

**SMGROUP**

# Environment Management

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# Green Management System

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Instead of merely complying with environmental laws and regulations, the eco-friendly green management is SM Group's policy providing eco-friendly values to customers and leading the sustainable future with safe products, services and procedures.

## Demands for a Green Management System

### Responsible Consumption and Production

We are doing our best to reduce greenhouse gas emissions with energy-efficient products and to contribute to sustainable consumption and production by establishing a high-quality PET recycling system. We also strive to manufacture eco-friendly products.

### Environmental Compliance

We comply with environmental laws and regulations by introducing clean production systems and eco-efficiency evaluation, and actively responding to environmental issues with eco-friendly technology and a sustainable supply chain. We are also continuously reducing the use of harmful substances in our products based on strict pre-inspection and follow-up management for all parts and raw materials used in accordance with international environmental laws.

### Contribution to Social Values

We are striving to contribute to social values in cooperation with the community with various forms of support to save resources and energy, and to minimize greenhouse gas emissions and environmental pollution.

## Green Management Activity

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All SM Group affiliates are actively and positively cooperating in creating an eco-friendly culture with Green management, including eco-friendly activities and participation in environmental campaigns.

### Lead Green Management by Reducing Greenhouse gas Emissions and Waste Generation

Woobang Engineering & Construction Corporation has established 80 on-site energy management committees to reduce greenhouse gas sources by 30% through investing in energy-saving facilities and introducing low-carbon facilities. In addition, we are reducing waste generation by annually recycling more than 50% of industrial waste such as waste soil and stone, and we actively carrying out activities to reduce the generation of fine dust, such as installing anti-dust facilities.

### Provide Clean Indoor Air by Researching Eco-Friendly Materials and Establishing Selection Criteria

The Construction Division of SM Line Corporation has completed environmental inspections of 180 types of materials, on which the eco-friendly material selection criteria (draft) is based, establishing prohibited use of materials emitting large amounts of environmental pollutants in buildings and furniture. In particular, newly received materials are thoroughly inspected and put into the field. We are striving to provide clean and comfortable indoor air with continuous research of eco-friendly materials.

### Secure Corporate Competitiveness through Promoting Green Management with a Leading Role in Eco-Friendly Activities

Woobang's advanced environmental management has resulted in a reduction of greenhouse gas emissions and energy savings equivalent to approximately KRW 300 million, and is providing eco-friendly expertise to 45 suppliers. Woobang is a leader in the environmental protection sector, which boosts its corporate competitiveness, and thus it has received a commendation from the Minister of Trade, Industry and Energy at the "2020 Korea Green Management Awards".

### Contribute to Energy Saving and Resource Conservation in Construction

Keangnam Enterprises has established a process for purchasing high-efficiency energy-saving equipment, thereby reducing energy consumption by approximately 20%, and saving about KRW 1.2 billion with power-off campaigns during non-work hours and energy reduction campaigns with civil society organizations. The advanced management system is improved by regular training for on-site environmental management officers.

### Marine Environmental Protection and Pollution Prevention at Ports

The Shipping Division of SM Line Corporation has been using low-sulfur oil in all ships from 2020 in accordance with the “Convention on the Prevention of Marine Pollution”, which limits the sulfur content of marine fuels to less than 0.5%. We also fulfill our obligations to protect the marine environment with selected optimal routes and the most efficient ship operation. In addition, we prevent air pollution at ports by minimizing unnecessary power generation when the ship is anchored at the port by leveraging the onshore power supply facility (Alternative Maritime Power, AMP).

### Support Projects and Job Creation for Local Community

Hotel TOPS10 is built in accordance with eco-friendly and energy-saving design standards, saving more than KRW 50 million annually by only using high-efficiency energy equipment and partial lighting fixtures, while creating jobs for local residents along with support projects for local community such as water facilities improvement, pro-environmental projects, and consolation events for military personnel.

## System Certification

SM Group complies with domestic and foreign laws and regulations related to safety, health and environment, actively accepts the opinions of stakeholders, and voluntarily participates in energy reduction activities to discover eco-friendly elements, establish an eco-friendly culture, and to address climate change.

Business Sectors	Workplace	Quality Management Certification	Environmental Management Certification	Safety/Health Management Certification
Construction	KEANGNAM ENTERPRISES	· ISO 9001 · KEPIC*	· ISO 14001	· ISO 45001 · KOSHA 18001
	SAMWHAN CORPORATION	· ISO 9001	· ISO 14001	
	DONGAH CONSTRUCTION INDUSTRIAL	· ISO 9001	· ISO 14001	· ISO 45001
	WOOBANG	· ISO 9001		
	WOOBANG INDUSTRIAL		· ISO 14001	
Manufacturing	TK CHEMICAL	· ISO 9001	· OEKO-TEX · GRS	· KOSHA 18001
	BEXEL	· ISO 9001	· ISO 14001	
	NAMSUN ALUMINUM	· ISO 9001	· ISO 14001	
	NAMSUN ALUMINUM <small>AUTOMOTIVE PARTS</small>	· IATF 16949	· ISO 14001	
	SM STEEL	· ISO 9001	· ISO 14001	
	SM HEAVY INDUSTRIES	· ISO 9001	· ISO 14001	
	SM INDUSTRY	· ISO 9001	· ISO 14001	· ISO 45001
	E&H	· ISO 9001	· ISO 14001	
	HWAJIN		· ISO 14001	· OHSAS 18001
	KOREA LINE KOREA LINE LNG	· ISO 9001	· ISO 14001	· OHSAS 18001 · DOC · SMC
Shipping Industry	KOREA SHIPPING	· ISO 9001	· ISO 14001	· DOC · SMC
	KLCSM	· ISO 9001	· ISO 14001	· OHSAS 18001 · DOC · SMC
Service	SM HIPLUS	· ISO 9001		

\*KEPIC is an abbreviation for “Korea Electric Power Industry Code” which is defined as a set of integrated codes and standards, established by the Korea Electric Association, applicable to the entire process of design, manufacturing, installation, and operation of a nuclear power plant so as to secure safety and reliability. It is a mandatory qualification for entering the nuclear power plant business.

All executives and employees of SM Group recognize quality, environment and safety as the basis of our activities so that we will create the best value for customers, lead a prosperous life and faithfully carry out continuous improvement fully utilizing our competencies and passion.