

Materiality Sigdo Koppers – DJSI

- **Material Issues for Enterprise Value Creation**

Sigdo Koppers conducts materiality analysis to identify key issues for long-term value creation.

Material Issue 1

- Material Risk or Opportunity: **Reputational Risk (Ethics)**
- Business Case: The Ethics and Reputation of the Sigdo Koppers Group and its subsidiaries is very important for the organization. The materialization of any event that may impact the reputation of the Company may partially or totally affect activities such as tenders, partnerships and joint businesses with other economic groups, relations with communities, among others.
- Business Impact: Revenue
- Business strategies: Sigdo Koppers carries out a Triple Bottom Line strategy, which considers the Economic, Social and Environmental areas, and develops all its activities under the auspices of its four Corporate Values: Commitment to Life, Integrity, Customer Focus, and Excellence. Furthermore, the Corporate Governance and the different units of the group duly attend to the interests of collaborators, interest groups, and other relevant fields such as the environment and human rights, which constitutes a fundamental pillar for the ethics and reputation of the Sigdo Koppers Group.

Material Issue 2

- Material Risk or Opportunity: **Innovation and Development**
- Business Case: One of the commitments of each of the Group's companies is the search for solutions to the needs and requirements of their clients, an objective in which innovation plays a central role. It is a fundamental element for companies to develop in a changing and demanding environment, since it guarantees the safety of collaborators, business continuity, operational efficiency and long-term sustainability. The Innovation and Development risk is the obsolescence of SK products, and it materializes when the company and its subsidiaries interrupt research and development, since this can impact competitiveness, margins and the value proposition for its customers and groups of customers. interest, affecting the activities and development momentum that the Group carries out.
- Business Impact: Revenue
- Business strategies: Sigdo Koppers operates under a business model that has Innovation and Development embedded in each of its activities as a key enabler in its Triple Bottom Line strategy, which allows us to considerably mitigate this risk and maintain cutting-edge and competitive value propositions. The challenges related to innovation are part of the Sigdo Koppers Risk Matrix,

where the Risk Committee is in charge of monitoring, evaluating, planning and managing various actions in this matter. At the same time, the company has an Innovation Committee, responsible for addressing the issue in the Group's companies.

Material Issue 3

- Material Risk or Opportunity: **Personal Key Dependency - Talent Development and Retention**
 - Business Case: The materialization of resignations of key personnel, both at the Parent level and in its subsidiaries, may impact certain activities at the operational and management level. These impacts vary depending on each employee and the functions they perform. Having the best work teams is essential for meeting Sigdo Koppers' goals, which is why one of its strategic objectives is the attraction and retention of talent within its subsidiaries. The company seeks to keep within the organization those people who stand out for their abilities and skills, whether technical or soft. This is of great importance to maintain a deep-rooted corporate culture, the company's knowledge capital, productivity and efficiency.
 - Business Impact: Cost
 - Business strategies: Sigdo Koppers maintains continuous monitoring of the main executives of the subsidiaries and is the articulator of movements between the companies that contribute to the professional development of people and their permanence in the Group. On the other hand, Sigdo Koppers has a People and Sustainability Committee made up of executives from the Human Resources areas of the Group's subsidiaries, coordinated by the parent company SK and headed by its Executive President. Within the work of this committee is to promote best practices in the subsidiaries and during 2023 the following tasks were defined: implementation of talent and succession mapping in all companies, strengthening of corporate values, measurement of organizational climate in all companies and development internal communication.
- **Material Issues for External Stakeholders**
Sigdo Koppers conducted an assessment of positive and/or negative impacts on external stakeholders resulting from our business operations, products & services and/or supply chain.

Impact 1

- Material Issue for External Stakeholders: **Climate Change - Environmental Strategy**
- Cause of the Impact:
Business value chain: Operations, Products/Services and Supply Chain.
Business activity coverage: >50% of business activity

- External stakeholders/impact areas evaluated: Environment, Society, Consumers/end-users and External employees.
- Topic relevance on external stakeholders:
Materiality of externalized impact on stakeholders assessed: The company is exposed to different environmental risks inherent to its operations, such as generation of atmospheric emissions, generation of waste and wastewater, consumption of natural resources, handling of dangerous substances, spills or leaks, among others. Significant alteration of environmental conditions in which cumulative, synergistic and residual impacts are expected that would cause the destruction, isolation or fragmentation of ecosystems.
Type of impact: Negative

Impact 2

- Material Issue for External Stakeholders: **Cybersecurity**
- Cause of the Impact:
Business value chain: Operations, Products/Services and Supply Chain.
Business activity coverage: >50% of business activity
- External stakeholders/impact areas evaluated: Environment, Society, Consumers/end-users and External employees.
- Topic relevance on external stakeholders:
Materiality of externalized impact on stakeholders assessed:
Potential impact:
 - Loss of Connectivity: The loss of connectivity affects financial operations and critical processes, in addition to access between local networks and the Internet.
 - Loss of Information: The deletion, hijacking or modification of company information can result in reputational damage for the Sigdo Koppers Group, as well as the leak of confidential information.
 - Unavailability of Critical Applications or Services: The unavailability of applications or interruptions in critical processes can cause both monetary and reputational losses for the Sigdo Koppers Group.
 - Cyberattacks: Cyberattacks in general can cause unavailability of services, modification and/or deletion of data or improper access to them.
 Type of impact: Negative