of floating and fixed rates Manage interest rates through swap contracts
	Price Risk	Volatility in the price of raw materials has a direct impact on sales revenue and profit.	• Financial burden of increased raw material prices and unit costs • Unstable supply and demand of raw materials	Minimize risk by identifying and responding to product price trends, controlling raw material price fluctuations as well as purchase volume and diversifying imports
	Capital Risk	As the capital finance ratio is 51% as of the end of 2020, net borrowings divided by total shareholders' equity, it is necessary to continuously reduce capital costs and optimize capital structure.	• Liquidity risk	Manage optimal capital structure based on capital finance ratio (net debt divided by total capital)
Non-Financial Risk	Compliance Risk	Regulatory violations may put the company's reputation at risk and have a negative impact on its financial structure and sales activities.	• Administrative sanctions and liability for damage resulting from regulatory violations • Cost of legal disputes	Prevent risks preemptively through stronger legal and compliance control; manage legal disputes by analyzing laws and precedents
	Environmental Safety Risk	Safety/environmental accidents at business sites have a negative impact on the health and safety of workers and local communities.	• Liability for compensation and damage to corporate reputation following safety accidents • Massive damage to sales activities including conflicts with local communities	Establish emergency response system and provide safety training programs on a regular basis at each business site
	Climate Change Risk*	The importance of managing carbon credits has been strengthened for companies under the "National Allocation Plan" during the second planning period of the Emissions Trading Scheme.	• Cost of purchasing emissions credits upon failure to reduce carbon emissions • Possible imposition of penalties	Allocate reduction targets for each business site, monitor emissions status, encourage reduction activities
	Information Security Risk*	There is an increased demand to strengthen information security systems to protect IPR and prevent personal information leakage.	• Goodwill and intellectual property damages due to leakage of critical information • Possibility of dispute due to personal information leakage	Comply with information security policy and control plan, prevent unauthorized data leaks through encryption and reinforced security system
	External Trading Risk	Profitability may be affected by external trades, such as sales of subsidiaries, which aim to improve financial structures or invest in new projects.	• Impact of financial risk, including reduced sales revenue caused by global economic crises	Identify overseas projects and minimize risks through legal counseling for M&As and expansion of strategic support
	Supply Chain Risk	Uncertainties in the supply chain increase due to constant factors co-existing in the economy, including trade, capital flow, and foreign exchange.	• Price uncertainty due to increasing demand for raw materials • High fluctuation of customer demand makes predictions impossible	Provide mid/long-term supply chain management and restructuring plan for supply chain
	Human Resources Risk	There is a growing need to secure experts in core industries in order to initiate new projects in bio, renewable energy, etc.	• Decline in R&D capability and product quality	Continue to expand training and education to identify talents

* Emerging risk

GOVERNANCE

Ethical Management

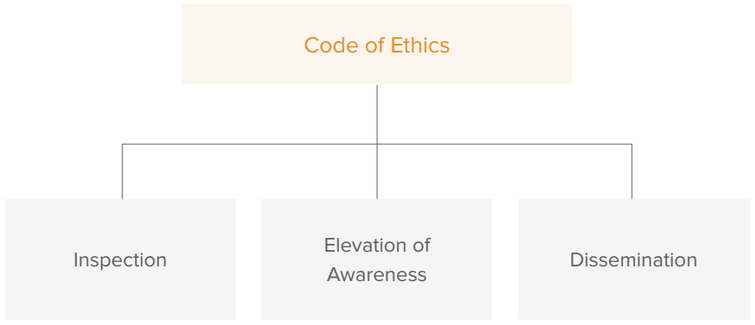
System to Promote Ethical Management

Establishment of the Ethical Management System

We have practiced ethical corporate management in order to fulfill our economic and legal responsibilities towards our stakeholders—shareholders, investors, customers, employees, suppliers, and local communities. Accordingly, we have striven to make a culture of ethical management take root by developing the Code of Ethics for Employees and informing our employees of the proper code of conduct.

Code of Ethics

By establishing the Code of Ethics for Employees, we have presented our detailed code of conduct regarding responsibilities and obligations to customers and shareholders, fair performance of duties, protection of company assets and information, sound work life and social life, and contributions to the nation and society.



Ethics Audit System

Our audit system is designed to identify and deal with ethical risks at the HQ, business sites, and affiliates in a preemptive manner. This audit system includes biannual audits, irregular planning audits of specific subjects, and special audits. All violations of ethical practices discovered through the audits are reflected in performance evaluations as well as in promotions and compensation.

Ethics Audit (Unit: No. of times)

	2018	2019	2020
Periodic audits	5	4	5
Planning audits	5	3	4
Special audits	1	0	5

Audit Proposal System

We have operated a system to help employees propose special audits on suggested improvements and cases of fraud, injustice, or violation of laws or company regulations, in order to prevent such cases from happening. When an employee proposes an audit of a suggested improvement or a case of fraud, injustice, or violation of laws or company regulations including the Code of Ethics and the Internal Accounting Control Regulations, our Audit Office reviews whether the audit is necessary and then, if deemed necessary, conducts a special audit for improvement. It is impossible to identify a whistleblower who proposes a special audit anonymously, and the identity of a whistleblower who proposes a special audit using his/her real name can be made strictly confidential if he/she desires or if it is considered necessary.

Ethics Training Program

In order to help all employees practice ethical management, we have established and are operating ethics training programs. In principle, new employees are required to attend ethics training courses and write a pledge of compliance with ethical standards.

Ethical Awareness Training for Employees (Unit: Persons)

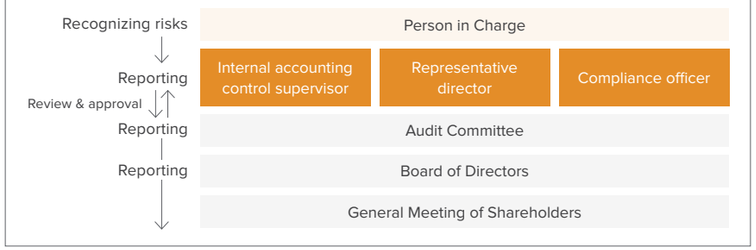
	2018	2019	2020*
Training in Diversity & Gender Equality	2,311	2,183	1,692
Training in Business Ethics	47	75	1,638

* Non-contact online training was provided instead due to COVID-19.

Internal Control System

We have established and are operating an internal control system to promptly identify and respond to unethical practices and errors in our accounting reports that may occur during business operation. Our internal control system is subject to an external audit and, once a year, our IACS (Internal Accounting Control System) is also subject to the inspection and assessment of its operating status. The results of the inspection and assessment are reported to the Audit Committee, the Board of Directors, and the General Meeting of Shareholders.

Internal Control System Process



Opening up a Reporting Channel

To ensure transparent ethical practices, we have operated an ombudsman system, a reporting channel where all stakeholders can report any action that undermines ethical management. Reports can be delivered via fax, an online ombudsman channel, and other various channels. The identities of reporters are kept totally confidential under the whistleblower protection system, and blacklisting of reporters or ending their careers is strictly forbidden. In addition, the Audit Office is committed to making every effort to reflect requests delivered via the reporting channels.

Cases of Ombudsman Reporting (Unit: Cases)

	2018	2019	2020
Ombudsman reporting	1	0	3

GOVERNANCE

Human Rights Management



Guidelines for Human Rights Management

We prohibit discrimination on the basis of gender, race, age, etc., in compliance with the Labor Standards Act of Korea and the regulations of the ILO (International Labor Organization). In order to respect the human rights of employees and stakeholders, we have developed and announced our own human rights policy. In addition, we have promoted activities related to the protection of human rights.

A Culture of Respect for Human Rights

In order to foster a culture of respect for human rights, we have developed preventive measures against various problems, such as sexual and other harassment in the workplace and discrimination against women and the disabled, and have made efforts to produce a culture of mutual respect through organizational culture activities. We have provided every employee with training in the prevention of sexual harassment and are raising awareness of the disabled every year. To help us prevent and take measures against harassment in the workplace, we established the Employee Assistance Center and have entrusted its operation to external professional organizations.

OCI Human Rights Policy (Human Rights Policy)

Principles of Respect for Human Rights

We officially endorse the global standards and norms outlined by international organizations such as the ILO (International Labor Organization) and the UN Global Compact, as well as the UN Guiding Principles on Business and Human Rights. We recognize that responsibility with regard to respect for human rights is the basic principle to abide by in doing business.

1. We shall regard the protection of human rights as our most basic responsibility in doing business and apply the same principle not only to our employees at the business sites, but also to our customers, suppliers and local communities.
2. We shall comply with labor relations laws whose compliance is required in all countries and regions where we do business.
3. We shall do our utmost to guarantee stable employment and adequate wages for our employees and to provide them with a sound working environment.
4. We shall implement measures to improve the human rights awareness of our employees by periodically conducting training to prevent human rights violations by our employees in advance.
5. We shall conduct periodic internal audits to check compliance with our Human Rights Policy and the manage channels by which an employee can report a human rights issue according to predetermined procedures whenever such an issue arises.

Articles on Respect for Human Rights

Article 1 (Respect for persons)

We shall respect all of our stakeholders, including our employees, as humans, and ensure no occurrence of psychological or physical oppression, abuse, or unfair treatment.

Article 2 (Anti-discrimination)

We shall not discriminate against any employee for reasons related to social status, including gender, race, religion, political preference, nationality or country of origin, disabilities, marital status or pregnancy in employment, training, evaluation, compensation, or promotion.

Article 3 (Prohibition of forced labor)

We shall neither compel any employee to work against his or her free will through violent words and acts, threats or confinement, nor require any commission fees related to the consignment of an ID card, a passport or a labor certificate issued by the government required for labor or recruitment.

Article 4 (Prohibition of child labor)

We shall comply with the minimum employment age prescribed in national and local laws. In the event that we employ a young worker, no high-risk task shall be imposed, and he or she will be exempted from nighttime or overtime work.

Article 5 (Compliance with laws on working hours)

We shall maintain regular working hours in accordance with the labor relations laws of the nation or region where we do business, and shall not violate regulations on overtime work or days off.

Article 6 (Wages and welfare benefits)

We shall pay above the minimum wage set in the labor relations laws of the nation or region where we do business, and contribute to improving the economic stability of all employees and their quality of life by operating welfare schemes and in-house funds.

Article 7 (Freedom of association)

We shall guarantee the right to organize, the right to bargain collectively, and the right to act collectively in accordance with labor relations laws in order to provide opportunities to communicate with all employees, and shall not unfairly treat employees for such reasons as subscription to the labor union or acting as its member, etc.

Article 8 (Protection of individual information and privacy)

We shall strictly protect the confidentiality of personal information for all stakeholders, and shall not disclose or consign to others such information without the prior consent of stakeholders.

2021 FOCUS

The year 2020 marked an important turning point in our return to profitability and growth despite the added headwinds of the COVID-19 pandemic. With the restructuring of our flagship polysilicon operations now largely complete, we expect the coming year to open the door for even more opportunities as we focus on creating and unlocking new value for our customers, partners, and shareholders in the years ahead.



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Transforming Fundamentals

TRANSFORMING **OPPORTUNITIES**

Over the past six decades, our ability to consistently turn challenges into opportunities has played a key role in our success. Backed by strategic planning, continuous investment, and active R&D, we are now focused on harnessing these valuable opportunities to drive a synergistic transformation of our businesses, our partnerships, and our fundamentals as we complete our business turnaround in near future.



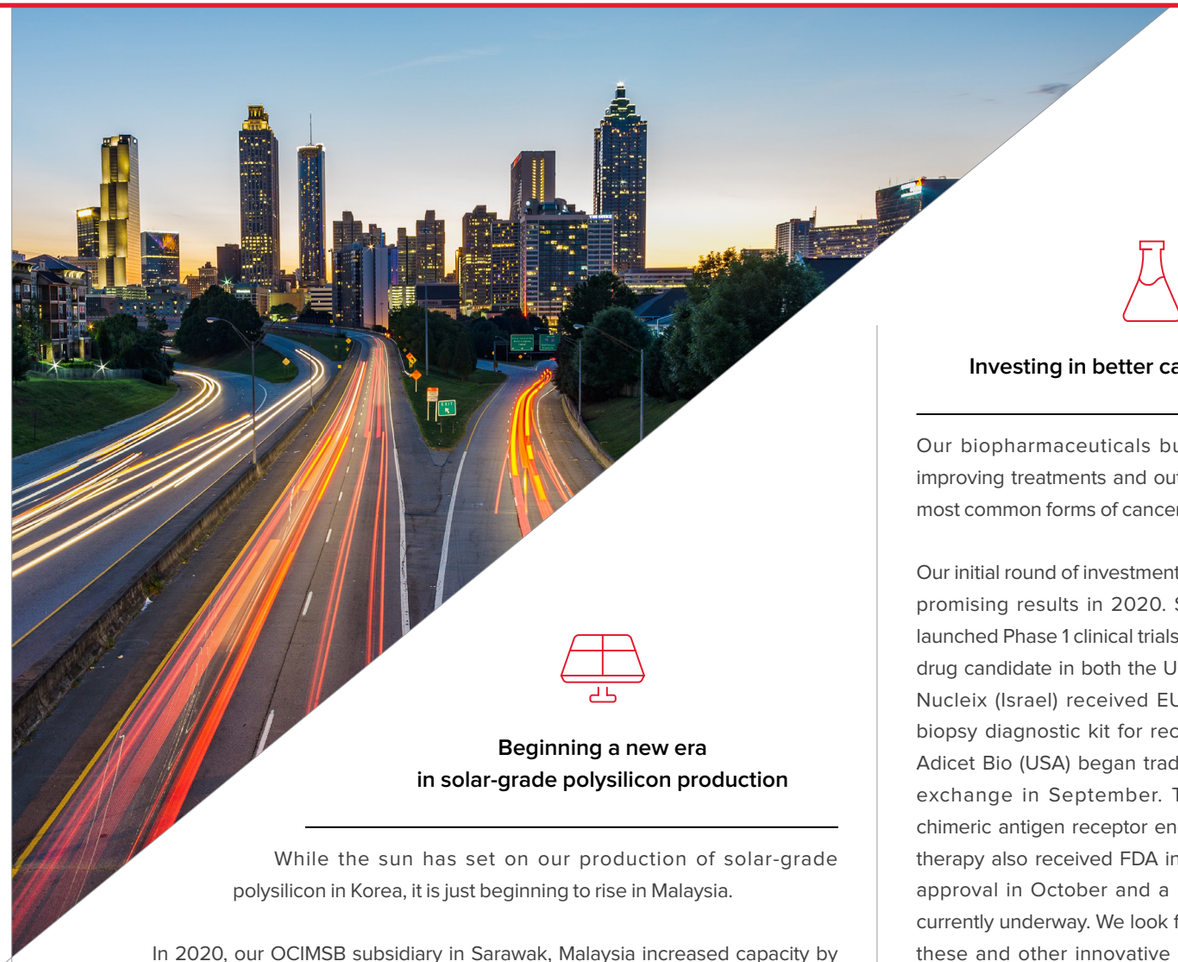




FOCUS 1

TRANSFORMING
Businesses

Opportunities drive growth.
Every day, we are focused on increasing the competitiveness of existing businesses, investing in breakthrough innovations in new fields, and building the future as we transform our business portfolio to drive profitability and growth.



Beginning a new era in solar-grade polysilicon production

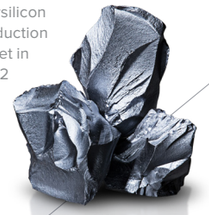
While the sun has set on our production of solar-grade polysilicon in Korea, it is just beginning to rise in Malaysia.

In 2020, our OCIMSB subsidiary in Sarawak, Malaysia increased capacity by 10% to 30,000 metric tons. Achieved through a combination of facility upgrades and process optimizations, this new capacity enabled us to reduce manufacturing costs by 12%.

Looking ahead, we aim to expand capacity at our Sarawak plant by an additional 5,000 metric tons to reach 35,000 metric tons in 2022. We may be transferring a portion of the production facilities from our mothballed Gunsan P2 and P3 plants in Korea to achieve this goal. We expect these efforts to lower manufacturing costs by an additional 15%, further enhancing our competitiveness in this key business.

35,000MT

polysilicon production target in 2022



Investing in better cancer outcomes

Our biopharmaceuticals business is focused on improving treatments and outcomes for some of the most common forms of cancer.

Our initial round of investments made in 2019 showed promising results in 2020. SN BioScience (Korea) launched Phase 1 clinical trials of its pancreatic cancer drug candidate in both the United States and Korea. Nucleix (Israel) received EU approval for a liquid biopsy diagnostic kit for recurrent bladder cancer. Adicet Bio (USA) began trading on the US Nasdaq exchange in September. The company's novel chimeric antigen receptor engineered T cell (CAR-T) therapy also received FDA investigational new drug approval in October and a Phase 1 clinical trial is currently underway. We look forward to helping bring these and other innovative oncology therapeutics and diagnostics to market in the coming years.

Strategic investment in next-generation cancer therapies



Building the future on the past

Officially named "City Ociel" in July 2020, our ongoing urban development project on the site of our former Incheon plant is starting to take shape.

As of March 2021, the first phase of City Ociel pre-sales has launched. Consisting of 1,879 residential units with 977 apartments and 902 studio apartments, Complex 3 was selected to go first due to its proximity to the central commercial and retail core of the development. This ensures residents will have access to shopping and other essential amenities when they move in.

Looking ahead, we expect Complex 1 to be offered for sale in the first half of 2021 as progress accelerates. When completed in 2025, City Ociel will have approximately 13,000 residential units in a total of 10 complexes spanning the 154.7 hectare site.

City Ociel launching



FOCUS 2

TRANSFORMING
Partnerships

Opportunities thrive on synergy. Around the world, we are focused on building partnerships that capture value in high-tech industries, foster creative new collaborations, and open new markets as we transform our potential to drive profitability and growth.



Partnering in the world's largest manufacturing market

Since 2008, we have forged a total of three joint ventures in the carbon materials field in China. These ventures supply key industrial raw materials such as carbon black oil, pitch, naphthalene, and carbon black to customers in the world's leading manufacturing market and beyond.

While these partnerships have faced headwinds from the ongoing US-China trade war in recent years and COVID-19 more recently, we have continued to work closely with our local partners to optimize product quality and operational profitability. As the global economy returns to growth with China leading the way, these partnerships are well positioned to meet the volume and quality requirements of our growing global customer base.

Enhancing the availability and reliability of solar PV power

While renewable energy sources such as solar PV power continue to become increasingly efficient and affordable, inherent availability and reliability limitations can hinder their adoption. Battery-based energy storage systems (ESS) can help mitigate these limitations and make distributed solar PV systems more competitive.

In January 2021, we began validation testing of our latest in-house developed ESS system built with recycled electric vehicle batteries supplied by Hyundai Motor Group. Our 300 kWh containerized ESS platform is connected to a 727 kW solar PV installation located at a subsidiary site in Gongju, Korea.

Looking ahead, we are preparing to conduct a second validation test utilizing Hyundai-supplied batteries in the United States at an existing solar PV site we operate and maintain in the San Antonio, Texas. We also plan to expand validation testing to additional sites and battery configurations in the coming year as we continue to refine our ESS solutions.

Launching a new era of collaboration in coal chemicals

Our partnership with Posco—Korea's largest steelmaker and a top-5 global producer—dates back to 1976 when we began distilling coal tar, a by-product of the steelmaking process, to produce coal tar pitch. This nearly five-decade partnership has played a key role in our emergence as one of world's top-3 coal tar pitch makers.

In 2020, we joined forces with Posco Chemical to establish P&O Chemical, a 49:51 joint venture that will produce high-purity hydrogen peroxide for Korea's semiconductor and display industries. The venture's 50,000 metric ton plant in Gwangyang, Korea is now under construction and on schedule to begin commercial production in the second half of 2022.

The venture represents a new era of collaboration with this long-time partner aimed at developing new business opportunities utilizing the by-products of the steelmaking process. We continue to evaluate a variety of other collaborations as we work closely together to develop profitable new opportunities.

OCI-POSCO Chemical joint venture



50,000MT

hydrogen peroxide plant under construction at P&O Chemical



FOCUS 3

TRANSFORMING
Fundamentals

Opportunities are often won or lost on the fundamentals. Across our organization, we are focused on creating a work environment that puts health and safety first, removes barriers to collaboration and efficiency, and fosters operational excellence as we transform our foundation to drive profitability and growth.



Creating a healthier, safer workplace

The ongoing COVID-19 pandemic has presented unique challenges to keeping our employees healthy and productive. Our strict adoption of government-recommended social distancing protocols combined with the active cooperation of our workforce and partners helped us avoid any major workplace outbreaks in 2020.

In terms of safety performance, our ongoing Safety 2020 program with its consistent daily emphasis on “safety first” through multiple channels continued to keep our major incident rate in the low single-digits for a third straight year.

Building a platform for operational excellence

Based at our Gunsan plant in Korea, our Central Maintenance Center takes the lead role in keeping our domestic production facilities operating smoothly and safely.

Prior to the center’s launch in early 2020, each plant operated its own independent maintenance organization. This consolidation of maintenance operations under a single management structure has helped facilitate the standardization of best practices across our Korea production network and foster cross-specialty collaboration, producing better solutions and results.

The Central Maintenance Center is also taking the lead in building a web-based platform for our ongoing “smart factory” initiative. Beyond leveraging existing supervisory control and data acquisition (SCADA) systems to identify new opportunities for process innovation, the center is also building a data lake to facilitate analytics that support better decision-making as well as improve tracking of greenhouse gas emissions to aid in future mitigation efforts.

Enhancing organizational efficiency

Over the past couple years, we have invested in a number of tools and systems to streamline work processes and enhance collaboration and efficiency across the board. These investments enabled us to stay connected and productive in 2020 even as we selectively adopted work-from-home measures early on in the COVID-19 pandemic.

Most notably, we saw significant gains in work efficiency across the board in 2020 as we expanded our use of advanced videoconferencing and internal communication tools. Looking ahead, we will continue to pursue initiatives that will enable us to continually transform the way we do business as we build an agile organization capable of rapidly and effectively responding to today’s dynamic business environment.



SAFETY FOCUSED

with low single-digit major incident rates over past 3 years



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Consolidated Statements of Financial Position

As of December 31, 2020 and 2019
OCI Company Ltd. And Subsidiaries

(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
Assets				
I. Current assets		2,036,042,076		2,160,672,177
Cash and cash equivalents	443,551,390		487,552,585	
Short-term financial assets	194,669,158		247,413,125	
Trade and other accounts receivable	329,259,301		409,759,028	
Derivative assets	301,483		1,222,920	
Assets held for sale	7,800,000		-	
Inventories	813,556,519		906,322,522	
Current tax assets	15,548,186		4,919,775	
Other current assets	231,356,039		103,482,222	
II. Non-current assets		2,401,193,974		2,650,539,535
Long-term financial assets	68,371,435		57,674,566	
Long-term trade and other accounts receivable	27,741,630		26,442,836	
Deferred tax assets	427,190,167		339,803,608	
Investments in joint ventures and associates	90,936,803		68,931,631	
Investment property	32,302,510		65,082,207	
Tangible assets	1,710,192,003		2,041,856,747	
Intangible assets	40,307,889		46,120,870	
Other non-current assets	4,151,537		4,627,070	
Total assets		4,437,236,050		4,811,211,712

(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
Liabilities				
I. Current liabilities		859,670,483		845,845,775
Short-term financial liabilities	539,415,156		415,973,163	
Trade and other accounts payable	270,892,465		343,605,076	
Derivative liabilities	710,654		411,308	
Current tax liabilities	2,588,329		15,675,638	
Liabilities associated with assets held for sale	780,000		-	
Provisions	10,032,877		26,268,083	
Other current liabilities	35,251,002		43,912,507	
II. Non-current liabilities		1,191,836,924		1,279,642,465
Long-term financial liabilities	1,118,677,529		1,166,034,191	
Long-term trade and other accounts payable	24,327,977		28,972,866	
Non-current provisions	10,006,401		11,525,039	
Retirement benefit obligation	15,758,295		19,253,295	
Deferred tax liabilities	4,144,739		556,787	
Other non-current liabilities	18,921,983		53,300,287	
Total liabilities		2,051,507,407		2,125,488,240
Shareholders' equity				
Shareholders' equity		2,341,041,573		2,635,705,839
Capital	127,246,855		127,246,855	
Share premium	734,532,524		734,532,524	
Other capital surplus	50,920,120		50,909,572	
Other components of capital	(26,501,378)		18,930,929	
Retained earnings	1,454,843,452		1,704,085,959	
II. Non-controlling interests		44,687,070		50,017,633
Total shareholders' equity		2,385,728,643		2,685,723,472
Total liabilities and shareholders' equity		4,437,236,050		4,811,211,712

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Consolidated Statements of Income

For the years ended December 31, 2020 and 2019
OCI Company Ltd. And Subsidiaries
(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
I. Sales		2,002,516,778		2,605,142,204
II. Cost of sales		1,873,995,419		2,565,109,883
III. Gross profit		128,521,359		40,032,321
IV. Selling and administrative expenses		214,666,434		220,637,329
V. Operating income (loss)		(86,145,075)		(180,605,008)
1. Financial income	89,338,258		68,661,109	
2. Financial expense	94,990,655		120,159,651	
3. Share of profits of joint ventures and associates	7,362,520		(2,202,143)	
4. Other non-operating income	32,178,866		18,266,861	
5. Other non-operating expense	297,865,191		796,194,096	
VI. Profit (loss) before tax from continuing operations		(350,121,277)		(1,012,232,928)
VII. Income tax expense from continuing operations (gains)		(98,989,688)		(206,101,602)
VIII. Profit (loss) from continuing operations		(251,131,589)		(806,131,326)
IX. Profit (loss) from discontinued operations		(32,458)		(1,255,151)
X. Profit (loss)		(251,164,047)		(807,386,477)
XI. Profit (loss), attributable to				
1. Owners of the Company		(246,150,678)		(794,376,479)
2. Non-controlling interests		(5,013,369)		(13,009,998)
XII. Net income per share (in Korean won)				
Basic and diluted income (loss) per share from continuing operations and discontinued operation		(10,381)		(33,308)
Basic and diluted income (loss) per share from continuing operations		(10,380)		(33,267)

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019
OCI Company Ltd. And Subsidiaries
(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
I. Net income (loss)		(251,164,047)		(807,386,477)
II. Other comprehensive		(41,139,482)		20,749,807
(1) Items that will not be reclassified subsequently to income	(2,913,774)		(9,628,521)	
1. Remeasurement factor on defined benefit plans	(2,913,774)		(9,628,521)	
(2) Items that may be reclassified subsequently to income	(38,225,708)		30,378,328	
1. Share of other comprehensive income of joint ventures and associates	(93,154)		(274,257)	
2. Gain on overseas operations translation	(38,132,554)		30,652,585	
III. Comprehensive income		(292,303,529)		(786,636,670)
IV. Comprehensive income attributable to:				
1. Owners of parent		(287,656,470)		(773,568,248)
2. Non-controlling interests		(4,647,059)		(13,068,422)

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Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2020 and 2019
OCI Company Ltd. And Subsidiaries

(Unit: KRW in thousands)

Description	Shareholders' equity						Non-controlling interests	Total capital
	Capital	Paid-in capital in excess of par value	Other capital surplus	Other components of equity	Earned surplus	Total		
January 1, 2019	127,246,855	734,532,524	51,023,382	(12,116,579)	2,528,757,758	3,429,443,940	63,121,025	3,492,564,965
Dividends	-	-	-	-	(20,271,965)	(20,271,965)	(34,970)	(20,306,935)
Net loss	-	-	-	-	(794,376,479)	(794,376,479)	(13,009,998)	(807,386,477)
Paid-in capital increase of subsidiaries	-	-	(57,175)	-	-	(57,175)	-	(57,175)
Business under common control	-	-	(56,635)	566,697	(350,775)	159,287	-	159,287
Share of other comprehensive income of joint ventures and associates	-	-	-	(274,257)	-	(274,257)	-	(274,257)
Gain on overseas operations translation	-	-	-	30,755,068	-	30,755,068	(102,483)	30,652,585
Remeasurement factor on defined benefit plan	-	-	-	-	(9,672,580)	(9,672,580)	44,059	(9,628,521)
December 31, 2019	127,246,855	734,532,524	50,909,572	18,930,929	1,704,085,959	2,635,705,839	50,017,633	2,685,723,472
January 1, 2020	127,246,855	734,532,524	50,909,572	18,930,929	1,704,085,959	2,635,705,839	50,017,633	2,685,723,472
Dividends	-	-	-	-	-	-	(683,504)	(683,504)
Net income (loss)	-	-	-	-	(246,150,678)	(246,150,678)	(5,013,369)	(251,164,047)
Acquisition of treasury stock	-	-	-	(7,007,798)	-	(7,007,798)	-	(7,007,798)
Share of other comprehensive income of joint ventures and associates	-	-	10,548	44,914	(148,616)	(93,154)	-	(93,154)
Gain on overseas operations translation	-	-	-	(38,469,423)	-	(38,469,423)	336,871	(38,132,552)
Remeasurement factor on defined benefit plan	-	-	-	-	(2,943,213)	(2,943,213)	29,439	(2,913,774)
December 31, 2019	127,246,855	734,532,524	50,920,120	(26,501,378)	1,454,843,452	2,341,041,573	44,687,070	2,385,728,643

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For the years ended December 31, 2020 and 2019
OCI Company Ltd. And Subsidiaries

(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
I. Cash flows from operating activities		(118,507,430)		(39,870,245)
1. Cash generated from operating activities	(74,643,266)		10,147,738	
2. Interest received	10,191,406		17,818,922	
3. Interest paid	(46,384,829)		(55,851,218)	
4. Dividends received	928,843		498,760	
5. Income taxes refund (paid)	(8,599,584)		(12,484,447)	
II. Cash flows from (used in) investing activities		6,211,274		(271,529,111)
1. Decrease in short-term financial instruments	389,364,398		238,938,071	
2. Increase in short-term financial instruments	(337,122,226)		(264,758,346)	
3. Decrease in short-term loans	1,153,128		74,925	
4. Decrease in financial assets measured at amortized cost	98,807		827,325	
5. Increase in financial assets measured at amortized cost			(5,535)	
6. Decrease in financial assets measured at FVTPL	50,347,526			
7. Increase in financial assets measured at FVTPL	(1,958,605)		(901,887)	
8. Decrease in long-term financial instruments	6,303,794		1,000	
9. Increase in long-term financial instruments	(40,000,000)		(12,035,383)	
10. Decrease in long-term loans	17,000		20,500	
11. Increase in long-term loans			(45,000)	
12. Proceeds from sales of investment property	16,018,349		6,439,000	
13. Purchase of investment property	(17,605)		(19,000)	
14. Proceeds from sales of property, plant and equipment	12,231,831		1,787,310	
15. Purchase of property, plant and equipment	(73,296,198)		(230,634,889)	
16. Proceeds from sales of intangible assets	497,988		1,048,909	
17. Purchase of intangible assets	(2,726,913)		(6,182,680)	
18. Acquisition of joint ventures			(620,000)	
19. Acquisition of investment in associates	(14,700,000)		(4,999,956)	
20. Proceeds from investment in associates			4,045,448	
21. Adjustments for decrease in other non-current financial assets			2,242,500	
22. Cash outflows arising from business combinations			(6,751,423)	

(Unit: KRW in thousands)

Description	December 31, 2020		December 31, 2019	
III. Cash flows from financing activities		76,904,681		42,657,062
1. Proceeds from short term borrowings	303,575,285		550,046,275	
2. Decrease in short term borrowings	(325,613,711)		(598,919,008)	
3. Decrease in current portions of long-term financial liabilities	(255,264,615)		(479,665,592)	
4. Proceeds from long term borrowings	288,958,821		447,407,353	
5. Decrease in long-term borrowings	(1,878,220)			
6. Issuance of debenture	79,604,180		149,436,860	
7. Repayments of lease liabilities	(4,886,257)		(5,570,185)	
8. Increase in government subsidies	100,500		314,410	
9. Acquisition of treasury stock	(7,007,798)			
10. Payment of dividends	(683,504)		(20,304,346)	
11. Cash receipts (outflows) from other financing activities			(88,705)	
IV. Changes in cash and cash equivalents due to foreign currency translation		(8,609,720)		12,023,497
V. Decrease in cash and cash equivalents(I+II+III+IV)		(44,001,195)		(256,718,797)
VI. Cash and cash equivalents at beginning of period		487,552,585		744,271,382
VII. Cash and cash equivalents at end of period		443,551,390		487,552,585

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Independent Auditor's Report

To the Shareholders and the Board of Directors of OCI Company Ltd.

Report on the Audited Consolidated Financial Statements

Our Opinion

We have audited the accompanying consolidated financial statements of OCI Company Ltd. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2020, and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and 2019, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRSs").

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audits of the consolidated financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Impairment testing on property, plant and equipment for the polysilicon production

1.1. Disclosures associated with the Key Audit Matters

With respect to impairment on construction in progress, the relevant matters are disclosed in the Notes 2 ('SIGNIFICANT ACCOUNTING POLICIES'), 3 ('CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY') and 10 ('PROPERTY, PLANT AND EQUIPMENT').

1.2. The principal considerations that led us to determine that the matter is a Key Audit Matter.

As disclosed in the Note 10 to financial statements, at December 31, 2020, the property, plant and equipment for production of polysilicon and the construction in progress at the Company's Gunsan plant totaled ₩153,964 million (land ₩33,071 million, machinery and equipment ₩38,525 million and buildings and structures ₩82,368 million) and ₩229,150 million (machinery and equipment ₩213,442 million and buildings and structures ₩15,708 million), respectively, which are material to the Company's total assets as of December 31, 2020. As the construction continue to be halted and the business environment has been deteriorated, indications of impairment of such assets are deemed to exist.

The recoverable amount is measured based on a discounted cash flow and market approach, using the third-party assessment institution. Measurement of such recoverable amounts of property, plant and equipment for production of polysilicon is dependent on the management's estimates and judgements to determine valuation methodology and model, data references and impairment rates, etc.

Considering its significant influence on the Company's assets, we determined impairment testing on property, plant and equipment for the polysilicon production as a Key Audit Matter.

1.3. How the Key Audit Matter was addressed in the Audit

Our major audit procedures related to the impairment testing of property, plant and equipment for the production of polysilicon include the following, among others:

- Identification of indication of impairment in accordance with K-IFRSs.
- Performing test on the effectiveness of the Company's controls over the impairment of property, plant and equipment.
- Verification on the accuracy and completeness of the identified property, plant and equipment for production of polysilicon.
- Recalculation of the impairment loss for accuracy.
- Observation of physical inspection to examine existence and physical condition of the assets.
- Assessment of the appropriateness of the valuation model used for estimating the recoverable amount.
- Identification of key assumptions used for estimating the recoverable amounts.
- Verification of whether there is any change in the methodology or assumptions used in the prior year or assessment of whether it is necessary to change the methodology or assumptions used in the prior year.
- Verification of whether the assumptions and data used for the impairment testing of property, plant and equipment are consistent with those used for estimation of the Company's other financial information.
- Verification of the appropriateness of the data used for the impairment testing of property, plant and equipment by inspecting the supporting documents.
- Performing sensitivity analysis on the data used for the impairment testing of property, plant and equipment.
- Assessment of reasonableness of future business plan by inquiring of the Company's person in charge of that business.
- Assessment of whether the specific activities that Company's management intends to perform in the future are consistent with management's intentions and abilities.
- Assessment of the appropriateness of the management's estimates and judgements to measure fair value by using the auditor's expert, an appraisal and assessment institution.
- Assessment of the qualification and independence of the auditor's and the management's experts used for the impairment testing.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going-concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine that matters that were of most significance in the audits of the consolidated financial statements of the current year and, are therefore, the key audit matters. We describe that matters in our auditors' report, unless law or regulation precludes public disclosure about the matter.

The engagement partner on the audit resulting in this independent auditor's report is Park, Sung Ho.

This report is effective as of March 5, 2021, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

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Environmental Performance*

* Differ from the previous report due to the recalculation of data by integrating each business site

Environmental Investments

Business Site	Unit	2018	2019	2020
Gunsan	KRW million	6,379	8,899	8,598
Pohang	KRW million	4,532	8,397	5,676
Gwangyang	KRW million	1,981	14,109	1,509
Iksan	KRW million	1,130	470	2,037
Iksan VIP	KRW million	396	644	31
R&D Center	KRW million	66	77	72
Total	KRW million	**14,484**	**32,596**	**17,923**

Greenhouse Gas Emissions

Business Site	Type	Unit	2018	2019	2020
Gunsan	Scope1	tCO_2-eq	37,444	36,154	24,892
	Scope2	tCO_2-eq	1,481,644	1,401,930	556,880
Gunsan2	Scope1	tCO_2-eq	-	-	-
	Scope2	tCO_2-eq	395	470	258
Pohang	Scope1	tCO_2-eq	383,934	355,220	315,097
	Scope2	tCO_2-eq	10,528	11,672	14,963
Gwangyang	Scope1	tCO_2-eq	234,082	196,938	193,290
	Scope2	tCO_2-eq	12,439	16,583	17,550
Iksan	Scope1	tCO_2-eq	52,747	47,280	49,618
	Scope2	tCO_2-eq	43,004	42,878	45,070
Iksan VIP	Scope1	tCO_2-eq	46	62	49
	Scope2	tCO_2-eq	1,521	2,041	1,541
Headquater	Scope1	tCO_2-eq	677	704	674
	Scope2	tCO_2-eq	1,311	1,342	1,218
R&D Center	Scope1	tCO_2-eq	520	391	352
	Scope2	tCO_2-eq	1,452	1,927	1,533
Training Center	Scope1	tCO_2-eq	62	59	63
	Scope2	tCO_2-eq	85	84	77
Jungbu plant	Scope1	tCO_2-eq	51	103	102
	Scope2	tCO_2-eq	174	454	310
Total	Scope1	tCO_2-eq	**709,560**	**636,911**	**584,137**
	Scope2	tCO_2-eq	**1,552,553**	**1,479,380**	**639,400**

* Calculated according to reporting and certification guidelines of the Emission trading Scheme
** May have some discrepancy between greenhouse gas emissions from the results of government assessment

Energy Used

Type	Type	Unit	2018	2019	2020
Direct	Fuel	TJ	9,447	8,233	7,461
Indirect	Steam	TJ	3,447	3,422	1,926
	Electricity	TJ	27,446	26,021	10,655
Total		TJ	**40,340**	**37,676**	**20,042**

Water Use

Business Site	Source	Unit	2018	2019	2020
Gunsan	Stream water (Dam)	Ton	9,095,480	8,181,361	4,599,506
Pohang	Stream water (Dam)	Ton	2,232,719	2,219,562	2,113,500
Gwangyang	Stream water (Dam)	Ton	1,154,066	1,048,706	1,123,497
Iksan	Stream water (Reservoir)	Ton	620,914	620,249	702,677
Iksan VIP	Stream water (Channel)	Ton	1,423	1,307	2,480
R&D Center	Tap water	Ton	13,800	13,800	14,361
Total		Ton	**13,118,402**	**12,084,985**	**8,556,021**

Water Recycled and Reused

Business Site	Unit	2018	2019	2020
Total water used	Ton	**13,118,402**	**12,084,985**	**8,556,021**
Gunsan	Ton	303,606	318,285	194,281
Pohang	Ton	228,769	237,913	150,546
Gwangyang	Ton	10,051	7,922	11,948
Iksan	Ton	59,009	76,484	90,218
Total	Ton	601,435	640,604	446,993
Recycling rate	%	**4.6**	**5.3**	**5.2**

Raw Material Use

Business Site	Type	Unit	2018	2019	2020
Gunsan	Naphtha, DNT, industrial salt	Ton	286,287	276,443	231,468
Pohang	Coal tar, FCC, Naphthalene	Ton	561,560	525,494	461,842
Gwangyang	Coal tar, Light oil, FCC	Ton	548,960	531,977	511,535
Iksan	Naphtha	Ton	13,684	12,654	17,131
Iksan VIP	FS, Fiber, Opacifier	Ton	414	950	438
Total		Ton	**1,410,904**	**1,347,518**	**1,222,414**

Recycling Packaging Materials

Business Site	Type	Unit	2018	2019	2020
Gunsan	Drum	%	5.5	9.5	1.7
Gwangyang	PVC Bag(C/B)	%	100.0	100.0	100.0
Iksan	Can	%	10.9	10.1	11.9
Iksan VIP	FS ton bag	%	12.5	8.7	8.3
	Pallet	%	2.3	1.7	2.1

Water Discharge

Business Site	Unit	2018	2019	2020
Gunsan	Ton	31,762	32,973	19,922
Pohang	Ton	5,506	5,113	3,604
Gwangyang	Ton	2,017	1,216	1,528
Iksan	Ton	748	750	935
Iksan VIP	Ton	14	2,012	23
R&D Center	Ton	112	34	30
Total	Ton	**40,159**	**42,098**	**26,042**

Waste Recycling Rate

Business Site	Unit	2018	2019	2020
Waste Recycling Rate	%	59.1	47.7	51.6

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Environmental Performance

Wastewater Discharge

Business Site	Unit	2018	2019	2020
Gunsan	m^3	1,796,580	1,601,578	1,359,373
Pohang	m^3	412,117	426,555	459,952
Gwangyang	m^3	245,526	232,543	206,869
Iksan	m^3	162,945	128,812	182,160
R&D Center	m^3	3,900	4,800	3,880
Total wastewater discharged	m^3	**2,621,068**	**2,394,288**	**2,212,234**

* Physical/Chemical/Biological treatments are applied to each business site.

Concentration of Discharged Water Pollutants

Type	Business Site	Unit	2018	2019	2020
BOD	Pohang	mg/L	5.1	3.2	8.9
	Gwangyang	mg/L	5.4	2.7	7.1
	Iksan	mg/L	42.7	24.8	24.0
	R&D Center	mg/L	2.4	0.8	0.7
COD	Gunsan(KT)	mg/L	277.4	211.3	154.3
	Gunsan(RE)	mg/L	20.3	21.9	21.2
	Pohang	mg/L	36.6	20.9	20.0
	Gwangyang	mg/L	33.4	14.5	45.8
	Iksan	mg/L	88.3	38.7	34.5
	R&D Center	mg/L	0.8	2.0	1.6
SS	Gunsan(KT)	mg/L	33.4	41.3	41.1
	Gunsan(RE)	mg/L	14.1	31.2	22.3
	Pohang	mg/L	39.1	35.5	25.5
	Gwangyang	mg/L	19.0	10.0	42.0
	Iksan	mg/L	30.1	16.3	36.1
	R&D Center	mg/L	0.5	0.3	0.8

* Based on legal records for each business site
** No violations of waste water emissions laws

Air Pollutants Discharge

Type	Business Site	Unit	2018	2019	2020
NOx	Gunsan	kg/yr	12,437	8,920	7,524
	Pohang	kg/yr	608,673	620,586	416,656
	Gwangyang	kg/yr	587,034	490,261	375,643
SOx	Pohang	kg/yr	151,605	730,562	140,086
	Gwangyang	kg/yr	539,449	402,453	110,085
Dust	Gunsan	kg/yr	6,176	4,544	4,354
	Pohang	kg/yr	7,882	3,601	2,193
	Gwangyang	kg/yr	9,405	9,946	7,722
	Iksan	kg/yr	1,561	1,162	332

Violation of Environmental Laws and Regulations, Penalty, Punishment

Type	Unit	2018	2019	2020
Penalty	KRW in thousands	29,276	24,000	16,000
Disciplinary actions	Cases	0	0	0
Lawsuits	Cases	0	0	0

Social Performance

Senior Executives

Type		Unit	2018	2019	2020
Age	Under 30	Persons	-	-	-
	30~50 years	Persons	17	12	5
	Over 50	Persons	37	41	30
Full-time	Full-time (male)	Persons	44	44	23
	Full-time (female)	Persons	3	3	3
	Part-time (male)	Persons	7	4	7
	Part-time (female)	Persons	-	2	2
Registered	Registered (male)	Persons	7	7	7
	Registered (female)	Persons	-	2	2
	Unregistered (male)	Persons	44	41	23
	Unregistered (female)	Persons	3	3	3

Employees*

Type		Unit	2018	2019	2020
Employment type	Full-time (male)	Persons	2,051	2,038	1,397
	Full-time (female)	Persons	112	110	84
	Part-time (male)	Persons	29	25	27
	Part-time (female)	Persons	5	8	8
Position	Team Manager	Persons	94	97	74
	Manager	Persons	293	290	233
	Associate	Persons	160	158	108
	Researcher	Persons	79	81	65
	Clerk	Persons	74	76	42
	Technical worker	Persons	1,497	1,479	994
Age	Under 30	Persons	150	146	99
	30~50 years	Persons	1,649	1,589	1,090
	Over 50	Persons	398	446	327

* Excluding Part-time Senior Executives

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Social Performance

Overseas Dispatch

Type	Unit	2018	2019	2020
Number of employees	Persons	88	72	61

Employing Socially Vulnerable Persons

Type	Unit	2018	2019	2020
Disabled	Persons	25	29	18
Patriots and war veterans	Persons	72	72	53

Attrition rate

Type	Unit	2018	2019	2020*
Attrition rate	%	10.9	5.6	30.9

* Voluntary retirement (2020.04)

Employee Development

Type		Unit	2018	2019	2020
Male	Training hours per employee	Hours	17	18	14
Female	Training hours per employee	Hours	35	31	19

2020 Gender Pay Gap Analysis

Type	Unit	Male-female difference	Note
Mean gender pay gap	%	58	Differences in industry, service, duty, etc.
Median gender pay gap	%	62	
Mean bonus gap*	%	0	
Median Bonus gap	%	0	

* There was no bonus at 2020. If there were, it was linked with the basic wage.

Retirement Pension

Type		Unit	2018	2019	2020
Defined benefit (DB)	Present value of defined benefit obligation	KRW million	166,949	190,538	158,749
	Fair value of plan assets	KRW million	143,191	171,285	142,991
	Reserve ratio	KRW million	85.8	89.9	90.1
Defined contribution (DC)	Post-employment benefit expense	KRW million	3,919	2,353	2,036

Parental Leave

Type		Unit	2018*	2019	2020
Male	Employees who have taken parental leave	Persons	75	7	7
	Rate of employees returning to work after the parental leave	%	99	86	29
	Rate of employees who have worked for more than a year after returning from parental leave	%	92	86	64
Female	Employees who have taken parental leave	Persons	23	17	13
	Rate of employees returning to work after the parental leave	%	93	94	77
	Rate of employees who have worked for more than a year after returning from parental leave	%	91	94	87

* Data including postpartum leave, spouse maternity leave, and paternity leave in accordance with the criteria at the time 2018.

Performance Evaluation

Type	Unit	2018	2019	2020
Number of employees eligible for performance evaluation	Persons	2,352	2,200	1,556
Number of employees who have received performance evaluation	Persons	2,312	2,182	1,540
Ratio of employees who have received performance evaluation	%	98.3	99.2	99.0

Rate* of Labor Union Membership

Type	Unit	2018	2019	2020
Labor Union Membership	%	99.7	99.7	99.7

* Sites with Labor Unions

Occupational Injuries

Type	Unit	2018	2019	2020
Injured employees	Persons	3	2	1
Occupational injury rate	%	0.14	0.09	0.06
Injury frequency rate	%	0.55	0.39	0.24

* Gender figures combined
** Occupational injuries of contractors are not included

Safety and Health Training Hours

Business Site	Unit	2018	2019	2020
Gunsan	Hour/persons	40	40	40
Pohang	Hour/persons	36	36	36
Gwangyang	Hour/persons	40	40	36
Iksan	Hour/persons	24	24	24
Iksan VIP	Hour/persons	24	24	24
R&D Center	Hour/persons	24	24	24

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Social Performance

Support for Employee Medical Check-up

Business Site	Unit	2018	2019	2020
Gunsan	Persons	1,233	1,121	550
Pohang	Persons	491	442	443
Gwangyang	Persons	390	403	451
Iksan	Persons	109	107	132
Iksan VIP	Persons	16	16	16
R&D Center	Persons	106	105	88

Counseling of Those Who Received Warning Signs during Medical Checkup

Business Site	Unit	2018	2019	2020
Gunsan	Persons	328	250	91
Pohang	Persons	124	78	116
Gwangyang	Persons	73	69	90
Iksan	Persons	69	71	-
Iksan VIP	Persons	1	3	-
R&D Center	Persons	78	62	72

* No counseling at Iksan and Iksan VIP sites due to Covid-19.

Social Contribution in 2020

Type	Unit	2018	2019	2020
Total hours of social contribution	Times	3,684	2,620	333
Total number of participants	Persons	1,070	782	72
Cash contribution	KRW million	414	394	280
In-kind giving	KRW million	56	163	0
Social contribution costs	KRW million	676	651	393

Social Contribution Status

For 2020, OCI's total social contribution was KRW 393 million. Of that, Charitable donations, i.e. short-term and one-time contributions made at the request of local communities and charitable organizations, were worth KRW 276 million. Community Investments, which help raise both corporate reputation and long-term profitability, were KRW 113 million. Commercial Initiatives, which simultaneously promote our brand and contribute to the public interest, totaled KRW 5 million.

Economic Performance

Management Stock Ownership

(As of December 31, 2020)

Position	Shareholder name	Unit	Share	Note
CEO (President)	Teak Joung Kim	%	0.00	
Representative director (Chairman)	Woo Sug Baik	%	0.05	
Representative director (Vice chairman)	Woo Hyun Lee	%	5.04	

Major Shareholders

(As of December 31, 2020)

Item	Name	No. of stocks	Share	Note
Shareholders with 5% or more	National Pension Service	2,268,502	9.51	
	Hwa Young Lee	1,295,198	5.43	
	Bok Young Lee	1,288,237	5.40	
	Woo Hyun Lee	1,202,459	5.04	

Share of largest shareholder and related parties

(As of December 31, 2020)

Name	Relationship	No. of stocks	Share	Note
Hwa Young Lee	Largest shareholder	1,295,198	5.43	
Bok Young Lee	Relatives	1,288,237	5.40	
Woo Hyun Lee	Relatives	1,202,459	5.04	

Type and Number of Issued Stocks

(As of December 31, 2020)

Item	Type	No. of stocks	Note
Number of shares eligible for voting rights	Common stock	23,652,104	Excluding treasury stock
	Preferred stock	-	

CEO-Employee Remuneration Ratio

(As of December 31, 2020)

Item	Unit	2020	Note
CEO remuneration	KRW in thousands	695,463	
Average employee remuneration	KRW in thousands	76,000	
Ratio	Multiple	9.15	

* CEO remuneration refers to that of Teak Joung Kim, the President and representative director.
** Average employee remuneration is the average amount of remuneration per employee disclosed on Business report

Information/Cyber Security Breaches and Violations

Item	Unit	2018	2019	2020
Information/cyber security incidents* and violations	Cases	1	1	0
Information security violations including customer data	Cases	0	0	0
No. of customers affected by OCI data breach	Persons	0	0	0
Total amount of penalties related to information/cyber incidents	KRW	0	0	0

* Security incidents: All related to ransomware attacks

Contribution to Associations by Year

Item	Unit	2017	2018	2019	2020
Associations and related organizations	KRW	447,423,550	509,935,380	463,134,399	419,528,321
Donations	KRW	1,188,073,180	304,190,000	386,623,500	124,771,350

Contribution to Major Associations

Item	Unit	2017	2018	2019	2020
Korea Petrochemical Industry Association	KRW in thousands	65,712	65,124	69,879	68,280
Korea Chlor Alkali Industry Association	KRW in thousands	28,800	28,800	31,500	32,400
International Tar Association	KRW in thousands	7,292	6,997	7,682	8,044
International Isocyanate Institute	KRW in thousands	-	133,838	48,802	41,009
Korea Chemicals Management Association	KRW in thousands	1,800	1,800	1,800	2,380

* No political contributions are made in accordance with Article 31 (restrictions on Contributions) of the Political Funds Act (restrictions on Contributions).

Major Sanctions

In 2017, OCI and executive in charge paid a fine of KRW 2 million each in violation of the Chemicals Control Act due to the same accidental leakage taken place in 2015. On Nov. 14, 2018, we paid about KRW 8.3 million in fines adhering to the Occupational Safety and Health Act for the Nitrogen leakage accident at the Gunsan plant. On November 21, OCI paid about KRW 4 million in fines and KRW 25 million in penalties for the violation of the Chemical Substance Control Act and the Occupational Safety and Health Act due to the accidental leakage of Silicon tetrachloride at the Gunsan Polysilicon Plant. In October, 2019, we paid KRW 4 million in violation of the Environmental Impact Assessment Act during the implementation of urban development project at Incheon Yonghyeon-Hagik district. In January 2020, we paid about KRW 1.6 million in fines adhering to the Air Environment Conservation Act for the violation of duty to prevent corrosion and wear damage for the air prevention facilities in Iksan Plant. The air prevention facilities has been improved due to the implementation status.

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Taxation Management

The OECD has announced a new set of taxation regulations for multinational corporations. The BEPS (Base Erosion and Profit Shifting) are an effort to fight against increasing offshore tax evasion by these companies. Action Plan 13 (Transfer Pricing and Tax Information Document) demands extensive disclosure of taxpayer which is corporate information.

Disclosure Policy on Transfer Pricing and Tax Payment

To respond to disclosure regulations on BEPS Action Plan 13, we prepare 1) Master File, 2) Local File, and 3) Country by Country report (CbCR) and submit them to National tax Service. As for our overseas subsidiaries, we provide documents and reports as requested by the tax authority of each country. In order to minimize tax risks, we ensure that we practice business in accordance with local tax policies and closely monitor any policy changes.

Step 01



Master File

- Group-wide legal ownership structure
- Status of business activities of all entities (profit-generating factor, business status)
- Intangible asset details
- Capital procurement details of all entities
- Changes in the merger, spin-off and transaction structures

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Step 02



Local File

- Organizational structure and status of business
- Sales/purchase statement by product group
- Status of retention/change in intangible assets
- Related party transactions at home/abroad (functional analysis, calculating grounds for normal price, transaction profitability)

▼

Step 03



Country by Country Report

- Country of tax jurisdiction
- Sales revenue per main profit source
- Income tax on cash basis and accrual basis
- Capital and capital structure
- Major business activities

Disclosure of Transfer Pricing and Tax Payment

OCI responds to tax risk in accordance with the BEPS Action Plan. For the fiscal year 2019, we prepared a Master File, Local File, and CbCR in accordance with the transfer price and tax information policy guidelines and submitted them to the taxation authorities. In addition, OCI provides information related to transfer pricing and taxation in the financial statements and notes.

Tax Payments of Subsidiaries by Country

(As of 2020, Unit: KRW million)

	Sales Revenue	Amount of Tax Paid
Korea	1,079,771	2,639
US	141,206	0
China	530,147	719
Japan	38,029	62
Philippines	8,476	134
Malaysia	19,590	1,049
Vietnam	3,997	1

* Sales revenue in some countries does not reflect consolidation adjustments

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GRI Standards Index

* SDGs: Sustainable Development Goals

Classification		Disclosure, Indicators	Page	SDGs*	Note
Organizational profile	102-1	Name of the organization	5	-	
	102-2	Activities, brands, products, and services	6, 8-11	-	
	102-3	Location of headquarters	60	-	
	102-4	Location of operations	59	-	
	102-5	Ownership and legal form	13, 52	-	
	102-6	Markets served	6, 13	-	
	102-7	Scale of the organization	13	-	
	102-8	Information on employees and other workers	13	SDG 8, 10	
	102-9	Supply chain	29	-	
	102-10	Significant changes to the organization and its supply chain	2	-	
	102-11	Precautionary Principle or approach	34-35	-	
	102-12	External initiatives	60	-	
	102-13	Membership of associations	60	-	
Strategy	102-14	Statement from senior decision-maker	3-4	-	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	36	SDG 16	
Governance	102-18	Governance structure	32-33	-	
Stakeholder Engagement	102-40	List of stakeholder groups	14	-	
	102-41	Collective bargaining agreements	14	SDG 8	
	102-42	Identifying and selecting stakeholders	14	-	
	102-43	Approach to stakeholder engagement	14	-	
	102-44	Key topics and concerns raised	14	-	

Classification		Disclosure, Indicators	Page	SDGs	Note
Reporting Practice	102-45	Entities included in the consolidated financial statements	59	-	
	102-46	Defining report content and topic Boundaries	15	-	
	102-47	List of material topics	15	-	
	102-48	Restatements of information	2	-	
	102-49	Changes in reporting	2	-	
	102-50	Reporting period	2	-	
	102-51	Date of most recent report	2	-	
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Classification	Disclosure, Indicators		Page	SDGs	Note
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Third Party Assurance Statement

To Management and stakeholders of OCI Company Ltd.

Korea Sustainability Investing Forum (hereinafter "KoSIF") was commissioned by OCI company Ltd. (hereinafter "Company") to provide an independent assurance statement for its 'Integrated Report 2020 (hereinafter "Report"), and hereby presents the following third-party assurance statement.

Responsibility and Independence

Other than providing the independent assurance statement, KoSIF does not hold any interest in the Company that may affect the independence and fairness of the verification. Although this assurance statement is written for management and stakeholders of OCI Company Ltd., KoSIF expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this assurance statement.

Assurance Criteria and Principles

The verification procedure is in accordance with

1. Type 1, Moderate Level used in AA1000AS (2008),
2. The three accountability principles (Inclusivity, Materiality, Responsiveness) in AA1000AS (2008), and
3. Core option of GRI Standard Guideline

Assurance Process and Limitations

After KoSIF carried out an initial review based on publicly available IR materials and supporting data obtained directly from the Company, an on-site audit was implemented and the scope of it was limited to the headquarter of the company. KoSIF carried out an in-person interview with the personnel in charge of writing the report and verified the basis of claims related to the environmental, social, and economic data listed in the report by checking their consistency and conducting sampling inspection. KoSIF confirmed that the financial data were appropriately retrieved from financial statements in the annual report listed in Data Analysis, Retrieval and Transfer System(DART). Data and information stretching outside the reporting scope of the Company (e.g. suppliers) were excluded from the audit. The result of the assurance may differ if the scope of the assessment changes.

Assurance Result

Nothing has come to KoSIF's attention that causes KoSIF to believe the information and data provided were misplaced or misleading. KoSIF could also not find anything that may provide a basis that the report was not prepared in accordance with the core option of GRI Standard Guidelines.

KoSIF's opinion regarding the principles of AA1000AS (2008) is as follows:

- **Inclusivity**
  The Company identifies stakeholders like shareholders, investors, employees, local communities, business partners, government, and customers. Through customized communication channels for each stakeholder group, the company gathers stakeholders' key interests, expectations, and opinions. KoSIF also confirmed that stakeholder opinions are being reflected in the annual survey to identify material issues. KoSIF confirmed that no significant stakeholder groups were omitted in the overall matters and process.

- **Materiality**
  The Company has derived 32 major issues related to sustainability management activities through international standards analysis, benchmarking business leaders, media research, internal and other stakeholder surveys. In addition, the Company derived 6 key issues (profitability enhancement, workplace safety, and health reinforcement, energy consumption management and energy efficiency, reinforcement of employee safety and health management system, expansion of R&D capabilities and innovation competitiveness, eco-friendly product and service development) by quantifying stakeholder interest and business impact. Having checked the data in the materiality assessment process of the Company and verified the process of deriving 32 issues, KoSIF confirms that there is no significant error. In the future, KoSIF suggests that supplementary measures be taken to identify material issues more precisely for some stakeholders.

- **Responsiveness**
  The Company executes and reports activities and performances related to issues impacting its stakeholders. Out of 32 issues, the activities and performance are described not only for 6 issues identified as important, but also issues that are not included in the 6 issues, but deemed important (e.g. climate change). To increase responsiveness to some stakeholders in the future, KoSIF believes that it is necessary for the Report to include more detailed activities and performances of the Company.

Recommendations

KoSIF recommends the following to enhance sustainability management at the company and improve stakeholders' sustainability:

- ESG factors are increasingly becoming a competitive edge for companies. It is recommended that the company establish an ESG management vision, goals, promotion strategies, and key tasks, and establish a dedicated organization and government structure (e.g. establishment of an ESG committee within the Board of Directors) to systematically and strongly promote ESG management.

- It is recommended that the issue pool for materiality assessment be structured based on the characteristics of the Company's business portfolio and structured more abundantly from each point of view of the identified stakeholders.

- The climate crisis is the global issue that most strongly drives ESG. Accordingly, investors around the world are actively taking action on the '1.5℃ Climate Action' to achieve carbon neutrality in 2050 by requesting disclosure of climate-related information through TCFD (Task Force on Climate-related Financial Disclosure) and CDP (formerly Carbon Disclosure Project). We recommend that the Company actively engage in communication with climate-related investors.

May 28th, 2021
Korea Sustainability Investing Forum
Chairman **Kim, Young Ho**

KOSIF Korea Sustainability Investing Forum

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Basic Chemicals	Polysilicon	Si	7440-21-3	Dark-grey chips or chunks, 10-nine and 11-nine purity	Key material for solar cells and semiconductor wafers	OCI / OCI Malaysia	Gunsan, Korea / Sarawak, Malaysia
	Hydrogen peroxide	H_2O_2	7722-84-1	Colorless liquid	Bleach, disinfectants	OCI / Philko Peroxide	Iksan, Korea / Makati City, Philippines
	Sodium percarbonate (Sodium carbonate peroxyhydrate)	$2Na_2CO_3{\cdot}3H_2O_2$	15630-89-4	White powder	Bleach, disinfectants	OCI / OCI Alabama	Iksan, Korea / Alabama, USA
	Phosphoric acid	H_3PO_4	7664-38-2	Colorless liquid, 75% and 85% purity	Semiconductor metal-surface finishing, additives	OCI	Gunsan, Korea
	Fumed silica	SiO_2	7631-86-9/ 112945-52-5	White powder, >99.8% purity	Filling and reinforcing agent for sealants, rubber goods, and paints; slurry, insulation	OCI / Tangshan OCI Chemical	Gunsan, Korea / Tangshan, China
	High purity silicon tetrachloride	$SiCl_4$	10026-04-7	Colorless liquid	Fumed silica, optical fiber, quartz	OCI	Gunsan, Korea
	Caustic soda, Sodium hydroxide	NaOH	1310-73-2	Colorless liquid, >50%, 32.8%~33.2%, >25% purity	Fiber cleaners, food seasonings, pharmaceutical	OCI	Gunsan, Korea
	Hydrochloric acid	HCl	7647-01-0	Colorless or light-yellow liquid, 35%~36% purity	Wastewater treatments, catalysts, solvents	OCI	Gunsan, Korea
	Sodium hypochlorite	NaOCl	7681-52-9	Greenish-yellow liquid, ≤12.6% purity	Bleach, dyes, pigments	OCI	Gunsan, Korea
	Clorine	Cl_2	7782-50-5	Compressed liquefied gas	Inorganic chlorine compound manufacturing	OCI	Gunsan, Korea
	Calcium chloride	$CaCl_2$	10043-52-4	White solid crystalline powder, 74%	Deicing agent, desiccant, accelerator, road surfacing, food additives	OCI	Incheon, Korea / Trading business
	Silica sand	SiO_2	7631-86-9	Colorless or white solid	Glass, casting material	OCI	Trading business
	Sodium sulphate anhydrous	Na_2SO_4	7757-82-6	Ordorless white hygroscopic powder	Glass, detergents, dyes, pulp, pigments, pharmaceuticals	OCI	Trading business
	Acetic acid	CH_3COOH	64-19-7	Colorless liquid	Vinyl acetate, VAM, PTA	OCI	Trading business
	Soda ash, Sodium carbonate	Na_2CO_3	497-19-8	Odorless white powder	Glass, soap, detergents, food processing, textiles, paper, chemicals	OCI	Trading business
	Sodium chlorite	$NaClO_2$	7758-19-2	Light-yellow liquid	Bleach, disinfectant, oxidant, chemical reagent	OCI	Trading business
	Ammonium chloride	NH_4Cl	12125-02-9	Odorless white powder	Spent catalyst, solvent, food additives	OCI	Trading business
	Urea	$CO(NH_2)_2$	57-13-6	Colorless or white solid (or liquid)	Coagulant, accelerator, solvent, dyes, desiccant	OCI	Trading business
	Refined salt	NaCl	7647-14-5	Ordorless solid	Food additives, fabric dyes	OCI	Trading business
	Sodium hydrosulfite	$Na_2S_2O_4$	7775-14-6	White powder	Oxidizer, reducer, bleach	OCI	Trading business
	PVA (Polyvinyl alcohol)	$(C_2H_4O)n$	9002-89-5/ 25213-24-5	Odorless white powder	Adhesive, emulsion stabilizer, binder, thickening agent	OCI	Trading business
	Sodium bicarbonate	$NaHCO_3$	144-55-8	Odorless white powder	Food additives, feed, leather, pharmaceuticals, baking powder, soap	OCI	Trading business
	Slim rod	Si	7440-21-3	Ingot of 8.3 mm diameter and 2,400 mm length, >99% purity	Seed material for polysilicon manufacturing	OCI Specialty	Gongju, Korea
	Ingot	Si	7440-21-3	Ingot of 190 mm diameter and 2,700 mm length, >99% purity	Basic material for silicon wafers	OCI Specialty	Gongju, Korea
	Wafer	Si	7440-21-3	Thin slabs of silicon sliced from silicon ingots, >99% purity		OCI Specialty	Gongju, Korea
	BPMC (2-sec Butyl phenyl methyl carbamate, Fenobucarb)	$C_{12}H_{17}NO_2$	3766-81-2	Light-yellow liquid, >96% purity	Carbamate insecticide for rice and cotton crops	OCI Vietnam	Binh Duong, Vietnam
	Frit, Composition, Printing powder		7783-82-6	Granules and powder	Glaze for tile and ceramics	OCI Ferro	Ansan, Korea
	Stain		7631-86-9	Powder	Pigmant for tile and ceramics	OCI Ferro	Ansan, Korea
	Medium	Si	3766-81-2	Viscous liquid	Printing powder	OCI Ferro	Ansan, Korea

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Petrochemicals & Carbon Materials	Carbon black	C	1333-86-4	Fine carbon powder	Pigment and reinforcing agent for rubbers, inks, and electrical insulation	OCI / Shandong OCI / OCI-Jianyang Carbon Black	Pohang, Gwangyang, Korea /Shandong, China
	TDI (Toluene di-isocyanate)	$C_9H_6N_2O_2$	26471-62-5/ 584-84-9	Colorless liquid	Polyurethane products	OCI	Gunsan, Korea
	o-TDA	$C_7H_{10}N_2$	26966-75-6	Colorless liquid	Polyurethane products	OCI	Gunsan, Korea
	Naphthalene	$C_{10}H_8$	91-20-3	Colorless solid, 95% purity	Dye chemicals	OCI / Shandong OCI / Ma Steel OCI Chemical	Pohang, Gwangyang, Korea / Shandong, Anhui, China
	Isoquinoline	C_9H_7N	119-65-3	Colorless or light-yellow oil, 98% purity	Polyimide film	OCI	Gwangyang, Korea
	Indene oil	-	65996-79-4	Light-tan oil, 50% purity	Cumarone resin	OCI	Pohang, Gwangyang, Korea
	Xylenol	$C_8H_{10}O$	1300-71-6	Colorless or light-tan oil, 80% purity	Synthetic resins, solvents	OCI	Pohang, Korea
	Quinoline	C_9H_7N	91-22-5	Colorless or light-yellow oil, 98% purity	Disinfectants, herbicide	OCI	Gwangyang, Korea
	Cresol	C_7H_8O	1319-77-3	Colorless or light-pink oil, 70% purity	Insecticides, synthetic resins, solvents	OCI	Pohang, Korea
	Phenol	C_6H_6O	108-95-2	Colorless or light-pink oil, 95% purity	Solvents, phenolic resin	OCI	Pohang, Korea
	Pitch	-	65996-93-2	Black solid	Binder for aluminum smelting	OCI / Shandong OCI / Ma Steel OCI Chemical	Pohang, Gwangyang, Korea / Shandong, Anhui, China
	Wash oil	-	90640-84-9	Yellowish-brown oil, 30% methylnaphthalene	Synthetic resins, solvent	OCI / Shandong OCI / Ma Steel OCI Chemical	Pohang, Gwangyang, Korea / Shandong, Anhui, China
	Plasticizer (DINP)	-	68515-48-0	Colorless liquid	PVC Compound, Wiring, Deco sheet, Flooring, Wallpaper, Tarpaulin, Leather, etc.	OCI	Pohang, Korea
	Plasticizer (DIDP)	-	68515-49-1	Colorless liquid	PVC Compound, Wiring, Deco sheet, Flooring, Wallpaper, Tarpaulin, Leather, etc.	OCI	Traiding business
	Plasticizer (DOTP)	$C_{24}H_{38}O_4$	6422-86-2	Colorless liquid	PVC Compound, Wiring, Deco sheet, Flooring, Wallpaper, Tarpaulin, Leather, etc.	OCI	Pohang, Korea
	Phthalic anhydride	$C_8H_4O_3$	85-44-9	Colorless solid	Petrochemical feedstock	OCI	Pohang, Korea
	Benzene	C_6H_6	71-43-2	Colorless or light-yellow aromatic compound	Petrochemical feedstock	OCI	Gwangyang, Korea
	Aromatic polyester polyol	-	32472-85-8	Light-brown liquid	Petrochemical feedstock	OCI	Goedong, Korea
	Mixed xylene	C_8H_{10}	1330-20-7	Colorless or light-yellow aromatic compound	Petrochemical feedstock	OCI	Gwangyang, Korea
	Toluene	C_7H_8	108-88-3	Colorless or light-yellow aromatic compound	Petrochemical feedstock	OCI	Gwangyang, Korea
	C9	-	64742-95-6	Colorless or light-yellow aromatic compound	Petrochemical feedstock	OCI	Gwangyang, Korea
	Sodium hydrosulfide	NaSH	16721-80-5	Colorless or light-yellow aromatic compound	Heavy metal remover in the chemical industry	OCI	Gwangyang, Korea
	Non-Aromatics	-	64741-46-4	Colorless or light-yellow aromatic compound	Petrochemical feedstock	OCI	Gwangyang, Korea
	Carbon black oil		8001-58-9	Yellowish-brown oil	Carbon black	Shandong OCI / Ma Steel OCI Chemical	Shandong, Anhui, China
	Creosote		8001-58-9	Yellowish-brown oil	Carbon black, wood preservatives	Shandong OCI / Ma Steel OCI Chemical	Shandong, Anhui, China
	Decant oil	$C_6H_5CH_3$	71-43-2	Highly volatile colorless liquid, 60% benzene/ 40% toluene	Synthetic resins	Shandong OCI / Ma Steel OCI Chemical	Shandong, Anhui, China
	Fumed silica vacuum insulation panels			Ultra-high-efficiency insulation material	Insulation for refrigerators, buildings, and industrial applications	OCI	Iksan, Korea
Energy Solutions & Others	Solar PV energy development and operation				Utility-scale solar PV plant construction, operation and electricity sales	OCI Solar Power	Texas, USA
	Solar PV energy development and operation				Distributed solar PV plant construction, operation and electricity sales	OCI Solar (China)	Jiaxing, Hongze, Wuxi, Yantai, China
	Solar modules				Solar module manufacturing	Mission Solar Energy	Texas, USA
	Solar trackers				Dual-axis solar tracker manufacturing	Sun Action Trackers	Texas, USA
	Electricity, Steam				Electricity	OCI SE	Gunsan, Korea

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Subsidiaries

1. OCI SPECIALTY CO., LTD.
- Address: 110, Tancheonsaneopdanji-gil, Tancheon-myeon, Gongju, Chungcheongnam-do, 32611, Korea
- Tel: +82-41-851-7000
- Products: Slim rod (filament)
- OCI ownership: 78.08%

2. OCI POWER CO., LTD.
- Address: OCI Bldg., 94 Sogong-ro, Jung-gu, Seoul, 04532, Korea
- Tel: +82-2-3016-1100
- Services: Solar PV energy development and operation

3. OCI INFORMATION & COMMUNICATION CO., LTD.
- Address: OCI Bldg., 94 Sogong-ro, Jung-gu, Seoul, 04532, Korea
- Tel: +82-2-6288-1000
- Products: Information system consulting, Development, Management, and Operations

4. OCI SE
- Address: 213, Saemangeum sandan 3-ro, Gunsan-si, Jeollabuk-do, 54002, Korea
- Tel: +82-63-440-9100
- Service: Cogeneration power plant operation

5. OCI DREAM
- Address: 94, Sogong-ro, Jung-gu, Seoul, 04532, Korea
- Tel: +82-2-776-7511

6. OCI CHINA CO., LTD.
- Address: Room 806, No. 11 Yujinggang Road, Jingan District, Shanghai, China
- Tel: +86-21-3372-2600
- Products: Polysilicon and chemical sales, Business development

7. TANGSHAN OCI CHEMICAL CO., LTD.
- Address: Tangshan Silicone Industries, Nanpu, Development Zone, Tangshan, Hebei Province, China
- Tel: +86-315-733-2203
- Products: Fumed silica

8. OCI SOLAR (CHINA) CO., LTD.
- Address: 18F, Jiaxing PV Science&Technological Innovation Park, No. 1288 Kanghe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, 314031, China
- Tel: +86-573-8398-0000
- Services: Solar PV energy development and operation

9. OCI SOLAR POWER LLC
- Address: 8000 IH-10 West, Suite 1201 San Antonio, TX 78230, USA
- Tel: +1-210-453-3100
- Services: Solar PV energy development and operation

10. OCI ALABAMA LLC
- Address: 1455 Red Hat Road Decatur, AL 35601, USA
- Tel: +1-256-301-5236
- Products: Sodium percarbonate

11. OCI JAPAN CO., LTD.
- Address: 3F, Mita Kokusai Building, 1-4-28 Mita, Minato-ku, Tokyo, 108-0073, Japan
- Tel: +81-3-6400-5800
- Products: Polysilicon and chemical sales, Business development
- OCI ownership: 99.99%

12. OCI VIETNAM CO., LTD.
- Address: 3KM 24, DT 743 Street Binh An Village, Di An Town, Binh Duong Province, Vietnam
- Tel: +84-650-375-0461
- Products: Insecticides, Fungicides, Herbicides, Surfactants

13. MISSION SOLAR ENERGY LLC
- Address: 8303 S. New Braunfels Avenue, San Antonio, TX 78235, USA
- Tel: +1-210-531-8600
- Products: Solar modules

14. DCRE
- Address: 230, Dokbae-ro, Michuhol-gu, Incheon, 22205, Korea
- Tel: +82-32-830-2500
- Service: Real estate development

15. OCIM SDN. BHD.
- Address: Lot 600, 6th Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100, Kuching, Sarawak, Malaysia
- Tel: +60-82-422-705
- Fax: +60-82-427-708
- Products: Polysilicon

Joint ventures

16. SHANDONG OCI CO., LTD.
- Address: No.1 Hengshan Road, chemical industrial complex Xuecheng District, Zaozhuang City, Shandong Province, 277000, China
- Tel: +86-184-832-67444
- Products: Pitch, CBO, Naphthalene and others
- OCI ownership: 80%

17. OCI-FERRO CO., LTD.
- Address: 253-21, Wonsi-ro, Danwon-gu, Ansan, Gyeonggi-do, 15429, Korea
- Tel: +82-31-489-8800
- Products: Ceramic frits, Zircon silicates
- OCI ownership: 50%

18. SHANDONG OCI-JIANYANG CARBON BLACK CO., LTD.
- Address: Xuecheng Economic Development Zone (east side of Shugang Road, west side of Zhuqiao Road(II), north side of ChangZhuang Road(II)), Zaozhuang, Shandong, China, 277000
- Tel: +86-632-768-0763
- Products: Carbon black
- OCI ownership: 51%

19. MA STEEL OCI CHEMICAL CO., LTD.
- Address: West Side, Liqingchi Road, Chemical Industry Area, Yushan Economic Developement Zone, Maanshan, Anhui, China
- Tel: +86-555-822-8239
- Products: Pitch, CBO, Naphthalene and others
- OCI ownership: 60%

20. PHILKO PEROXIDE CORP.
- Address: Unit 8-1, 8th floor, Citibank Center 8741 Paseo de Roxas, Makati City, Philippines
- Tel: +63-2-889-6120
- Products: Hydrogen peroxide, Other chemicals
- OCI ownership: 40%

21. SUN ACTION TRACKERS LLC
- Address: 15143 Tradesman Drive San Antonio, TX 78249, USA
- Tel: +1-210-585-8224
- Products: Solar Trackers
- OCI ownership: 41%

22. HYUNDAI OCI CO., LTD.
- Address: 182, Pyeongsin 2-ro, Daejuk-ri, Daesaneup, Seosan-si, Chungcheongnam-do, 31902, Korea
- Tel: +82-2-2004-3600
- Products: Carbon black
- OCI ownership: 49%

23. BNO BIO CO., LTD.
- Address: Sangdo-ro 7, Dongjak-gu, Seoul, 06955, Korea
- Tel: +82-2-828-8223
- Services: Biomedical drug research and development
- OCI ownership: 50%

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- Consortium of Joint Registration of Petrochemicals
- International Tar Association
- Japan Hygienic Olefin and Styrene Plastics Association
- Korea Association for Chief Financial Officers
- Korea Association of Carbon-Nano Industry
- Korea Biomedicine Industry Association
- Korea Chemicals Management Association
- Korea Chlor Alkali Industry Association
- Korea Enterprises Federation
- Korea Feed Ingredients Association
- Korea Industrial Technology Association (Chief Technology Officer Club)
- Korea International Trade Association
- Korea Investor Relations Service
- Korea Listed Companies Association
- Korea Listed Companies Association (Auditor Association)
- Korea Petrochemical Industry Association
- Korea Photovoltaic Society
- Korea Research Association of Silicone Industry
- Korea Responsible Care Council
- Korea Rubber Industry Association
- Korea Semiconductor Industry Association
- Korea Specialty Chemical Industry Association
- Korea Vinyl Environmental Council
- Seoul Chamber of Commerce and Industry
- The Rubber Society of Korea
- Tripple I (International Isocyanate Institute)

For More Information

For additional information or inquiries regarding this report, please contact us through one of the methods below.

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