

2024 ESG Report

Daedong Group ESG Report 2024



Innovation for the Future
Expansion for a better society



ABOUT THIS REPORT

Overview

Daedong Group manages financial and non-financial risks through internalization of ESG management and publish ESG report for transparently disclose risk response measures and performance to stakeholders. This report is the first ESG report published by Daedong Group that includes four subsidiaries : Daedong, Daedong Mobility, Daedong Metals, and Daedong Gear.

We have conducted a double materiality assessment take into consideration the Group's impact on external conditions as well as the impact of external conditions on the Group. Based on the double materiality assessment including special page (P.26 ~ 37) of 3 Key issues on this report. We will disclose our business data in a transparent manner by annually updating our ESG report, based on which we will reach out to more various stakeholders to communicate with them.

Reporting Standards and Principles

This report is written in accordance with the Global Reporting Initiative (GRI) Standards 2021 and AA1000 AccountAbility Principles (AA1000AP) (inclusivity, materiality, responsiveness, and impact) It also applies the criteria outlined the recommendations of the Task Force on Climate related Financial Disclosures (TCFD) and United Nations Sustainable Development Goals (UN SDGs).

Reporting Period and Scope

This report covers Daedong groups' sustainable management activities and results from January 1 through December 31, 2023 (including some performance data from the first half of 2024).

To illustrate recent YoY trend, we provide quantitative data of the last three years (2021 to 2023) Reporting scope is the economic, environmental, social, and governance activities and performance of the Daedong Group (Daedong, Daedong Mobility, Daedong Metal, and Daedong Gear). Some subsidiaries are excluded from this report due to their scale and local circumstances.

Independent Assurance

To ensure the reliability of the reported information, the accuracy of our financial data was verified by independent auditors, and non-financial information, such as environmental and social data, was verified by a third party, British Standards Institution (BSI). The assurance statement is included in the Appendix (P.123 ~ 125).

Interactive Guide

Daedong Group 2024 ESG Report can be downloaded from the Daedong website (<https://ko.daedong.co.kr/>). It has been created in an Interactive PDF format to improve user convenience.

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Contact Group ESG/IR Team, Daedong

E-mail thlim@daedong.co.kr

Website <https://ko.daedong.co.kr/>

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Daedong's Century-long Journey

Next 100 Years Challenge

The story of Daedong,

moving from agricultural machines to future agriculture as a centennial company

Daedong has led the development of Korean agriculture for over 70 years with its top technology. Now we challenge ourselves to sustainable agriculture for the new history of Daedong based on the continuous challenge and innovation. Daedong's transition into a "future agricultural platform company" driven by five key businesses: smart agricultural machinery, smart mobility, smart farms, robotics and Compact Construction Equipment (CCE). We are striving for business innovation based on environmental management by developing low-carbon-eco-friendly agricultural machinery, electric personal-leisure mobility and smart farming solutions for sustainable agriculture.

Business Overview



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Company Overview

Subsidiaries of Daedong Group



Daedong

Daedong has led the mechanization of Korean agriculture by producing the first plow in Korea, followed by tractors, combine harvesters, walking rice transplanters. Moreover, Daedong is working on the convergence with ICT to gain an upper hand in future agriculture.

Daedong Mobility

Daedong Mobility is a mobility specialist company producing small tractors, multipurpose trucks (electric/diesel), lawn mowing vehicles. It seeks to grow as a smart mobility specialist company, producing AI robot mobility and e-bikes by integrating AI and autonomous driving technologies.

Daedong Metals

Daedong Metals was the first company in Korea to mass-produce cylinder blocks and cylinder heads for diesel engines and has become the root of the Korean mechanical industry through the development and mass production design of advanced cast materials, including the production of hydraulic valves (MCV) for construction machinery and industrial castings to semiconductor equipment components.

Daedong Gear

With extensive production experience, technology, and know-how, Daedong Gear specializes in producing transmissions and axles for agricultural machinery, reducers for construction machinery, and high-precision gears and shafts. We are expanding its reach beyond agricultural machinery to the automotive, industrial machinery, Compact Construction Equipment (CCE) and mobility sectors.

Jeju Daedong

Jeju Daedong is building an "Immersive Future Agriculture Tourist Complex" in Aewol, Jeju Special Self-Governing Province

Global Network



HYDROTECH

HYDROTECH has sustained its growth by manufacturing and selling hydraulic components of various agricultural machinery.

Daedong Agtech

Daedong Agtech will prioritize the development and advancement of a smart agricultural platform. We will innovate Daedong as the platform company of future agriculture by expanding our scope to AI, autonomous driving, and big data platform.

Daedong AI Lab

Daedong AI Lab works on internalizing AI technology, and it prioritizes developing autonomous driving control unit (ADCU) and autonomous Robot Control Unit (ARCU). Company plans to develop robots in various fields to evolve as a S/W company specializing in group AI.



Daedong Canada

First Korean agricultural machinery company to found the Canada corporation. Daedong Canada has grown into a top brand in the North American market in the less than 100-horsepower tractor field.



Daedong USA

Daedong USA has grown into a top brand in the North American market in the less than 100-horsepower tractor field.



Daedong KIOTI Europe B.V.

Local corporation was founded in Rotterdam of the Netherlands in 2010, an office was opened in Hamburg for direct sales business in 2019.

The Europe corporation serves as the logistics base for the European market, exporting market-tailored tractors, components and other agricultural machines to approximately 30 European countries through a strong dealer network



Daedong China

Since the first sale of our conventional combine harvester in the Chinese market, Daedong China is taking the lead in pioneering new markets through strengthening its capabilities

CEO MESSAGE

Daedong



Dear esteemed stakeholders,

Daedong achieved over KRW 1 trillion in sales for two consecutive years under challenging market conditions. We appreciate our customers, partners, shareholders, local communities, and all employee support and encouragement to become a sustainable and trusted company.

Daedong is evolving beyond an agricultural machinery manufacturer to become a leading company in future agriculture.

We are driving Daedong Group's transformation through the full-scale launch of five key future businesses: "Smart Agricultural Machinery," "Smart Mobility," "Smart Farming," "Robotics," and "Compact Construction Equipment (CCE)." We have started to see the meaningful results of these changes, such as completing field verification for the commercialization of autonomous transport robots, signing a supply contract with POSCO for 'special environment mission-performing robots,' and establishing the AI robot specialist company "Daedong AI Lab." Daedong is committed to expanding its business areas in response to the era of transformation driven by the convergence of AI and robotics, while also making multifaceted efforts to internalize ESG (Environmental, Social, and Governance) management.

Last year, we identified ESG management as one of the three key tasks for future business, marking the beginning of our journey toward sustainable management. In the Environmental (E) sector, we are systematically managing greenhouse gas emissions by advancing our greenhouse gas inventory to combat climate change. As demands for greenhouse gas reduction in the agricultural machinery and automotive components industries increase, we are striving to achieve our 2050 carbon neutrality goal through reduction strategies and activities based on high-emission source analysis. In the Social (S) sector, we have raised awareness among our members about human rights management and strengthened the execution of safety and health management by appointing a Chief Safety and Environment Officer (CSO). We are actively engaged in activities to prevent industrial accidents. In the Governance (G) sector, we have established the ESG Committee, Independent directors Candidate Recommendation Committee, and Compensation Committee under the Board of Directors, our highest decision-making body, to create a sound and transparent governance structure and internalize ESG management. Additionally, we have enhanced business stability and addressed security-related risks by acquiring the international standard information security certification (ISO 27001).

In 2024, Daedong will continue its efforts to transform into a leading company in future agriculture for a sustainable humanity. We will set mid- to long-term tasks through a sincere approach to ESG and establish an ESG management system that meets global standards. We will create a roadmap for carbon neutrality and pursue various policies to uphold the human rights of all stakeholders. Additionally, we will develop a sustainable Value chain system and a framework for mutual growth to respond to global regulations on Value chains. Lastly, we will enhance the operation of the ESG Committee and the newly established Independent Directors Recommendation Committee and Compensation Committee to strengthen board-centered management.

In the face of global inflation and ongoing wars, many stakeholders are experiencing difficulties. Daedong will maintain its growth momentum and achieve business structure transformation for future generations and sustainable humanity. This transformation will not only aim for financial performance but also for the sustainable growth of all stakeholders.

This second ESG report (for Daedong) includes the ESG management activities and efforts of Daedong and its group companies over the past year. We promise to continue pursuing ESG management with sincerity and achieve sustainable growth, moving closer to becoming a "centennial company Daedong." We strive to actively and transparently communicate with our stakeholders about our processes and results.

We look forward to your continued support and partnership in this journey.

Sincerely,
CEO of Daedong Corp.
Kim Jun Sik

A handwritten signature in black ink, appearing to read 'Kim Jun Sik', written in a cursive style.

Daedong Group Business Portfolio

Daedong

About Company

As a leader in South Korea's agricultural machinery industry, Daedong is shaping a new paradigm for future agriculture with smart agricultural machinery featuring autonomous and unmanned driving technologies and precision agriculture solutions that maximize production. With a presence in over 70 countries worldwide, Daedong has 530 dealers in North America selling its agricultural machinery. Starting with a third-place market share in the North American sub-60 horsepower tractor market, we aim to lead broader global markets as a premier global brand.

Company Overview

Company Name	Daedong Co.,Ltd.
Established on	1947
Location	<ul style="list-style-type: none"> • Daegu Headquarters/Factory: 35, Nongongjungang-ro 34-gil, Nongong-eup, Dalseong-gun, Daegu, Republic of Korea • Vision Campus: 39, Changnyeonggongdan-gil, Changnyeong-eup, Changnyeong-gun, Gyeongsangnam-do, Republic of Korea • Seoul Office : 2493, Nambusunhwan-ro, Seocho-gu, Seoul, Republic of Korea
CEOs	Kim Jun Sik, Won Yu Hyun
Number of Employees	1,276 (as of 2023)

Key Financial Performance

(Unit: KRW 100 million)



Key Achievements and Plans

Key Achievements in 2023

Qualitative and Quantitative Growth of Core Business and Initiation of Future Business

Despite economic pressures such as the prolonged Russia-Ukraine war, high-interest policies in the U.S. and Eurozone, and a global economic downturn, Daedong achieved over KRW 1 trillion in sales for the third consecutive year.

Additionally, with balanced growth in key markets such as North America, Europe, and Australia, we became the first in the industry to receive the USD 600 million Export Tower award. We also established a joint robotics research center with the Korea Institute of Robot and Convergence (KIRO) and signed a joint development contract with POSCO, demonstrating our efforts to grow as a leading company in future agriculture.

Plans for 2024

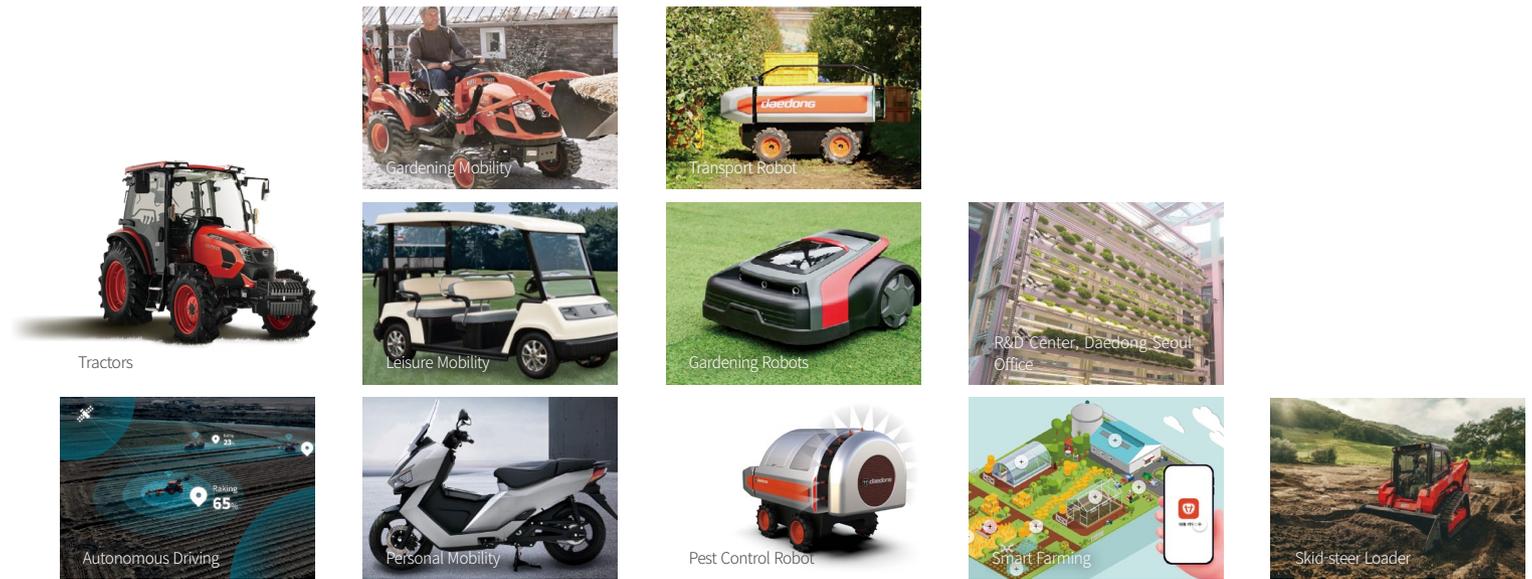
Creating Future Business Value

Daedong aims to enhance corporate value through strategic initiatives for new businesses. We will prioritize customers and markets by developing and producing products that meet AI needs through autonomous driving development, thereby achieving growth in sales revenue and operating profit. We will also secure global quality standards for qualitative growth. Additionally, we will accelerate new businesses by concretizing and implementing future business models such as precision agriculture, smart farming, and robotics. Daedong will secure growth resources to seamlessly execute these plans, driving forward future-oriented business initiatives.

Daedong Group Business Portfolio

Daedong Business Areas

Business Portfolio



Smart Agricultural Machinery

Using autonomous driving, control systems, and high-precision positioning technology, we automate and make the entire agricultural process—from plowing, sowing, and pest control to harvesting—unmanned. We aim to enhance the stages of autonomous driving to achieve fully unmanned operations for tractors, rice transplanters and combines.

Smart Mobility

We develop and mass-produce personal mobility devices like electric scooters, as well as leisure and multi-purpose vehicles such as electric golf carts. Our goal is to create environmentally friendly mobility solutions optimized for various environments, based on electrification and autonomous driving technologies.

Robotics

Starting with agricultural robots for tasks like transport, pest, and weed control, we are transforming the future of agricultural and everyday work environments through a platform modularization strategy. This extends to everyday work robots for delivery, disinfection, and cleaning.

Smart Farming

We automate crop production and achieve optimal growth environments and maximum productivity through integrated environmental control. Using cameras and sensors mounted on agricultural machinery, we collect crop growth information, build big data, and provide comprehensive precision agriculture solutions, including growth mapping, diagnostics, and consulting.

Compact Construction Equipment (CCE)

Leveraging the global network, brand, and business expertise established through our agricultural machinery business, we are entering and expanding sales in the compact construction equipment market.

CEO MESSAGE

Daedong Mobility



Dear esteemed stakeholders,

I am pleased and honored to communicate with you through our first ESG report, sharing Daedong Mobility's sustainable endeavors.

Last year was significant for Daedong Mobility in both quantitative and qualitative growth. We achieved double the sales growth compared to the previous year and showcased our mobility capabilities in the market with the launch of the smart electric motorcycle GS100. Additionally, with the full-scale operation of the S-Factory, equipped with smart systems such as AGV (Automated Guided Vehicles) and smart electric tools, we secured the capability to produce high-quality mobility products. Moreover, it was a meaningful year as we began practicing ESG management. In response to the accelerating issues of climate change and carbon neutrality, we initiated the inventory and verification of greenhouse gas emissions across all business sites. To promote resource circulation, we reduced waste generation by more than 14% compared to the previous year and are currently using powder coatings with over 50% reduced hazardous chemical content to produce more environmentally friendly and safer products. In addition, we improved corporate culture and workplace environments for the happiness of our employees and all related members, and strengthened communication with partners for mutual growth.

In 2024, Daedong Mobility aims to establish itself as an eco-friendly smart mobility company focused on electrification to lay the foundation for responding to climate change and achieving carbon neutrality. As part of these efforts, we completed and began operating a solar power generation facility with a capacity of 3MW per hour at the S-Factory.

This allows us to significantly increase the use of renewable energy throughout the production process and reduce greenhouse gas emissions. Moving forward, we will continue to pursue climate change response activities that meet global standards and maintain efforts to reduce greenhouse gas emissions throughout the entire process for a sustainable Value chain.

Daedong Mobility is committed to continuous change to pursue growth and profitability and to achieve sustainability through ESG management. Furthermore, we will strive to lead the future mobility market by developing eco-friendly mobility based on AI-driven robotics technology, contributing to the sustainability of our community and the prosperity of humanity. We look forward to your continued support and partnership in this journey.

CEO and Vice Chairman of
Daedong Mobility Co., Ltd.

A handwritten signature in black ink, appearing to read '원유현' (Won Yu Hyun).

Won Yu Hyun

Daedong Group Business Portfolio

Daedong Mobility

About Company

Daedong Mobility has significantly contributed to the automation of factories in South Korea over the past 40 years by supplying high-quality industrial chains. In addition to various chain products, we produce gardening and leisure vehicles with top-notch quality. Leveraging the development and manufacturing capabilities acquired through our agricultural machinery business, we are advancing as a smart e-mobility innovation company by integrating electrification and autonomous driving technologies, as well as digital transformation and hardware-based platform capabilities through open innovation.

Company Overview

Company Name	Daedong Mobility Co., Ltd.
Established on	1977
Location	<ul style="list-style-type: none"> • Headquarters/Factory: 4867-11, Seodong-daero, Daedeok-myeon, Anseong-si, Gyeonggi-do, Republic of Korea • 2nd Factory: 30, Gukgasandan-daero 39-gil, Guji-myeon, Dalseong-gun, Daegu, Republic of Korea • Seoul Office: 1st, 3rd, and 4th floors, 347, Hyoryeong-ro, Seocho-gu, Seoul, Republic of Korea • Busan Office: 30, Gonghang-ro 1207beon-gil, Gangseo-gu, Busan, Republic of Korea
CEO	Won Yu Hyun
Number of Employees	420 (2023)

Key Financial Performance

(Unit: KRW 100 million)



Key Achievements and Plans

Key Achievements in 2023

A Year of Quantitative and Qualitative Growth

Revenue increased from KRW 110.2 billion to KRW 214.4 billion, also number of employees increased from 297 to 445. Our investment grew from KRW 10 billion to KRW 12 billion. We implemented direct routing and defect rate systems to enhance customer satisfaction through quality improvements. Moreover, we mass-produced products at the newly completed S-Factory, launched the eco-friendly motorcycle GS100, and the swappable battery charger BA100. It was also a year of qualitative growth, with the introduction of S-chair product demonstrations, follower robot technology, and the signing of future cooperation MOUs, marking the beginning of the full-scale launch of smart mobility products.

Plans for 2024

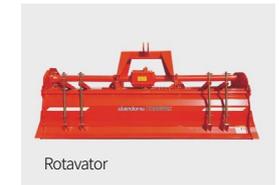
Leap as a Smart Mobility Company

Following the double-up growth in 2023, we aim to further increase sales revenue in 2024 and achieve a direct routing rate of 85%, reduce defect rates by 20%, and reach a 90% on-time delivery rate. We are pushing forward to solidify our position as a leading smart mobility company. We plan to secure key capabilities as an industry-leading company in eco-friendly mobility technology by becoming the number one domestic player in electric two-wheelers, launching subsequent models, entering the global market for electric golf carts, and mass-producing robotic work devices and AI autonomous driving robotic mowers. By combining mobility and robotics technologies, we strive to realize our mobility vision of "Mobility as an Everyday Life," which aims to provide the freedom and richness of movement, enhancing the daily lives of our customers.

Daedong Group Business Portfolio

Daedong Mobility Business Areas

Business Portfolio



Personal Mobility

Daedong Mobility aims to provide convenience and valuable experiences through future personal mobility. The electric motorcycle S100 is a battery-swappable electric two-wheeler designed, developed, produced, sold, and serviced entirely with domestic technology, offering a total solution. Equipped with a control system, it allows battery station location, battery, and consumable management through a single app.

Leisure Mobility

Daedong Mobility's golf carts have been continuously growing due to their excellent design and performance. The same platform allows for the production of tour cars, short decks, long decks, and agricultural transport vehicles, showcasing their versatility for various transport tasks. We are also committed to leading the future market by developing smart golf carts utilizing autonomous driving and telematics technologies.

Gardening Mobility

Leveraging over 40 years of expertise in the chain sector, Daedong Mobility produces complete vehicles in the garden care field, such as sub-compact tractors and zero-turn mowers. Holding approximately a 20% market share in the small tractor export market, our superior technology and quality are well-recognized. We are dedicating efforts to developing and mass-producing future-leading products through electrification and ICT-based automation.

Chain

Daedong Mobility supplies chains across various fields, including automotive, shipbuilding, heavy equipment, and agricultural machinery, for power transmission needs. As the first chain company selected by the Korea Industrial Promotion Agency (currently the Ministry of Trade, Industry, and Energy) as a quality management leader, we are globally recognized and leading the chain industry. We continually enhance chain quality through technological innovations, such as oil-free chains and super chains.

Attachment

Daedong Mobility produces attachments that can be attached to tractors for various tasks. Key products include rotavators for tilling, loaders for transporting soil, and mid-mowers for mowing grass.

Notably, Daedong Mobility is the top domestic producer of rotavators, offering a diverse lineup in various sizes, from small to extra-large, and functional types, such as standard, mobile, and high-standing models, catering to different applications.

CEO MESSAGE

Daedong Metals



Dear esteemed stakeholders,

We are pleased to share Daedong Metals's achievements and efforts towards sustainable management with our stakeholders through our first ESG report in 2024.

This year, like the last, has presented challenging global business conditions and adversities. The rapid industrial transition towards eco-friendly electrification has led to a decrease in demand for internal combustion engine components and a downturn in the casting industry. Consequently, Daedong Metals concluded the year with sales of KRW 133 billion and an operating profit of KRW 1.3 billion, reflecting a 9.4% decrease from the previous year and falling short of our plans. Amidst these turbulent industrial changes, Daedong Metals has set its management goals for 2024 as "a year of solidifying management and establishing a foundation for sustainable management through the discovery of future growth businesses." We have redefined our vision and core values and will focus on three key management policies to discover future growth businesses.

First, increasing sales and profitability. We will maximize sales and ensure profitability through aggressive marketing to expand orders from existing customers, discover new clients, and strengthen our overseas business expansion. By identifying new growth businesses, we will lay the foundation for sustainable management.

Second, optimizing factory operations to address high-cost structures. The key to survival and growth for all manufacturing industries, including the casting industry, is optimized factory operations and quality competitiveness. Through initiatives such as 3J5S, increasing operational rates, and company-wide quality improvement activities, we will reduce costs, regain customer trust, and optimize factory operations by generalizing the second factory and introducing new businesses.

Third, strengthening organizational capabilities and innovating

labor-management relations. We will enhance our planning capabilities and foster a creative and challenging corporate culture. Additionally, by improving welfare facilities such as the company cafeteria, we aim to create a "great place to work." We aspire to become an exemplary company, prioritizing safety to achieve a zero-accident workplace, fostering mutual growth with partner families, and establishing a healthy labor-management culture based on trust.

Daedong Metals is enhancing ESG activities company-wide and fostering a corporate culture where we can grow together with all stakeholders. In response to climate change and environmental aspects, we aim to continuously minimize carbon and pollutant emissions. Regarding social and governance aspects, our ESG management encompasses various efforts, such as strengthening communication with stakeholders and building a human-centered workplace to fulfill our responsibilities through principled management. Through the publication of this sustainability report, Daedong Metals will expand its communication with stakeholders. We request your continued interest and encouragement to help Daedong Metals achieve sustainable growth.

Thank you.

CEO of
Daedong Metals Co., Ltd.

Lee Pung Woo

A handwritten signature in black ink, appearing to read 'Bmop' or a similar stylized name, positioned to the right of the printed name.

Daedong Group Business Portfolio

Daedong Metals

About Company

Daedong Metals specializes in the production and supply of cast components for industrial machinery, components for agricultural machine, components for automotive, and export products. Our main products include cylinder blocks, cylinder heads, and Main Control Valves (MCV) made from gray iron, ductile iron, and Compact Graphite Iron (CGI). By optimizing production efficiency through real-time monitoring of production process data, we continue to achieve sustainable growth. Our cast products hold a unique and unrivaled position in the Korean agricultural machinery sector.

Company Overview

Company Name	Daedong Metals Co., Ltd.
Established on	1947
Location	• 602, Nongong-ro, Nongong-eup, Dalseong-gun, Daegu, Republic of Korea
CEO	Lee Pung Woo
Number of Employees	132 (as of 2023)

Key Financial Performance

(Unit: KRW 100 million)



Key Achievements and Plans

Key Achievements in 2023

Research and Development of High-Quality Components

Daedong Metals conducted design and analysis R&D for high-quality cast products using design and analysis software such as CATIA, PRO-E, and MAGMA for optimal shape design. We also developed new materials for the production of automotive block heads and vacuum pump components, including high-strength and high-stiffness CGI for cylinder blocks and Ni-Resist material with high heat and corrosion resistance for vacuum pumps. Furthermore, we utilized 3D printing for integrated core production, enabling Proto sample responses, contributing to reduced development time and pre-emptive quality assurance for customers.

Plans for 2024

Expansion of Existing Business and Exploration of New Ventures

Based on our management goal of solidifying operations and discovering future growth businesses, Daedong Metals will undertake key tasks to build a foundation for sustainable management. We aim to expand orders from existing clients, formulate new business strategies, and optimize factory operations to enhance quality and cost competitiveness, thereby expanding our current business and improving customer satisfaction. Additionally, we will develop strategies to respond to the electrification of internal combustion engines and the casting industry, leading new trends and achieving increased sales revenue and operating profit. To support these tasks, we will strengthen organizational capabilities and labor-management relations, fostering a healthy corporate culture and trust-based relationships.

Daedong Group Business Portfolio

Daedong Metals Business Areas

Business Portfolio

Engine Components for Automotive



Cylinder Block



Cylinder Head



Screw Stator



Bed Plate



Clutch Housing



MCV



Stator

Cylinder Head for Commercial Vehicles



CNG



Transmission Case



Flywheel Housing



Inlet Stator



3TON



Cylinder Block



Cylinder Head for Vessel Equipment



Head Plate

Components for Automotive

Daedong Metals is at the forefront of production technology for automotive cylinder heads and cylinder blocks, which require advanced casting techniques. Recognized for our technological expertise, we are the sole supplier of cylinder heads to specific automotive manufacturers. We produce essential engine components, including cylinder heads and blocks, which form the core of the engine.

Components for Agricultural Machine

Daedong Metals manufactures cast products for agricultural machinery, supplying them to Daedong and Daedong Gear, and directly exporting to Japanese agricultural machinery companies. We produce durable cylinder heads and blocks, which are the foundation of the engine, and offer excellent machinability for various components.

Components for Heavy Equipment

Daedong Metals supplies Main Control Valves (MCV) and related hydraulic components, essential components for industrial construction machinery, to heavy equipment manufacturers and sellers. The MCV efficiently controls the various operations of excavators, managing the force, speed, and direction of the machine.

Components for Semiconductor

In the general industrial sector, Daedong Metals directly supplies vacuum pump components related to semiconductor manufacturing to global vacuum pump manufacturers. Vacuum pumps play a crucial role in semiconductor production processes by creating a clean and stable environment needed for producing semiconductor devices.

CEO MESSAGE

Daedong Gear



Dear esteemed stakeholders,

We are pleased to publish Daedong Gear's first ESG report, initiating communication about our ESG management efforts. As global responses to climate change and carbon neutrality become increasingly important, and as demands for sustainability grow, this inaugural ESG report aims to announce the beginning of Daedong Gear's ESG management journey, sharing our past achievements and future plans in environmental, social, and governance aspects.

Celebrating our 51st anniversary this year, the path Daedong Gear has traveled is closely intertwined with the development history of Korea's agricultural machinery industry. Founded in 1973 as Daedong Agricultural Machinery Gear Co., Ltd. and renamed Daedong Gear Co., Ltd. in 1983, we have been dedicated to advancing transmission assemblies for agricultural machinery since 1988. With a commitment to quality and technological excellence, we strive to lead the global powertrain market. Building on this foundation, we have grown from KRW 100 billion in sales in 2008 to over KRW 280 billion in 2023. Daedong Gear is expanding its business into the automotive, industrial machinery, and mobility sectors, establishing itself as a leading powertrain specialist. To maintain industrial competitiveness, we are executing ESG management strategies that include energy-saving and eco-friendly product transitions, sustainable Value chain

policies, cooperative labor-management relations, community contribution activities, and transparent decision-making. These efforts aim to achieve sustainable growth.

For Daedong Gear, ESG management is a core strategy for the future and a springboard for new growth. Starting with this ESG report, we will set and improve various tasks for our ESG management system. We promise to communicate actively and transparently with our stakeholders about these processes and results.

We look forward to your continued support and partnership in this journey.

CEO of
Daedong Gear Co., Ltd.

Noh Jae eok

A handwritten signature in black ink, appearing to be 'Noh Jae eok', written in a stylized, cursive script.

Daedong Group Business Portfolio

Daedong Gear

About Company

Daedong Gear is a specialized manufacturer of powertrain components for agricultural machinery, automobiles, and industrial machinery. We produce and assemble complete vehicles. In the agricultural machinery sector, Daedong Gear produces transmission and axle assemblies, single engines for rotavators, and gear components for agricultural machinery. In the automotive sector, we manufacture transmission gears and shafts, connectors, and parking gears. For industrial machinery, compact construction equipment (CCE), and mobility sectors, Daedong Gear produces swing and travel reducers, camshaft gears, and gears for excavators, supplying them to domestic partners. Additionally, Daedong Gear exports its products, expanding its global presence.

Company Overview

Company Name	Daedong Gear Co., Ltd.
Established on	1973
Location	• Location 42, Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do, Republic of Korea
CEOs	Noh Jae eok
Number of Employees	272 (as of 2023)

Key Financial Performance

(Unit: KRW 100 million)



Key Achievements and Plans

Key Achievements in 2023

Expansion of Existing Business Sales and Enhancement of Manufacturing Competitiveness

Daedong Gear worked on expanding sales and strengthening the competitiveness of its existing business. We restructured its organization and secured capabilities to enter new markets, while enhancing manufacturing competitiveness through improved production capabilities. It extended quality management from the agricultural and industrial machinery sectors to the level of the automotive sector. Sales increased by KRW 39.1 billion (16%) to KRW 281.2 billion, and operating profit increased by KRW 500 million to KRW 8.1 billion compared to the previous year. Additionally, new orders in the automotive sector secured additional sales of KRW 330.5 billion (over 8-10 years).

Plans for 2024

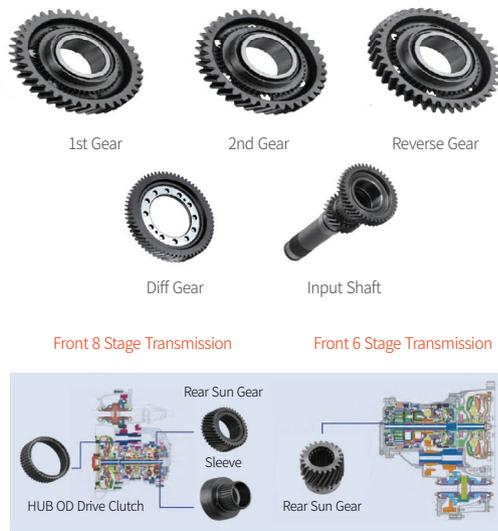
Securing New Customers and Enhancing Cost Competitiveness

Daedong Gear aims to become a leading powertrain specialist by strategically securing new customers to achieve new sales and grow both sales revenue and operating profit. We plan to achieve qualitative growth through continuous quality improvement and production capacity enhancement. By operating an integrated R&D center within the group, Daedong Gear will create synergies across different fields and strengthen capabilities. We will conduct proactive research on future technologies, develop in-house powertrain technologies, and adapt to changing markets. Plans include entering the mobility sector through the development of E-powertrains and expanding into the defense and aerospace sectors. Daedong Gear is committed to achieving tangible results by discovering new clients and securing orders beyond its existing customer base.

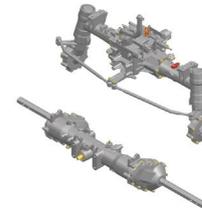
Daedong Group Business Portfolio

Daedong Gear Business Areas

Business Portfolio



Combine Components



Rice Transplanter Components



Driving Reducer



Swing device



Pinion Shaft



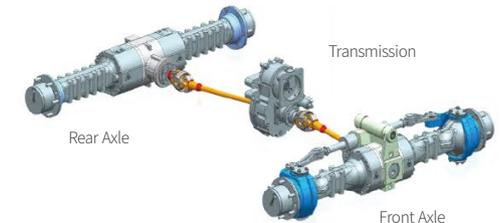
Rotavator (Single Engine)



Transmission



Front Axle



Rear Axle

Transmission

Front Axle

Automotive Sector

The gears and shafts for automotive transmissions produced by Daedong Gear require extremely high precision and a variety of manufacturing technologies to ensure quality. Daedong Gear has the capability and technical expertise to manufacture these highly precise and mass-produced automotive components. Furthermore, we are prepared to meet any customer requirements related to power transmission systems.

Agricultural Machinery Sector

Rooted in the manufacturing of powertrain components for agricultural machinery, Daedong Gear was established in 1973 as Korea's first manufacturer of agricultural machinery transmission components. By the early 1980s, we had grown into a manufacturer producing transmission and axle assemblies. With extensive experience in producing various components for agricultural machine, Daedong Gear has developed tractor transmission and axle assemblies ranging from 19hp to 140hp. Additionally, we provide technical support for the development of new products for its clients by developing a variety of derivative products based on basic models.

Industrial Machinery and Compact Construction Equipment (CCE) Sector

To meet the demand in the excavator market within the industrial machinery sector, Daedong Gear conducts field and bench tests to produce and sell a variety of fully verified travel and swing reducer assemblies. Daedong Gear is a global supplier of driveline systems designed to meet the needs of construction machinery vehicles, such as wheel excavators. Each driveline component is manufactured and tested to meet specific customer requirements, producing 1-5 ton class excavator transmissions and axles optimized for design functionality. In the Compact Construction Equipment (CCE) sector, Daedong Gear produces skid-steer loaders and compact track loaders.

ESG Management

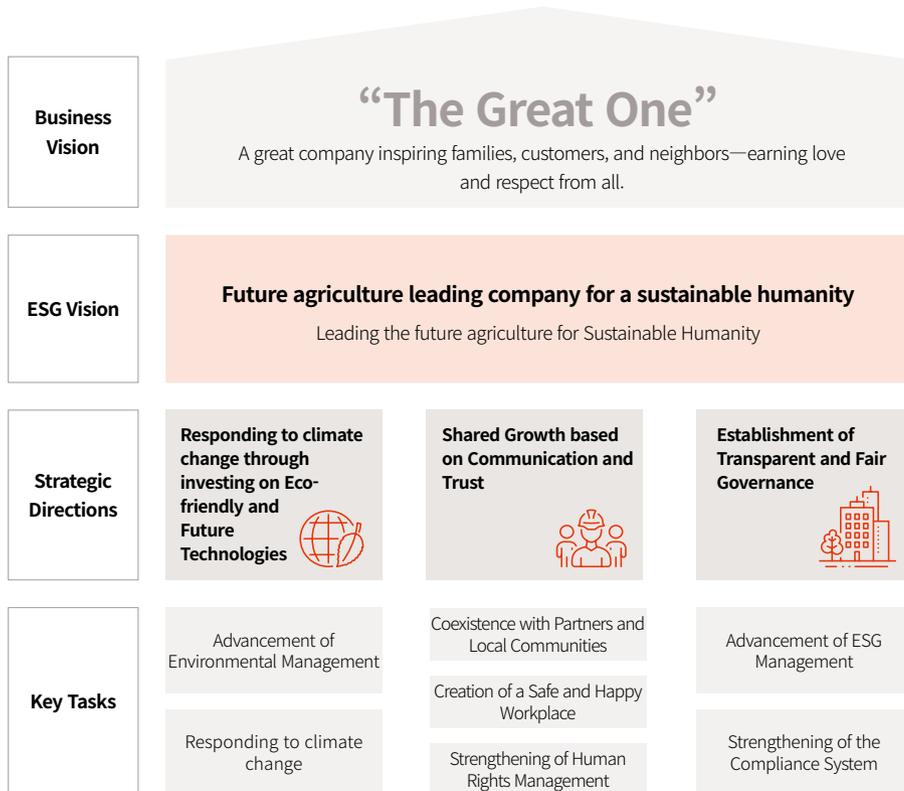


- 20 ESG Management System
- 21 2023 ESG Highlights
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- 23 Double Materiality Assessment

ESG Management System

Strategic Framework

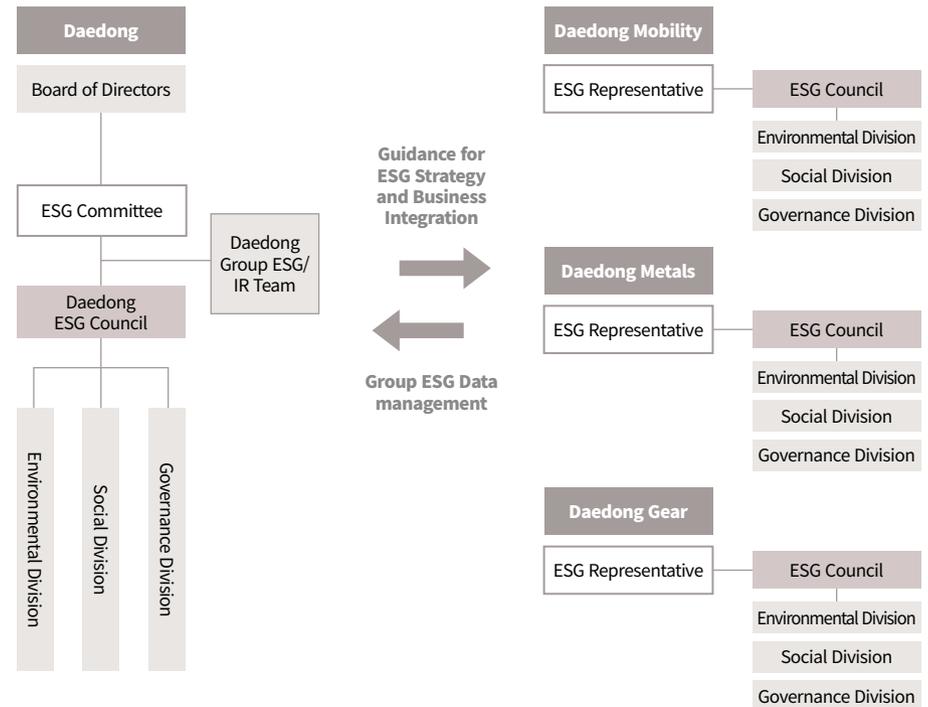
Daedong Group has established the ESG vision of becoming a "Leading Company in Future Agriculture for Sustainable Humanity." To achieve this, we have developed three strategic directions: responding to climate change, promoting mutual growth and coexistence, and establishing transparent and fair governance. Our sustainable management efforts are centered around these directions. To achieve this, we have established tasks such as enhancing environmental management, responding to climate change, promoting mutual growth with partners and local communities, creating a safe and happy workplace, strengthening human rights management, advancing ESG management, and reinforcing the compliance system. We are striving to internalize sustainable management.



Management System

In 2023, Daedong Group established an ESG Committee under the Board of Directors to enhance ESG management levels and effectively address major non-financial risks. The ESG Committee discusses key issues, sets performance goals for each division within the group, and integrates the results into KPIs to foster sustainable management through organic collaboration across the group.

Group ESG Organization



2023 ESG Highlights



Daedong / Daedong Mobility /
Daedong Gear

Greenhouse Gas (GHG) Emissions
Build a GHG inventory
management system



Daedong / Daedong Gear

Appointment of Chief Safety
Officer (CSO)



Daedong

Certified under ISO 27001
(Information Security
Management)



Daedong Mobility

Installed 3,000 kW Solar Power
system



Daedong / Daedong Metals /
Daedong Gear

Announcement of Human Rights
Management Policy



Daedong

Establishment of New Committees under
the Board of Directors for ESG Management
(ESG Committee / Independent Director
Recommendation Committee / Compensation Committee)



Daedong Mobility

Achievement of KRW 4,099
million in Sales of Eco-Friendly
Products



Daedong Metals

Certified under Employee-
Friendly Company



Daedong Metals / Daedong Gear

Appointment of New
Independent Directors to
strengthen board independence

Stakeholder Engagement

Daedong Group prioritizes communication with both internal and external stakeholders aiming to enhance corporate value through sustainable growth based on trust across all business activities. The group identifies key stakeholders as customers, shareholders and investors, partners, employees, government, and media and incorporates their various opinions and expectations into management activities according to their characteristics. We will continue to engage with stakeholders, conducting management activities based on sincerity and transparency, and expanding communication channels in various ways.

Stakeholders	Key Interests	Major Activities	Communication Channels
Customers	<ul style="list-style-type: none"> Strengthening product and technological competitiveness Providing sustainable products Enhancing quality satisfaction Protecting customer information 	<ul style="list-style-type: none"> Conducting future-oriented technology R&D Implementing regular components evaluations Conducting customer satisfaction surveys and monitoring VOC (Voice of Customer) Checking information security levels and enhancing security measures 	<ul style="list-style-type: none"> Website (Ongoing) Customer Inquiry Center (Ongoing) Customer Satisfaction Survey (Annual)
Shareholders and Investors	<ul style="list-style-type: none"> Enhancing shareholder value Ensuring transparent governance Managing corporate risks 	<ul style="list-style-type: none"> Holding regular shareholder meetings for transparent decision-making Disclosing ESG reports, business reports and corporate governance reports Operating a corporate risk management system 	<ul style="list-style-type: none"> ESG Report (Annual) Disclosure Materials (As needed) Shareholders' Meetings (Annual) Major Regular Reports (Annual)
Partners	<ul style="list-style-type: none"> Building a system of mutual cooperation Ensuring fair trade compliance Enhancing partner communication and capabilities 	<ul style="list-style-type: none"> Establishing a code of conduct and transaction management regulations for partners Conducting regular evaluations on the effectiveness of fair trade regulations and prohibiting unfair trade practices Supporting partner education Hosting events such as "Partnership Day" 	<ul style="list-style-type: none"> Grievance Handling Channel (Ongoing) Partner Communication Events (Annual)
Employees	<ul style="list-style-type: none"> Fair evaluation and compensation Improving welfare benefits Enhancing employee capabilities Strengthening workplace safety and health management 	<ul style="list-style-type: none"> Establishing an employee evaluation system Operating welfare programs and conducting satisfaction surveys Providing education for employees Conducting safety and health education Holding regular safety and health evaluation meetings 	<ul style="list-style-type: none"> Grievance Handling Channel (Ongoing) Labor-Management Council (Quarterly or as needed)
Government and Media	<ul style="list-style-type: none"> Membership and participation in associations Sharing the main business directions of the company Disclosing corporate management activities Disclosing ESG information 	<ul style="list-style-type: none"> Publishing ESG report Posting press releases on the Daedong NEWS website (https://ko.daedong.co.kr/news/daedongnews) 	<ul style="list-style-type: none"> ESG Report (Annual) Website (Ongoing) Press Releases (Ongoing) Business and Audit Reports (Annual) Meetings and Councils (As needed)

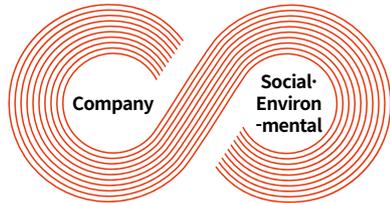
Double Materiality Assessment

Daedong Group conducted a Double Materiality assessment considering the evaluation criteria for social and environmental impacts, as well as financial impacts, based on the ESRS (European Sustainability Reporting Standards) from both internal and external perspectives. This assessment was carried out through a comprehensive analysis of global disclosure frameworks, ESG rating, industry issues, sustainability management issues exposed in the media, ESG trends in the industry, internal status and major stakeholder surveys. Through this process, we identified 19 final issues, among which the top three were selected as material issues. We aim to transparently disclose related activities and achievements, actively reflect them in future business management strategies, and establish Daedong's unique ESG direction.

Overview

Social-Environmental Impact

Social-Environmental Impact that the company's business



Financial Impact

Financial impact of sustainability issues on the assessed company's economic value creation

The double materiality assessment as defined by CSRD takes into consideration both the level of social and environmental impacts of corporate activities and the impact of sustainability issues

Social-Environmental Impact Assessment Standard

- ✓ Scale of impact
- ✓ Scope of impact
- ✓ Potential for resolution

Financial Impact Assessment Criteria

- ✓ Continuous use and access to resources by the company
- ✓ Dependence on relationships with stakeholders

Process

Step 1. Formation of the Issue Pool

- Analysis of global disclosure frameworks, ESG ratings and industry issues
- Analysis of ESG issues and impacts related to Daedong Group exposed in the media in 2023
- Benchmarking competitors' material issue pools
- Analysis of internal management data

Identify 19 final material issues

Step 2. Conducting the Double Materiality Assessment

Social-Environmental Impact

- Analysis of global disclosure frameworks (GRI, ISSB, etc.)
- Media analysis (35 valid articles)
- Industry Benchmarking
- Stakeholder survey (Internal / External) (employees, customers, partners, etc.)

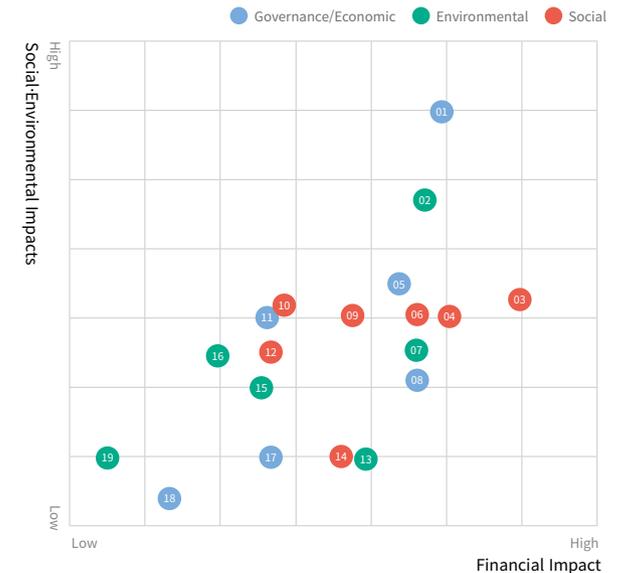
Financial Impact assessment

- Analysis of ESG ratings and industry issues (MSCI, SASB, DJSI, KCGS, etc.)
- Analysis of internal management data (previous year's critical issues, CEO messages, management policies, etc.)
- Stakeholder survey (Internal / External) (employees, customers, partners, etc.)

Step 3. Selection and Reporting of Core Issues

- Review by Daedong Group ESG/IR team
- Prioritize 19 issues and disclosure of the top 3 key issues
- Identification of opportunities and risks related to critical issues

Results



- 01 Securing future growth engines through technological enhancement
- 02 Responding to climate change
- 03 Enhancing of product safety and quality
- 04 Sustainable Value chain
- 05 Ensuring sound governance
- 06 Respect for human rights and diversity
- 07 Improving energy efficiency and increasing renewable consumption
- 08 Strengthening ethical management and compliance with fair trade
- 09 Enhancing Occupational Safety and Health
- 10 Enhancing the working environment and talent development
- 11 Strengthening the board's management of sustainability issues
- 12 Coexistence with local communities
- 13 Environmental management strategies and regulatory compliance
- 14 Labor-management cooperation
- 15 Expansion of resource circulation
- 16 Water resource management.
- 17 Enhancing information security, personal data protection
- 18 Strengthening global competitiveness
- 19 Biodiversity protection

Double Materiality Assessment

● High ◐ Medium ○ Low

Rank	Area	Issue	Direction of Impact		Issue Impact			Report Page
			Positive	Negative	Social-Environmental	Financial	Overall Result	
1	Economic	Securing Future Growth Engines through Technological Capability Enhancement	●	○	●	●	●	27-30p
2	Environmental	Responding to climate change	◐	◐	●	●	●	31-33, 94-95p
3	Social	Enhancement of Product Safety and Quality	●	◐	●	◐	●	34-37p
4	Social	Sustainable Value chain	●	◐	●	◐	◐	74-78p
5	Governance	Ensuring Sound Governance (Independence, Diversity, Expertise)	●	◐	◐	◐	◐	80, 82-84, 108p
6	Social	Respect for human rights and diversity	◐	◐	●	◐	◐	64-65, 103, 110p
7	Environmental	Improving energy efficiency and increasing renewable consumption	◐	◐	●	◐	◐	31-33, 95p
8	Governance	Strengthening Ethical Management and Compliance with Fair Trade	●	◐	●	◐	◐	85-87, 109-110p
9	Social	Enhancing Occupational Safety and Health	●	◐	◐	◐	◐	66-71, 107p
10	Social	Enhancing the Working Environment and Talent Development	●	◐	◐	◐	◐	57-63, 100-102, 104-106p
11	Governance	Strengthening the Board's Management of Sustainability Issues	●	◐	◐	◐	◐	20, 81p
12	Social	Coexistence with the Local Community	◐	◐	◐	◐	◐	72-73, 106p
13	Environmental	Developing Environmental Management Strategies and Regulatory Responses	◐	◐	◐	◐	◐	40-45, 99p
14	Social	Promoting Labor-Management Cooperation	●	◐	◐	◐	◐	62, 103p
15	Environmental	Expansion of Resource Circulation	◐	◐	◐	◐	◐	46-48, 98p
16	Environmental	Water Resource Management	◐	●	◐	◐	◐	49-50, 97p
17	Governance	Strengthening Information Security, Personal Data Protection	●	◐	◐	◐	◐	89-91, 110p
18	Economic	Enhancing Global Competitiveness	●	○	◐	○	◐	6, 8, 11, 14, 17p
19	Environmental	Biodiversity Protection	○	●	○	◐	◐	54p

Key ESG Issues



- 26 Daedong's 3 Key ESG Issues
- 27 Key Issue 1. Securing Future Growth Engines
- 31 Key Issue 2. Responding to climate change
- 34 Key Issue 3. Enhancing Product Safety and Quality

Daedong's 3 Key ESG Issues

Key Issue 1. Securing Future Growth Engines through Technological Capability Enhancement

Background	Issue Impact	Response Activities and Plans	UN SDGs						
<p>The growth rate of the agricultural machinery industry has been somewhat stagnant due to the post-pandemic issue. To secure competitiveness in the market, it is essential to conduct research and investment in new technologies to occupy new markets and secure new growth engines.</p>	<table border="1"> <thead> <tr> <th>Social· Environmental</th> <th>Financial</th> <th>Overall Result</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> </tr> </tbody> </table>	Social· Environmental	Financial	Overall Result	●	●	●	<p>Daedong Group is striving to expand its business not only domestically but also in North America, Europe, and other regions. We are enhancing competitiveness in the agricultural machinery industry through technological research and investments in smart agricultural machinery and smart farming. Moving forward, we aim to grow into a company providing integrated solutions in the agricultural industry by linking with future agriculture platforms.</p>	 
Social· Environmental	Financial	Overall Result							
●	●	●							

Key Issue 2. Responding to climate change

Background	Issue Impact	Response Activities and Plans	UN SDGs						
<p>Domestic and international regulations related to climate change are being strengthened. The European Union's implementation of CBAM (Carbon Border Adjustment Mechanism) and other movements indicate that carbon neutrality is becoming a necessity rather than an option. Responding to climate change is essential for sustainable business.</p>	<table border="1"> <thead> <tr> <th>Social· Environmental</th> <th>Financial</th> <th>Overall Result</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> </tr> </tbody> </table>	Social· Environmental	Financial	Overall Result	●	●	●	<p>Daedong Group aims to achieve carbon neutrality by 2050 to minimize the climate change impact of its business activities. In 2023, we completed the establishment of a greenhouse gas inventory and are promoting activities such as replacing high-efficiency equipment, improving energy efficiency, and installing solar facilities at our business sites.</p>	 
Social· Environmental	Financial	Overall Result							
●	●	●							

Key Issue 3. Enhancing Product Safety and Quality

Background	Issue Impact	Response Activities and Plans	UN SDGs						
<p>Product safety and quality are essential management elements for manufacturing companies. Safety and quality play crucial roles in consumer purchasing decisions, and issues with safety can result in high handling costs. Therefore, continuous enhancement of quality management in the production process is necessary.</p>	<table border="1"> <thead> <tr> <th>Social· Environmental</th> <th>Financial</th> <th>Overall Result</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">●</td> <td style="text-align: center;">◐</td> <td style="text-align: center;">●</td> </tr> </tbody> </table>	Social· Environmental	Financial	Overall Result	●	◐	●	<p>To manage the safety and quality issues of the products, Daedong Group has certified under ISO 9001. We are committed to maintaining quality from development to usage based on internal quality management processes. Moreover, we are strengthening customer service by providing free inspections and visit services to ensure that customers experience no issues when using Daedong Group products.</p>	
Social· Environmental	Financial	Overall Result							
●	◐	●							

Key Issue 1. Securing Future Growth Engines

Issue Importance

Daedong Group is preparing to transition from an agricultural machinery manufacturer to a leading company in future agriculture. With the Fourth Industrial Revolution and digital technologies driving the need for convergence between various industries and agriculture. Daedong Group is developing future agricultural technologies and business models to adapt to these changes and lay the foundation for sustainable growth. As electrification expands from automobiles to agricultural machinery and mobility, Daedong Group is accelerating efforts to explore new markets and discover future growth businesses to meet the increasing demand for lightweight materials and electrified components. Daedong Group will endeavor 70th-anniversary to become 'a company that is remembered not as the history of Korean agricultural machinery, aspiring to become a centennial company that leads global future agriculture.'

Daedong

Aiming for Vehicle Control through AI Autonomous Driving Technology Integration



Transitioning to Software-Centric Hi-tech Agricultural Machinery



Autonomous agricultural machinery becomes the first in the industry to pass national testing for autonomous driving

Daedong

Daedong

Building a Full Lineup of Autonomous Agricultural Machinery: Rice Transplanters, Tractors, and Combines

Daedong Mobility

Launched the Smart Electric Scooter GS100

Future Market and Daedong Group

Future Agricultural Technologies

As agriculture, once considered a simple primary industry, undergoes new technological innovations, it is moving beyond traditional methods based on experience and know-how to become data-driven and integrated with digital technologies across all stages, from production to consumption. Daedong has identified four future agricultural platforms: AI autonomous operations, precision agriculture, connected services, and smart farming, which integrate these elements. Through these efforts, Daedong aims to provide end-to-end services encompassing the entire agricultural process, including the development of cultivation technologies, data analysis, and the establishment of agricultural product trading platforms. Additionally, by leveraging AI technology accumulated through agricultural advancements and the technical expertise of subsidiaries like Daedong Mobility, Daedong is enhancing its smart mobility lineup in non-agricultural sectors, including personal mobility.

Future Mobility

As the importance of Net-Zero increases, the trend of electrification in transportation including automobiles is expanding. Announcements by the automotive industry to halt the production of internal combustion engine vehicles and shift to eco-friendly vehicles like electric cars have had a significant impact on the related components industry. As transportation modes change, the electrification of internal combustion engine components and the lightweighting of materials for energy efficiency have become essential requirements. In 2022, 47% of Daedong Metals' sales were from internal combustion engine automotive components. Daedong Metals is working to ensure competitiveness in the casting market by expanding the application of technology and considering material transitions for sustainable growth in future markets. Additionally, Daedong Group is making concerted efforts to prepare for the future of the changing mobility market through initiatives such as Daedong Mobility's e-scooters and leisure electric carts, and Daedong Gear's development of next-generation powertrains.

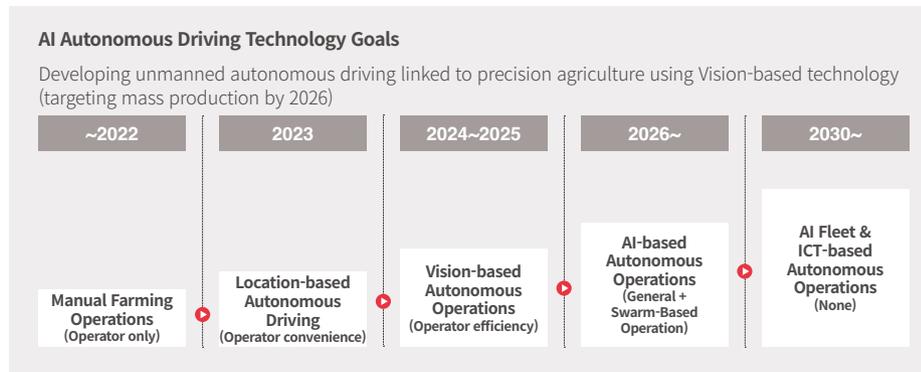
Key Issue 1. Securing Future Growth Engines

Future Agricultural Technologies

AI Autonomous Operation Technology Development

Smart Agricultural Machinery

Daedong has completed a full line-up of autonomous agricultural machinery with the introduction of the autonomous rice transplanter in 2019 → the autonomous tractor in 2021 → the autonomous combine in 2023. The smart combine is equipped with autonomous operation features and new functionalities such as yield monitoring and section-based crop yield analysis for precision agriculture. Additionally, the DH6135 rice transplanter and HX tractor have successfully passed the industry's first Stage 3 national test for autonomous driving, performing autonomous tasks by following predetermined work paths without an operator. Daedong is focusing on autonomous driving technology and aims to release a fully unmanned autonomous tractor with Level 4 autonomous driving capabilities by 2026.



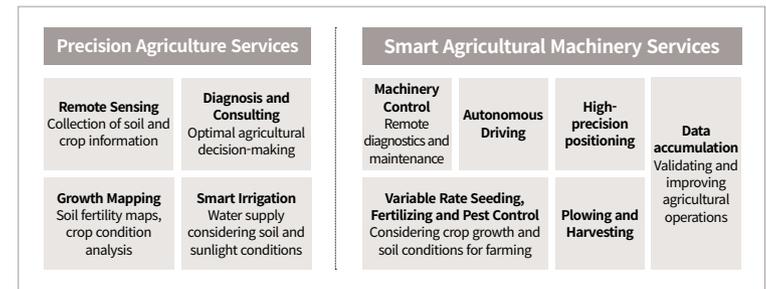
Smart Robots

For large agricultural machinery, Daedong is working on developing AI follower robots for agriculture. These robots, such as transport robots and pest control robots, incorporate autonomous operation technology to improve workers' efficiency. In collaboration with the Korea Institute of Robotics & Technology Convergence (KIRO), Daedong conducted a demonstration study in 2023 where an autonomous transport robot delivered harvested apples to designated locations and returned. We plan to develop various robots for autonomous crop transport and special industrial robots by 2025.

Precision Agriculture

Daedong aims to develop precision agriculture solutions by collecting and utilizing data across the entire agricultural cycle. By providing tailored solutions based on environmental analysis results (such as weather, soil, and crop growth conditions) for each farming stage, we expect to reduce costs and increase yields. From 2021 to 2023, Daedong conducted a precision agriculture solution project on a total of 230,000 pyeong (approximately 76 hectares) of rice paddies. This project demonstrated the feasibility of precision agriculture solutions, achieving a 6% reduction in fertilizer use and an 18% increase in yield based on soil composition analysis. Daedong is also planning a system where agricultural machinery and robots can perform autonomous operations by integrating precision agriculture services with AI autonomous operation technology.

Integration of Precision Agriculture Services and AI Autonomous Operation Technology



Key Issue 1. Securing Future Growth Engines

Future Agricultural Technologies

Connected Services

Leveraging its advanced technology in the domestic agricultural machinery sector, Daedong launched the 'Daedong Connect' app in 2021. It provides services to agricultural machinery users and it will be expanded to potential customers in the future. The app currently offers services such as machinery management, remote diagnostics, and customized agricultural content. In the future this app will include activating a community for sharing farming information and providing opportunities to sell agricultural products through a marketplace service.



Daedong Connect Service

Smart Farming

Smart Farm

Daedong is conducting research on smart farming, utilizing advanced ICT technologies to create and maintain optimal growth environment while operating a smart greenhouse for validation purposes. Daedong R&D Center efforts are underway to systematize and standardize smart farming technologies from discovering new varieties and developing cultivation techniques to environmental control, high-functionality raw material sales, and predictive services. Daedong aims to add value to agriculture by developing AI-based optimal cultivation technologies, including natural material and functional crop varieties.

Integration of Future Agricultural Platforms

Daedong is building a smart farming platform service by integrating future agricultural platforms. This includes precision agriculture solutions that manage the entire agricultural cycle, smart farming technologies that establish seed information and optimal cultivation techniques. Connected services that leverage AI data analysis capabilities to set the standard for future agriculture.

Future Mobility

Smart Mobility

Smart Mobility Technology

Daedong Mobility is expanding its product line-up using the capabilities and Open Innovation. In addition, we are incorporating AI and electrification technologies into both existing products (UTVs and golf carts) and new products (smart electric scooters, smart chair robots). In 2023, Daedong Mobility conducted a demonstration project for the "Docent Chair Robot," equipped with indoor autonomous driving technology. The robot can guide users optimal routes to view desired artworks. This technology is expected to support vulnerable groups in public facilities like airports and hospitals with plans for further testing and commercialization. Moreover, smart electric scooter GS100 offers advantages over traditional internal combustion engine scooters such as easier maintenance and lower operating costs with battery use instead of fuel. The scooter features a battery swapping system (BSS) enables replacement with charged batteries at stations

Connected Services

Daedong Mobility provides a smart control system for its smart electric scooters through the "Daedong Mobility Connected Service" app. This app offers features such as remote-start (keyless ignition on/off), notifications for battery levels and consumable replacements, and information on the locations of battery stations and customer service centers. Daedong Mobility is committed to continuously developing and implementing services that enhance user convenience.



Docent Chair Robot



Daedong Mobility Connected Service

Key Issue 1. Securing Future Growth Engines

Future Mobility

Strengthens component Business

Daedong Metals is advancing future growth by developing new materials. Utilizing casting technology, we have developed high-strength, high-stiffness CGI (Compacted Graphite Iron) for automotive cylinder blocks and heads, high-strength, high-ductility ADI (Austempered Ductile Iron) for robotic industrial machinery, and Ni-Resist with high heat and corrosion resistance for vacuum pumps. Moreover, Daedong Metals established a Future Growth Promotion Task Force Team (TFT) to respond to changes in future markets in 2023.

Operation of the Future Growth Promotion TFT

To build sustainable management momentum through the discovery of future growth businesses, Daedong Metals is operating a Future Growth Promotion TFT. By 2024, TFT will formulate strategies to address the decline in demand for internal combustion engines and the cost competitiveness disadvantage. Establish investment plans for new businesses including the application of new materials and business model expansion.

Future Growth Promotion TFT Action Plan

Category	Content	23.4Q	24.1Q~2Q	24.3Q	24.4Q
Phase 1	Identification of new business trends and market analysis - Selection of target groups for future growth businesses - Analysis of Daedong Metal's core competencies and marketing (3C analysis)	→			
Phase 2	Analysis and benchmarking of future growth business target groups - Domestic and international site visits and investigations - Business consulting		→		
Phase 3	Development of investment plans and promotion strategies for new businesses - Assessment of business feasibility and investment plans - Reporting results			→	

Daedong Gear is focused on developing next-generation powertrains for application in smart agricultural machinery and smart mobility. We are dedicated to enhancing the performance of existing powertrain products with a focus on efficiency, safety, and reliability. Long-term goals and strategies are being established to strengthen the capabilities required for producing next-generation powertrains.

Daedong Gear Powertrain Performance Improvement Target and Strategy

Items	Target (within 5 years)	Strategy
Efficiency	- 10% reduction in power consumption compared to existing products of the same class	Optimization of gear design, improvement of bearings and lubrication, and achievement of powertrain weight reduction technology Securing technology to reduce powertrain consumption output through lightweighting
	- Utilization of oil chambers and galleries, minimization of agitation resistance, reduction of oil injection amount and power consumption using in-house experience and technology	
Stability	- 5dB reduction in noise compared to existing products of the same class - 15% reduction in failure rates compared to existing products of the same class	Acquisition of low-noise and robust technology through the introduction and utilization of specialized design/analysis tools
	- Introduction of NVH(Noise, Vibration, Harshness) ¹⁾ analysis equipment, completion of analysis technique training - Application of Design FMEA(Failure Mode Effective Analysis) ²⁾ procedure	
Reliability	- 20% increase in average lifespan compared to existing products of the same class	Establishment of a quality management system and introduction of automated manufacturing systems
	- Collection and analysis of failure data using DFSS(Design For Six Sigma) ³⁾ methodologies - Establishment of reliability verification procedures through an integrated test center within the group	

1) NVH: Noise, Vibration, Harshness

2) FMEA: Failure Mode and Effects Analysis

3) DFSS: Design For Six Sigma, a methodology for designing products and processes to meet customer requirements and provide high-quality standards

■ Activities Related to Goal Achievement

Key Issue 2. Responding to climate change

Issue Importance

Daedong Group is committed to fulfilling its responsibility as a company by planning and preparing various response strategies and implementation plans related to climate change. European Union (EU), U.S. Environmental Protection Agency (EPA) and California Air Resources Board (CARB) have implemented strengthen emissions regulations such as U.S. Tier 4 and Europe Stage V for non-road engines to prevent air pollution and improve air quality. Daedong Group invested in R&D to produce products that minimize environmental impact. As a responsible company, Daedong Group aims to continuously reduce greenhouse gas emissions and energy consumption as a leading eco-friendly company.

Daedong Metals

Greenhouse gas Emissions
Achieved approximately a 10% reduction in carbon emissions compared to 2022
(44,008 tCO₂eq → 39,699 tCO₂eq)



Daedong Metals Daedong Mobility

Solar Power panels installation

Daedong Metals: 199.92 kW
Daedong Mobility: 3,000 kW

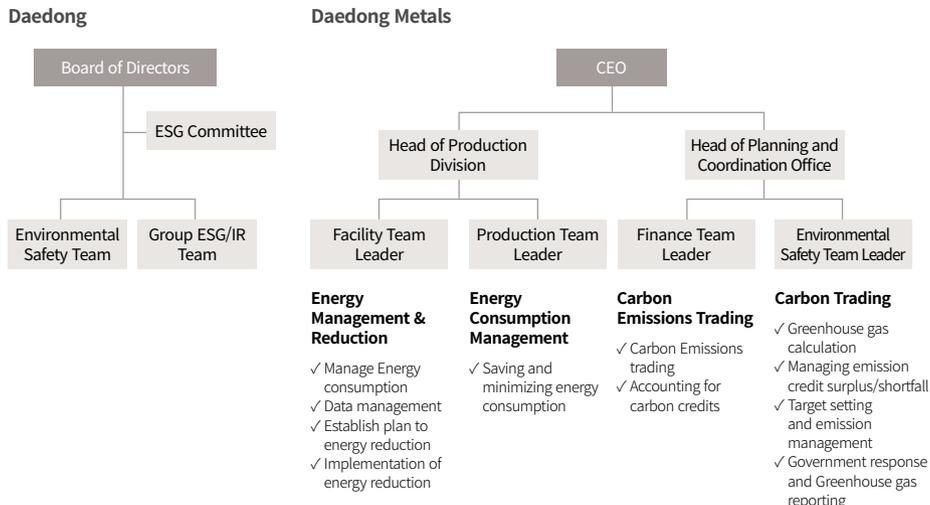


Governance

Establishment of Climate Change Response Organization

Daedong Group's Board of Directors is responsible for analyzing the impact of climate change issues and managing/supervising whether they are reflected in the company's business. Climate change response and strategy formulation are regularly reported to the CEO, ensuring effective climate change response and risk management.

In 2023, Daedong established an ESG Committee and a Group ESG/IR team. Daedong Metals formed an Emissions Trading Response TFT to systematically manage greenhouse gas emissions and continuously enhance climate change response capabilities.



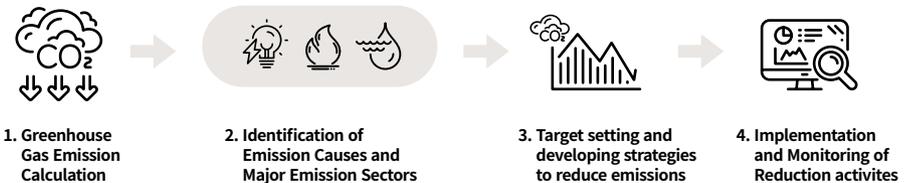
Strategy

Greenhouse Gas Reduction Strategy

In 2023, Daedong Group established an inventory to calculate greenhouse gas emissions and conducted third-party verification to ensure data integrity and reliability. We calculated the amount of greenhouse gas emissions from all domestic business sites owned and operated by the company with plans to expand the scope to include overseas business sites in the future.

Daedong Group continuously monitors greenhouse gas emissions by business site and emission facility, setting annual reduction targets and strategies based on the analysis of high-emission sources.

Greenhouse Gas Management Process



Daedong Metals is promoting various activities to reduce carbon emissions. To reduce Scope 1 emissions, we invested on the high-efficiency equipment and EV conversion for commercial vehicles. For Scope 2 emissions, we installed solar panels and increased renewable energy consumption to achieve 100% renewable energy conversion

Ways to Reduce Scope 1 (direct emission)

Invest on the high-efficiency equipment
EV conversion for commercial vehicles

Ways to Reduce Scope 2 (Indirect emission)

Producing renewable energy through solar panel installation
Increasing renewable energy consumption to achieve 100% renewable energy conversion

Key Issue 2. Responding to Climate Change

Risk Management

Daedong Group is fully committed to meeting international requirements through comprehensive climate change response strategies. We continually identify, assess, and manage various risks and opportunities including physical risks and transition risks. When identifying risk and opportunity factors based on strategic and financial impacts, we report to the Board of Directors or management and formulate action plans.

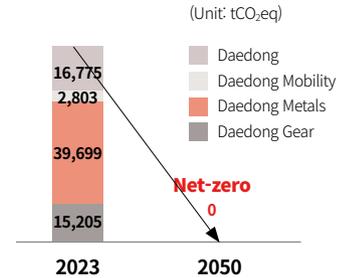
Analysis of Risks and Opportunities

Category	Risk Description	Potential Occurrence Period	Financial Impact	Risk Factors	Opportunity Factors	Countermeasure
Physical Risks	Acute Increased natural disasters such as typhoons and heavy rainfall	Long-term	High	- Increased likelihood of extreme weather due to rising temperatures : higher risk of cyclones and floods	-	1) Development and operation of a disaster response manual 2) Contract of disaster insurance for damage preparedness 3) Regular review of natural disaster likelihood
	Chronic Increased abnormal weather due to rising temperatures	Long-term	High	- Decreased work efficiency due to rising average annual temperatures - Risk of drought and water shortages	-	1) Enhancing management system to Strengthen operation systems 2) Optimization of product inventory management processes 3) Purchase of disaster insurance for damage preparedness
Transition Risks	Policy/Legal Strengthening emission trading scheme and increasing emission credit prices	Short-term/Mid-term	High	- Strengthen emission regulations to achieve national Net-Zero target: reducing free allocation - Increased price volatility due to the activation of emission trading	- Revenue from selling surplus emission credit through emission reduction	1) Regular calculating emissions to manage emission credit surplus/shortfall 2) Regular monitoring of the emission trading scheme for preliminary impact assessment 3) Establishment of mid- to long-term Net-zero plan 4) Reduction of emissions through equipment efficiency improvements and energy-saving activities
	Policy/Legal Expansion of Global Greenhouse Gas Regulation	Mid-term/Long-term	Medium	- Increased production costs due to global regulations such as CBAM	- Enhancing market competitiveness by meeting global regulations	1) Efforts to secure eco-friendly materials 2) Management of emission by product unit (EA)
	Technology Transition demand to low-carbon production technologies	Mid-term	Medium	- Infrastructure expansion and specialist acquisition for low-carbon technology development - Replacement of products with low-carbon products	- Reduced GHG emissions through low-carbon technology expansion	1) Strengthening R&D for low-carbon technology and product expansion 2) Promoting energy efficiency at sites through high-efficiency equipment replacement and process improvements
	Market Demand shift to eco-friendly products	Short-term/Mid-term	High	- Increased demand for eco-friendly products to satisfy consumer needs - Increased investment on R&D for product transition	- Expand sales through eco-friendly product	1) Expansion of eco-friendly product lineup 2) Investment on R&D to increase new product
	Market Renewable Energy Market Expansion	Mid/Long-term	High	- Increased production costs for renewable energy transition	- Reduced electricity cost volatility through renewable energy transition	1) Set a RE100 roadmap 2) Securing mid- to long-term contracts for renewable energy procurement such as PPA contract
	Reputation Increased stakeholder demands	Mid/Long-term	Medium	- Increased climate change response demands from customers and investors - OEM customers requiring Net-Zero	- Enhanced competitiveness through eco-friendly branding	1) Set a net-zero target 2) Investment on R&D to satisfy customer needs

Metrics & Targets

Greenhouse Gas Reduction Targets

Four subsidiaries of Daedong Group (Daedong, Daedong Mobility, Daedong Metals, and Daedong Gear) have set a target of Net-Zero by 2050. Daedong Group will respond to climate change effectively through systematic management.



Greenhouse Gas Reduction Targets - Daedong

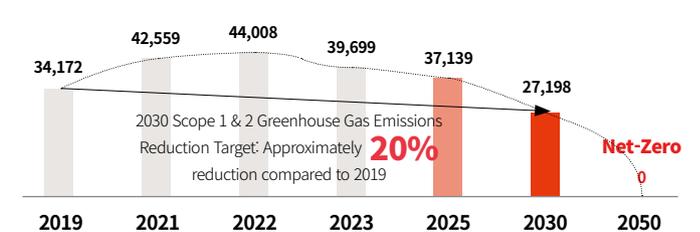
Category	2024	2025	2026
Scope 1 & 2 Emissions	16,495	16,166	15,842

Daedong Metals set an internal target to reduce greenhouse gas emissions by 20% by 2030 compared to 2019 levels.

In 2023, we reduced 9.8% compared to the previous year (39,699 tCO₂eq). To achieve the group's 2050 Net-Zero, we have a plan to install solar power panels to promote the transition to renewable energy and conduct a Life Cycle Assessment (LCA)¹.

1) LCA (Life Cycle Assessment, Environmental Life Cycle Assessment): A method of evaluating carbon emissions throughout the entire product lifecycle, including raw material production, product manufacturing, and transportation stages

Scope 1 & 2 GHG Reduction Roadmap



Key Issue 2. Responding to Climate Change

Performance

Greenhouse Gas Emission Reduction Activities

Daedong Group is undertaking various efforts to reduce greenhouse gas emissions to respond to strengthen regulations and customer demands.

Moreover, as the requirements for reducing greenhouse gas emissions in the agricultural machinery and automotive components industries intensify, we will continue to promote activities to decrease emissions.

In April 2024, Daedong Mobility installed a 3 MW of solar power panels and plans to expand further in the future. Furthermore, in November 2022, we invested KRW 90 billion to complete the eco-friendly smart factory, "S-Factory." The S-Factory set-up the real-time monitoring and control of energy consumption through a comprehensive control room and has introduced Automated Guided Vehicles (AGV) and smart electric tools to enable efficient energy management. Moreover, to enhance energy efficiency in the factory, it was designed and constructed to include high-efficiency gas direct heating systems, water-saving equipment, LED lighting, and gallery windows. S-Factory is foundation for reducing greenhouse gas emissions within our sites and will continuously strive to lead carbon neutrality.

Daedong Metals installed approximately 0.2 MW of solar panels within its site and plans to expand the use of renewable energy through additional installations.

We have a plan to buy renewable energy certification (REC) and green premium to utilize renewable energy within our site and reduce greenhouse gas emissions.

To reduce energy consumption, we are also considering automatically turning off production facilities during non-operational times such as lunch breaks and rest periods.

In 2023, we have been participating in the CDP Value chain to disclose our climate change relevant data to our partners transparently.

Installation and Operation of Solar Power Panels

Daedong Mobility aims to lead the transition to renewable energy to meet the Stakeholders' (customers, investors etc.) needs. Our solar panel was installed on the factory roof to minimize damage for the surrounding environment. The Installed capacity is approximately 3,000kW and we generated renewable energy from April 2024.



Daedong Metals installed solar power system to response the government's policy on reaching Net Zero by 2050.

By installing 199.92 kW (595W, 336 panels) of rooftop solar power panels in the parking lot, we have taken a meaningful step towards accelerating the transition to renewable energy and becoming an eco-friendly plant. It is first step for voluntary participation in K-RE100. The return on investment for the solar power generation facility is expected to be 21.21%, with a payback period of approximately 4.5 years. This investment not only reduces electricity and emission allowance purchase costs but also addresses parking facility issues, a subject of labor-management discussions.



Key Issue 3. Enhancing Product Safety and Quality

Issue Importance

Daedong Group recognizes that customer satisfaction and trust originate from the quality of our products and services. We strive to maintain and provide the highest quality throughout all processes, from development to production to usage. During the development stage, we monitor the use of harmful substances, respond to regulations, and analyze existing claims, with the results immediately reflected in our products. Moreover, we continuously monitor the quality of products sold in the market to develop and apply improvement measures. Daedong Group is dedicated to becoming a company that continuously achieves quality innovation by enhancing efficiency, transparency, and stabilizing the quality of products and services produced and provided by each group company, making them accessible to a diverse range of customers.

Korean Standard-Quality Excellence Index (KS-QEI) Issued by Korean Standards Association

Daedong

Tractors Ranked "1st" for 3 Consecutive Years

Combines Ranked the 1st in 2023

Daedong Mobility

80% Customer Complaint Resolution Rate

Daedong Mobility

Zero Product Recalls for 3 Consecutive Years

Customer Satisfaction Score 4.3 out of 5.0 points

Daedong Metals

Organization and Policies

Quality Innovation Initiatives

Daedong Group is committed to maintain the highest quality for all process of product development, production, and use. We have established a Quality Assurance Division within the Production Development Department to monitor harmful substance use during development, respond to regulations, analyze existing claims, and continuously improve the quality of products sold.

In 2021, we launched the first "Global Quality Innovation TFT" to diagnose the maturity of our quality management and reestablish work standards and processes for quality innovation through organic collaboration across the company. To secure customer trust and enhance product competitiveness, we set global quality improvement and manufacturing cost reduction as key tasks. Our action plan for global quality improvement includes enhancing development/design quality and manufacturing/market quality, as well as implementing the Quality Management System (QMS). For manufacturing cost reduction, we set a goal to achieve savings of KRW 25 billion.

Daedong Mobility

Customer Complaint Resolution Rate

Target: Increase by **10%** compared to 2023 (80% → 90%)



Daedong Metals

Customer Satisfaction

Target: Increase by **10%** compared to 2023 (from 4.3 to 4.7 points)



Quality Management Certifications

Daedong Group has obtained global certifications related to quality management systems to realize customer satisfaction through continuous quality management and improvement. We certified under ISO 9001 (international standard) and IATF 16949 (international standard for the automotive industry). These certifications ensure that we maintain the high quality of our products and services, enhancing Daedong Group's competitiveness and customer trust.

Certified under IATF 16949

Daedong Metals, Daedong Gear



Certified under ISO 9001

Daedong, Daedong Metals, Daedong Gear

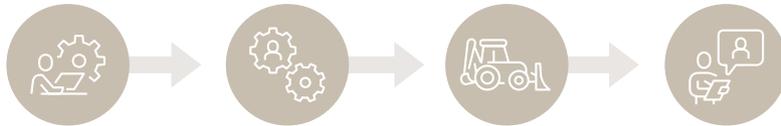


Key Issue 3. Enhancing Product Safety and Quality

System and Management Processes

Quality Management Process

Daedong Group has re-established its quality management process to innovate the quality of our products. We conduct inspections for harmful substances, safety tests, monitoring, and post-management from the development stage through production and consumer usage. We continuously aim to improve product quality by this process.



1. Product Development

- Restriction on the use of harmful substances
- Application of legal and global standards
- Analysis of fault information and claim Preliminary inspection for new product development

2. Product Production

- Certified under ISO 9001
- Stability testing
- Manufacturing quality control

3. Consumer Usage

- Collection of consumer complaint information
- Provision of app-based connect services
- Market quality monitoring

4. Safety Monitoring

- Collection of complaint cases from nationwide dealers
- Product safety monitoring
- Collection and implementation of product improvement items

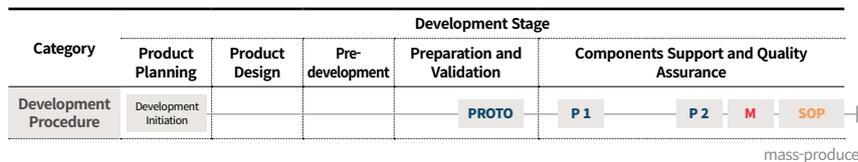
Quality Evaluation

Regular components Evaluation

Daedong Gear conducts components evaluations weekly by each department to ensure the consistency of product quality. It reduces the possibility of unexpected discrepancies or defects and secures mass production quality.

Q-GATE Evaluation

Daedong Gear conducts sequential Q-GATE evaluations for single and module development products before the introduction of PROTO and PILOT products. This preemptively identifies issues and problems in the development stage to secure development quality. Additionally, we verify the design quality of products and review approvals for entry into mass production, striving to manage design quality and ensure manufacturability.

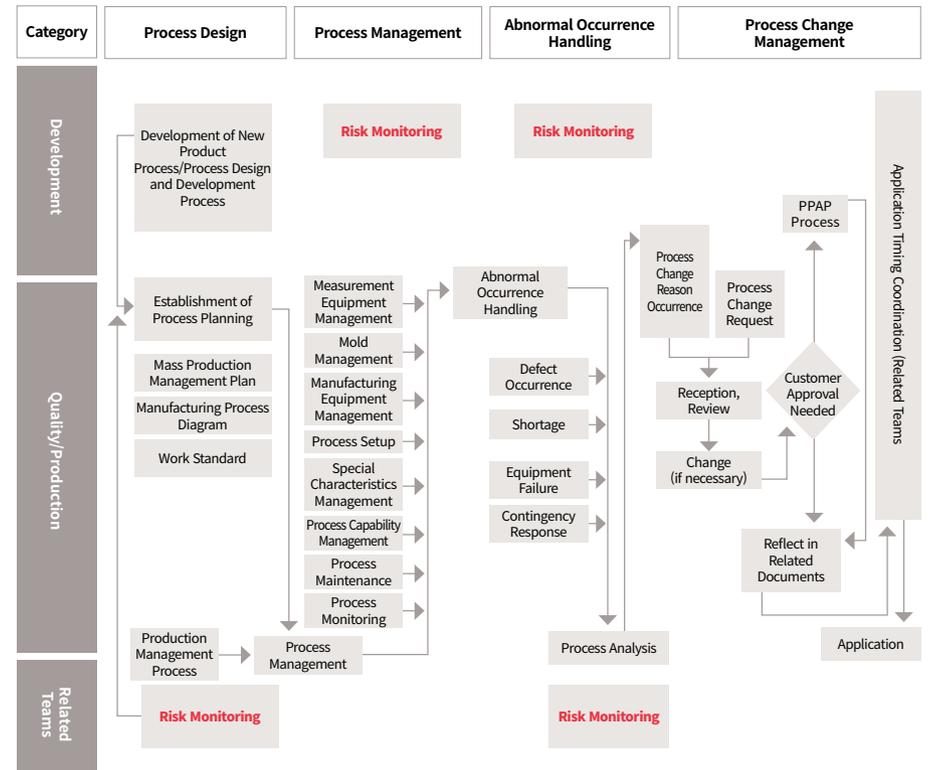


Quality Risk Management

Daedong Metals manages all quality-related risks that may occur during the product manufacturing process.

We monitor every stage, including process design, process management, abnormal occurrence handling, and process change management based on the risk management process. For each issue, we set grades based on occurrence and severity, and we establish and execute countermeasures.

Risk Management Process



Key Issue 3. Enhancing Product Safety and Quality

Major Programs

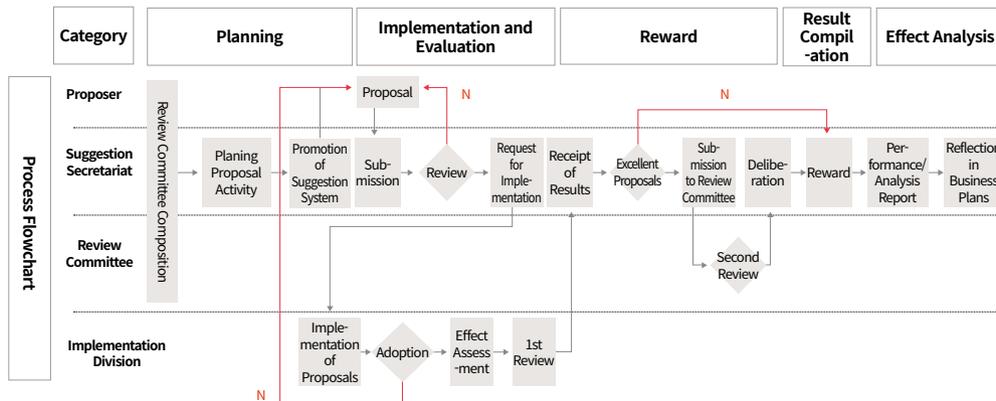
Idea suggestion system and reward process

Daedong Metals operates an idea reward system where all employees can freely propose ideas related to our products, services, and systems, with monetary rewards provided. The production team manages the idea proposals, which are categorized into improvement proposals, task proposals, and implementation proposals. Proposed ideas receive various rewards, including compensation based on evaluation grades, most proposal awards, participation awards, special awards, and Daedong employee awards, thus enhancing employee participation. Through the idea reward system, Daedong Metals leverages employees' knowledge and skills for the improvement and advancement of products, services, and systems, aiming to create new added value, enhance quality, and strengthen knowledge competitiveness to secure business competitiveness.

Proposal Categories

Improvement Proposal	Improvement items related to company tasks, suggested by employees or external individuals (includes quality, safety, work improvement, energy, corporate culture, competitiveness enhancement)
Task Proposal	Proposal to solicit problem-solving methods through internal and external contests for specific tasks
Implementation Proposal	Proposals submitted after executing improvements to a problem and documenting the results

Suggestion and Reward Process



Customer Satisfaction Enhancement Activities

Customer Satisfaction Service

Daedong aims to be a "service company" that offers rapid and accurate services to enhance customer satisfaction by operating a special customer satisfaction service team, establishing the largest domestic service network that includes 50 areas within eight provinces, and providing free services that delight customers. HX Tractor customers will benefit from home visit services, where 12 essential checks will be conducted at Daedong's expense. Daedong has been offering a 10-year free warranty service powertrain and transmission on its tractors, the first agricultural machinery maker. Moreover, we provide free inspection and replacement of key consumables for products used for over 50 hours and service response TFT to ensure all repairs are completed within 12 hours of receiving a fault report. Daedong conducts annual dealer meeting and provides regular training to enhance the capabilities of service technicians, aiming to deliver better services to customers.

Customer Satisfaction Service Items



Key Issue 3. Enhancing Product Safety and Quality

Major Programs

Customer Satisfaction Surveys

Daedong Metals conducts an annual customer satisfaction survey targeting the purchasing managers of our client companies. In 2023, the survey was conducted with our top seven revenue-generating companies. Survey includes quality satisfaction, development satisfaction, sales satisfaction, and delivery satisfaction. We scored above 4 points in all four categories except for quality satisfaction which scored 3.9 points. By in-depth analysis the dissatisfaction factors identified through the survey, we aim to develop countermeasures, derive improvement points, and implement them to enhance customer satisfaction, reduce quality costs, and create a favorable environment for securing new product orders. Daedong Metals will exert utmost efforts to improve quality by minimizing defect rates and process deficiencies to enhance customer trust.

Customer Satisfaction Survey Results (2023)

Average	Quality Satisfaction	Development Satisfaction	Sales Satisfaction	Delivery Satisfaction	Overall Satisfaction
	3.9	4.3	4.5	4.3	4.3

Customer VOC Status

Daedong Mobility annually collects and addresses complaints and inquiries from all service customers, excluding business partners.

VOC Status (2023)

Issue	Cause	Improvement Measures:	Improvement Status
Oil Injection Omission	No inspection process for oil injection omission	Addition of inventory inspection and production inspection processes	0
Painting Defects	Peeling due to poor shorting before painting	Enhancement of painting quality and inspection	0
Joint Damage	Damage due to poor processing of outsourced products	Strengthening inspection of outsourced products	0

Minimization of Cost of Poor Quality (COPQ)

Daedong Gear has introduced the Cost of Poor Quality (COPQ) to set annual targets for each item, striving to improve and stabilize quality to achieve these goals. To mitigate the risk of COPQ arising from changes in internal and external business environments, we prevent defects that may occur in the production process in advance, minimize losses, and focus on continuous quality improvement and customer satisfaction enhancement.

A representative example is gear profile measurement, which aims to increase gear quality satisfaction by clearly defining the measurement methods for gears processed at Daedong Gear, thereby reducing measurement errors and inaccuracies.

Measurement Sequence for Green-Gel Berger Gear Profile Measuring Machine

- 

Click on Catalog
Selecting relevant part number & name to be measured
- 

Placing the measured product on both centers
- 

Adjusting the center lever diagonally horizontally
- 

Securing with a work driver
- 

Moving the starting point of Z-axis measurement manually
- 

After confirming the Z position at the bottom edge of the product, click START CHECK
- 

Click the button when the AUTOMATIC ON screen appears
- 

Do not stop in the middle of measurement
(Stopping midway causes malfunction)
- 

After measurement completion, release the work driver, raise the center, and lower the product

ESG Performance



39	Environmental
56	Social
79	Governance

ESG Performance

- 40 Environmental Management
- 46 Resource Circulation
- 49 Water Resource Management
- 51 Reducing Environmental Impact
- 55 Eco-Friendly Products and Technologies



Environmental

Environmental

Environmental Management

Daedong Group is dedicated to responding promptly and appropriately to environmental issues such as climate change, biodiversity, air quality, water resources, and hazardous chemicals to ensure a sustainable future.

Each subsidiaries operates dedicated environmental management organizations to achieve this goal.

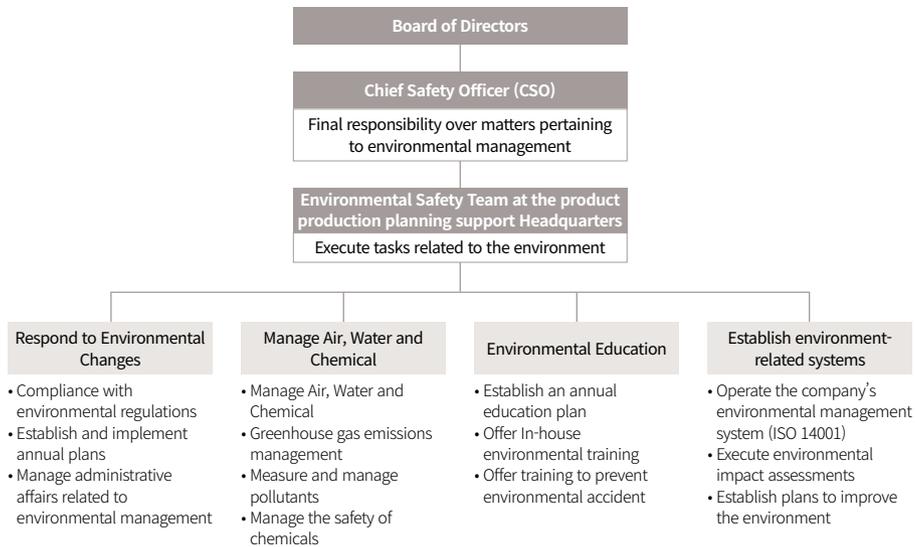
Implementing an environmental management system

Organization

The Environmental Safety Teams at Daedong and Daedong Mobility serve as dedicated environmental organizations, continually addressing climate change, air and water quality, chemical management, environmental education, and the establishment of environmental systems.

They oversee all aspects of environmental management, from strategy formulation to execution and monitoring. Major issues are regularly reported to the Board of Directors, and under the leadership of the Chief Safety Officer (CSO), environmental issues are resolved, and decisions on environmental policies are made. Performance reviews of environmental management targets are conducted periodically.

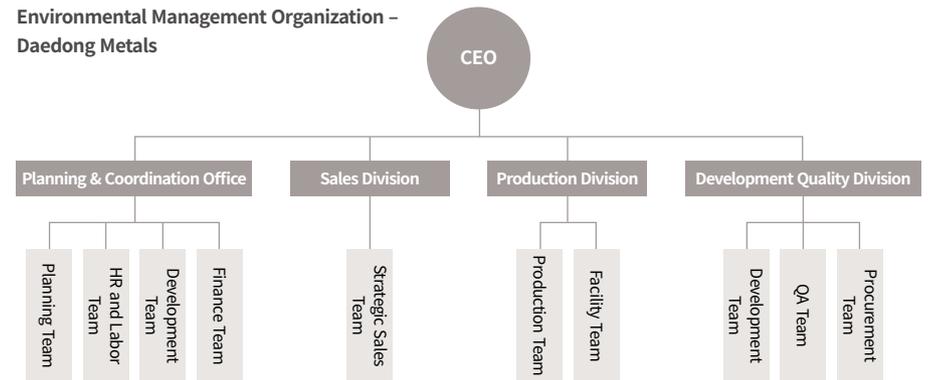
Environmental Management Organization – Daedong, Daedong Mobility



In addition, Daedong established the Group ESG/IR Team in 2023 to implement continuous and systematic environmental management across the entire group.

Daedong Metal's Environmental Safety Team (ESF) oversees comprehensive environmental management and systems administration, including air, water, waste, and chemical management. To proactively and rationally address environmental issues, the plant manager is appointed as the overall environmental responsibility, and an Environmental Committee (EC) consisting of relevant department heads is established to promote effective environmental management.

Environmental Management Organization – Daedong Metals



Major Roles and Responsibilities (R&R)

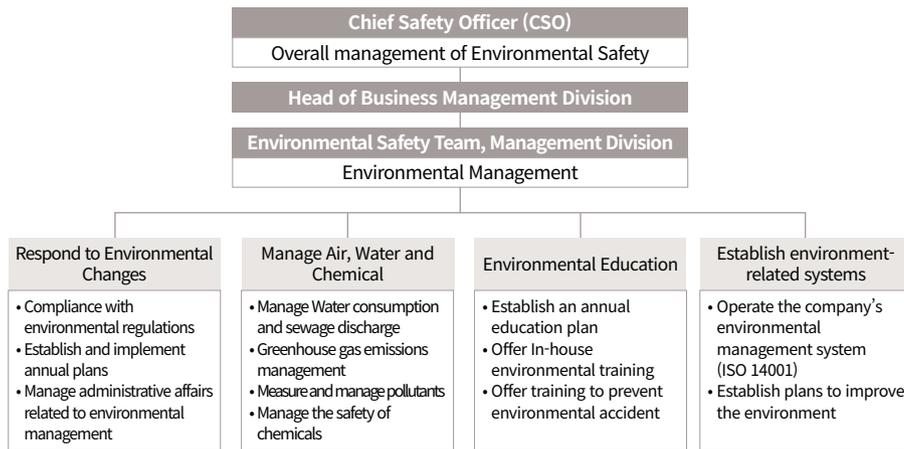
Role	Responsibilities
CEO	Overall management of environment
Planning & Coordination Office	Environmental management representative
Environmental Safety Team	Comprehensive oversight of environmental safety tasks, planning and reviewing environmental improvements, managing greenhouse gases and responding to CDP Value chain (SC) initiatives, etc.
Production Team Leader	Management of environmental facilities
Facility Team Leader	Maintenance of environmental equipment

Environmental

Environmental Management

Daedong Gear aims to identify and manage environmental impacts across the entire business process, from raw material procurement to final product sales and service. Environmental Safety Team is responsible for addressing environmental changes, managing air, water, and chemical substances, providing environmental education, and establishing related systems.

Environmental Management Organization - Daedong Gear



Environmental Management Goals

Daedong Metals has set three main goals: fostering an eco-friendly corporate culture, achieving zero environmental accidents, and reducing greenhouse gas emissions, with specific implementation plans for each.

Environmental Management Goals



Daedong Gear has set three main goals with detailed implementation plans: full compliance with environmental regulations, achieving zero major environmental accidents, and promoting sustainable environmental improvement activities linked to ESG.

Environmental Management Goals

<p>100% Compliance with Environmental Regulations</p>	<p>Zero Serious Environmental Accidents</p>	<p>Sustainable Environmental Improvement Activities related to ESG</p> <ul style="list-style-type: none"> Setting and implementing greenhouse gas reduction goals through the replacement of air compressor inverters Setting improvement goals for working conditions by adding ventilation facilities in the heat treatment plant Preventing water pollution accidents through the installation of oil-water separators
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Environmental Management KPIs

2024 Environmental Management KPI Application	
Daedong	Daedong Metals
<p>Number of Findings from External Environmental Oversight</p> <p>0cases → 0cases</p> <p>2023 Performance 2024 Goal</p>	<p>Improved environment Number of environmental risk factors identified</p> <p>304cases → 240cases</p> <p>2023 Performance 2024 Goal</p>

Daedong and Daedong Metals have set KPIs related to environmental management and incorporate these into evaluations.

Daedong achieved zero findings from external oversight in 2023 and aims to maintain this in 2024. Daedong Metals aims to reduce the number of identified environmental risk factors from 304 cases in 2023 to 240 cases in 2024.

Environmental

Environmental Management

Environmental Management Policy

Daedong Group certified ISO 14001 (Environmental Management System) and strived to enhance environmental management to respond to strengthen regulation

In 2023, Daedong established an environmental management policy to set environmental goals, minimize environmental pollutants and save resources, thereby laying the foundation for an eco-friendly management system.



Daedong Mobility's S-Factory and A-Factory certified under ISO 14001 in 2023. Both facilities plan to implement improvement measures annually based on this certification.

Environmental Management System has been introduced to enable systematic management of environmental issues with the participation of all employees

Daedong Metals selected as a company subject to information disclosure under the "Environmental Technology and Environmental Industry Support Act" in 2016.

We disclose major environmental information of target business sites through the Environmental Information Disclosure System. We voluntarily report on mandatory and additional items and plan to provide relevant information to various stakeholders to ensure data reliability.

Daedong Gear established an environmental management policy based on ISO 14001, referencing domestic and international environmental laws and agreements. Compliance with this policy is recommended for all domestic and international business sites, employees, partners, customers, and the local community. The policy is reviewed at least once a year, considering domestic and international regulations, international standards, and the previous year's activities and results.



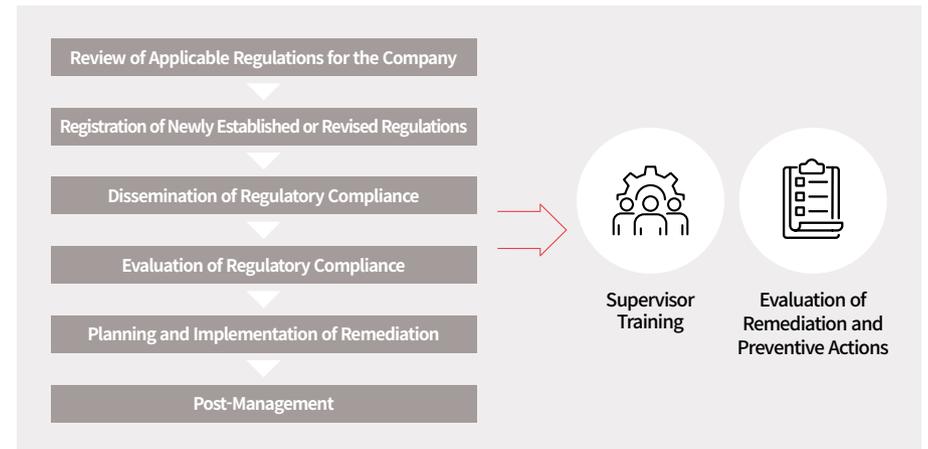
ISO 14001

Environmental Compliance Monitoring

Daedong has established regulatory management rules to ensure compliance with environmental regulations and laws. The Environmental Safety Team evaluates the compliance levels of relevant departments based on the environmental regulation processing process quarterly.

We require remediation and preventive actions and conduct training as part of their follow-up management when needs occur based on the evaluation results. Through these efforts, environmental compliance is systematically managed.

Environmental Regulatory Process



Daedong Metals conducts on-site monitoring to prevent environmental accidents and achieve zero accidents weekly. It will be expanded to twice daily, aiming to inspect for regulatory violations and accident risks and to manage the history of environmental accidents and violations proactively.



(Left) Dust cleaning inside ducts
(Right) Replacement of pendant switch buttons

Environmental

Environmental Management

Environmental Impact Assessment

Daedong Group conducts annual environmental impact assessments and strives to address issues identified in the assessment results.

Environmental Safety Team performs detailed environmental impact assessments for each process based on the environmental impact assessment table, evaluating the effects related to water quality and waste. The assessment results are categorized into four grades: A, B, C, and D. Items that receive higher grades are thoroughly analyzed for their potential causes and action plans are developed and implemented accordingly.

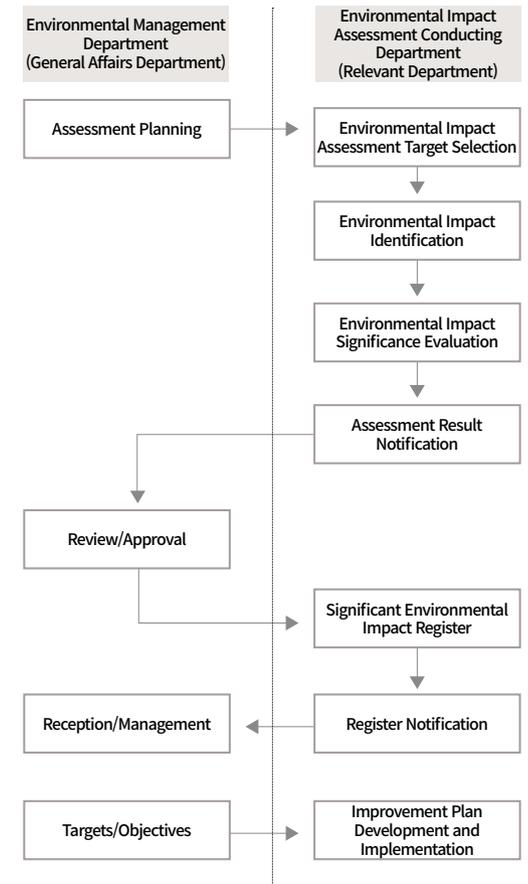
Environmental Impact Assessment and Results

Detailed Process	Environmental Aspect	Cause	Management Methodology	Environmental Impact	Assessment Result						Total	Evaluation Grade
					Legal Regulations	Emission Cycle	Emission Volume	Environmental Impact	Level of Concern	Frequency of Occurrence		
Chemical dehydrator	Sludge	Wastewater treatment chemicals	Waste treatment	Waste	3	3	1	1	1	1	10	C
	Waste bag filter generation	Contaminant aggregation	Waste treatment	Waste	1	1	1	3	1	1	8	D
Secondary pH correction Tank	Wastewater treatment concentration exceeds regulations	Wastewater pH adjustment	Daily inspection	Water quality	1	5	5	1	1	1	14	C
Primary Sedimentation Tanks	Wastewater treatment concentration exceeds regulations	Wastewater collection	Daily inspection	Water quality	1	1	5	1	1	1	10	C
...												
Assessment Results					Grade A			None				
					Grade B			None				
					Grade C			19 issues, including wastewater generation				
					Grade D			7 issues, including small amounts of medical waste				
Likelihood of Environmental Accidents (Accident Name)					Low							

Daedong Metals performs environmental impact assessments based on internal regulations to identify significant environmental impacts aiming for environmental improvements and energy-saving achievements. Assessments are conducted regularly and irregularly by the Environmental Safety Team, covering the entire company.

Daedong Gear has established environmental impact assessment management procedures to evaluate the environmental impact levels of its activities, products, and services. The assessments consider various aspects such as air and water pollutants, waste, and the use of raw materials and natural resources. Assessments are tailored to the target and timing to ensure a systematic evaluation.

Daedong Group Environmental Impact Assessment Workflow



Environmental

Environmental Management

Environmental Risk Management

Daedong manages risks by categorizing assessment targets based on internal and external environmental issues, stakeholder concerns, and compliance tasks. Internal issues include materials, resources, human resources and cultural matters. External issues involve inspections and guidance by authorities while stakeholder issues cover the needs and expectations of customers, partners, regulatory agencies, and the local community. Compliance tasks pertain to adherence to environmental laws and regulations. Risk assessments are conducted using a 5-point scale with three criteria: likelihood, severity, and risk.

Environmental Impact Assessment and Results

Issue	Risk		Management Measure	Risk Assessment		
	Risk	Cause		Likelihood	Severity	Risk
(Internal) Leakage during storage of defective or reworked outdoor components	Oil leakage on the ground causing oil film and external spillage during rain	Lack of awareness about environmental pollution due to leakage	Partner training/warnings and collaboration with relevant departments	1	3	5
(External) Guidance and inspection by authorities – Twice a year	Detected violations of regulations	Difficulty in real-time control of the entire factory	Spot Check	1	4	5
(Stakeholder) Partners' needs for environmental regulation education/guidance	Production/supply issues for partners subject to environmental regulations	Lack of capacity to respond to environmental regulations for SME partners	Collaboration with procurement team to support partners' environmental regulations issue	1	3	4
(Compliance) Article 15 of Water Environment Conservation Act	Imprisonment up to 3 years or fines up to KRW 30 million	Discharge of specific harmful substances from wastewater or designated waste into public waters	Periodic inspections and management	1	3	4

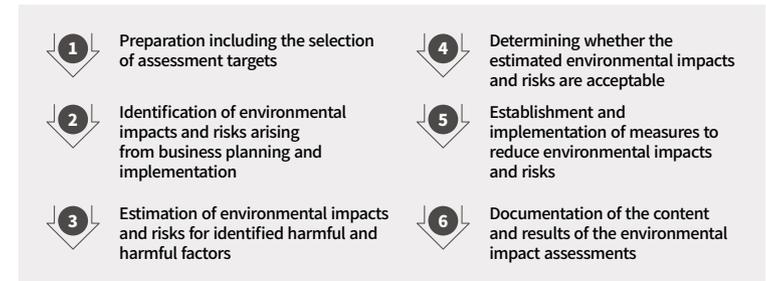
ESF Newsletter Publication

Daedong Group, based on its environmental policy, has set "Strengthening Environmental Improvement Activities" and "Preparing for Environmental Emergencies" as its environmental goals. We publish "ESF Newsletter" monthly to prevent environmental accidents and achieve company-wide objectives.



Daedong Gear has established a risk management system for potential risks arising from business activities. The environmental management policy targets are subject to annual inspections to identify key environmental issues and impacts. Major identified issues are disclosed to relevant stakeholders, and countermeasures to prevent and mitigate risks are developed and continuously monitored.

Risk Management Procedure



Daedong Metals operates ESF (Environment Safety Firefighting) emergency response scenarios. In case of an accident, the procedures outlined in the emergency response scenario must be followed, covering environmental, safety, and firefighting aspects.

Incident Response Scenario



Environmental

Environmental Management

Investment in Eco-Friendly Facilities

Daedong Mobility installed a 3MW solar power generation facility on the roof of the S-Factory for responding climate change. We expected reducing 1,508 tons of greenhouse gas emission per year from solar power. In addition, we are continuing to invest in facilities such as carrying out regular repair work on the painting unit dust collector and painting booth for developing process and quality.



Daedong Metals establishes annual investment plans in the fourth quarter of each year to purchase eco-friendly facilities aimed at energy savings and reducing air pollution / greenhouse gases. We systematically compile and manage the actual performance results of environmental investments and plan to continue investing actively in optimal facilities and equipment, as well as in the development of eco-friendly products and technologies.

Establishment of an Eco-Friendly Purchasing System

Daedong strives to promote eco-friendly purchasing to contribute to the government's policy of spreading eco-friendly products. By applying standards such as certified environmental mark products, low-carbon products, and excellent recycling products, we expand eco-friendly purchasing, thereby reducing greenhouse gases, environmental pollution, and waste of energy and resources. In 2024, we plan to increase eco-friendly purchasing and reduce waste through contracts for long-term antifreeze.

Eco-Friendly Purchasing Guideline

- ① certified products under Environmental Technology and Industry Support Act
- ② Excellent recycling products according to the Act on the Promotion of Saving and Recycling of Resources
- ③ Low-carbon products under the Act on the Promotion of Purchase of Green Products
- ④ High-efficiency energy equipment and first / second-grade energy efficiency labeled products under the Energy Use Rationalization Act
- ⑤ HB (Healthy Building Material) mark products certified by the Korea Air Cleaning Association

Additionally, products newly certified by public institutions and those meeting our own established certification systems and standards for eco-friendly products are included in our purchasing guideline.

Environmental Education

Daedong conducts regular environmental education to raise awareness and enhance the capabilities of employees, prevent environmental accidents and minimize potential damage. In 2023, we provided 4 hours of environmental education to 32 employees and plan to expand this training to all employees in the future. Furthermore, we post information about recent environmental and safety incidents on the company-wide website monthly to raise awareness.

Environmental education for employees

		2021	2022	2023
Environmental Education Hours	Hours	74	22	128
No. of participants	People	37	11	32

In accordance with Article 86 of the Collective Agreement, we provided 16 hours of special safety and health education annually for workers engaged in harmful and dangerous tasks, such as forklift operators and painters, covering prevention measures for environmental, safety, and fire accidents. Moreover, we offer various training opportunities, such as attending seminars and forums, to respond to global ESG (Environmental, Social, and Governance) issues.

Special Safety and Health Education for Harmful Workers

Content	Prevention of environmental, safety, and fire accidents, etc
Hours	16 hours (annually)

Daedong Metals conducts regular environmental training twice a year to change and enhance environmental awareness among employees. We have plan to expand the training opportunities to twice a month (a total of 1 hour) in 2024. Additionally, we continuously provide training on greenhouse gas emissions trading, internal auditor training for management systems, and education related to environmental regulations on chemical substances, waste, air, and water quality management.



Regular Environmental Education

Environmental

Circular Economy

Daedong Group strengthens the management and supervision of waste generated within its business sites to expand resource circulation. Based on a systematic framework for waste management, we actively strive to reduce waste and Daedong Metals has achieved a recycling rate of 99.83% exceeding our target.

Waste Management System

Circular Economy Performance Management System

Daedong Group sets¹⁾ and manages its own circular economy goals to achieve national long-term and phased circular economy objectives. Circular economy performance management system oversees performance based on the material flow from waste generation to final disposal, setting recycling rates and final disposal rates as performance indicators. This system implements efforts to reduce waste at the source and promote resource circulation. In 2023, Daedong Group exceeded its target values and will continue to enhance recycling rates and reduce final disposal rates to realize a sustainable circular economy society.

1) Daedong Mobility is excluded from the Circular Economy Performance Management System

2023 Recycling Performance

Daedong	Recycling Rate 58.08% Exceeded the target (Target: 53.97% or higher)	Final Disposal Rate 16.01% Exceeded the target (Target: lower than 16.91%)		
2023 Major Raw and Subsidiary Material Usage - Daedong				
Category	Steel Plate	Plastic	Foundry Pig	Total Usage
Usage (tons)	12,468	696	11,609	24,772
Daedong Metals	Recycling Rate 99.83% Exceeded the target (Target: 81.34% or higher)	Final Disposal Rate 0.13% Exceeded the target (Target: lower than 15.64%)		
Daedong Gear	Recycling Rate 94.58% Exceeded the target (Target: 50.48% or higher)	Final Disposal Rate 2.26% Exceeded the target (Target: lower than 47.02%)		

Daedong's Environmental Safety Team inspects the storage conditions and facilities of waste weekly, reporting any non-conformities to the responsible department for corrective action. We established waste management standards, striving to minimize waste generated from manufacturing activities. Waste storage and handling are managed strictly to ensure that external contractors process the waste lawfully. Additionally, we continuously monitor waste generation, recycling rates and treatment methods to evaluate the effectiveness of policies and improve waste management strategies as needed to improve recycling.

Daedong Mobility implements focused waste management policies to enhance recycling rates and protect the environment. By segregating waste at the disposal stage to maximize resource recycling, we aim to reduce final disposal waste. The Environmental Safety Team monitors waste generation and recycling rates to evaluate policy effectiveness, developing and implementing active countermeasures monthly based on evaluation results.

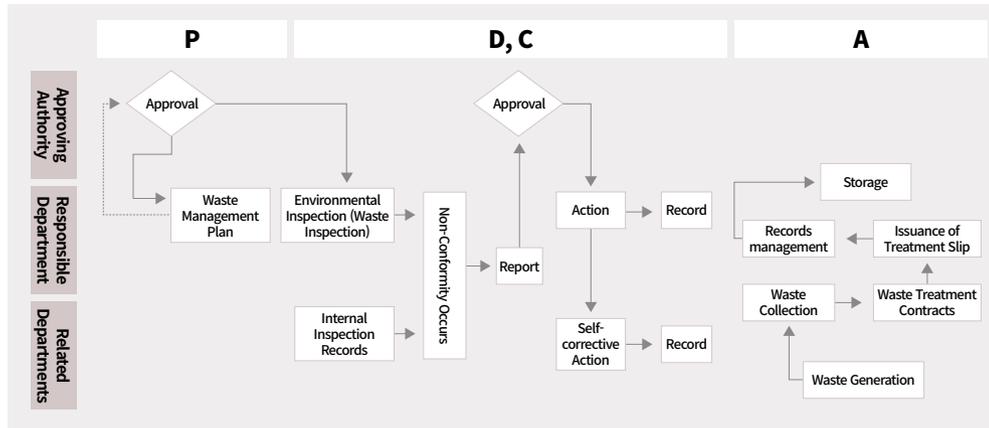
Daedong Metals' Environmental Safety Team Leader assumes responsibility for waste management. Using waste management standards, we reduce waste generation and properly handle waste to minimize environmental pollution. Waste is categorized as designated waste, general waste, or household waste and managed according to the specific criteria and methods outlined in the Waste Management Act, covering collection, transportation, storage, and disposal.

Daedong Gear classifies waste into general and designated waste, handling it through recycling, incineration, or landfill by contracting with external companies based on the waste characteristics. To minimize environmental pollution from waste, we established waste management guidelines in 2005 and fully revised them in 2017. We maintain a "Waste Storage Inspection Log" and a "Business Site Waste Management Log" to ensure proper processing and management of various waste types generated at the factory.

Environmental

Circular Economy

Daedong Group's organization chart for waste management



Waste Management Strategies and Reduction Activities

Waste Impact Assessments

Daedong Gear identifies the environmental aspects (factors) of waste generated during business activities and conducts environmental impact assessments. By managing significant environmental impacts in advance, we contribute to creating a pleasant environment.

Factory Waste Management Activities

Daedong Gear has introduced sludge dewatering equipment to reduce waste treatment volumes and holds regular in-house meetings on recycling measures.

we conduct on-site monitoring at least once a day to minimize environmental accidents related to the discharge of general, designated, and business waste.



Dewatering Equipment



Recycling Strategy Meetings

Waste Management Training Session

Daedong provides educational programs on waste management to employees and partner companies, raising awareness of its importance.



Daedong

Daedong Metal's Environmental Safety Team conducts waste management training for employees to improve internal environmental conditions, reduce treatment costs by minimizing impurities during waste processing and ensure transparency in waste management through compliance with relevant laws. The educational content consists of types of waste, methods for waste disposal and storage and examples of violations.



Daedong Metals

Daedong Gear provides continuous training to executives and employees to reduce waste and increase recycling in the manufacturing process. We provide regular training programs once a quarter that includes waste separation activities and legal-related session for production-related departments.



Daedong Gear

Environmental

Water Resource Management

The importance of water resource management is increasing worldwide, especially in areas with high water stress indices, which represent the proportion of water demand relative to the annual available water resources. Daedong Group is expanding its water resource management, including increasing groundwater usage.

Water Consumption Management

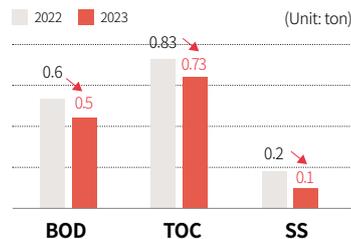
Daedong manages water usage across three main sites: Daegu headquarters, Seoul office, and Vision Campus (Changnyeong). We aim to continue reducing water usage through tailored management strategies for each site.

Category	Business Site	Unit	2021	2022	2023	
Water Consumption ¹⁾	Daegu HQ	Total Consumption	m ³	48,019	53,152	57,700
		Groundwater	m ³	20,631	26,266	29,292
		Industrial Water	m ³	26,001	24,973	26,055
		Municipal Water	m ³	1,387	1,913	2,353
	Seoul Office	Total (Municipal Water)	m ³	3,347	6,149	7,615
Vision Campus (Changnyeong)	Total (Groundwater)	m ³	6,696	5,670	5,619	
	Daegu HQ	Total Water Withdrawal	m ³	88,920	90,964	91,810
Groundwater		m ³	38,203	44,952	46,609	
Industrial Water		m ³	48,148	42,738	41,457	
Municipal Water		m ³	2,569	3,274	3,744	
Seoul Office	Total (Municipal Water)	m ³	3,347	6,149	7,615	
	Vision Campus (Changnyeong)	Total (Groundwater)	m ³	6,696	5,670	5,619
Water Discharge		Daegu HQ	Total Discharge	m ³	40,901	37,812

1) 2023 Water Consumption Targets: (Daegu HQ, (Seoul Office), (Vision Campus)

Daedong conducts water stress analysis for all business sites nationwide based on the World Resources Institute (WRI) Water Stress Map. The analysis revealed that the Central Business Team's sites in Chungcheongbuk-do and Chungcheongnam-do regions are in high water stress areas (40-80%) while other sites are in medium-high or low water stress areas (less than 40%).

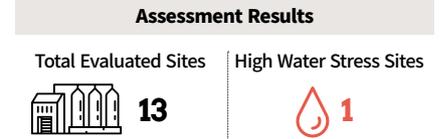
Daedong Mobility regularly measures water quality parameters such as pH, BOD (Biochemical Oxygen Demand), TOC (Total Organic Carbon), and SS (Suspended Solids) to manage the quality of raw and discharged water. Professional institutions conduct these measurements following legal procedures and regulations. Based on the analysis results, we establish and implement measures to minimize water pollution.



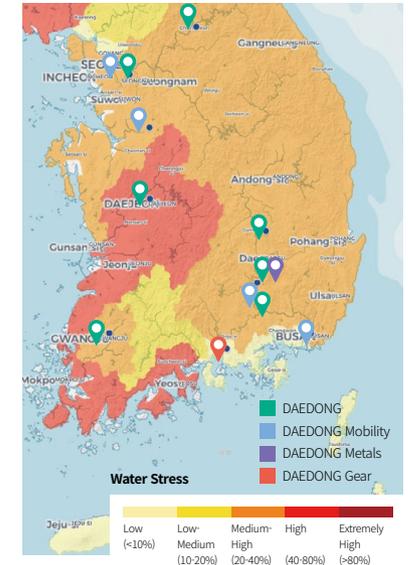
Daedong Group Water Stress Assessment

Daedong Group evaluates and manages water stress in the regions where its business sites are located to manage water risk. Out of 13 evaluated sites, one site was identified to be in a high water stress area. We will continue to review water resource risks and strive to improve water efficiency.

Category	Content
Tool for analysis	World Resources Institute (WRI)
Scope of analysis	Temporal Scope : Baseline Spatial Scope : Sites including Daedong, Daedong Mobility, Daedong Metals, Daedong Gear



Category	Site List	Location	Water Stress
DAE DONG	Daegu Plant (HQ)	35, Nongongijung-ro 34-gil, Nongong-eup, Dalseong-gun, Daegu, Republic of Korea	Medium high
	Seoul Office	2493, Nambusunhwan-ro, Seocho-gu, Seoul, Republic of Korea	Medium high
	Central Business Team (Gangwon-do)	73, Sakju-ro 145beon-gil, Chuncheon-si, Gangwon-do, Republic of Korea	Medium high
	Central Business Team (Chungcheongnam-do, Chungcheongnam-do)	92, Banpochogyo-gil, Banpo-myeon, Gongju-si, Chungcheongnam-do, Republic of Korea	High
	Western Business Team (Jeollabuk-do, Jeollanam-do)	53-1, Hanamsandan-daero 8beon-ro, Gwangsan-gu, Gwangju, Republic of Korea	Medium high
	Eastern Business Team (Gyeongsangbuk-do, Gyeongsangnam-do)	493, Songsin-ro, Jangcheon-myeon, Gumi-si, Gyeongsangbuk-do, Republic of Korea	Medium high
	Vision Campus	39, Changnyeonggongdan-gil, Changnyeong-eup, Changnyeong-gun, Gyeongsangnam-do, Republic of Korea	Medium high
Daedong Mobility	A-Factory	4867-11, Seodong-daero, Daedeok-myeon, Anseong-si, Gyeonggi-do, Republic of Korea	Medium high
	S-Factory	30, Gukgasandan-daero 39-gil, Guji-myeon, Dalseong-gun, Daegu, Republic of Korea	Medium high
	Seoul Office	1st and 4th floors, 347, Hyoryeong-ro, Seocho-gu, Seoul, Republic of Korea	Medium high
Daedong Metals	Daedong Metals	30, Gonghang-ro 1207beon-gil, Gangseo-gu, Busan, Republic of Korea	Low
		602, Nongong-ro, Nongong-eup, Dalseong-gun, Daegu, Republic of Korea	Medium high
Daedong Gear	Daedong Gear	42, Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do, Republic of Korea	Low



Source: <https://www.wri.org/>

Environmental

Water Resource Management

Wastewater Management System

Daedong establishes water pollution prevention standards that included production activities, products, and services, applying stricter internal standards than those required by laws such as the Water Environment Conservation Act. We operated own wastewater treatment facilities to minimizing the volume of wastewater and developed annual wastewater treatment plan. Continuous monitoring to manage the wastewater quality based on the wastewater treatment plan.

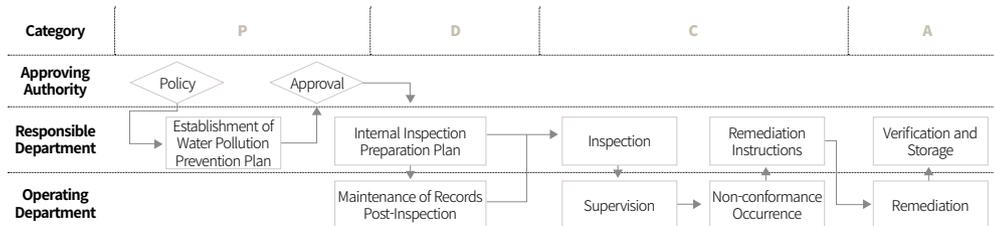
Wastewater Treatment Process



Daedong Metals has established water quality management standards minimizing wastewater by the appropriate wastewater treatment. We entrusted wastewater to a certified external company and they kept a log of wastewater discharge facilities based on the Enforcement Decree of the Water Environment Conservation Act, Articles 33-2 and 33-3.

To satisfy the water resource management regulation and other requirements, Daedong Gear has established guideline minimizing the generation of wastewater. Additionally, we adhere to the operational standards of wastewater treatment facilities to prevent regulatory violations and minimize environmental pollution.

Daedong Group Water Pollution Prevention Workflow



Wastewater Management Activities

Daedong Mobility operated wastewater treatment facility and combined Sewer Overflows to inspects the volume of wastewater generation daily. We discharged wastewater applying stringent standard than legal requirements to reduce the water pollution. Moreover, we engage external measurement agencies at least once a year to enhance the objectivity and accuracy of our wastewater management.



Inspection of Wastewater Treatment Plants

Daedong Gear is conducting environmental monitoring activities to prevent oil substances from entering storm drains within the factory. Regular monitoring of wastewater facilities that both inside and outside the factory linked to production equipment, is also carried out to maintain these facilities. Additionally, we conduct quarterly environmental education related to water resource protection to raise employee awareness.



Environmental Monitoring Activities

Environmental

Environmental Impact Reduction

Daedong Group has established an internal chemical management system to comply with the Chemical Substances Control Act and the Act on Registration and Evaluation of Chemical Substances etc. of Chemical Substances to manage hazardous chemicals. Daedong has particularly enhanced its hazardous chemical management by introducing the Daedong Environment Substances Management System (DESMS) while Daedong Gear manages these substances based on Material Safety Data Sheets (MSDS). Additionally, Daedong Group manages air pollutants by operating preventive facilities.

Hazardous Chemical Management System

Daedong safely manages substances used in product production based on internal harmful substance regulations and REACH¹⁾ (Registration, Evaluation, Authorization, and Restriction of Chemicals) and RoHS²⁾ (Restriction of Hazardous Substances Directive). The responsible department regularly reviews and list-up the consumption details of chemicals and maintains material safety data sheets (MSDS) for each chemical. If we found any hazardous chemicals included on newly purchased chemical substances, we replaced with other substances.

1) REACH : Registration, Evaluation, Authorization and Restriction of Chemicals
2) RoHS : Restriction of Hazardous Substances Directive

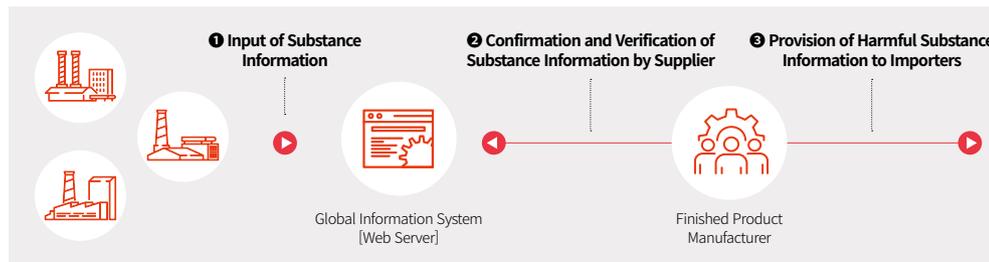
Chemical Management Process



In June 2021, Daedong introduced the Daedong Environment Substances Management System (DESMS) for managing hazardous chemicals in export products. To comply with international regulations, we verify and provide suppliers' harmful substance information to importers minimizing harmful substances on our products.



DESMS dashboard



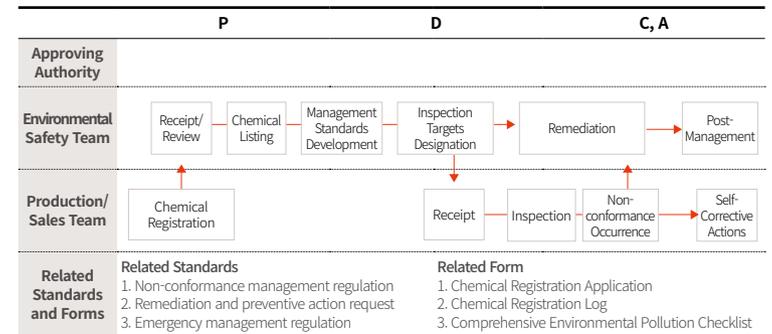
Daedong Metals has defined chemical management standards to appropriately manage chemicals related to its activities, products, and services. These standards apply to the handling, storage, disposal of chemicals, ensuring accountability and procedural compliance. The chemical management process also helps manage harmful substances and prevent potential accidents related to chemical handling.

Daedong Gear manages detailed information on hazardous chemicals for products handled at the business site based on Material Safety Data Sheets (MSDS). This includes the substance name, hazards, composition, handling precautions, and emergency measures. MSDS are regularly monitored to ensure the latest information is reflected and they are readily accessible in workplaces handling harmful substances. Regular and ad-hoc inspections and management are also conducted



MSDS posting

Daedong Group Chemical Management Workflow



Environmental

Environmental Impact Reduction

Hazardous Chemical Management Activities

Hazardous Chemical Usage Management

Daedong Metals annually investigates and reports the environmental release and transfer amounts of targeted chemicals, including chromium, nickel, aluminum, and phenol found in wastewater and waste. Daedong Metals strives to systematically manage and reduce the amount of Hazardous Chemical emitted from its facilities to minimize environmental pollution.

Additionally, both Daedong Metals and Daedong Gear compile chemical statistics reports annually, as mandated by the Chemical Substances Control Act, Article 10. These reports detail the status of chemical handling and facilities, based on MSDS (Material Safety Data Sheets), and include information on the types and amounts of chemicals in each product. This data serves as a fundamental resource for preventing and responding to safety incidents involving chemicals.

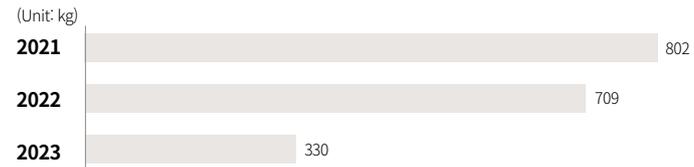
Daedong Process Control System (DPCS)

Daedong Metals uses the Daedong Process Control System (DPCS) to manage the details of chemicals such as Sn (Tin), Ni (Nickel), and Al (Aluminum) in its products. DPCS is a continuous process improvement system encompassing Measure, Analyze, Improve, and Control stages. It automatically gathers process data at each stage, enabling comprehensive tracking and management of all process data.



Daedong Mobility assesses the annual usage of powder coatings (black and charcoal black) and the content of hazardous chemical like triglycidyl isocyanurate, primarily used as a colorant. The hazardous chemical content in powder coatings was reduced from 802 kg in 2021 to 330 kg in 2023, achieving more than a 50% reduction.

Content of Hazardous Chemical in Powder Coatings



Hazardous Chemical Education

Daedong Gear provides quarterly training for all employees on the handling procedures for storage and management facilities of Hazardous Chemical, as well as information on various safety signs. These training sessions aim to ensure the lawful use and handling of Hazardous Chemical, raising awareness of their hazards and risks to prevent accidents.



(Left) Hazardous Chemical education, (Right) Safety signs

Internal Hazardous Substance Newsletter

Daedong publishes an internal newsletter on harmful substances to facilitate easy sharing of related information. The newsletter covers changes in hazardous chemical regulations, newly introduced laws, systems, and methods from around the world, helping employees stay informed about evolving regulations and apply them in their work. This initiative aims to position Daedong as a leading company in hazardous chemical management.



Environmental

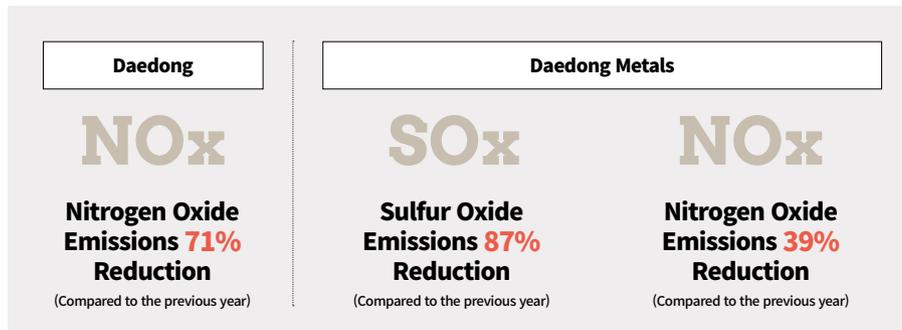
Environmental Impact Reduction

Air Pollutant Management System

Daedong manages air pollutants generated from its business activities by applying the stricter standards of the revised Clean Air Conservation Act of 2022. We strictly comply with the emission limits set by relevant laws, conduct regular monitoring and inspections, adopt the latest technologies, and improve facilities to reduce emissions. Additionally, we provide regular training on air pollution to ensure that all employees fully understand and comply with the Clean Air Conservation Act and related regulations.

Since 2020, Daedong Metals has been applying more stringent internal environmental standards than the permissible emission limits for air pollutants such as dust, SOx, NOx, formaldehyde, and phenol. According to Article 17-6 of the Special Act on the Improvement of Air Quality in Air Control Zones and Article 17-1 of the Enforcement Rules of the same law, we submit monthly total emission calculations for the previous month to government agencies. Furthermore, we comply with the Air Environment Conservation Act by submitting confirmed emission amounts to government agencies and thoroughly manage air pollutants by submitting operational records of emission and prevention facilities through the Air Emission Source Management System (SEMS).

2023 Air Pollutant Management Performance



Air Pollution Prevention Facility Cleaning Day

As part of voluntary efforts to reduce air pollutants such as fine dust and odors, Daedong, in cooperation with local authorities, designates a monthly "Air Pollution Prevention Facility Cleaning Day" to replace filters and consumables and perform internal and external cleaning of prevention facilities.



Air Pollutant Reduction Activities

Daedong and Daedong Mobility periodically measure air pollutants (dust, NOx, SOx) through external agencies to ensure compliance with emission standards.

Daedong maintains the operational efficiency of prevention facilities by regularly replacing filters and switching the fuel used in paint drying burners to low NOx fuel to reduce air pollutant emissions from business activities.



(Left) Filter replacement for bag filter facility (Daedong)
(Right) Air pollution prevention facility (Daedong Mobility)

Daedong Mobility will do its utmost to identify and implement tasks to address shortcomings in its business operations based on the results of air pollutant assessments. Additionally, with the institutionalization of IoT (Internet of Things) measurement devices for small-scale air pollutant emission facilities, we plan to install IoT measurement devices in our facilities by the end of 2024. This will facilitate easy monitoring of the operation status, condition information, and consumable replacement cycles, enabling more efficient management of emission and prevention facilities.

Environmental

Environmental Impact Reduction

Given the high emissions from the casting process, Daedong Metals has installed air pollution prevention facilities. An activated carbon adsorption tower was set up to absorb and adsorb complex odors, resulting in a 90% reduction in air pollutants. Additionally, the installation of hood ducts and the expansion of the capacity of bag filters led to an 87% reduction in air pollutants compared to before the relocation of the business. A monitoring system was also installed for continuous surveillance of the entire process and pollutant emissions.



Activated Carbon Adsorption Tower

Monitoring System

Daedong Gear has carried out the construction on emission and prevention facilities as part of its air quality improvement efforts. In particular, maintaining the dust collector's efficiency has improved the air quality inside the factory.



Dust collector installation

Biodiversity Conservation Activities

Daedong conducted a biodiversity assessment to preserve biodiversity based on data about the distribution of 282 endangered wildlife species designated by the Ministry of Environment. This assessment analyzed the types of endangered wildlife near domestic business sites. As part of the biodiversity conservation efforts, a plogging event was held to promote environmental protection.

Site List	Location	Endangered Wildlife Distribution
Seoul Office	2493, Nambusunhwan-ro, Seocho-gu, Seoul, Republic of Korea	1
Daegu Plant (HQ)	35, Nongongjungang-ro 34-gil, Nongong-eup, Dalseong-gun, Daegu, Republic of Korea	4
Central Business Team (Gangwon-do)	73, Sakju-ro 145beon-gil, Chuncheon-si, Gangwon-do, Republic of Korea	16
Central Business Team (Chungcheongbuk-do, Chungcheongnam-do)	92, Banpochogyo-gil, Banpo-myeon, Gongju-si, Chungcheongnam-do, Republic of Korea	5
Western Business Team (Jeollabuk-do, Jeollanam-do)	53-1, Hanamsandan 8beon-ro, Gwangsan-gu, Gwangju, Republic of Korea	3
Eastern Business Team (Gyeongsangbuk-do, Gyeongsangnam-do)	493, Songsin-ro, Jangcheon-myeon, Gumi-si, Gyeongsangbuk-do, Republic of Korea	7
Vision Campus	39, Changnyeonggongdan-gil, Changnyeong-eup, Changnyeong-gun, Gyeongsangnam-do, Republic of Korea	11



Daedong Plogging D-Day

Daedong held a "Daedong Plogging D-Day" event which included the distribution of plogging kits and certification to promote a better agricultural environment. Plogging, a combination of the Swedish word "plocka upp" (to pick up) and the English word "jogging," involves picking up litter while jogging. From May 5 to 15, participants could apply through Daedong's social media for a chance to receive a plogging kit, we selected Fifty participants from applicant. From May 17 to June 6, a plogging certification event was held with twenty participants winning toy tractors.



Environmental

Eco-Friendly Products and Technologies

Daedong Group is progressively expanding and transitioning its existing business portfolio into an eco-friendly one. We are collaborating with other companies for eco-friendly R&D, developing technologies for greenhouse gas reduction and resource conservation, and strictly applying emission regulations to enhance the eco-friendliness of our products.

Status of Eco-Friendly Business

Daedong Group is committed to developing eco-friendly technologies to transition its business portfolio. To establish itself as a leading company in future agriculture, we are advancing projects such as smart agricultural machinery incorporating ICT technology, eco-friendly smart mobility, and smart farm initiatives that set the standard for future agricultural technology. Particularly, by signing MOUs, we are sharing technological expertise among companies to invigorate infrastructure in the smart agricultural machinery, mobility, and farm sectors.

MOU for Promoting Electric Two-Wheelers and Battery Swapping Stations (BSS) in Seoul

Daedong Mobility has formed a consortium with companies engaged in battery and BSS, Battery as a Service (BaaS), battery services, delivery platform development, and delivery service programs to sign an ESG (Eco Seoul Green) agreement. This consortium prioritizes the widespread adoption of eco-friendly electric two-wheelers and BSS in Seoul, aiming

to reduce air pollution and noise. Daedong Mobility is responsible for operating channels that provide sales, repair, and maintenance services for electric two-wheelers and will continue to invest in collaboration and technological support to promote eco-friendly businesses.



Environmental Investment and Sales

Eco-friendly Products	Unit	2021	2022	2023
Sales of Eco-Friendly Products	KRW million	-	-	4,098.7
Percentage of Total Sales from Eco-Friendly Products	%	-	-	1.9

Eco-Friendly Products and Technologies

Daedong Group strives to enhance the eco-friendliness of its main production products, such as agricultural machinery and other mobility products. We produce eco-friendly products across various business sectors, including agricultural machinery, personal mobility, and leisure mobility. This includes the GX series tractors with eco-friendly engines, the electric scooter (GS100) with simplified replaceable components and lithium-ion battery-powered golf carts. Daedong Group is committed to extending eco-friendly features to various models, not just specific ones.

GX Series Tractor

The GX series, the first premium mid-sized autonomous tractors launched simultaneously in domestic and international markets by Daedong Group, are equipped with eco-friendly engines that comply with Stage V emission regulations in Korea and Europe. Stage V represents the most stringent emission regulations for non-road vehicle engines, positioning the GX series as a stepping stone for Daedong Group to become a global leader.



Electric Scooter GS100

The GS100 electric scooter by Daedong Group, with 92% of its components domestically produced, features a replaceable battery system. Powered by lithium-ion batteries, the GS100 generates less noise and does not emit air pollutants compared to internal combustion engine scooters. Additionally, it reduces resource usage by more than half through fewer replaceable components.



Electric Carts

Daedong Group produces leisure mobility products, such as the Daedong Golf Cart HG200, the 2-seater work vehicle (KU2SL), the 3-row limousine cart (HG210), and the 5-seater short deck (HG200-U5L), all powered by lithium-ion batteries on an electric vehicle platform. These products do not emit air pollutants and are planned to incorporate autonomous driving technology to lead the global market.



ESG Performance

- 57 Securing Top Talent
- 61 Creating a Great Workplace Culture
- 64 Human Rights Management
- 66 Occupational Safety and Health
- 72 Creation of Social Value
- 74 Value Chain Management



Social

Social

Securing Top Talent

Daedong Group adheres to non-discriminatory hiring procedures and ensures fair compensation through transparent performance evaluations. We have established and operated an employee evaluation and compensation system to achieve this goal.

Talent Recruitment

Daedong Group promotes a fair hiring culture by conducting a transparent and unbiased recruitment process from job postings to final employment, without discrimination based on education, gender, or age. We have defined ideal candidate profiles to recruit suitable talent for Daedong Group. Daedong and Daedong Mobility share the same core values of trust and passion. Daedong Metals focuses on expertise, ownership, and change leadership, while Daedong Gear emphasizes a challenging spirit, creativity, and communication as their key traits for hiring.

Ideal Candidate Profiles for Daedong and Daedong Mobility



Ideal Candidate Profiles for Daedong Metals



Ideal Candidate Profiles for Daedong Gear



Daedong Group conducts a transparent hiring process through a multi-step procedure involving document screening, AI competency tests, and two rounds of interviews. We assess applicants' aptitude and abilities through document screening, followed by comprehensive evaluations in two interview stages (first with operational staff and then with management). We are committed to continuing our efforts to secure talent that can grow with Daedong Group through a transparent and systematic recruitment process.

Daedong Group Recruitment Process



Daedong Metals provides legal training to all interviewers involved in the recruitment process to ensure compliance with the "Fair Hiring Procedure Act" and promote fair hiring practices. In September 2023, Daedong Metals received the Employment-Friendly Company Certification from Daegu Metropolitan City, which provides customized employment environment improvements, promotional support, and networking opportunities. Building on this recognition, we will continue to invest generously in hiring exceptional talent and leading efforts to create jobs and improve the employment environment.



Employment-Friendly Company Certification

Social

Securing Top Talent

Talent Development

Daedong is committed to nurturing outstanding talent to lead the future of agriculture by operating various talent development programs. We support the development of employees' capabilities by providing customized training based on job position and function. Additionally, we offer a variety of training programs to employees of our group companies and partner companies, providing opportunities to enhance their skills. In 2023, we conducted introductory training for new and experienced employees, leadership training for those promoted, and job-specific professional training for business and production development employees. We provided approximately 10,000 hours of training to around 400 participants and used the results of satisfaction surveys to improve our training programs.

2023 Training Performance - Daedong

Category	Course Name	Total Hours (hr)	Total Participants (persons)	Average Satisfaction Score ¹⁾ (points)
Introduction	Group Employee Introductory Course (H1 & H2)	5,017	148	6.80
Leadership	Group Promotion Course, etc.	1,421	115	6.59
Job-Specific	Service Capability Enhancement, etc.	3,136	147	6.47

Daedong Mobility operates educational programs to enhance professional knowledge and skills relevant to business goals and objectives. The programs are divided into core competencies, leadership competencies, job competencies, and special education (five mandatory legal trainings²⁾). Based on an internal certification system, employees who meet the standards after completing the training are recognized as experts.

2023 Training Performance - Daedong Mobility

Category	Course Name	Total Hours (hr)	Total Participants (persons)	Cost (KRW thousand)
Introduction	Group Employee Introductory Course (H1 & H2)	2,152	56	46,415
Leadership	Group Promotion Course, Leadership, etc.	372	75	12,172
Job-Specific	Personal Capability Development, etc.	418	32	8,290

1) Average Satisfaction Score: Based on a 7-point scale

2) Five Mandatory Legal Trainings: ① Occupational safety and health, ② Workplace sexual harassment prevention, ③ Personal information protection, ④ Workplace disability awareness improvement, ⑤ Retirement pension education

Internal Certification System Standards - Daedong Mobility

Category	Certification Criteria			Responsible Department
	Education Completion	Education Level	Certification Validity Period	
Inspector	Internal Training (2+ hours)	High School Diploma	1 year	Quality Headquarters
Operator	New Employee (OJT), Current Employee	High School Diploma	6 months	Production Team
Internal Auditor	Internal Training (16+ hours)	Associate degree or higher	3 year	Quality Headquarters
Special Process Operator	Internal Training (2+ hours)	High school diploma or higher	1 year	Production/Technology

Daedong Metals focuses on developing employee capabilities related to casting technology to strengthen competitiveness in the casting industry and enhance various business skills such as business planning and digital capabilities. Training programs are divided into introductory training for new hires and job training, with annual education plans established for each employee to meet individual needs. All employees are supported to improve their skills autonomously, while new hires undergo a two-track training process that includes departmental education and on-site training to improve company adaptation and job understanding.

2023 Training Performance - Daedong Metals

Category	Course Name	Total Hours (hr)	Total Participants (persons)
Introduction	New Employee OJT (Departmental + On-Site)	80.0	1
Duty	IATF Internal Auditor Training, etc.	546.0	23

Social

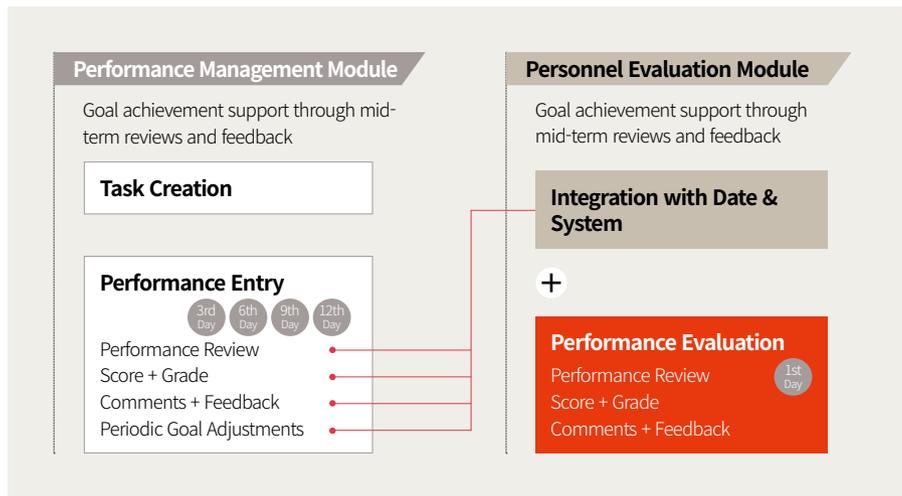
Securing Top Talent

Employee Evaluation System

Daedong and Daedong Mobility evaluate employee competencies and performance based on two criteria: performance and capabilities. Performance evaluations are conducted from a short-term perspective, focusing on the achievement of the organization's key tasks. Capability evaluations, on the other hand, take a long-term perspective, assessing knowledge, skills, attitudes, and characteristics.

Daedong Gear uses a personnel evaluation module to support goal achievement through mid-term reviews and feedback. Every January, employees create their tasks in the module and input their final performance data quarterly. This allows performance to be reviewed with comments and feedback. The entered performance data is linked to the performance evaluation system, which includes the execution period, progress rate, and weight of each task, enhancing convenience.

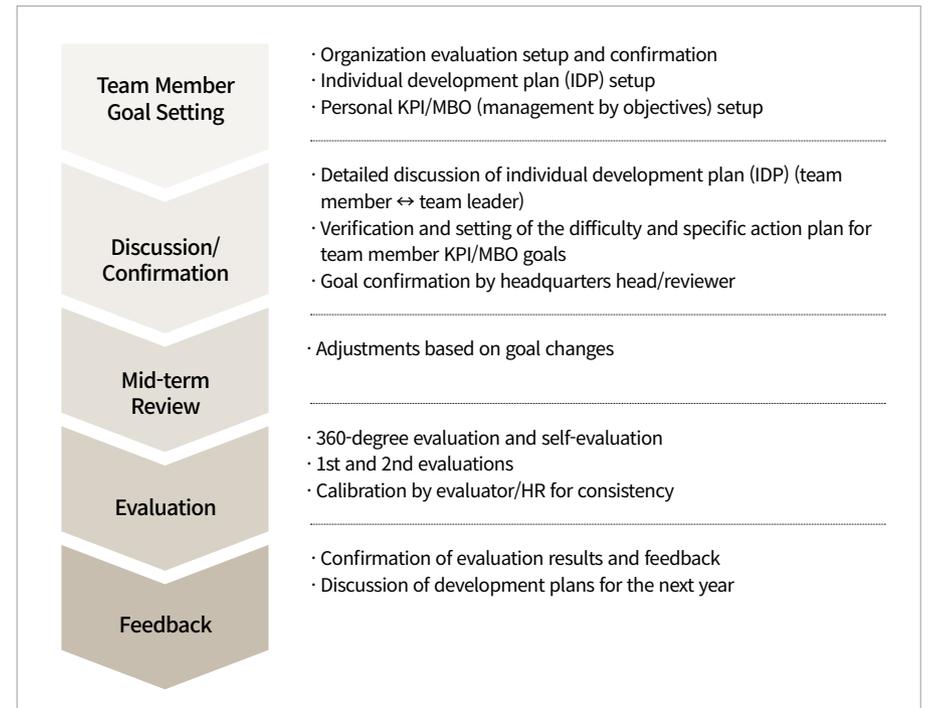
Personnel Evaluation Module



Performance Evaluation

Daedong and Daedong Mobility apply a fair and rational performance evaluation system to all employees, providing non-discriminatory rewards based on evaluation results. Personal indicators are fully reflected in employee performance evaluations, and quantitative and qualitative goals are set to enable objective evaluation during KPI (Key Performance Indicator) establishment. Quantitative goal setting is based on 2QT (Quality, Quantity, Time) standards for comprehensive evaluation.

Assessment Method



Social

Securing Top Talent

In 2023, Daedong Gear refined its evaluation system from a three-stage to a five-stage process, assessing employees based on competencies and achievements. Competency evaluations involve a first assessment by the team leader and a second assessment by the department head. Achievement evaluations are based on internal customer satisfaction (assessed by other departments) and performance evaluations. The qualitative assessment method previously conducted by the CEO has been divided into three criteria (department KPI, strategic tasks, and TFT activities) to ensure more transparent and fair performance evaluations.

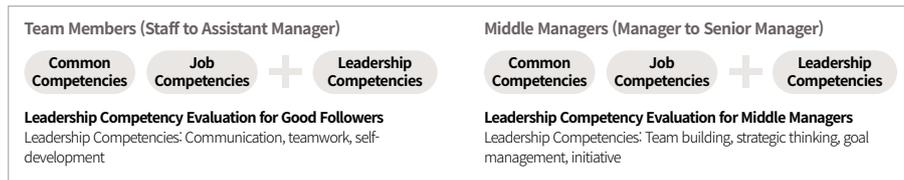
Employee Evaluation System

Category		Before (until 2022)	After (from 2023)	Remarks
Evaluation Items	Competency Evaluation	① 1st: Team Leader (competency + job level) ② 2nd: Department Head (competency) ※ 1) Scoring Criteria: 3-tier designation (specifying the ratio of personnel being evaluated) (70-75 points: 20%, 76-85 points: 60%, 86-90 points: 20%) 2) Level-free Evaluation: Adjustment factor applied (±5%) 3) 1st: 2nd Ratio = 60%:40%	Same as current	
	Achievement Evaluation	① Internal Customer Satisfaction (Other Department Evaluation) ② Performance Evaluation (CEO Qualitative Evaluation)	① Same as current ② HQ KPI + ③ Strategic Tasks + ④ TFT Activity Evaluation	
Evaluation Result Management	Level Management	3-tier Classification:: A(20%), B(60%), C(20%)	5-tier Classification: S(10%), E(15%), G(50%), N(15%), U(10%)	

Employee Competency Evaluation

Daedong and Daedong Mobility conduct competency evaluations from a long-term perspective, focusing on common competencies, leadership, and job-specific skills for team members and team leaders. Team member evaluations are divided based on rank from staff to assistant manager and from manager to senior manager, with evaluation criteria varying according to the necessary competencies for each rank.

Assessment Method



Daedong Gear conducts evaluations by both team leaders and division heads. In the team leader evaluations, the competencies and job levels of the respective employees are considered, while the division head evaluations are based on competencies. The final evaluation results reflect 60% from the team leader evaluations and 40% from the division head evaluations.

Employee Compensation System

Daedong Group provides fair compensation through salary increases and promotions based on the evaluation results. Employees are rewarded according to their evaluation grades, with promotion mileage assigned based on performance and competency evaluations.

Compensation System Evaluation Grades

Superior	Excellent	Good	Not bad	Unsatisfactory
Exceeds expectations with no deficiencies as a role model.	Surpasses expectations with many strengths	Generally performs the given role but needs improvement in some areas.	Below expectations with some areas needing development.	Significantly below expectations, requiring intensive improvement.

Promotion and Salary Increase System

Daedong and Daedong Mobility operate a promotion system based on promotion mileage derived from performance and competency evaluation grades. Employees with an average grade of E or higher over the past three years, without any N/U grades, may be selected for expedited promotion by the CEO. Employees who meet the promotion tenure and have high mileage over the past five years may be selected for regular promotion after approval from the personnel committee.

Daedong determines the wage increase rate by reflecting the evaluation results (70% performance evaluation, 30% competency evaluation) in the standard increase rate (α) for each evaluation grade. Daedong Gear assigns grades based on evaluation results (50% competency evaluation, 50% achievement evaluation) and determines the increase rate according to each grade.

Daedong and Daedong Mobility apply fair promotion and salary increase policies to motivate all employees and foster a positive work environment.

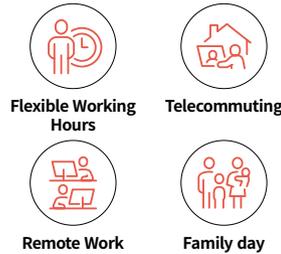
Social

Creating a Great Workplace Culture

Daedong Group is committed to fostering a great workplace culture by offering various employee benefits and ensuring smooth communication with employees. We regularly organize programs to promote team harmony and facilitate opinion exchanges between management and employees.

Work-Life Balance

To create a high work-life balance organizational culture, Daedong operates various programs. These include flexible working hours, telecommuting, and remote work to enhance employee productivity. Additionally, Daedong Gear implements Family Day twice a week.



Employee Benefits

Employee Benefits Programs

Daedong Group provides diverse welfare programs to enhance employee satisfaction. These include programs for employees (such as health check-up support and long-service awards) and family-oriented programs (such as educational support and childcare support).

 <p>Educational Support Tuition and admission celebration funds from kindergarten to university</p>	 <p>Holiday Travel Allowance KRW 1 million for travel expenses during Lunar New Year and Chuseok</p>
 <p>Summer Vacation 5 days of paid vacation and KRW 1 million vacation allowance</p>	 <p>Childcare Support Maternity leave and childcare leave</p>
 <p>Health Check-Up Support Comprehensive check-ups for employees with over 5 years of service and those over 40, including one family member</p>	 <p>Congratulatory and Condolence Leave and Gifts Leave and financial support for events such as weddings, significant birthdays, and funerals</p>
 <p>Fitness Facilities Operation of fitness centers for employee health (including gyms and table tennis facilities)</p>	 <p>Resort Facilities Operation of resort facilities available for employees</p>
 <p>Newborn Gift Gifts to celebrate the birth of a new child</p>	 <p>Retirement Gratitude Payment Retirement gifts based on years of service</p>
 <p>Long-Service Awards Gifts and travel support for long-service employees</p>	 <p>Medical Expense Support Partial support for medical expenses exceeding KRW 500,000 per year for employees and their families (spouse, children, parents)</p>
 <p>College Exam Support Gifts for employees with children taking college entrance exams</p>	 <p>Meal Support Provision of lunch, dinner, and night snacks</p>

Employee Benefits Satisfaction Survey

Daedong Metals conducts regular satisfaction surveys to assess the effectiveness of welfare programs. Employees can participate through the groupware survey feature or printed questionnaires. The surveys cover three main areas: cafeteria services, work uniforms, and safety gear. The 2023 survey results indicated a decline in satisfaction, and we plan to address the identified issues to improve satisfaction.

Satisfaction Survey Results

Category	2021	2022	2023
Cafeteria	63.7%	63.6%	60.5%
Work Uniforms	64.2%	70.9%	67.8%
Safety Equipment	65.1%	70.4%	55.1%

Identified Issues and Improvement Plans

 <p>Cafeteria</p> <p>Quality of side dishes and soup</p> <p>Improvement of variety of dishes and maintaining a consistent maintain food salinity</p> <p>Completion of cafeteria remodeling in 2024</p>	 <p>Work Uniforms</p> <p>Overall quality and sizes</p> <p>Ensuring stable quality and sizes with uniform renewal</p>	 <p>Safety Equipment</p> <p>Issues with the material and discomfort of protective masks and safety goggles</p> <p>Review and improvement of products</p>
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Social

Creating a Great Workplace Culture

Healthy Labor-management Relations

Daedong Group respects and guarantees workers' rights to unionize, engage in collective bargaining, and take collective action based on the Trade Union Act. We are committed to improving working conditions and addressing grievances through collective bargaining and labor-management councils.

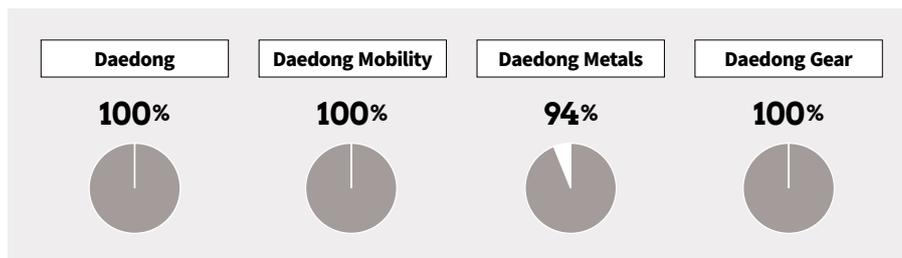
Labor Union

Daedong Group ensures the freedom of labor union activities. As of December 2023, the union membership includes 522 employees at Daedong, 131 at Daedong Mobility, 94 at Daedong Metals, and 120 at Daedong Gear. The labor union discusses various issues to build healthy labor relations and enhance employee welfare, renewing collective agreements annually through collective bargaining.

Labor-Management Council

In accordance with the Act on Promotion of Employee Participation and Cooperation, Daedong Group holds regular labor-management council meetings quarterly for each group company and additional meetings as necessary. The council consists of an equal number of labor and management representatives, with one representative from each side serving as co-chair. In 2023, Daedong, Daedong Mobility, and Daedong Gear each held 4 meetings, while Daedong Metals held 13 meetings. These meetings addressed and decided on matters related to improving working conditions, enhancing welfare, and resolving grievances. Daedong Group remains committed to operating regular labor-management councils to address employee grievances and enhance welfare, fostering a mutually respectful organizational culture.

Union Membership Rates (2023)



Building a Positive Corporate Culture through Effective Communication

Communication Programs

Daedong Group strives to strengthen employee connections and maintain a healthy organizational culture through various communication programs.

Daedong "Team Chemistry Recovery Project" aims to enhance team cohesion and clarify roles and responsibilities to innovate fundamental work methods. The "Conversation with Daedong Leaders" program facilitates direct communication, allowing management and employees to share thoughts, experiences, and business insights, bridging the gap between them. In addition, we celebrate Family Month in May with various themed events.

Daedong Metals regularly organizes employee retreats and workshops, featuring guest lectures on diverse topics. These workshops also serve as platforms for sharing business goals, product quality updates, and information on environmental and safety initiatives, aligning company and employee visions, and fostering unity.

Family Month Events

Since 2022, Daedong has hosted various events in May to celebrate Family Month. In 2022, the "Sending Love to Parents" event allowed employees to send letters and gifts to their parents. In 2023, the "Show Off Your Picnic in Spring" event provided picnic sets to employees who shared family-related stories, encouraging family picnics.



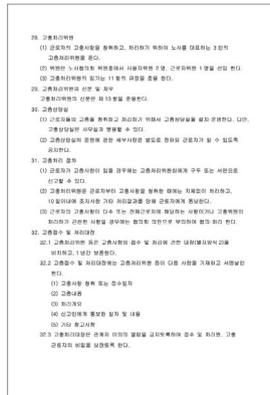
Social

Creating a Great Workplace Culture

Grievance Handling

Daedong Group operates a Grievance Committee in accordance with labor-management council regulations. This committee listens to and addresses employees' opinions, suggestions, grievances, and complaints with a focus on transparency and neutrality, striving to protect employee rights. To ensure employees and stakeholders can safely report unethical behavior or inappropriate matters within the company, we operate a grievance counseling office and cyber channels. When a report is received, we prioritize the anonymity of the reporter, ensuring no unfair treatment, discrimination, or other disadvantages result from the report. In 2023, there was one grievance reported across the entire Daedong Group.

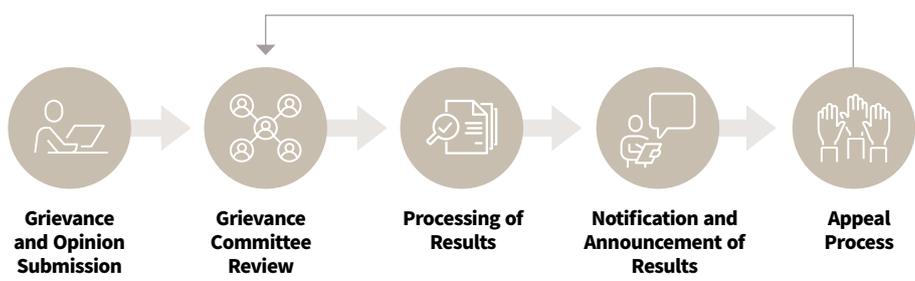
-  Daedong Cyber Reporting
-  Daedong Mobility Cyber Reporting
-  Daedong Metals Cyber Reporting
-  Daedong Gear Cyber Reporting



Labor-Management Council Regulations

When grievances or opinions are received, the Grievance Committee reviews and processes the results. If there are objections to the results, an appeal can be filed, and the Grievance Committee will review the process again. We are committed to enhancing the transparency and fairness of our grievance-handling procedures.

Grievance Handling Procedure



Employee Engagement Survey

Conduct employee engagement survey

Daedong and Daedong Gear conduct employee engagement surveys to improve employee satisfaction, and organizational productivity, and foster a healthy corporate culture. These surveys identify factors that influence employee engagement. The results have shown that a culture emphasizing family/relationships¹⁾—marked by mutual trust, harmony, and a sense of community—significantly impacts employee morale. Additionally, Daedong has conducted a satisfaction survey regarding HR systems to identify areas for improvement in work-life balance and training satisfaction.

1) Family/Relationship Culture: Emphasizes mutual trust, harmony, friendly relations, and a sense of community among members.

Establishment of HR Systems and Organizational Culture

Based on the employee engagement survey results, Daedong and Daedong Gear plan to establish clear directions for HR system and organizational culture improvements and develop mid- to long-term plans. Through continuous monitoring, we aim to create HR systems that all employees can be satisfied with and foster an organizational culture that increases engagement with the company.

HR Systems and Organizational Culture Improvement Process

Opinion Collection	Setting Organizational Culture Goals / Establishment of HR System Improvement Directions	Building an Initiative Pool	Sustainable Plan-Do-See Operations
Result Sharing and Focus Group Interviews <ul style="list-style-type: none"> Top management Related departments NGC (Junior Board) Other opinion leaders 	Setting Long-term Organizational Culture Goals <ul style="list-style-type: none"> Defining the type and level of organizational culture aligned with future management goals and long-term plans Establishment of HR System Improvement Directions <ul style="list-style-type: none"> Improvement of work-life balance Expansion of training and education Diagnosis and development of leadership 	Benchmarking Best Practices from Leading Companies <ul style="list-style-type: none"> Studying examples from advanced companies with exemplary organizational cultures Development of Improvement Task Profiles <ul style="list-style-type: none"> Establishing short-, mid-, and long-term improvement plans based on priority and visible effects Defining roles and responsibilities (R&R) among departments 	Regular Review of Implementation Results <ul style="list-style-type: none"> Conducting annual HR diagnostics Sharing and reviewing results Establishing and implementing a rolling plan Horizontal Deployment to Domestic Affiliates and Overseas Subsidiaries <ul style="list-style-type: none"> Extension of initiatives to employees of domestic affiliates and local employees at overseas subsidiaries

Social

Human Rights Management

Daedong Group is committed to supporting and adhering to internationally declared labor and human rights standards. We strive to foster human rights management by codifying detailed principles within our human rights guidelines. According to our human rights management goals, we will continually work towards creating a work environment free of discrimination and harassment.

Human Rights Management Implementation System

Daedong and Daedong Gear officially support and adhere to domestic labor and human rights laws, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization Constitution, and the OECD Due Diligence Guidance for Responsible Business Conduct. We have established human rights policies based on these international standards.

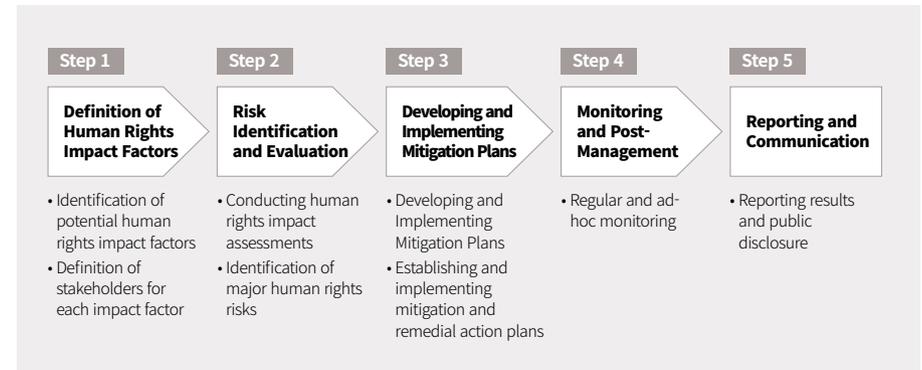
Daedong aims to set the highest standards of human rights respect and protection in all regions where we operate. These principles apply to all employees (including non-regular workers), subsidiaries, partners, subcontractors, and joint ventures. Furthermore, we will extend the same level of human rights management principles to all customers, partners, service distributors, logistics providers, and local communities throughout our value chain.

Daedong Gear has established and publicly announced a “Human Rights Policy Declaration” that embodies our human rights management philosophy. This was done to demonstrate our commitment to promoting human rights management at a company-wide level. This policy applies to all stakeholders, including employees, subsidiaries, business partners, and joint ventures, outlining our social and environmental responsibilities to protect human rights across the value chain. The human rights guidelines within this policy include detailed principles systematically managed to meet increasingly stringent human rights standards.

Human Rights Risk Management

Daedong Gear minimizes the potential for human rights risks through regular human rights risk diagnosis. We have established a human rights risk management process that includes identifying potential risks, developing mitigation plans, and continuously monitoring and publicly disclosing the results.

Human Rights Risk Management Process



Detailed Principles of Human Rights Guidelines

- | | |
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| <p>1. Prohibition of Human Trafficking Strictly prohibit human trafficking across the entire value chain.</p> <p>2. Prohibition of Forced Labor Prohibit all forms of labor that unjustly constrain mental or physical freedom.</p> <p>3. Prohibition of Child Labor Prohibit all forms of employment for children under the age of 15.</p> <p>4. Prohibition of Inhumane Treatment Prohibit inhumane treatment such as torture, assault, verbal abuse, and humiliating treatment.</p> <p>5. Protection of Vulnerable Workers Ensure the safety and welfare of vulnerable groups such as young workers, pregnant women, and persons with disabilities.</p> <p>6. Compliance with Working Hours Ensure that working hours, including overtime, do not exceed legal limits.</p> <p>7. Guarantee of Health and Safety Regularly inspect tools, equipment, and facilities, and conduct safety-related training.</p> | <p>8. Freedom of Association and Collective Bargaining Guarantee the right to form and join labor unions and the freedom to engage in collective bargaining.</p> <p>9. Wage and Welfare Assurance Comply with key legal obligations regarding wages and welfare.</p> <p>10. Fair Compensation and Equal Pay Promote a culture of gender equality and ensure fair employment and compensation.</p> <p>11. Respect for Diversity and Prohibition of Discrimination Avoid unjust discrimination based on race, ethnicity, religion, etc.</p> <p>12. Prohibition of Workplace Harassment and Sexual Harassment Prohibit all forms of workplace harassment and sexual harassment.</p> <p>13. Respect for Customer Human Rights Ensure no human rights violations occur in the provision of products and services to customers.</p> <p>14. Respect for Local Community Human Rights Ensure that business operations do not infringe on the human rights of local communities.</p> |
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Social

Human Rights Management

Human Rights Management Practice

Human Rights Management Goals

Daedong prohibits discrimination based on academic background, regional connections, family ties, gender, religion, age, nationality, and race through our code of ethics. We are committed to human rights management, ensuring labor rights, and prohibiting workplace harassment, based on a firm understanding and dedication to human rights. To systematically implement human rights management, we have established mid- to long-term goals in three phases, expanding the scope of our human rights management system to include the value chain and partners.



Human Rights Grievance Channels

Daedong Group operates a cyber reporting system on each group's website to resolve human rights grievances from all stakeholders. This system allows for the reporting of unreasonable treatment and discrimination while ensuring the anonymity and confidentiality of the reporter's identity and evidence to protect them.

We also operate various online and offline grievance channels, including the ethical management reporting website, internet, email, and mail, for continuous human rights management monitoring. All stakeholders, including employees, business partners, and third parties, can report human rights violations anonymously or with their names. In 2023, Daedong processed one reported human rights grievance.

Daedong Group applies strict regulations to ensure no personnel or work-related disadvantages arise from such reports, striving to enhance the reliability and accessibility of these channels for smooth operation.



Human Rights Education

Daedong practices human rights management to respect the values of all stakeholders and prevent human rights violations in business activities. We conduct human rights education to enhance understanding and empathy and respect for human rights. We provide mandatory workplace sexual harassment prevention training in accordance with the Equal Employment Opportunity and Work-family Balance Assistance Act, Article 13, and disability awareness training under the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities, Article 5-2. All employees are encouraged to participate in these mandatory training sessions.

Daedong Mobility conducts disability awareness training for all employees, featuring external lecturers who provide video and presentation-based training. Additionally, regular safety and health training includes information on preventing and managing health issues caused by workplace harassment.

Daedong Metals' Reinforces human rights management values through annual training, including workplace sexual harassment prevention and disability awareness education. In 2024, the scope will expand to include workplace harassment prevention training, ensuring that all employees can practice human rights management.

Daedong Gear provides regular human rights training for all employees, including the CEO and contract workers, covering workplace harassment, sexual harassment prevention, and disability awareness. Post-training evaluations are conducted annually, and re-education is provided as needed to encourage participation in human rights education.



(From left to right) Daedong, Daedong Mobility, Daedong Gear

Social

Occupational Safety and Health

Daedong Group operates safe workplaces under the vision of achieving future-oriented and sustainable safety and health. We have established safety and health management policies and systems. Additionally, we conduct regular safety and health training to internalize safety awareness among employees and rigorously implement safety and health initiatives to achieve a "zero accident" workplace.

Safety and Health Management Vision and Goals

Daedong and Daedong Mobility publicly announce the Chief Safety Officer's (CSO) management policies to all employees to internalize these policies. Based on these management policies, we establish company-wide safety and health goals and continuously pursue activities to achieve these goals, thereby creating a safe and healthy workplace. In 2024, Daedong Mobility plans to directly hire statutory personnel (health managers) previously outsourced to systematically manage workplace health.

Mid- to Long-Term Safety and Health Goals - Daedong

Lost Labor Injury Rate (LTIR)	
2024	1.99
2025	1.85
2026	1.72



Safety and Health Management Policy

Strategies and Policies

Daedong Safety and Health Vision

Four Key Safety and Health Strategies



Safety and Health Objectives

Achieving Zero Major Industrial Accidents

- ✓ Establishment of ESF disaster management computer system
- ✓ ESF training center renewal
- ✓ Improvement of disaster data establishment process

Strengthening Accident Prevention and Safety Practices

- ✓ Company-wide introduction of LTIR performance indicators
- ✓ Introduction of safety readiness (alert system)
- ✓ Step-up activities for ESF managers
- ✓ Participation in partner safety and health support projects

Preventing Occupational Diseases and Creating a Comfortable Work Environment

- ✓ Expansion of operation of exercise therapy rooms
- ✓ Strengthening education on musculoskeletal disorder prevention
- ✓ Enhancement of obesity prevention programs
- ✓ Management of insomnia for night shift workers

2024 Safety and Health KPIs



Safety and Health Management System

Daedong Group aims for a "zero-accident" workplace by managing its safety and health management system in compliance with safety and health regulations and the requirements of ISO 45001. We conduct registration and compliance assessments of the Occupational Safety and Health Act and the Serious Accidents Punishment Act to meet ISO 45001 requirements. This process ensures that all legal requirements are met, and any necessary corrective actions are taken immediately. Additionally, we establish safety and health goals following our safety and health policy, communicate these goals to all employees for internalization, and engage stakeholders such as partners, consumers, and local communities. We regularly review and implement improvement measures to ensure the effective operation and maintenance of the safety and health management system.

Safety and Health Management System Certifications

Group Company	Certification Rate (%)	ISO 45001 Certified Sites
Daedong	100	Daegu Plant (HQ) Vision Campus
Daedong Mobility	100	A-Factory S-Factory
Daedong Metals	100	Daedong Metals
Daedong Gear	100	Daedong Gear



ISO 45001 Certification

Daedong Gear has also obtained ISO 22301 (BCMS) certification, enabling us to maintain business continuity even during emergencies, such as serious accidents. Moving forward, Daedong Gear will continue periodic inspections and monitoring to ensure stable production during crisis situations.



ISO 22301 CERTIFICATION

Social

Occupational Safety and Health

Dedicated Safety and Health Organization

Daedong Group has appointed a Chief Safety Officer (CSO) responsible for establishing, inspecting, and managing our safety and health policies. The CSO has overarching authority over the organization, personnel, and budget related to safety and health management, ensuring comprehensive management of safety and health across the company. We have established a safety and health management system at each workplace and systematically perform activities to prevent industrial accidents. In accordance with Articles 4 and 5 of the Enforcement Decree of the Serious Accidents Punishment Act, we conduct biannual evaluations of safety and health obligations and monitor the implementation of safety measures.

In 2022, to prevent serious accidents and create a safe working environment, Daedong established the ESF (Environmental, Safety, Fire) system and created the Serious Accident Management Team.

Organization Chart - Daedong



Key Roles and Responsibilities - Daedong

- Chief Safety Officer (CSO)**: Establishes, inspects, and manages the company's safety, health, and environmental policies. Holds overall authority over safety and health-related organization, personnel, and budget.
- Safety and Health Manager**: Ensures compliance with standards for preventing industrial accidents as specified in the Occupational Safety and Health Act and the safety and health management regulations. Improves working conditions and creates an appropriate working environment to preserve and promote the safety and health of employees.
- Supervisors**: Internal supervisors (team leaders or higher and site supervisors) are responsible for guiding and supervising employees and subcontractors in safety and health-related tasks to prevent accidents.
- Occupational Safety and Health Committee**: Comprises up to ten representatives from both the employer and employee sides. Holds regular meetings once every three months to discuss matters related to industrial accident prevention, safety, and health, and communicates the results to all employees.

Daedong Mobility operates an Occupational Safety and Health Council, with the Management Strategy Office overseeing the Environmental Safety Team's work. Under the Management Strategy Office, the Safety and Health Team and the Fire Safety Team systematically implement safety management.

Organization Chart - Daedong Mobility



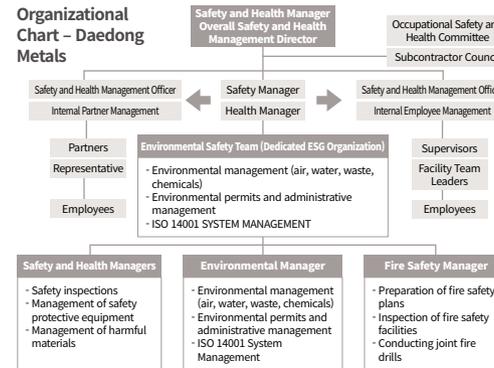
Key Roles and Responsibilities - Daedong Mobility

- Management Strategy Office**: Oversees the Environmental Safety Team's work.
- Safety and Health Team**: Operates the Occupational Safety and Health Council, inspects and improves harmful risk factors.
- Fire Safety Team**: Inspects and improves fire safety facilities, and conducts joint fire drills and training.

The Environmental Safety Team at Daedong Metals is dedicated to achieving the goal of "zero" serious accidents. To ensure fire safety and strengthen accountability, especially in light of the Act on Fire Prevention and Installation, Maintenance, and Safety Control of Firefighting Systems enacted in December 2022, which prohibits concurrent positions for fire managers and increases their responsibilities, we have hired dedicated fire managers. This allows us to respond swiftly and effectively to fire-related issues.

Daedong Gear has established an Occupational Safety and Health Committee and appointed safety and health managers under the CEO's supervision. Each division (production technology, technical research, quality control, etc.) appoints supervisors to implement safety and health management practices.

Organizational Chart - Daedong Metals



Key Roles and Responsibilities - Daedong Metals

- Environmental Safety Team**: Greenhouse gas calculation and emissions trading management, ESG compliance.
- Safety and Health Managers**: Safety inspections, management of harmful materials and city gas.
- Fire Safety Manager**: Inspection of fire safety facilities, conducting joint fire drills.
- Environmental Manager**: Management of environmental laws and systems, environmental facilities, and administrative management.

Organizational Chart - Daedong Gear



Key Roles and Responsibilities - Daedong Gear

- Overall Safety and Health Management Director**: Overall responsibility for preventing industrial accidents.
- Occupational Safety and Health Committee**: Holding regular meetings related to industrial accident prevention.
- Safety Manager**: Internal and external safety/health related tasks.
- Fire Safety Manager**: Maintenance and management of fire safety facilities and equipment.

Social

Occupational Safety and Health

Detailed Safety and Health Initiatives

In line with the four key safety and health strategies, Daedong has set forth initiatives to achieve the vision of "Realizing Future-oriented, Sustainable Safety and Health Management." In 2023, we established 19 strategic tasks, including the establishment of a group-wide ESF (Environment, Safety, Fire) disaster management system and the implementation of fire monitoring CCTV and IoT fire alarm receivers. Out of these, 14 strategic tasks were achieved. The tasks that required further improvement or were not achieved will receive continued investment and be completed in 2024.

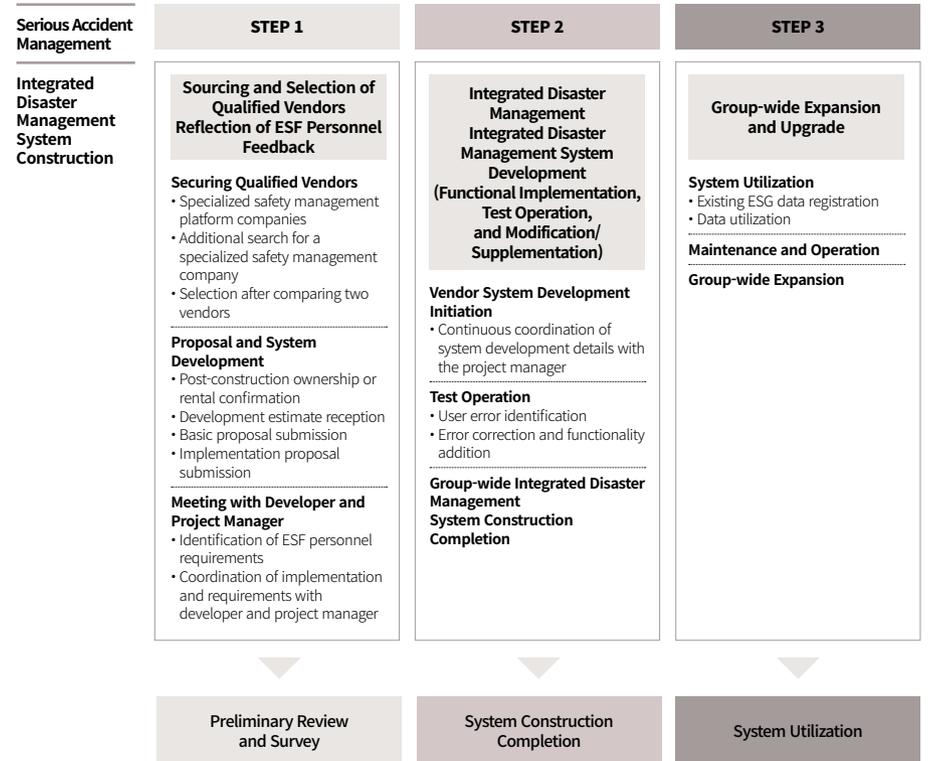
Achievements	Fire Monitoring CCTV and IoT Fire Alarm Receivers Unified fire alarm control (mobile control)	Compliance with ESF Regulations for Line Changes Forklift CEM completion → Establishment of small line (work environment measurement, ad-hoc risk assessment, etc.)	Proactive Response to ESF Regulatory Changes Reporting on regulatory amendments (e.g., safety training)	Promotion of Disease Management Plans Customized individual management plans SMS notifications and regular counseling
	Securing Lifting Equipment Safety Establishment of lifting equipment safety management process	Establishment of ESF Coexistence Cooperation System for Primary and Subcontractors Support for risk assessment and educational materials for foreign workers	Maintenance of Non-Applicability of Total Air Pollutant Management System Reduction of NOx emissions (LNG to LPG fuel conversion)	Obesity Prevention Program 13% success rate (4 out of 31 applicants)
	Activation of Risk Assessment Joint labor-management effort (1,702 cases identified) → High-risk 39 cases improved		Expansion of Exercise Therapy Room Increase from 19 in 2022 to 24 in 2023 (5 increase)	Smoking Prevention Program 20% success rate (4 out of 20 applicants)
		Nurturing of ESF Experts External training for ESF managers (4 sessions) Benchmarking visits to advanced companies for ESF staff	Health Counseling and Management of Employees with Medical Conditions 62 managed → 38 normalized	Regularization of Fire Safety Training Designation of fire safety personnel and monthly fire drills for each team

Areas Needing Improvement	Revision of Manuals by Sector Establishment: 2 guidelines Revision: 1 regulation, 1 standard	Establishment of Fire Response Plan for Painting Line (2-Shift) Delay in installation of dark room projector	Management of Musculoskeletal Burden Tasks Improvement of 3 out of 13 musculoskeletal burden tasks (e.g., installation of front display for elevator inspection)
	Building an Autonomous ESF System	Proactive ESF Response to Production Diversification	Strengthening Green & Health Management Systems

Not Achieved	Establishment of ESF disaster management computer system Planned for 2024	Safety training facility renewal Planned for 2024 (in conjunction with space innovation construction)	Activating On-site Communication
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Additionally, Daedong has developed a roadmap for the establishment of an integrated disaster management system across the group. This roadmap includes stages from sourcing qualified vendors to system utilization and gradual expansion across the group companies. We will implement unified serious accident management across the group and continuously upgrade the management system.

Integrated Disaster Management System Roadmap



Social

Occupational Safety and Health

In October 2023, Daedong Metals implemented the 3R (Right Place, Right Quantity, Right Product) and 5S (Sort, Set in order, Shine, Standardize, Sustain) practices. This initiative aims to improve the working environment by reducing defect rates, increasing operation rates, and preventing safety accidents. These practices will be conducted quarterly. Additionally, in December each year, we establish the safety and health plan for the upcoming year, share it with all departments, and implement the tasks throughout the year. For 2023, the safety and health plan included setting 29 detailed objectives across seven areas, such as safety inspections and health management. Out of the overall objectives, which include conducting regular ESF patrols and preparing and maintaining MSDS, we have achieved 27 goals. We plan to pursue activities aimed at accomplishing the remaining inadequate tasks by 2024.

Completed	Appointment of Managers Safety and Health Management Officer Overall Safety and Health Management Officer Safety and Health Managers	Regular ESF Patrols Conducted at least once a month	Equipment Maintenance Conducted with safety work approval (4 cases)	Submission of Industrial Accident Report 12 Accidents (8 Industrial Accidents, 4 Work-related Injuries)	General and Special Health Examinations General: 115 employees Special: 80 employees	Work Environment Measurements At least twice annually	Protective Equipment Management Recording and managing issuance records	
	Designation of Supervisors Production Department Team Leaders, Supervisors, Foremen	Safety Manager Circuit Inspection Conducted at least twice daily	New Employee Training At least 8 hours of safety training (9 employees)	Risk Assessment Regular assessment once annually Regular evaluation Ad-hoc assessment when accidents occur		MSDS Preparation and Availability Available for chemical handling processes (6 processes) Target: 6 processes	Safety Pledge Event All employees (including internal partners)	
	Safety and Health Management Regulations Establishment or revision	Joint Labor-Management Safety Inspections Conducted at least once daily	Special Safety and Health Training At least 16 hours of safety training (5 employees)			Posting of Legal Summaries Posting of summaries of Occupational Safety and Health laws	Confined Space Work Implementation of confined space management program	
	Occupational Safety and Health Committee 1 quarterly meeting	Supervisor Equipment Inspection Conducted at least once daily	Regular Safety and Health Training At least 2 hours monthly Office Workers: 52 employees Production Staff: 80 employees				Respiratory Protection Implementation of respiratory protection program	
	Formation and Operation of the Consultative Body Subcontractor Council Joint safety and health inspections Partner company circuit inspections	Safety Inspections for Harmful Machinery 2-ton or more hoists 12 cranes 18 pressure vessels	Supervisor Job Training Safety training for 16 hours or more per year Target: 17 employees	Risk Assessment Safety training for 16 hours or more per year Target: 1 employee			Work Safety Standard Management Establishment of 15 safety work guidelines	
Improvements Needed								
Not Implemented	Safety and Health Management System	Safety Inspection	Safety and Health Education	Industrial Accident-related	Medical Examination	Health Management	Operational Management	
				Mutual Cooperation Program				

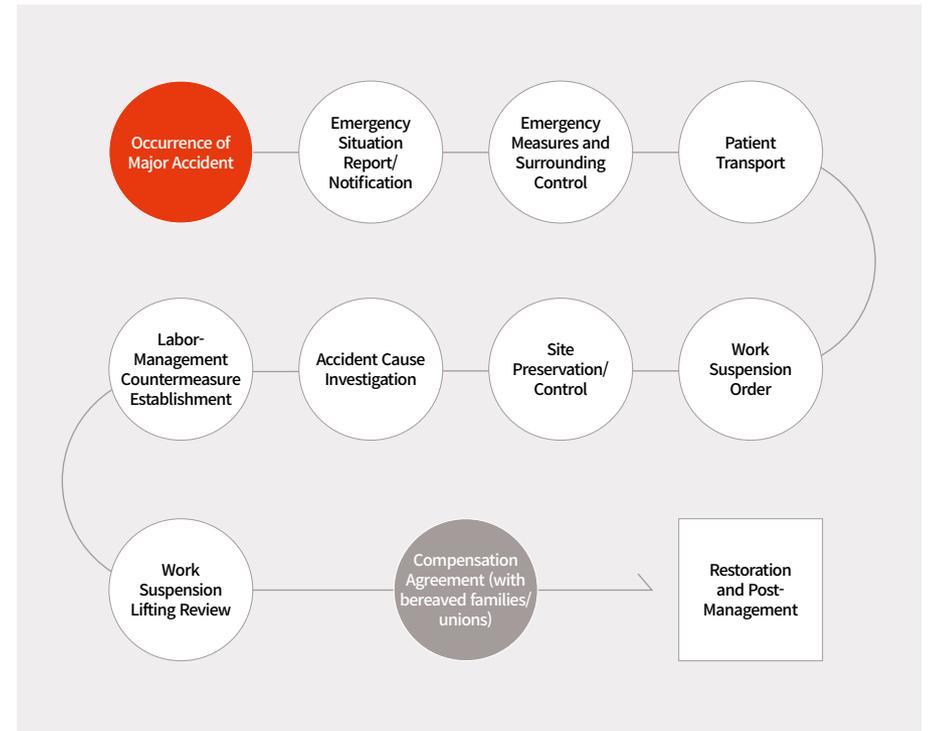
Implementation: Once per year
Improvement goal: Twice per year

Emergency Response

Disaster prevention activities with primary contractors and internal/external partners (Targets: Daenam Core Co., Ltd., Ilishin Core Co., Ltd., Changbong Industrial Co., Ltd., Samjin Core Co., Ltd., Youngil Tech Co., Ltd., Taeyang AM Industry Co.)
Non-implementation due to 2022 risk assessment certification (valid for three years)

Daedong Gear has established a serious accident response process and responds based on this process when an accident occurs. In the event of a serious accident, a work stoppage order is issued by the Ministry of Employment and Labor, and the local police station and Ministry investigate the cause of the accident. We hold a temporary Occupational Safety and Health Committee meeting to establish measures to prevent recurrence and implement improvements. After establishing and implementing labor-management measures, we apply for the lifting of the work stoppage order. Subsequently, a work stoppage release review committee consisting of at least four external experts is convened, followed by compensation agreements and post-management stages such as recovery and revision of safety rules.

Serious Accident Response Process



Social

Occupational Safety and Health

Occupational Safety and Health Risk Assessment

Daedong Group conducts risk assessments to identify the frequency and acceptability of potential hazards and risks, using the brainstorming technique for each of the 4Ms (Machine, Media, Man, Management). This assessment helps prevent accidents by identifying various risk factors, calculating their exposure frequency, and determining the severity (risk level) of accidents. Initially, the risk level is assessed to decide if it is acceptable or unacceptable. If deemed unacceptable, the evaluation proceeds with the development of improvement measures.

Risk Assessment Process and Steps



Based on the risk assessment results, the Occupational Safety and Health Committee formulates detailed improvement plans. High-grade risks are classified as major risks, and relevant departments continuously remind workers through pre-work safety meetings (TBM; Tool Box Meeting).

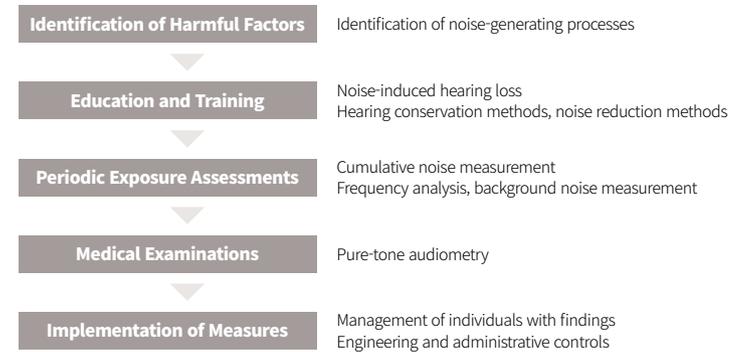
The dedicated Environmental Safety Team integrates major risk improvement plans into our safety and health management system, monitors improvements, and ensures continuous follow-up. Additionally, to facilitate smooth and clear risk assessments, personnel responsible for risk assessments attend training programs and complete the required courses.

Strengthening Occupational Safety and Health Management

Employee Health Management

Daedong Metals operates a hearing conservation program in accordance with Article 64 of the Industrial Health Standards Regulations. The Korean Industrial Health Association, our health management agency, conducts noise exposure assessments twice a year. The association also performs annual special health examinations and evaluations for hearing. Besides, we conduct noise hazard education and appropriateness evaluations of program implementation to prevent health impairments from noise and to create a pleasant working environment.

Daedong Metals Hearing Conservation Program Workflow



Daedong Gear measured the working environment in the first half of 2023, following Article 125-1 of the Occupational Safety and Health Act and Article 188-1 of the Enforcement Rules of the same law. The assessment focused on exposure levels to carcinogens and chemical agents in the workplace. Based on the findings, we identified issues and devised improvement measures, including setting health check-up intervals for all employees exposed to harmful agents and supporting regular health examinations. Daedong Gear prioritizes the health of its employees, striving to prevent work-related illnesses and create a safe and comfortable working environment.

Social

Occupational Safety and Health

Safety and Health Evaluation Meetings

Daedong holds monthly ESF (Environment, Safety, Fire) evaluation meetings to identify and share improvement elements in safety, environment, and fire prevention. The safety division expands its scope to analyze not only safety incidents within Daedong's facilities but also accidents in affiliated companies. We examine the causes and circumstances of safety accidents, devise countermeasures, and establish future plans to prevent recurrence. Additionally, we share findings and improvement measures from fire patrols to create a safe working environment free from fire hazards.

Daedong Gear conducts Environmental Safety and Health Evaluation meetings where the CEO directly issues directives on various topics, such as preventing the recurrence of safety accidents, compliance with personal protective equipment usage, preventing serious accidents, and eliminating risks related to harmful material permits and regulations. These measures aim to prevent accidents and minimize occupational safety and health risks.

Safety and Health Competency Enhancement Programs

Daedong establishes monthly education plans to offer various training programs aimed at preventing industrial safety accidents among employees. Monthly training sessions for all employees include topics such as "Fire Truck Usage and Management," "Prevention and Management of Musculoskeletal Harmful Factors," and "Prevention and Management of Health Examination Findings." Additionally, we plan bi-annual fire equipment training to enhance employees' fire response capabilities.

Daedong Mobility prioritizes employee safety, enhancing safety awareness and fostering a healthy safety culture through safety education and promotional activities. Initiatives include New Year safety pledges, safety slogan contests, safety banner postings, daily TBM (Tool Box Meeting) activities before starting work, and near-miss reporting systems. These activities ensure full employee participation and gather



Safety Slogan Contest

worker feedback through various channels.

Daedong Metals conducts regular safety training for all employees to prevent safety accidents caused by human factors. Quarterly, we invite instructors from external professional training institutions to provide employees with specialized safety knowledge. We also support practical courses for establishing safety and health management systems and safety training for forklift operators as needed. The training aims to pre-educate employees on potential accidents during work, reduce accident rates, and enhance safety and health awareness.

In compliance with Article 619 of the Rules on Occupational Safety and Health Standards, Daedong Metals implements special safety and health training for work in confined spaces, installs no-entry signs, provides safety equipment, and measures gas concentrations and ventilation. These measures prevent suffocation accidents due to oxygen deficiency or harmful gases during confined space work. Additionally, we conduct bi-annual emergency drills to proactively respond to potential emergencies in the workplace. Detailed scenarios are prepared for frequent situations, such as fall accidents, and improvement measures are devised based on the drill results to ensure all employees can respond swiftly in emergencies.

Daedong Gear supports the development and completion of training courses in compliance with relevant laws to ensure employees work in a healthy and safe environment with their rights protected. In 2023, we conducted training related to the Occupational Safety and Health Act, the Construction Machinery Management Act, the Urban Gas Business Act, and the Electrical Safety Management Act. The fire safety manager, in particular, provides safety education to workers involved in hot work, covering fire prevention measures, safety rules, and emergency procedures. The training emphasizes the importance of adhering to safety rules at hot work sites as fundamental guidelines for participating in the work.



Social

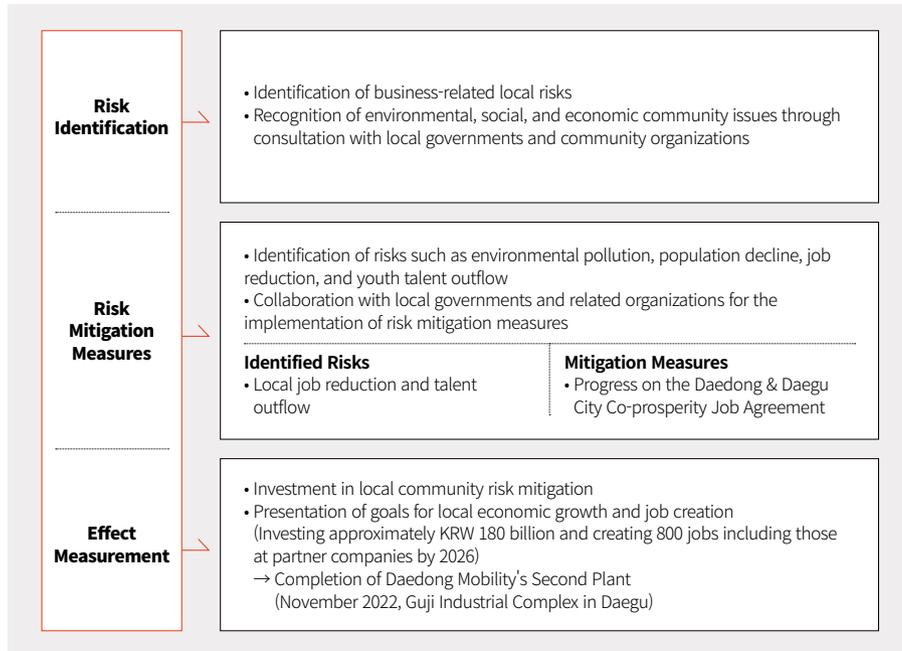
Creation of Social Value

Daedong Group operates various social contribution programs and activities to fulfill its corporate social responsibility. We will continue to identify and mitigate risks related to the local community and strive for co-prosperity with it.

Local Community Risk Management

As a member of the local community, Daedong is committed to its corporate social responsibility by identifying and addressing local community issues to pursue sustainable development. In particular, we focus on identifying and mitigating risks in the regions where our business sites are located. We collaborate with local governments and community organizations to identify environmental, social, and economic risks and combine Daedong's business capabilities to address issues such as employment, population decline, and economic growth, thereby achieving our policy of co-prosperity with the local community.

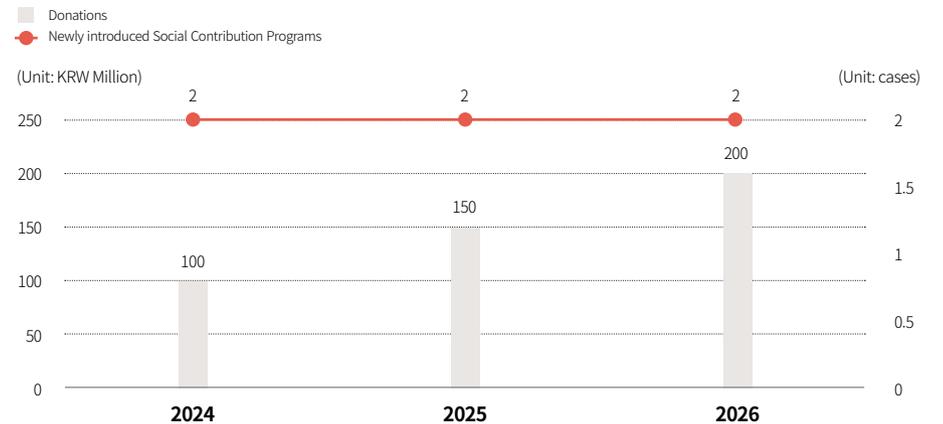
Risk Management Process



Setting Social Contribution Goals

Daedong Group has established a three-year short-term goal to strengthen socially responsible management through continuous social contribution activities until 2026. We plan to increase our current donation amount from KRW 70 million by approximately KRW 50 million each year, reaching KRW 200 million by 2026. This will enhance support for various marginalized groups in need within the local community. Additionally, we aim to develop two new social contribution programs annually, linked to Daedong Group's business. By 2026, we plan to expand Daedong Group's customized social contribution programs, utilizing our agricultural business expertise, to six programs. These efforts will promote activities that contribute to the local community in the medium to long term.

Social Contribution Investment Goals



Social

Creation of Social Value

Social Contribution Activities

Donation of Agricultural Machinery for Agricultural Development

In March 2024, Daedong donated agricultural machinery worth KRW 200 million, including tractors and rotavators, to build agricultural infrastructure in Cape Verde, Africa. We signed a "Free Agricultural Machinery Support Agreement" with the local Ministry of Agriculture and Environment of Cape Verde to foster the agricultural industry in African countries with low food self-sufficiency rates. Based on this agreement, we provided 90-horsepower tractors, rotavators, plows, and rotary tillers from Daedong. Additionally, we conducted regional pilot cultivation to spread the usage of agricultural machinery and offered technical education programs.



Hosting ESG Open Innovation

Daedong, in collaboration with the Daegu Creative Economy Innovation Center, hosted the "ESG Open Innovation for Coexistence" event, focusing on ESG, major accident prevention, and smart agriculture and mobility technologies. We selected two to three companies and provided support for Proof of Concept (PoC) projects in cooperation with R&D personnel from the Daedong Group, offering PoC support funds ranging from KRW 50 million to KRW 70 million. This open innovation event aimed to discover excellent startups and small businesses with innovative technologies. We will continue to strive for mutual cooperation with promising startups in future technology fields.



Supporting Vulnerable Groups in the Community

Daedong Metals is constantly considering ways to contribute to the community and stakeholders for mutual growth. We focus on improving the local environment and supporting underprivileged neighbors through social contribution activities, aiming to create cyclical value by reinvesting corporate profits into the community. Every year-end, our company and employees collect donations and deliver them to the Dalseong Welfare Foundation to support child-headed families in Dalseong County (once a year), Daegu. In addition to expanding and strengthening ongoing contribution activities, we will identify new community contribution activities to continue fostering mutual growth with the community.

Donation Status

Category	2020	2021	2022	2023
Donation Amount	KRW 6.9 million	KRW 6.6 million	KRW 5.5 million	KRW 6.5 million

Environmental Cleanup Campaign Activities

Due to the nature of the foundry industry, Daedong Metals has a high potential to cause environmental pollution in the community with relatively large emissions of dust and other waste. Therefore, not only our company but also the entire community conducts 3R (Right Place, Right Quantity, Right Product) and 5S (Sort, Set in Order, Shine, Standardize, Sustain) activities once per quarter to prevent and improve environmental pollution in the community. We are committed to doing our best for the prevention and improvement of environmental pollution.



Social

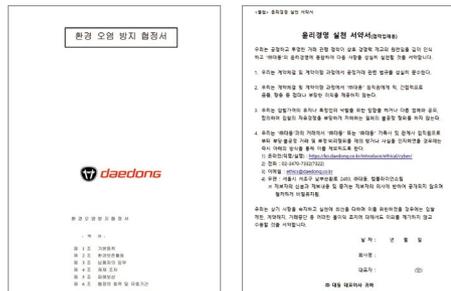
Value chain Management

Daedong Group has established sustainable Value chain management goals and policies and is committed to managing the ESG risks of our partners. We also operate educational support, communication channels, and joint events to promote mutual growth with our partners

Sustainable Value chain Policy

Code of Conduct for Partners and Transaction Management Regulations

When evaluating and contracting with suppliers, Daedong Group incorporates ESG-related items such as environment, safety, and fair trade according to our internal outsourcing management regulations. In particular, during the contract process, we obtain an Ethical Management Practice Pledge that includes clauses prohibiting unfair trade practices and preventing corruption and fraudulent activities. Moreover, we sign Environmental Pollution Prevention Agreements to ensure compliance with waste, harmful materials, environmental laws, and global environmental conventions, striving to integrate ESG factors throughout the Value chain.



Environmental Pollution Prevention Agreement

Ethical Management Practice Pledge

Environmental Pollution Prevention Agreement

- ✓ Prevention of environmental pollution
- ✓ Safety of chemical substances and harmful materials
- ✓ Compliance with international standards

Ethical Management Practice Pledge

- ✓ Prohibition of unfair practices
- ✓ Compliance with fair trade laws
- ✓ Reporting of corrupt activities

To establish an ethical and sustainable Value chain, Daedong Group has enacted a "Code of Conduct for Partners," which specifies the environmental and social responsibilities that all partners trading with the company and its affiliates must adhere to. Since all clauses are equally important, we recommend that not only Daedong Group's partners but also their Value chains comply with this code of conduct to ensure the best operating practices.

The Code of Conduct for Partners consists of four sections: human rights and labor, safety and health, environmental protection, and ethical management. We strive to implement a sustainable Value chain policy based on these principles.

Sustainable Value chain Policy



Safety/Health

Safe working environment, workplace hygiene, protection for workers from physically demanding tasks, health and safety education



Environment

Principles of pollution prevention and resource usage reduction, management of harmful substances, management of waste and wastewater, prevention of air pollution, mitigation of energy consumption and greenhouse gas emissions, conservation of biodiversity



Labor/Human Rights

Voluntary labor, prohibition of child labor, compliance with working hours humane treatment, prohibition of discrimination, freedom of association



Ethical Management

Anti-corruption, financial transparency, Fair trade, protection of intellectual property rights, privacy protection

Additionally, Daedong and Daedong Mobility collect and enter into agreements such as the Basic Transaction Agreement, Standard Subcontract Basic Agreement for the Machinery Industry, Quality Assurance Agreement, Claim Compensation Agreement, and Similar Products Prevention Agreement.

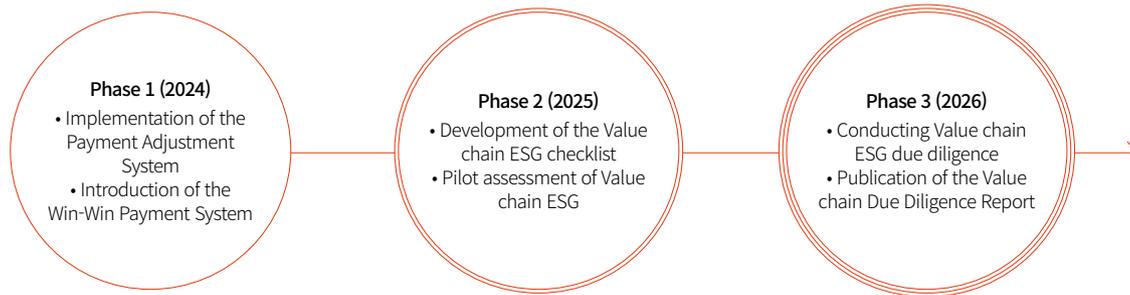
The Code of Conduct for Daedong Metal's Value chain includes additional clauses on management systems and Value chain due diligence, defining compliance requirements for each section: human rights and labor, safety and health, environmental protection, and ethical management.

Social

Value chain Management

Sustainable Value chain Goals

In response to increasing corporate responsibilities in Value chain management, such as the legislation of the Payment Adjustment System and the EU Value chain Due Diligence Law, Daedong has established incremental annual goals and systems for a sustainable Value chain to proactively address these challenges.



Payment Adjustment System

On October 4, 2023, Daedong reported the detailed contents and implementation plan for the Payment Adjustment System, which must be mandatorily implemented according to the amended law promoting mutual growth between large and small-medium company. This system is primarily managed by the Integrated Procurement Team of the Purchasing Headquarters, with procedures including selecting target companies, selecting implementing companies, contract agreements, maintenance, and management to fulfill corporate social responsibility.



① Signing Payment Adjustment Agreements during transaction contract conclusion



② Verifying adjustment requirements at each adjustment period



③ Adjusting payment amounts when requirements are met.



④ Paying the adjusted amounts during payment disbursement

Partner Selection and Evaluation

All evaluations of Daedong’s partners are replaced by the Daedong Certified Partner (DCP) Certification Evaluation¹⁾. The evaluation methods differ depending on whether the company is already registered. Regular evaluations for registered companies occur once every two years, averaging the scores from performance evaluations and status evaluations to classify results into grades. For new companies, evaluations are conducted using credit ratings from credit agencies, where only companies with a rating of “B” or higher and a DCP evaluation score of grade 3 or higher are deemed “suitable.”

1) Daedong Certified Partner (DCP) Certification Evaluation: A comprehensive management evaluation including management, quality, delivery, cost, and environment to qualify a partner company

DCP Evaluation Criteria

Category	Evaluation Section	Evaluation Items
Performance	Quality Section	Defect rate during assembly
		Achievement rate of quality targets
	Development and Purchasing Section	Line delay time (related to part incompatibility)
		Adherence to production and delivery schedules
Reality evaluation	Quality Division	Production line delay man-hours
		Financial stability
	Development and Purchasing Division	Cost reduction rate
		Management, Quality Assurance, Process Management, etc.
	Common	Cost Division Management Division Other Harmful Substance Management

Grading criteria

Grade	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade
Score	90 points or above	80 points or above	70 points or above	Below 70 points
New Registration Eligibility	Eligible for new registration			Not eligible for new registration

Social

Value chain Management

The DCP certification evaluation is applied during the infrastructure acquisition stage of the Purchasing Division' strategy, including the improvement of the value chain through modularization and affiliation. All partners are grouped into four categories (Partner Group, Strategic Group, Maintenance/Improvement Group, and Exit/Consolidation Group) based on importance and dependency. The DCP evaluation is a 100% quantitative performance evaluation. Excellent Partner Certification is awarded to those in the first grade, while partners who receive the fourth grade three times in a row are categorized as the worst and undergo exit and consolidation processes, being replaced by other companies. Through this process, Daedong aims to continuously identify and proactively address partner risks to stabilize the procurement supply and product production.

Partner Grouping Process



Partner Group

Partner (Tier 1) Group

- Maintenance of collaborative relationships for development and mutual growth

Strategic Group

Strategic Collaboration Group

- Strategic collaboration such as modularization, implementation of tailored purchasing policies, consideration for inclusion in Partner Group

Maintenance/Improvement Group

Maintenance/Improvement Group

- Improvement to Strategic Group through dualization preparation and capacity acquisition.

Exit/Consolidation Group

Exit/Consolidation Group

- Exit and consolidation through partner evaluation and three-strike rule

The evaluation of Daedong Metal's partners is conducted to manage partners efficiently and improve the company's product quality by enhancing quality satisfaction. The evaluation methods are categorized into document evaluation, sample evaluation, and on-site evaluation based on the type of partner. For newly registered companies, ad-hoc evaluations are conducted based on internal processes. For existing registered companies, implementation evaluations are carried out in the fourth quarter of each year to determine re-registration. If non-conformities are found in the implementation evaluation results, remediation is requested. When evaluation scores decrease compared to the previous year or when companies receive a grade of 4 or 5, the results are communicated to the companies to encourage quality improvement.

Evaluation Criteria by Partner Type

	Partner Type	Evaluation Method	Evaluator	Approver
Raw Material Supplier	Supply scrap iron, pig iron etc.	1) Sample Evaluation	Quality	Management Planning Team
		2) Evaluation Checklist	Procurement	
Outsourcing Partners	Cleaning, cafeteria, pest control, etc.	1) On-site Evaluation	Quality	Management Planning Team
		2) Evaluation Checklist		
Mold Partners	New product development prototypes, etc.	On-site Evaluation	Development	R&D Team
Calibration Partners	Harmful substances, test reports, etc.	Evaluation Exclusion (Document Evaluation)	Quality	QA Team

Implementation Evaluation Criteria

Category	Evaluation Items	Evaluation Supervisor
Environmental Evaluation	Environmental field	Environmental Safety
Safety and Health Evaluation	Safety and health field	Environmental Safety
Quality Management Evaluation	Quality Management System	4M management, quality control, delivery control QA/Production/Development
	Process Inspection Evaluation	

Grade Determination Criteria

Grade	1st grade	2nd grade	3rd grade	4th grade	5th grade
Score	90 points or above	75 to less than 90 points	60 to less than 75 points	45 to less than 60 points	Below 45 points
New Evaluation Result	Eligibility for approval			Not Approved	
Implementation Evaluation Result	Total			Warning Not Approved	

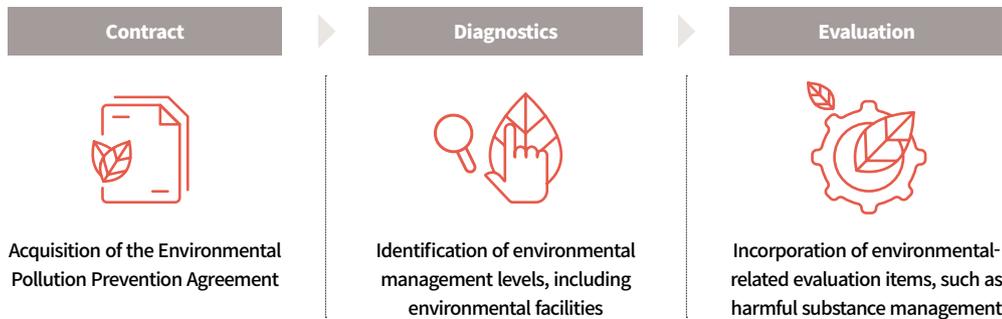
Social

Value chain Management

Value chain ESG Risk Management

To diagnose and evaluate the environmental management risks of partners, Daedong obtains an "Environmental Pollution Prevention Agreement" at the time of contract according to internal and external management regulations. This agreement includes principles for reducing waste, controlling pollutant emissions, and completing environmental education, covering overall environmental management practices. During partner evaluations, Daedong incorporates harmful substance management status as an evaluation item according to partner evaluation and action standards. Additionally, based on our environmental facility management standards, we assess the environmental pollution prevention measures and pollution levels of partners, incorporating these into partner selection.

Environmental Management Risk Diagnosis and Evaluation Process for Partners



As part of the symbiotic cooperation program, Daedong also conducts risk assessments. These assessments are carried out according to the risk assessment regulations for each partner, starting with preliminary education, followed by identifying harmful and risk factors, drafting the assessment, formulating improvement plans based on results, implementing improvements, and conducting follow-up management. Through risk assessments, Daedong aims to enhance safety awareness among partner employees and fulfill corporate social responsibilities, thereby promoting mutual cooperation.

Shared Growth with Partners

Strengthening Partner Capabilities

To realize the value of mutual growth and fair competition, Daedong promises a Value chain policy under the slogan "Journey to Innovation" that establishes fair trading procedures within ethical standards and pursues mutual development with partners. Alongside various educational programs for improving partner capabilities in agricultural machinery technology, data statistics analysis, Power BI analysis, and product costing, Daedong regularly offers safety and environmental education to support partners in safety and environmental impacts. Additionally, Daedong operates a symbiotic cooperation program that includes forming and managing a symbiotic cooperation team, supporting regular and special health checkups, and assisting in inspecting harmful machinery and equipment. These efforts aim to reduce the safety and health level gaps between Daedong and its partners, creating synergy.

Educational Support for Partners

Educational Support

- Regular environmental education and material support for external environmental managers on waste, water resources, etc.
- Regular safety and health education and on-site inspections through the parent-subsidiary symbiotic cooperation program
- Support and education for drafting risk assessments, budget planning support, and on-site improvement support

Educational Support Performance

Category	Course Name	Training Hours (hours/person)	Participants (persons)
Partner Job Training	Big data, product cost calculation, etc.	54	85
Agricultural Machinery Technology	Agricultural machinery structure analysis, inspection and safety management, installation, etc.	378	668
Total		432	753



Support for service technology education for engineers at Daedong dealerships and distributors, and members of agricultural cooperatives (370 persons)

Social

Value chain Management

Strengthening Communication with Partners

Daedong is committed to fostering mutual cooperation and growth with partners and dealerships. We hold regular partner meetings and dealership conventions to communicate with partners, resolve issues, and enhance cooperation. Real-time communication is facilitated through the Q&A and notice sections of the Daedong partner portal system.

In particular, we strive for smooth communication with dealerships, including international exchanges with overseas dealerships. For our global agricultural machinery brand "KIOTI," we host events like the "North America Excellent Dealer Family Day" in North America to maintain cooperative relationships and share Daedong's vision.

Hosting Communication Events with Partners

Partner Partnership Day

Daedong held the "2024 Partner Partnership Day" event to share business visions, plans, and collaboration achievements, and to express gratitude for partners' hard work. About 200 representatives and employees from Daedong Group and approximately 150 partner companies attended. The event included presentations on the 2023 business performance, mid-to-long-term vision, awards for outstanding partners, and explanations of Daedong's 2024 procurement and production policies.



Domestic Agency Convention

Under the theme "Journey to Innovation," Daedong conducted the "2023 Domestic Agency Convention" to share market strategies and various ideas. Around 250 attendees, including 220 agency owners and their spouses, and 30 Daedong employees, participated. The convention featured regional agency chairmen meetings, an award ceremony for outstanding agencies, and 22 agencies were recognized as excellent agencies.



North America Excellent Dealer Family Day

In 2023, Daedong invited 45 excellent dealers from North America to Korea for the "10th North America Excellent Dealer Family Day." The event aimed to strengthen cooperation with dealers and showcase the competitiveness of Daedong's global agricultural machinery brand 'KIOTI,' enhancing pride and loyalty among the dealers.



ESG Performance

- 80 Governance
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- 92 Risk Management



Governance

Governance

Governance

Daedong Group operates Board of Directors transparently and lawfully based on its articles of incorporation. The CEO chairs the board, making crucial management decisions under the principle of “board-centered management.”

We established an Independent Director Recommendation Committee and a Compensation Committee to strengthen our governance in 2023.

Board Composition

Daedong

The Board consists of 7 members (3 executive directors, 4 Independent directors). Directors are appointed by the resolution of shareholders at the general shareholders meeting in accordance with Article 382 of Korea’s Commercial Act. Executive directors are selected among the candidates recommended by the Board, while Independent directors are selected among the candidates recommended by the Independent Director Recommendation Committee pursuant to Article 542-8 of the Commercial Act.

As of the report issuance date, Daedong’s Board of Director comprises seven members (3 executive directors and 4 Independent directors). When appointing executive director candidates, the board comprehensively considers the candidates’ careers, areas of expertise, and any conflicts of interest. For the appointment of Independent Directors, the Independent Director Recommendation Committee ensures that the board can make balanced decisions and effectively supervise management by considering the candidates’ careers and areas of expertise while excluding those with special interests. Additionally, we review candidates to ensure they do not have any disqualifications as specified by the Commercial Act and its Enforcement Decree, and then recommend them to the general meeting of shareholders.

Members of the Board of Director (BoD)

(as of June 2024)

Position	Name	Gender	Key Experience	Term
Executive Director (Co-CEO), Chair	Kim Jun Sik	Male	Executive Vice President, Director of Planning and Coordination, Korea University	2025.03
Executive Director (Co-CEO)	Won Yu Hyun	Male	KT Managing Director of Future Convergence Business Promotion, George Washington University Graduate School	2026.03
Executive Director (Full-time)	Lee Jong soon	Male	Director of the Daedong Research Institute, Factory Chief of Daedong Gear, Director of Planning and Coordination, Seoul National University	2027.03
Independent director	Kim Hyung Joon	Male	Honorary Chair Professor at Pai Chai University, Ph.D. in Political Science from the University of Iowa, USA	2027.03
Independent director	Cho Yong Ho	Male	Director of Nexia Samduk Accounting Corporation, Master of Economics from the Seoul National University	2027.03
Independent director	Kim Chang Bong	Male	Dean for the College of Business and Economics at Chung-Ang University, Ph.D. in Business Administration from Chung-Ang University	2027.03
Independent director	Lee Sang Bin	Male	Professor Emeritus at the Department of Business Administration, Hanyang University Business School, Civilian Member of the National Economic Advisory Council, Ph.D. in Business Administration from New York University	2027.03

Board Operations

In 2023, Daedong held 13 board meetings passing 28 resolutions and reporting items. Additionally, more than 20 ad-hoc board meetings were convened to discuss financial matters with an average attendance rate of 100%. The board not only addresses matters requiring legal resolutions but also votes on significant business strategies and financial issues. Resolutions related to ESG management, such as revising executive compensation regulations, appointing the Chief Safety Officer, and approving safety and environmental plans, were also handled.

Board Meeting

Category	Agenda item	Passed/Rejected	Regular/Ad-hoc	Meeting Date	Notification Date	Attendance/Total
Resolution	Matter of approving the consolidated and separate financial statements for the 76th	Passed	Regular	2023.02.15	2023.02.08	6/6
Resolution	76th general shareholders’ meeting and dividend	Passed	Regular	2023.03.09	2023.03.02	6/6
Resolution	Matter of partially amending the articles of incorporation	Passed	Regular	2023.03.09	2023.03.02	6/6
Resolution	Amendment of the severance pay regulations for Executives	Passed	Regular	2023.03.09	2023.03.02	6/6
Resolution	Approval of IP License Agreement for Small Tractor Production	Passed	Regular	2023.03.09	2023.03.02	6/6
Resolution	Appointment of a CEO and Chief Safety Officer (CSO)	Passed	Regular	2023.03.30	2023.03.09	6/6
Resolution	Disposal of Treasury Stock	Passed	Regular	2023.03.30	2023.03.09	6/6
Resolution	Matter of approving the 1Q Financial Results (77th)	Passed	Regular	2023.05.12	2023.05.04	6/6
Resolution	Approval of Safety and Environmental Plans	Passed	Regular	2023.05.12	2023.05.04	6/6
Resolution	Approval of OEM Agreement for Daedong Mobility	Passed	Regular	2023.05.12	2023.05.04	6/6
Resolution	Approval of Service Components Agreement with Daedong Gear	Passed	Regular	2023.05.12	2023.05.04	6/6
Resolution	Matter of approving the H1 Financial Results (77th)	Passed	Regular	2023.08.10	-	6/6
Resolution	Matter of approving the 3Q Financial Results (77th)	Passed	Regular	2023.11.14	-	6/6

Governance

Governance

Board Committees

Daedong consist four committees within the board of directors. Under the board, ESG Committee, Independent Director Recommendation Committee, Compensation Committee, and Audit Committee have been formed to ensure board independence and responsible business operations.

Board and Committee Organization



Daedong established the ESG Committee in November 2023 to enhance sustainable management. Comprising 3 executive directors and 3 Independent directors, we are considering forming the ESG Committee solely with Independent directors in the future to strengthen independence. The first committee meeting in December 2023 discussed the 2024 ESG work plan and the establishment of a greenhouse gas inventory. The ESG Committee meets quarterly (once per quarter) to report sustainable management performance to the board and make key decisions.

ESG Committee

Position	Title	Name	Gender	Key Roles
Executive Director	Chairperson	Kim Jun Sik	Male	1. Manages and votes on critical ESG-related risks 2. Reviews strategies toward managing sustainability and the direction of sustainable management, evaluates and reviews relevant performance and problems
Executive Director	Vice Chairperson	Won Yu Hyun	Male	
Executive Director	Member	Lee Jong soon	Male	
Independent Director	Member	Kim Hyung Joon	Male	
Independent Director	Member	Lee Sang Bin	Male	
Independent Director	Member	Cho Yong Ho	Male	

ESG Committee Activities

Date	Key Agenda	Attendance Rate
2023.12.05	1. Report on the 2024 main ESG tasks 2. Report on the plan for the establishment of a greenhouse gas inventory	100%
2024.05.13	1. Report on the 2024 ESG materiality assessment results 2. Report on the results of greenhouse gas emission	100%

In March 2024, Daedong newly established the Independent director Recommendation Committee and the Compensation Committee, both composed entirely of Independent directors to ensure independence and transparent decision-making. The Independent Director Recommendation Committee systematically manages the pool of Independent director candidates, while the Compensation Committee reviews the appropriateness of the internal compensation system.

Independent Director Recommendation Committee

Position	Title	Name	Gender	Key Roles
Independent director	Chairperson	Kim Chang Bong	Male	1. Recommends appropriate Independent Directors 2. Manages the candidate pool for Independent directors
Independent director	Member	Kim Hyung Joon	Male	
Independent director	Member	Lee Sang Bin	Male	

Compensation Committee

Position	Title	Name	Gender	Key Roles
Independent director	Chairperson	Kim Hyung Joon	Male	1. Determine the remuneration levels for executives 2. Inspect the adequacy of the remuneration system
Independent director	Member	Cho Yong Ho	Male	
Independent director	Member	Kim Chang Bong	Male	

In accordance with Article 34-2 of the Articles of Incorporation, Daedong operates an Audit Committee within the Board of Directors. In compliance with Article 415-2 of the Commercial Act, which requires that at least two-thirds of the committee members be Independent directors, Daedong has composed the Audit Committee entirely of Independent directors to ensure independent decision-making.

Audit Committee

Position	Title	Name	Gender	Term
Independent director	Chairperson	Cho Yong Ho	Male	2027.03
Independent director	Member	Kim Chang Bong	Male	2027.03
Independent director	Member	Lee Sang Bin	Male	2027.03

Governance

Governance

Board Independence and Concurrent Position Restrictions

Daedong appoints Independent directors through the general shareholders' meeting but has not adopted the cumulative voting system as stipulated by Article 382-2 of the Commercial Act. In March 2024, Daedong established the Independent Director Recommendation Committee for Independent directors to enhance the independence of the management and recommendation process for candidates. According to Articles 382 and 542-8 of the Commercial Act and Article 34 of the Enforcement Decree of the same act, Independent directors are not allowed to concurrently serve as directors, executive officers or auditors of more than two other companies excluding Daedong.

Status of Concurrent Positions of Independent directors

	Name (Audit Committee Member)	Initial Appointment Date	Term Expiration Date	Current Position	Concurrent Positions			
					Concurrent Organization	Position	Concurrent Organization	Listed Status of Concurrent Organization
Daedong	Kim Hyung Joon	2021.03	2027.03	Honorary Chair Professor at Pai Chai University	-	-	-	-
	Cho Yong Ho	2024.03	2027.03	Director of Nexia Samduk Accounting Corporation	-	-	-	-
	Kim Chang Bong	2024.03	2027.03	Dean for the College of Business and Economics at Chung-Ang University	-	-	-	-
	Lee Sang Bin	2024.03	2027.03	Professor Emeritus at the Department of Business Administration, Hanyang University Business School	-	-	-	-

Performance Assessment and Remuneration

Daedong evaluates board performance comprehensively by monitoring attendance rates, agreement or disagreement with opinions and major activities of the board and committees. In accordance with Article 388 of the Commercial Act, board compensation is paid within the total limit approved by the general shareholders' meeting.

Board Composition

Daedong Mobility

The Daedong Mobility board consists of four members (3 executive directors and 1 auditor). The independence of the auditor is ensured and the auditor attends board meetings to supervise the directors' duties and can request relevant books and documents from the respective departments when necessary.

Board Composition

(as of June 2024)

Position	Name	Gender	Key Experience	Term
Executive Director	Kim Jun Sik	Male	2004 Co-CEO of Daedong Industrial Co., Ltd. (Vice President) 2006 Co-CEO of Daedong Industrial Co., Ltd. (President) 2011 Co-CEO of Daedong Industrial Co., Ltd. (Chairperson) 2020 Co-CEO of Daedong (Chairperson) 2022 CEO of Daedong Mobility (President)	2025.03
Executive Director (Co-CEO), Chairperson	Won Yu Hyun	Male	2006 Field Management Team, Office of Secretary, KTF 2010 Management Strategy Office, KT 2014 Senior Executive, Future Convergence Business Division, KT 2019 Executive Vice President, Strategy Planning Division, Daedong Industrial Co., Ltd. 2020 Co-CEO of Daedong Industrial Co., Ltd. (President) 2022 CEO of Daedong Mobility (President)	2026.03
Executive Director	Kwon Ki Jae	Male	2012 Senior Executive, SW Business Division, PS Division, KT 2014 CEO of KT Japan (Japanese Subsidiary) 2017 CEO of KT Innoedu (Domestic Subsidiary) 2020 Senior Executive, 5G/GiGA Business Division, Customer Division, KT 2021 Senior Executive, DT Promotion Office, Daedong 2022 CEO of Daedong Agtech 2022 General Manager, Daedong Mobility	2025.03
Auditor	Lee Jong soon	Male	2006 Deputy Director, Engine Team 1, Daedong Industrial Co., Ltd. 2009 Director, Engine Team 2, Daedong Industrial Co., Ltd. 2011 Deputy Director of Research, Daedong Industrial Co., Ltd. 2016 Director of Research, Daedong Industrial Co., Ltd. 2017 Plant Manager and Senior Executive, Daedong Gear 2020 Director of Research and Senior Executive, Daedong Industrial Co., Ltd. 2020 Senior Executive, Planning and Coordination Office, Daedong Industrial Co., Ltd. 2023 Vice President, Product Production Development Division, Daedong Industrial Co., Ltd.	2026.03

Governance

Governance

Daedong Metals

The Board of Directors of Daedong Metals is composed of five members (2 executive directors and 3 Independent directors) following the appointment of two new Independent Directors.

Board Composition (as of March 28, 2024)

Position	Name	Gender	Key Experience	Term
Executive Director, Chairperson	Lee Pung Woo	Male	(Current) CEO of Daedong Metals Head of Planning and Coordination Office at Daedong Head of Customer Business Division at Daedong Head of Future Strategy Office at Daedong Head of Overseas Business Division at Daedong	2026.03
Executive Director	Kim Jun Sik	Male	(Current) CEO of Daedong (Current) Director of Daedong Metal	2025.03
Independent Director	Lee Moon hwan	Male	(Current) Independent director of YG PLUS, CEO of Kbank CEO of BC Card	2025.03
Independent Director	Kim Joo nam	Male	(Current) Professor at Seoul School of Integrated Sciences & Technologies (aSSIST University) Chairperson of the Institute of Nation Brand Promotion	2026.03
Independent Director	Hyun Soo ryong	Male	(Current) CEO of SAMWON Accounting Corporation CEO of Seyoung Accounting Corporation Director at Deloitte Anjin LLC.	2026.03

Daedong Gear

The Board of Directors of Daedong Gear is composed of five members (2 executive directors and 3 Independent directors) following the appointment of one new Independent director.

Board Composition (as of December 31, 2023)

Position	Name	Gender	Key Experience	Term
Executive Director, Chair	Noh Jae eok	Male	(Current) CEO of Daedong Gear, Plant Manager at Daedong	2025.03
Executive Director	Kim Jun Sik	Male	(Current) CEO of Daedong (Current) Director of Daedong Metals	2026.03
Independent director	Park Dae kwang	Male	(Current) Executive Director at SAMWON Accounting Corporation Deloitte Anjin LLC. Seyoung Accounting Corporation	2026.03
Independent director	Park Hee joon	Male	(Current) Professor of Industrial Engineering at Yonsei University Policy Advisor at Korea SMEs and Startups Agency	2026.03
Independent director	Jung Yoon sik	Male	(Current) CEO of ADIK Inc. Head of Business Division at KT Corp.	2026.03

Board Committees

Daedong Metals and Daedong Gear each operate an Audit Committee in accordance with Article 34-2 of the Articles of Incorporation. Daedong Metals appointed its Audit Committee members at the regular general shareholders' meeting held in March 2024.

Audit Committee - Daedong Metals

Position	Title	Name	Gender	Term
Independent director	Member	Hyun Soo ryong	Male	2026.03
Independent director	Member	Kim Joo nam	Male	2026.03
Independent director	Member	Lee Moon hwan	Male	2025.03

Audit Committee - Daedong Gear

Position	Title	Name	Gender	Term
Independent director	Chair	Park Dae kwang	Male	2026.03
Independent director	Member	Park Hee joon	Male	2026.03
Independent director	Member	Jung Yoon sik	Male	2025.03

Board Independence and Concurrent Position Restrictions

Independent Directors of Daedong Gear and Daedong Metals are appointed through the general shareholders' meeting. In compliance with Articles 382 and 542-8 of the Commercial Act and Article 34 of the Enforcement Decree of the same act, Independent Directors are not allowed to concurrently serve as directors, executive officers, or auditors of more than two other companies excluding Daedong Gear and Daedong Metals.

Governance

Governance

Status of Concurrent Positions of Independent directors

	Name (Audit Committee Member)	Initial Appointment Date	Term Expiration Date	Current Position	Concurrent Positions			
					Concurrent Organization	Position	Tenure	Listed Status of Concurrent Organization
Daedong Metals	Lee Moon hwan	2021.03	2025.03	Independent director at YG PLUS	YG PLUS	Independent Directors	2021.03-2027.03	0
	Kim Joo nam	2024.03	2026.03	Professor at Seoul School of Integrated Sciences & Technologies (aSIST University)	-	-	-	-
	Hyun Soo ryong	2024.03	2026.03	CEO at SAMWON Accounting Corporation	-	-	-	-
Daedong Gear	Park Dae kwang	2020.03.20	2026.03.20	Executive Director at SAMWON Accounting Corporation	-	-	-	-
	Park Hee joon	2020.03.20	2026.03.20	Professor of Industrial Engineering at Yonsei University	-	-	-	-
	Jung Yoon sik	2024.03.21	2026.03.20	CEO at ADIK Ltd.	-	-	-	-

Education for Independent directors

To ensure the expertise of directors within the Audit Committee, Daedong Group provides annual separate education for Audit Committee members according to the internal accounting management regulations. In 2023, Daedong Gear conducted education for all directors within the Audit Committee while Daedong Metals provided education on the internal accounting management system for newly appointed Audit Committee members.

Education for board of directors

Category	Date	Key Content	Organizer	Attending Directors
Daedong Gear	2023. 05. 23	Preparation for Consolidated Internal Accounting Management System Daedong Gear	Daedong Gear	Park Dae kwang, Park Hee joon, Kim Kyung soo
Daedong Metals	2023. 10. 10	E-learning for Internal Accounting Management System	Management Planning Team and management of board relevant departments	Lee Moon hwan

Number of Board Meetings and Average Attendance Rate (2023)



Governance

Ethics and Compliance Management

Daedong Group has established an ethical-compliance management system to fulfill its corporate social responsibilities and enhance transparency. Based on this framework, we implement various ethical and compliance activities. Additionally, we adhere to ethical standards throughout our management activities by continuously reviewing the Code of Ethics and monitoring unethical behavior.

Ethical Management System

Daedong and Daedong Metals not only economic, legal responsibilities in their management activities but also ethical values demanded by society in their decision-making and actions. This ensures fair and transparent operations, fostering mutual and sustainable growth for all stakeholders, including employees, customers, shareholders, partners and the local community.

To cultivate an ethical management culture, Daedong has established the Code of Ethics, strengthened ethical practice programs (such as ethics and compliance education and promotion) and operates an ethics reporting center.

Implementation Framework



Daedong Gear has established an ethical management system and corporate culture to become a more respected and better company. The Strategy Planning Team, responsible for ethical management sets and maintains policies and procedures that align with management's guidance on morality and ethical values. This ensures that all employees practice these standards. Moreover, periodic evaluations of adherence to the Code of Ethics are conducted including external organizations in business relations. Any violations are promptly investigated and remediated with reports submitted accordingly. To foster a bright and healthy corporate culture at Daedong Gear, a cyber reporting center is available for reporting ethical and compliance issues via phone, email, or online.

Code of Ethics

Daedong Group has established a Code of Ethics to guide employees in making the right decisions and actions during the practice of ethical management. The Code of Ethics consists of the Charter of Ethics, the Code of Conduct (ethical judgment and behavior standards), Guidelines for Employee Practice (specific behavioral guidelines), and the Ethics Compliance Pledge. All employees are required to adhere to the Code of Ethics to foster a healthy corporate culture aimed at ethical management and to elevate the company as a global leader in the international market.

<p>윤리헌장</p> <p>1. 우리는 국가사회에 대한 책임과 의무를 다하고, 고객에게 정당한 가치를 제공하는 경영활동을 통해 사회 발전에 공헌하며, 고객과 협력 파트너를 통해 상호 이익을 창출하는 경영활동을 추구한다.</p> <p>2. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>3. 우리는 직원에게 정당한 대우를 제공하고, 직원의 건강과 안전을 보장하며, 직원의 능력 개발을 지원한다.</p> <p>4. 우리는 지역사회에 대한 책임을 다하고, 지역 사회의 발전에 기여하며, 환경 보호를 위해 노력한다.</p> <p>5. 우리는 지배주주에 대한 책임을 다하고, 지배주주의 이익을 보호한다.</p>	<p>윤리규범</p> <p>1. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>2. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>3. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>4. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>5. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p>	<p>실용적 실천지침</p> <p>1. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>2. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>3. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>4. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p> <p>5. 우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다한다.</p>	<p>윤리 준수서약서</p> <p>1. 나는/우리는 윤리헌장, 윤리규범, 실용적 실천지침을 철저히 준수하고, 윤리경영을 실현할 것을 약속한다.</p> <p>2. 나는/우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다할 것을 약속한다.</p> <p>3. 나는/우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다할 것을 약속한다.</p> <p>4. 나는/우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다할 것을 약속한다.</p> <p>5. 나는/우리는 고객, 협력 파트너, 직원, 지역사회에 대한 책임을 다하고, 투명하고 정당한 경영활동을 통해 사회적 책임을 다할 것을 약속한다.</p>
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(In order) Charter of Ethics, Code of Ethics, Employee Practice Guidelines, Ethical Management Practice Pledge

Governance

Ethics and Compliance Management

Ethical Management Activities

Ethics Education

To strengthen awareness and internalize ethical management among employees, Daedong Group conducts quarterly ethics education. The educational materials cover various ethical issues, including the necessity of ethical management, fair trade, and workplace harassment, with added videos to enhance effectiveness. Through these trainings, we aim to elevate employees' ethical awareness and foster a proper ethical management culture.

Ethics and Compliance Education



877hours

Number of Employees Participating in Ethics and Compliance Education



1,021employees

Internal Reporting System

Daedong Group operates a reporting center for whistleblowing on ethical management issues. Reports can be made anonymously or with a real name through the website, phone, email, or mail directly to the ethical management department. Whistleblowers can choose the most convenient method for them. The identity of whistleblowers is thoroughly protected, and if their identity is inadvertently revealed, we take all necessary measures to ensure they face no personnel or work-related disadvantages, based on Article 16 of the Code of Ethics on protecting internal whistleblowers.

Number of Reports on Non-compliance with the Code of Ethics



Targets for Internal Reporting

- Violations of the Code of Ethics and Internal Accounting Management Regulations
- Illegal, unlawful, and criminal acts related to employees' duties
- Illegal or unjust directives by employees using their position
- Any other issues likely to lead to the above concerns

Ethical Management Diagnosis Survey

To enhance ethical management, Daedong Metals conducted a survey among employees. The survey focused on three areas: the ethical management system and policies, the practice of ethical management, and the fulfillment of social responsibility, with an average score of 81 points. Based on the survey, three improvement measures were identified: promoting the cyber reporting center and internal anonymous bulletin board, strengthening ethical management awareness education, and taking proactive actions against unethical behavior. These measures are actively implemented to establish a desirable ethical culture.

Survey Results and Improvement Measures

By Sector	Total Score	Improvement Measures
Ethical Management System and Policies	76 points	① Promotion of the cyber reporting center and internal anonymous bulletin board usage ② Strengthening of awareness education on ethical management through groupware bulletin boards and messengers ③ Proactive actions against unethical behavior: fact-finding investigations, disciplinary committee meetings, and strict discipline according to the reward and punishment management standards
Practice of Ethical Management	86 points	
Fulfillment of Social Responsibility	82 points	

Strengthening Ethical Management Awareness

As part of practicing ethical management, Daedong implemented the "No Giving or Receiving Gifts during Holidays" campaign and the "No Moonlighting" campaign, creating posters for these campaigns and displaying them to all employees.



"No Giving or Receiving Gifts during Holidays" campaign poster



"No Moonlighting" campaign poster

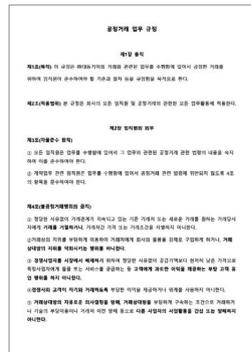
Governance

Ethics and Compliance Management

Compliance Management System

Daedong Gear has established fair trade regulations to ensure that all employees maintain transparent and fair trading practices in their business transactions. The principles of voluntary compliance and prohibition of unfair trade practices within the regulations are evaluated annually for their effectiveness in sustaining and enhancing corporate sustainability and reliability.

Daedong Mobility ensures fair contracts with suppliers by adhering to the Fair Transactions in Subcontracting Act and the Monopoly Regulation and Fair Trade Act, through the creation of standard transaction agreements. These agreements detail rational pricing methods, adherence to agreed delivery procedures, and quality assurance activities that should be maintained during the contract period.



Fair Trade Regulations

Compliance Officer and Support Organization

Daedong Group designates a compliance officer or compliance support organization for each group company to monitor adherence to compliance control standards, and discloses this information in the business report.

Compliance Officers

Company	Compliance Officer	Appointment Date	Experience
Daedong	Yang Seung seol	2023.11.14	Current Head of Management Audit Team, Daedong

Compliance Support Organizations

Company	Department (Team)	Employee Count	Position (Years of Service)
Daedong Mobility	Management Support Office (Labor-Management Cooperation Team)	3	10 years
Daedong Metals	Management Planning Team	1	1 Deputy General Manager (24 years)

Compliance Management Activities

Fair Trade

Daedong Metals ensures fair transactions in the procurement of essential raw materials by excluding anti-competitive actions and conducting legitimate competitive bidding processes. We continuously strive to meet the expectations of business partners and society by implementing responsible management practices. As part of these efforts, during a nickel-magnesium (Ni-Mg) trading contract last December, when some bidders were unable to participate due to stock shortages and import delays, we included additional suppliers and conducted a re-bidding process to maintain competitive bidding.

Daedong Gear, to foster and maintain fair and transparent trading practices, has defined the "Four Major Subcontracting Practices" according to the administrative rules of the Fair Trade Commission. These practices are mandatory components of the Fair Trade Agreement, and we will continue to work diligently to promote a culture of fair trade and mutual growth.

Ethics, Compliance Matters Newsletter

Daedong shares the latest articles on ethics and compliance management violations bi-weekly. Summaries of key articles, along with their titles and links, are provided to enhance readability and user convenience. Additional insights are included to broaden the scope of information available through the newsletter.



Governance

Shareholder-Friendly Management

Daedong Group ensures transparency in its Investor Relations (IR) policies by disclosing shareholder information, company management status, and resolutions through annual general meetings of shareholders. In compliance with Article 542-4 (1) of the Commercial Act, we provide announcements and notifications for convening general meetings of shareholders to ensure smooth proceedings and quorum. Additionally, we encourage shareholder participation and the exercise of voting rights to enhance shareholder value.

General Meeting of Shareholders

Voting Rights

At the general meetings of Daedong and Daedong Mobility, shareholders can exercise their voting rights directly by attending the meeting or indirectly by delegating their voting rights through a proxy if attendance is not possible. To further protect shareholder rights, we have introduced the proxy solicitation system starting from the 76th general meeting of shareholders to enhance the convenience and participation rate of voting. Details of this system are disclosed through the Financial Supervisory Service's electronic disclosure system, including reference documents for proxy solicitation (with proxy form templates).

The Right of Shareholder's Proposal

Daedong facilitates the exercise of shareholders' right to propose by disclosing the contact details and email address of the IR department on our website. Although there have been no shareholder proposals in the past three years, any legitimate proposals received in the future will be thoroughly reviewed and processed according to regulations before being addressed at the general meeting. Additionally, shareholders are provided ample opportunity to freely ask questions and request explanations regarding agenda items, unless there is a clear intent to disrupt proceedings.

Shareholder Return

Daedong consistently provides dividends to enhance shareholder value. Information on dividends is communicated to shareholders through announcements of 'cash and stock dividend decisions' and is also available on our website under the results of the general meeting of shareholders.

Dividend History for the Last 5 Years

Category	Unit	2019	2020	2021	2022	2023	
Total Dividend	Common Stock	KRW 100 million	12.4	16.5	16.5	21.6	23.3
	Preferred Stock	KRW 100 million	-	-	-	1.5	0.5
Dividend per Share	Common Stock	KRW	60	80	80	100	100
	Preferred Stock	KRW	-	-	-	100	100
Dividend Payout Ratio (Consolidated)	%	46.7	7.9	4.8	6.0	21.0	
Dividend Yield	%	1.1	1.2	0.8	0.8	0.6	

Shareholder Communication

Daedong Metals conducts regular and ad-hoc electronic disclosures and operates a transparent IR policy by disclosing shareholder information, company management status, and resolutions through annual general meetings of shareholders.

Results of the 36th Annual General Meeting of Shareholders

(As of March 28, 2024)

Agenda	Resolution	Approval Status
1st Agenda Item	Approval of the 36th Financial Statements	Approved
2nd Agenda Item	Partial Amendment of the Articles of Incorporation (Establishment of the Audit Committee)	Approved
3rd Agenda Item	Appointment of Directors (1 executive director, 1 Independent directors)	Approved
4th Agenda Item	Appointment of Independent directors as an Audit Committee Member (Hyun Soo-ryong)	Approved
5th Agenda Item	Appointment of Audit Committee Members 5-1: Lee Moon hwan (Audit Committee member) 5-2: Kim Joo nam (Audit Committee member)	Approved
6th Agenda Item	Approval of Directors' Remuneration Limit	Approved
7th Agenda Item	Approval of Executive Severance Pay Regulations	Approved

Governance

Information Security and Personal Data Protection

Daedong Group operates a dedicated information protection organization to safeguard internal information and customers' personal data. In anticipation of potential information leaks, we have established and managed a manual that includes the operation of an emergency organization to handle incidents, report to government agencies, and follow necessary procedures.

Information Security and Privacy Protection Management System

Management Organization

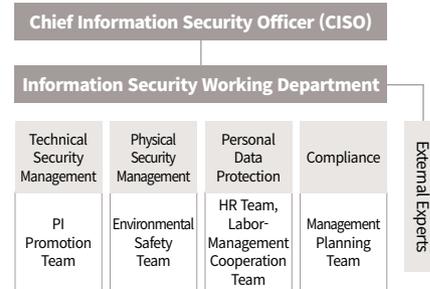
Daedong has appointed the head of the AI Platform Division as the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO), giving them overall responsibility and authority. We have also appointed managers, mid-level managers, and administrators to ensure systematic management at all operational levels. The DT Strategy Team is in charge of overall information protection and information security. Dedicated personnel provide guidelines for the collection and use of personal information and support information security requirements across business divisions. We plan to carry out projects to strengthen security systems and will conduct phased process checks to verify the implementation of information security measures. Immediate corrective actions will be taken upon detecting vulnerabilities to prevent the leakage of valuable customer information.

Daedong Mobility is committed to information security and personal information protection. Through these efforts, we enhance business stability, reduce the likelihood of security incidents, and build external awareness and trust in our information protection practices. We manage roles separately for personal information protection and information security. Dedicated personnel provide guidelines for the collection and use of personal information and support information security requirements across business divisions. We plan to carry out projects to strengthen security systems and will conduct phased process checks to verify the implementation of information security measures. Immediate corrective actions will be taken upon detecting vulnerabilities to prevent the leakage of valuable customer information.

Information Security Organizational Chart - Daedong

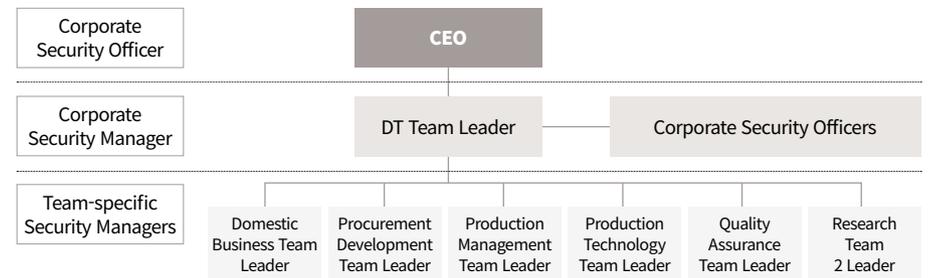


Information Security Organizational Chart - Daedong Mobility



To strengthen the information security system, Daedong Gear has appointed a Corporate Security Officer (CSO) responsible for overall security. Additionally, Corporate Security Managers and Officers have been appointed to promote security management across the company, with team-specific security managers to enhance security within each organizational unit. The Corporate Security Manager reports all security matters to the CSO and carries out various tasks such as establishing security regulations, conducting training and promotions, and implementing self-checks on Security Day. The Corporate Security Officers are divided into roles focusing on administrative security, physical security, and technical security, performing tasks as defined by regulations.

Information Security Organizational Chart - Daedong Gear



Strengthening Information Security with ISO Certification

In 2024, Daedong acquired the International Standard Information Security Certification (ISO 27001), which is expected to enhance business stability, prevent risks associated with security incidents, and improve the external image and trust related to information protection.



ISO 27001 Certification

Governance

Information Security and Personal Data Protection

Daedong Gear has obtained ISO 22301 (Business Continuity Management System - IT) certification. This certification strengthens the company's security framework by ensuring the continuous supply of information security services. To protect the valuable personal information of employees and customers, Daedong Gear has established and adheres to personal information protection guidelines and security system operation guidelines.

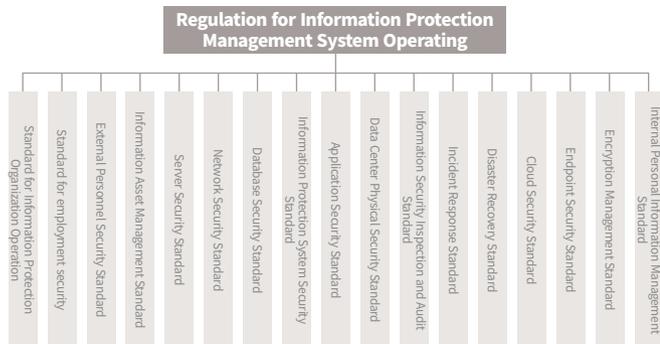


ISO 22301 Certification

Operating Regulations for Enhancing Information Security

Daedong operates its management system based on various information protection regulations such as the information protection organization operation standard, server security standard, and disaster recovery standard.

Regulations for Information Protection Management System Operating



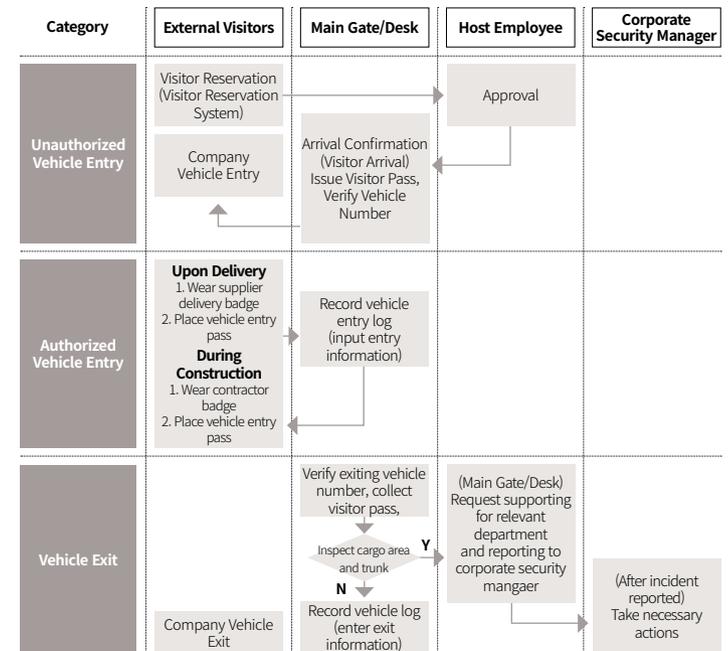
Strengthening Security Capabilities

Information Security System Operation

Daedong and Daedong Mobility operate various information security solutions to protect critical company information, including customer data. These solutions include Unified Threat Management (UTM), Data Loss Prevention (DLP), harmful site blocking systems, spam mail blocking solutions, and the Internal Control System (ITGC, IT General Control). To counteract increasingly sophisticated cyber-attacks, we plan to conduct vulnerability assessments and simulated hacking through external expert agencies. We are also formulating plans to enhance our infrastructure, including the adoption of new technologies. Immediate corrective actions will be taken upon discovering vulnerabilities to prevent the leakage of valuable customer information, establishing a proactive response system.

To enhance physical security, Daedong Gear has implemented a vehicle and visitor access control system. Visitors can apply for visits through our website, and the procedure is managed through the internal IT system, based on the facility protection and access control guidelines of Daedong Gear. Additionally, Daedong Gear operates a drawing management system including Digital Rights Management (DRM), access rights to drawing storage, distribution history management to rigorously manage product and technology-related information. Through various security solutions, Daedong Gear supplements weak points in information security and strengthens customer response capabilities.

Vehicle Access Control Procedure



Governance

Information Security and Personal Data Protection

Emergency Response Training

Daedong Mobility plans to conduct phishing email response training twice a year to enhance employees' response capabilities in light of increasing phishing-related personal data breaches and ransomware attacks. The training aims to raise awareness about phishing issues among employees and prevent potential damage.

Daedong Metals conducted a simulated training exercise for malware infection response. By simulating scenarios such as requests for PC/mobile security checks and phishing emails requesting quotations, we aim to assess and improve the security awareness and response levels of employees and partners.

In 2023, Daedong Gear participated in a cyber crisis response simulation conducted by the Korea Internet & Security Agency. This exercise aimed to evaluate employees' awareness of phishing emails and reduce infection rates through regular simulations. Additionally, Daedong Gear conducted disaster recovery (DR) tests to counter threats like DDoS (Distributed Denial of Service) attacks¹⁾. It was 1 hour and 30 minutes of the recovery time in 2023, we have a plan to reduce it under 1 hour in 2024.

Result of phishing Email Simulation



Disaster Recovery Test



Investing in information security

Daedong Mobility invested approximately KRW 35 million in information technology and security system in 2022 and 2023 to proactively responding sophisticated security issues increasing. We have a plan to implement Network Access Control in 2024 and DB access control solution in 2025. Continuous investments in information security will strengthen site security and prevent information leaks.

Enabling better management for big data, Daedong Gear expanded N/W traffic from 1G to 10G.

Information Security Inspection Activities

Daedong Metals conducted security checks on all office PCs to identify and eliminate illegal and harmful software, malware, and viruses. We also maintain harmful site blocking systems and UTM (firewall) monitoring through annual IT maintenance contracts.



System for monitoring and blocking Harmful Site

Daedong Mobility has reinforced its internal information security by enhancing its external access system (VPN) and modifying the multifunction printer scanning method based on the results of an internal information security checkup. We strengthened the security of its VPN which was vulnerable to hacking by setting up two-factor authentication and adding an approval process within the system operation. In addition, to address the vulnerability of the existing multifunction printer scanning method to ransomware and viruses, we switched from uploading scanned documents to a shared folder to sending them via email.

Information Security Training

Daedong conducts annual privacy protection training for all administrative position. The 2023 information security curriculum that delivered in e-learning includes the significance of the Personal Information Protection Act, protection-secure management measures for each processing stage, ensuring the rights of data subjects and responding to personal information leaks.

According to strengthened information protection and privacy laws, Daedong Mobility plans to enhance employee's security awareness. We provided information protection educational materials twice a year and conduct online privacy education through a portal once a year.

Daedong Gear provides Information Security and Personal Data Protection Security training to new hires for raising awareness. Employees should sign a security pledge, a software usage policy agreement ensuring they do not revealing any secret information and using illegal software. We have designated a Security Inspection Day to conduct internal security checks and improve employees' information security awareness.

1) Distributed Denial of Service (DDoS) Attack: An attempt to exhaust an application's resources by interrupting network services thereby attacking websites and servers

Governance

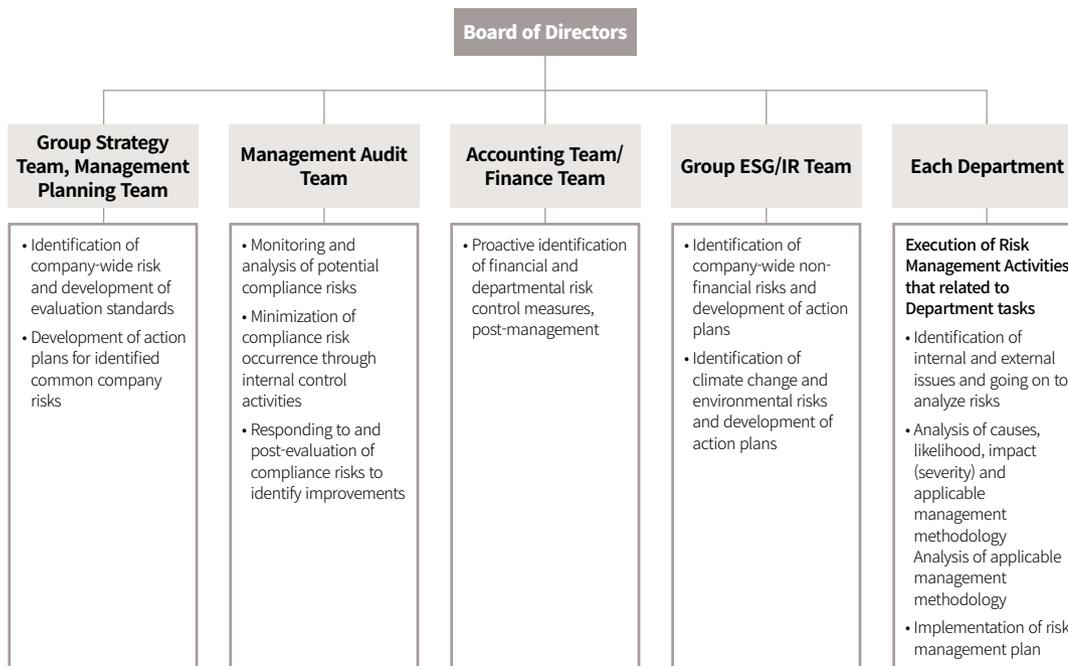
Risk Management

Daedong Group continuously monitors and manages financial and non-financial risks that may arise. Daedong and Daedong Metals have established risk management processes that systematically operate from risk identification to response and post-management.

Risk Management System

Daedong systematically identifies and manages potential financial and non-financial risks on business. Build an integrated risk management system, we have established risk management regulations. We focused on quality management, environment, occupational safety and health risks specific manufacturing and technology sector’s potential risks. Depending on the type of risk, we designate responsible departments to carry out management activities. This approach enhances our ability to identify opportunities and risks, builds stakeholder trust, prevents financial and non-financial losses, and minimizes the likelihood of incidents.

Risk Management Organization - Daedong



Risk Management Plan

Daedong enhances sensitivity to potential risks that may develop into crises and operates a company-wide risk management system for risk identification and mitigation activities. When risk occurrences, it is shared quickly with relevant departments based on the manual. After the crisis, relevant departments monitor the implementation of preventive measures and verify the outcomes.

Risk Management Process

1. Risk Identification

Daedong enhances sensitivity to potential risks that may develop into crises and operates a company-wide risk management system for risk identification and mitigation activities.

- Risk Derivation: Analysis of mid-to-long-term strategies and business processes identifying risks from various perspectives
- Risk inspection: Intensive inspection of the business environment during mid-to-long-term strategic business planning to prevent risk occurrence and mitigate damage

2. Risk Response

Daedong shares identified risks quickly with relevant departments based on the manual to prevent damage escalation and ensure swift normalization. When risk occurrences, we prioritize the safety and well-being of customers and community members

3. Post-Management

Once a crisis is resolved, the responsible organization monitors the implementation of preventive measures and verifies results. We catalog changes in crisis situations and impact assessments, develop scenarios including the decision-making process of the emergency response committee and conduct simulations to enhance crisis response capabilities.

Appendix

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ESG Data book

Environmental

GHG Emissions

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023 ¹⁾	2021	2022	2023 ²⁾	2021	2022	2023	2021	2022	2023	
GHG Emissions	Total GHG emissions ³⁾ (Scope 1+2)	tCO ₂ eq	16,594.66	16,407.98	16,775.09	2,432.71	2,322.64	2,803.13	42,559.41	44,008.72	39,699.78	14,466.15	14,558.91	15,205.24
	Scope 1	tCO ₂ eq	7,349.30	7,132.47	7,945.96	943.28	951.22	1,062.15	5,528.29	5,667.42	4,340.43	1,223.68	1,210.66	1,493.47
	Scope 2	tCO ₂ eq	9,245.36	9,275.51	8,829.13	1,489.43	1,371.42	1,740.98	37,031.12	38,341.30	35,359.35	13,242.47	13,348.25	13,711.77
	GHG emission intensity	tCO ₂ eq/ KRW 100 million	1.87	1.61	1.62	2.63	2.11	1.31	31.71	29.96	29.85	7.13	6.01	5.41

1) In 2021-2022, emissions were calculated for the headquarters, Seoul office, and Vision Campus, but in 2023, four regional headquarters were added to the calculation for all domestic business sites in Daedong

2) The S-Factory was completed in November 2022 and will be fully operational in 2023

3) Daedong 2023 Greenhouse Gas Emission Target: 16,243.90 tCO₂eq

ESG Data book

Environmental

Energy

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Energy	Total energy consumption ^{1,2)}	TJ	316.33	312.81	312.43	48.05	45.97	55.75	825.05	849.85	765.63	297.61	299.61	311.11
	Direct energy (Scope 1)	TJ	123.14	118.99	127.94	16.93	17.32	19.37	51.23	48.66	24.69	20.89	20.68	24.59
	Gasoline	TJ	0.00	0.13	1.56	1.06	0.56	0.29	0.32	0.44	0.49	0.08	0.08	0.11
	Diesel	TJ	46.83	43.73	38.31	3.18	2.68	3.03	8.02	8.06	7.70	0.92	0.85	5.26
	Kerosene	TJ	0.29	0.73	1.09	0.33	0.70	0.99	-	-	-	-	-	0.19
	LPG	TJ	0.01	0.01	9.14	-	-	-	-	-	-	19.89	19.76	19.03
	LNG	TJ	76.01	74.39	77.83	12.35	13.38	15.06	42.90	40.15	16.50	-	-	-
	Indirect energy (Scope 2)	TJ	193.19	193.82	184.50	31.12	28.66	36.38	773.82	801.19	738.88	276.72	278.93	286.53
	Electricity	TJ	193.19	196.82	184.50	31.12	28.66	36.38	773.82	801.19	738.88	276.72	278.93	286.53
	Renewable energy (Solar)	TJ	-	-	-	-	-	-	-	-	2.06	-	-	-
	Energy consumption intensity	TJ/KRW 100 million	0.04	0.03	0.03	0.05	0.04	0.03	0.61	0.58	0.57	0.15	0.12	0.11

1) Total energy consumption = Direct energy + Indirect energy + Renewable energy

2) Daedong 2023 Energy Consumption Target: 309.68 TJ

ESG Data book

Environmental

Air Pollutants

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Air Pollutants	NOx	ton	1.12	2.47	0.71	0.01	0.01	0.05	0.96	2.72	1.65	-	-	-
	SOx	ton	0.01	0.01	0.16	-	-	-	0.09	1.42	0.18	-	-	-
	Dust	ton	2.53	1.00	1.96	0.08	0.05	0.23	11.49	17.80	18.94	0.51	0.62	1.39
	Hydrocarbon	ton	-	-	-	-	-	-	7.86	0.81	0.94	2.00	0.06	0.35
	Zinc	ton	-	-	-	-	-	-	0.12	0.16	0.14	-	-	-

Water Pollutants

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Water Pollutants	TOC	ton	0.020	0.049	0.038	- ¹⁾	- ²⁾	0.734	-	0.003	0.003	-	-	-
	COD	ton	-	-	-	-	-	-	-	-	-	-	134.574	65.121
	BOD	ton	0.041	0.060	0.048	0.210	0.575	0.508	-	-	-	-	98.320	97.449
	SS	ton	0.196	0.129	0.157	0.056	0.153	0.135	0.002	0.004	0.004	-	27.571	17.560

1, 2) No self-measurement performance of TOC in 2021 and 2022

ESG Data book

Environmental

Water Management

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Water withdrawal	Total water withdrawal	m ³	98,963.0	102,783.0	105,044.0	13,780.0	18,272.0	40,389.0	70,237.0	74,607.0	67,595.0	15,076.0	15,218.0	16,388.0
	Surface water	m ³	-	-	-	-	-	-	-	-	-	-	-	-
	Ground water	m ³	44,899.0	50,622.0	52,228.0	12,320.0	10,002.0	18,134.0	-	-	-	-	-	-
	Industrial water	m ³	48,148.0	42,738.0	41,457.0	-	-	-	46,981.0	43,918.0	35,141.0	-	-	-
	Water supply	m ³	5,916.0	9,423.0	11,359.0	1,460.0	8,270.0	22,255.0	23,256.0	30,689.0	32,454.0	15,076.0	15,218.0	16,388.0
	Rainwater withdrawal or storage	m ³	-	-	-	-	-	-	-	-	-	-	-	-
	Others	m ³	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater	Total Wastewater discharge	m ³	40,901.0	37,812.0	34,110.0	3,489.0	9,622.7	8,960.6	70,237.0	74,607.0	67,595.0	15,076.0	15,218.0	16,388.0

ESG Data book

Environmental

Waste Management

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total amount of waste ¹⁾	ton	1,354.7	1,323.6	1,079.1	267.5	254.0	317.3	39,148.3	39,974.9	38,250.2	517.0	562.0	722.0
General Waste	Total amount of general waste	764.4	749.6	502.7	257.8	254.0	315.0	39,117.4	39,944.2	38,233.8	361.0	416.0	539.0
	Recycling	749.5	733.8	488.6	168.5	194.9	245.4	39,036.1	39,874.9	38,184.6	-	-	-
	Landfill	14.9	15.8	14.1	76.9	59.2	69.6	42.0	39.2	35.0	3.7	21.2	5.0
	Incineration	-	-	-	12.5	-	-	39.3	30.1	14.1	-	-	-
	Others	-	-	-	-	-	-	-	-	-	357.4	394.5	534.0
Hazardous waste	Total amount of hazardous waste	590.3	574.0	576.4	9.6	0.0	2.4	30.9	30.7	16.5	156.0	146.0	183.0
	Recycling	255.5	197.6	141.3	9.6	-	2.4	4.9	20.5	8.6	-	-	-
	Landfill	-	-	27.4	-	-	-	-	-	-	-	-	-
	Incineration	334.8	376.4	407.7	-	-	-	26.0	10.2	7.9	3.8	1.5	0.4
	Others	-	-	-	-	-	-	-	-	-	152.2	144.0	183.0
Total recycling rate (General + Hazardous)	%	74.2	70.4	58.4	67.0	77.0	78.0	99.7	99.8	99.9	-	-	-
Waste disposal costs	KRW 100 million	1.5	1.8	1.5	0.5	0.5	0.6	9.2	13.5	16.1	0.7	0.8	0.9

1) Daedong 2023 Total Waste Generation Target: 1,297.1 ton

ESG Data book

Environmental

Environmental Management System

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
ISO 14001 (Environmental Management System)	%	100.0	100.0	100.0	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Certified business sites	Sites	2	2	2	0	0	2	1	1	1	1	1	1

Environmental Trainings

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total training hours	hours	74.0	22.0	128.0	376.0	416.0	460.0	280.0	296.0	282.0	400.0	460.0	480.0
Participants	persons	37	11	32	188	208	230	140	148	141	200	230	240

Environmental Compliance

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Violations of environment-related laws and regulations	number	0	1 ¹⁾	0	0	0	0	0	0	0	0	0	0
Total fines	KRW million	-	0.6 ²⁾	-	-	-	-	-	-	-	-	-	-

1, 2) The details of the disposition of the relevant administrative fine are matters that have not been notified of the change in the air discharge facility, and measures have been taken immediately

ESG Data book

Social

Employee

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Total employment														
Total number of employees	persons	1,318	1,337	1,276	184	293	420	139	143	132	241	251	272	
Employment type	Full time employees	persons	847	925	957	163	238	303	116	128	129	177	178	200
	Male	persons	821	888	906	156	229	289	115	127	128	169	168	189
	Female	persons	26	37	51	7	9	14	1	1	1	8	10	11
	Rate of full-time employees	%	64.3	69.2	75.0	88.6	81.2	72.1	83.5	89.5	97.7	73.4	70.9	73.5
	Temporary employees ¹⁾	persons	471	412	319	21	55	117	23	15	3	64	73	72
	Male	persons	435	381	304	20	54	111	22	14	2	64	73	72
	Female	persons	36	31	15	1	1	6	1	1	1	0	0	0
	Rate of temporary employees	%	35.7	30.8	25.0	8.2	18.8	27.9	16.5	10.5	2.3	26.6	29.1	26.5
	Indirect employees (Dispatched employees, etc.) ²⁾	persons	163	128	130	0	0	0	0	0	0	0	0	0
	Male	persons	125	78	78	0	0	0	0	0	0	0	0	0
Female	persons	38	50	52	0	0	0	0	0	0	0	0	0	
Gender	Male	persons	1,256	1,269	1,210	176	283	400	137	141	130	233	241	261
	Female	persons	62	68	66	8	10	20	2	2	2	8	10	11
Occupation	Office	persons	517	539	575	94	167	230	44	47	48	77	80	92
	Professional	persons	801	798	701	90	126	190	95	96	84	164	171	180

1) Production workers, etc.

2) The number of dispatched employees is not included in the total number of employees, gender, diversity, and the number of managers calculated

ESG Data book

Social

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Age group	Under 30	persons	396	369	292	17	42	68	29	24	14	82	77	81
	30-39	persons	394	446	453	63	106	172	42	46	43	64	69	81
	40-49	persons	234	246	271	52	77	104	41	45	47	52	58	58
	50-59	persons	242	222	214	40	54	59	22	23	26	39	42	41
	60 or above	persons	52	54	46	12	14	17	5	5	2	4	5	11
Position	Executives	persons	18	18	23	4	13	14	2	2	3	7	5	9
	Male	persons	18	18	23	4	13	14	2	2	3	7	5	9
	Female	persons	0	0	0	0	0	0	0	0	0	0	0	0
	Managers (above the Section chiefs)	persons	205	235	272	33	124	150	16	21	23	30	34	39
	Male	persons	201	229	261	30	121	144	16	21	23	30	34	39
	Female	persons	4	6	11	3	3	6	0	0	0	0	0	0
	Deputy section chiefs	persons	79	91	87	26	67	80	12	9	8	9	16	17
	Male	persons	74	84	80	24	62	74	12	8	7	9	16	17
	Female	persons	5	7	7	2	5	6	0	1	1	0	0	0
	Staffs	persons	1016	993	894	121	89	176	109	111	98	195	196	207
	Male	persons	963	938	846	118	86	167	107	110	97	187	186	196
	Female	persons	53	55	48	3	3	9	2	1	1	8	10	11

ESG Data book

Social

Recruitment

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
New recruitment														
Total number of new hires (Domestic)		persons	770	822	475	0	113	175	20	23	13	105	80	145
Employment type	Full time employees	persons	50	176	128	0	68	92	9	4	1	36	20	40
	Temporary employees	persons	720	646	347	0	45	83	11	19	12	69	60	105
Gender	Male	persons	745	785	455	0	112	164	20	23	13	105	76	142
	Female	persons	25	37	20	0	1	11	0	0	0	0	4	3
Age group	Under 30	persons	337	330	199	0	31	48	11	9	6	65	38	75
	30-39	persons	261	334	185	0	42	86	9	11	6	26	35	51
	40-49	persons	122	119	76	0	22	28	0	3	0	4	4	11
	50-59	persons	47	36	12	0	15	7	0	0	0	4	1	4
	60 or above	persons	3	3	3	0	2	2	0	0	1	6	2	4
Turnover and Retirement														
Total turnover and retirement		persons	518	731	605	9	12	8	20	17	21	78	69	130
Voluntary turnovers		persons	17	48	41	9	12	8	16	17	18	76	64	116
Voluntary turnover rate		%	1.6	3.6	3.1	- ¹⁾	7.0	3.0	13.9	12.2	12.6	97.4	92.8	89.2
Regular retirement		persons	26	26	27	0	0	2	4	0	3	2	5	14

1) 2021 Daedong Mobility Voluntary turnover rate unmanaged

ESG Data book

Social

Diversity of Employees

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Diversity of Employees														
Female employees by manager level	Female managers (above the Section chiefs)	persons	4	6	11	2	2	4	0	0	0	0	0	0
	Rate of female managers	%	2.0	2.6	4.0	6.7	2.7	4.0	0.0	0.0	0.0	0.0	0.0	0.0
	Female executives	persons	0	0	0	0	0	0	0	0	0	0	0	0
	Rate of female executives	%	0	0	0	0	0	0	0	0	0	0	0	0
Minority groups (Full time + Temporary)	Disabled employees ¹⁾	persons	23	22	19	3	4	5	0	0	0	4	4	4
	Veteran employees	persons	9	9	9	1	1	1	2	2	2	0	0	0
	Foreign employees	persons	2	1	1	1	1	1	0	0	0	0	0	0

1) Daedong's 2024 Employment Target for Disabled Persons: 26, National Veterans: 10

Employee Engagement

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Employees subject to registration	persons	511	542	522	112	116	131	110	115	94	118	110	120
Rate of employees registered in the union	%	100.0	100.0	100.0	100.0	100.0	100.0	72.7	80.9	93.6	100.0	100.0	100.0
Number of meetings held by labor-management councils	number	4	4	4	4	7	4	5	5	13	4	4	4

ESG Data book

Social

Maternity leave and childcare leave

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Maternity leave	Employees on maternity leave	persons	25	31	28	8	3	9	0	3	3	0	0	1
	Male	persons	23	31	27	8	3	9	0	3	3	0	0	0
	Female	persons	2	0	1	0	0	0	0	0	0	0	0	1
	Employees returned from maternity leave (return rate)	persons(%)	25(100.0)	30(96.8)	28(100.0)	8(100.0)	3(100.0)	9(100.0)	0(0.0)	3(100.0)	3(100.0)	0(0.0)	0(0.0)	1(100.0)
	Male	persons(%)	23(100.0)	30(96.8)	27(100.0)	8(100.0)	3(100.0)	9(100.0)	0(0.0)	3(100.0)	3(100.0)	0(0.0)	0(0.0)	0(0.0)
	Female	persons(%)	2(100.0)	0	1(100.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	1(100.0)
	Employees who have worked for more than 12 months after returning (maintenance rate)	persons(%)	- ¹⁾	22(88.0)	25(80.6)	8(100.0)	8(100.0)	3(100.0)	0(0.0)	0(0.0)	3(100.0)	0(0.0)	0(0.0)	0(0.0)
	Male	persons(%)	- ²⁾	20(87.0)	25(80.6)	8(100.0)	8(100.0)	3(100.0)	0(0.0)	0(0.0)	3(100.0)	0(0.0)	0(0.0)	0(0.0)
	Female	persons(%)	- ³⁾	2(100.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
Childcare leave	Employees on childcare leave	persons	8	19	15	0	0	1	0	0	0	0	0	0
	Male	persons	4	13	9	0	0	1	0	0	0	0	0	0
	Female	persons	4	6	6	0	0	0	0	0	0	0	0	0
	Employees scheduled to return after childcare leave	persons	2	8	4	0	0	0	0	0	0	0	0	0
	Male	persons	1	4	2	0	0	0	0	0	0	0	0	0
	Female	persons	1	4	2	0	0	0	0	0	0	0	0	0
	Employees returned from childcare leave (return rate)	persons(%)	2(100.0)	5(62.5)	10(100.0)	0(0.0)	0(0.0)	1(100.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
	Male	persons(%)	1(100.0)	2(50.0)	8(100.0)	0(0.0)	0(0.0)	1(100.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
	Female	persons(%)	1(100.0)	3(75.0)	2(100.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
	Employees who have worked for more than 12 months after returning (maintenance rate)	persons(%)	0(0.0)	3(75.0)	11(73.3)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
	Male	persons(%)	0(0.0)	1(50.0)	9(81.8)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)
	Female	persons(%)	0(0.0)	2(100.0)	2(50.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)

1, 2, 3) Not applicable

ESG Data book

Social

Performance evaluation

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Rate of employees receiving performance evaluation	Full time employees	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Male ¹⁾	%	65.4	70.0	74.9	88.6	80.9	72.3	83.9	90.1	98.5	72.5	69.7	72.4
	Female ²⁾	%	41.9	54.4	77.3	87.5	90.0	70.0	50.0	50.0	50.0	100.0	100.0	100.0

1, 2) Percentage of male (female) employees who received performance evaluation = (number of full-time male (female) employees/total number of male (female) employees)*100

Remuneration

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Average annual salary by gender														
Male	KRW million	65.2	67.2	73.9	56.0	47.0	54.0	77.9	80.9	89.9	68.0	69.0	72.0	
Female	KRW million	41.9	51.2	59.9	52.0	52.0	45.0	50.1	59.8	65.2	38.0	36.0	35.0	
Difference in average pay by gender	%	64.3	76.3	81.1	92.9	110.6	83.3	64.3	73.9	72.6	55.9	52.2	48.6	
Average annual salary by position														
Executives	Male	KRW million	331.0	379.0	527.0	295.9	221.4	370.5	198.9	174.1	162.3	191.4	158.8	197.5
	Female	KRW million	-	-	-	-	-	-	-	-	-	-	-	-
Employees excluding Executives	Male	KRW million	65.2	67.2	73.9	58.0	47.5	53.9	77.9	80.9	89.9	68.7	70.0	72.1
	Female	KRW million	41.9	51.2	59.9	52.3	52.2	45.3	50.1	59.8	65.2	38.5	36.9	35.5
Rate of total annual remuneration														
CEO's total annual remuneration compared to the average of all employee remuneration	times	15.6	15.6	21.0	-	-	-	-	-	-	-	-	-	-

ESG Data book

Social

Employee training

Category	Unit	Daedong			Daedong Mobility ¹⁾			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Employee training cost	Total training cost	KRW million	113.1	238.9	318.5	-	12.0	51.0	-	15.4	7.5	3.0	-	2.0
	Training cost per employee	KRW thousand	86.9	176.2	260.4	-	0.1	0.4	-	107.6	56.6	-	-	-
Employee training hours	Total training hours	hours	6,466.0	16,962.5	14,205.0	-	-	-	-	482.0	588.0	7230.0	7781.0	8704.0
	Training hours per employee	hours	5.0	12.5	11.6	-	-	-	-	11.8	4.5	30.0	31.0	32.0

1) 2021-2023 Total training hours and training hours per person for Daedong Mobility cannot be calculated

Employee benefits

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total benefits cost	KRW million	4,010.9	5,900.3	6,727.2	125.6	292.6	1,602.1 ¹⁾	593.4	609.7	862.7	1,047.0	1,139.0	1,374.0
Cost of benefits per employee	KRW million	3.0	4.4	5.3	0.7	1.0	3.7 ²⁾	4.3	4.3	6.5	4.3	4.5	5.1

1, 2) Increasing number of new employees

Social contribution

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Amount of donation	KRW million	145.1	179.3	71.9	-	-	- ¹⁾	6.6	5.5	6.5	1.2	3.2	1.2
Amount of social contribution	KRW million	251.6	145.1	-	-	-	-	8.8	5.0	6.1	-	-	-

1) Daedong Mobility Social Contribution Activities have not been implemented, but plans to establish and implement social contribution activities in the future

ESG Data book

Social

Occupational accident

	Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Employees	Number of occupational accidents	persons	7	11	6	1	0	2	10	8	12	0	0	0
	Occupational accident rate	%	0.72	1.12	0.63	0.50	-	0.40	7.09	5.67	8.39	0.00	0.00	0.00
	LTIR (Lost-Time Incident Rate)	-	2.96	2.94	2.54	0.35	0.00	0.56	25.2	20.2	30.2	0.00	0.00	0.00
Suppliers	Number of occupational accidents	persons	0	0	0	0	1	1	0	0	2	0	0	0
	Occupational accident rate	%	0.00	0.00	0.00	0.00	2.50	2.50	0.0	0.0	1.82	0.00	0.00	0.00
	LTIR (Lost-Time Incident Rate)	-	0.00	0.00	0.00	-	2.08	2.08	-	-	1.01	0.00	0.00	0.00

Occupational safety training

	Category	Unit	Daedong ¹⁾			Daedong Mobility			Daedong Metals			Daedong Gear		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	Total training hours	hours	-	-	4,980.0	3,516.0	4,236.0	9,700.0	3,384.0	3,432.0	3,432.0	400.0	460.0	480.0
	Participants	persons	-	-	830	188	292	447	141	143	143	200	230	240

1) Occupational safety training hours and number of participants counted from 2023

Safety and Health Management System

	Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	ISO 45001 (Safety and Health Management System) certified business sites	Sites	2	2	2	-	-	2	1	1	1	1	1	1

ESG Data book

Governance

Board of Directors

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Board of Directors	Executive Directors	persons	4	3	3	3	3	3	2	2	2	3	3	3
	Independent Directors	persons	3	3	3	0	0	0	1	1	1	2	2	2
	Rate of Independent Directors	%	42.9	50.0	50.0	0.0	0.0	0.0	33.0	33.0	33.0	40.0	40.0	40.0
Number of meetings held	number	10	34	13	15	24	21	8	11	12	16	16	25	
Attendance rate	Average	%	100.0	100.0	100.0	100.0	100.0	100.0	63.0	63.5	66.0	70.0	70.0	70.0
	Independent Directors	%	100.0	100.0	100.0	-	-	-	25.0	27.3	33.3	50.0	50.0	50.0
	Executive Directors	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of agendas	cases	10	8	13	15	24	21	8	11	12	16	16	25	

Compensation for Board of Directors

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Executive Directors	Number of directors	persons	4	3	3	3	3	3	2	2	2	2	2	2
	Total remuneration	KRW million	2,225.0	2,171.0	3,060.0	649.0	874.0	1,473.0	753.0	666.0	619.0	907.0	721.0	907.0
	Average remuneration per person	KRW million	556.3	723.7	1,020.0	216.3	291.3	491.0	377.0	333.0	310.0	453.0	360.0	453.0
Independent Directors	Number of directors	persons	3	3	3	0	0	0	1	1	1	3	3	3
	Total remuneration	KRW million	90.0	102.0	100.0	-	-	-	23.0	30.0	30.0	-	-	-
	Average remuneration per person	KRW million	30.0	34.0	33.3	-	-	-	23.0	30.0	30.0	-	-	-
Audit Committee directors	Number of directors	persons	3	3	3	1	1	1	1	1	1	3	3	3
	Total remuneration	KRW million	90.0	102.0	100.0	2.6	12.0	9.0	20.0	-	-	50.0	72.0	80.0
	Average remuneration per person	KRW million	30.0	34.0	33.3	2.6	12.0	9.0	20.0	-	-	16.0	24.0	26.0

ESG Data book

Governance

Ethics and Compliance inspection status

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of inspections	cases	0	0	0	0	0	0	0	0	0	0	0	0
Number of violations	cases	0	0	0	0	0	0	0	0	0	0	0	0
Handling of grievances	Reported cases	cases	2	0	1	0	0	0	0	0	0	0	0
	Sexual harassment	cases	0	0	0	0	0	0	0	0	0	0	0
	Anti-corruption	cases	0	0	0	0	0	0	0	0	0	0	0
	Unfair trade	cases	0	0	0	0	0	0	0	0	0	0	0
	Non-compliance with ethical standards	cases	0	0	0	0	0	0	0	0	0	0	0
	Others	cases	2 ¹⁾	0	1	0	0	0	0	0	0	0	0
	Closed cases	cases	2	0	1 ²⁾	0	0	0	0	0	0	0	0
	Dismissal	persons	0	0	0	0	0	0	0	0	0	0	0
	Suspension	persons	0	0	0	0	0	0	0	0	0	0	0
	Pay cut	persons	0	0	0	0	0	0	0	0	0	0	0
	Reprimand	persons	1	0	0	0	0	0	0	0	0	0	0
Others	persons	1	0	1	0	0	0	0	0	0	0	0	

1) Two cases of workplace harassment were filed, and both cases were handled through an apology and mediation by the perpetrator

2) Addressing grievances with alert assignments

ESG Data book

Governance

Ethics and Compliance training status

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Ethics and Compliance training	Total training hours	hours	366.0	84.7	124.1	-	-	129.4	139.0	148.0	144.0	200.0	230.0	240.0
	Participants	persons	360	391	438	-	-	199	139	148	144	200	230	240
Fair Trade training	Total training hours	hours	-	32.0	44.0	-	-	0.0	-	-	-	200.0	230.0	240.0
	Participants	persons	-	16	22	-	-	0	-	-	-	200	230	240
Human Rights training	Training hours by type of training													
	Sexual harassment prevention	hours/persons	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
	Disability awareness	hours/persons	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
	Bullying prevention	hours/persons	0.5 ¹⁾	0.0	0.0	1.0	1.0	1.0	0.0	0.0	0.0	2.0	2.0	2.0
	Participants	persons	1,318	1,337	1,276	188	208	447	139	148	144	200	230	240

1) In 2021, 858 people participated in the education to prevent bullying in the workplace in Daedong, and the number of participants was different from the education to prevent sexual harassment and improve awareness of the disabled

Information protection and security

Category	Unit	Daedong			Daedong Mobility			Daedong Metals			Daedong Gear			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Information security violations status	Leaked cases	cases	0	0	0	0	0	0	0	0	0	0	0	0
	Improved cases	cases	0	0	0	0	0	2	0	0	0	0	0	0
Information protection training	Total training hours	hours	-	1333.5	618.8	0.0	0.0	0.0	139.0	148.0	144.0	200.0	230.0	240.0
	Participants	persons	-	381	442	0	0	0	139	148	144	200	230	240

ESG Data book

Economic

Daedong's Consolidated Financial Statement

(Unit: KRW)

Classification	Term 75 (As of Dec. 31, 2021)	Term 76 (As of Dec. 31, 2022)	Term 77 (As of Dec. 31, 2023)
Assets			
I . Current assets	688,216,247,809	1,048,975,028,464	1,174,544,147,465
Cash or cash equivalents	56,668,624,895	128,523,647,570	64,322,962,262
Other current financial assets	4,022,422,334	14,197,110,908	20,555,860,927
Trade receivables and other current receivables	241,922,592,480	369,945,563,394	438,799,214,481
Inventory	363,512,150,500	500,165,999,768	638,723,252,938
Current income tax assets	3,759,376,663	6,155,578,170	329,574,653
Other current assets	18,331,080,937	29,987,128,654	11,813,282,204
II . Non-current assets	572,422,828,183	664,798,177,117	781,831,963,477
Other non-current financial assets	4,911,139,734	6,841,772,701	14,587,560,650
Tangible assets	527,500,111,346	605,235,340,510	690,126,346,336
Right of use asset	2,129,763,256	4,585,237,566	4,015,026,590
Licensed property	807,564,328	781,183,935	754,803,542
Intangible assets	14,975,853,557	17,545,008,358	26,929,217,175
Investments in associates and joint ventures	22,098,395,962	25,767,810,188	29,284,548,280
Deferred income tax assets	0	4,041,823,859	16,134,460,904
Total assets	1,260,639,075,992	1,713,773,205,581	1,956,376,110,942

(Unit: KRW)

Classification	Term 75 (As of Dec. 31, 2021)	Term 76 (As of Dec. 31, 2022)	Term 77 (As of Dec. 31, 2023)
Liabilities			
I . Current liabilities	691,723,595,537	925,269,813,878	1,110,209,880,220
Trade payable and other current liabilities	199,878,530,380	276,633,091,758	212,276,007,172
Short-term borrowings and bonds	368,707,554,591	468,272,592,416	750,822,462,558
Other current financial liabilities	92,159,038,942	98,081,769,167	100,302,036,441
Current tax liabilities	14,943,763,778	31,827,274,086	9,862,074,090
Current portion of lease liabilities	989,554,946	1,795,492,467	1,402,272,455
Current portion of provisions	7,578,559,152	9,563,490,504	10,182,939,537
Other current liabilities	7,466,593,748	11,313,507,467	12,425,022,974
Convertible Preferred Stock	0	27,782,596,013	12,937,064,993
II . Non-current liabilities	183,010,952,979	316,512,635,405	269,106,531,857
Long-term trade payable and other liabilities	2,571,190,417	2,828,682,486	2,215,292,449
Long-term borrowings and bonds	95,318,465,387	147,997,924,283	63,007,613,803
Other non-current financial liabilities	5,100,000,997	85,699,087,019	98,745,091,648
Non-current liabilities	1,214,971,570	2,885,620,982	2,698,633,243
Net defined benefit liabilities	59,284,390,569	61,621,609,910	70,055,794,083
Non-current provision	8,573,597,273	10,604,913,628	10,335,789,817
Other non-current liabilities	913,121,817	4,874,797,097	5,560,243,517
Deferred income tax liabilities	10,035,214,949	0	16,488,073,297
Total liabilities	874,734,548,516	1,241,782,449,283	1,379,316,412,077

ESG Data book

Economic

(Unit: KRW)

Classification	Term 75 (As of Dec. 31, 2021)	Term 76 (As of Dec. 31, 2022)	Term 77 (As of Dec. 31, 2023)
Equity			
I . Equity attributable to owners of the Parent Company	351,402,475,972	344,659,921,696	453,878,420,290
Capital	23,728,210,000	23,932,354,000	25,392,588,000
Capital Surplus	2,767,772,469	18,019,042,646	40,771,996,419
Capital Adjustment	0	(63,990,644,216)	(63,547,280,881)
Other components of equity	89,594,601,789	94,805,678,625	162,485,463,627
Retained earnings (loss)	235,311,891,714	271,893,490,641	288,775,653,125
II . Non-controlling interest	34,502,051,504	127,330,834,602	123,181,278,575
Total equity	385,904,527,476	471,990,756,298	577,059,698,865
Total liabilities and equity	1,260,639,075,992	1,713,773,205,581	1,956,376,110,942

Daedong's Consolidated Statements of Comprehensive Income and loss

(Unit: KRW)

Classification	Term 75 (As of Dec. 31, 2021)	Term 76 (As of Dec. 31, 2022)	Term 77 (As of Dec. 31, 2023)
Sales	1,179,193,321,819	1,463,737,929,724	1,433,390,777,280
Cost of sales	962,806,271,916	1,150,026,567,244	1,121,155,128,717
Gross profit	216,387,049,903	313,711,362,480	312,235,648,563
Selling and Administrative Expenses	178,180,919,133	225,432,241,963	246,832,203,457
Operating profit (loss)	38,206,130,770	88,279,120,517	65,403,445,106
Other Revenues	15,024,416,714	39,919,735,924	34,993,450,544
Other Expenses	5,538,258,540	27,731,252,252	18,125,456,875
Finance profit	7,616,345,047	28,303,913,230	61,615,876,781
Finance costs	16,072,092,209	72,808,424,993	120,354,365,842
Gains on Valuation Using Equity Method	2,316,238,500	1,592,840,934	355,984,767
Profit (loss) before Profit Tax Expense	41,552,780,282	57,555,933,360	23,888,934,481
Profit tax expense	6,880,817,259	19,084,964,752	11,969,424,786
Profit (loss) for the year	34,671,963,023	38,470,968,608	11,919,509,695
Attribution of profit (loss) for the year			
(1) Owners of the parent company	33,550,841,613	38,648,392,746	17,594,927,750
(2) Non-controlling interests	1,121,121,410	(177,424,138)	(5,675,418,055)

ESG Data book

Economic

(Unit: KRW)

Classification	Term 75 (As of Dec. 31, 2021)	Term 76 (As of Dec. 31, 2022)	Term 77 (As of Dec. 31, 2023)
Other Comprehensive Revenue	5,339,533,483	5,437,432,308	70,941,030,213
(1) Items that will not be reclassified subsequently to profit or loss	1,150,308,346	1,119,801,083	66,665,892,318
1. Remeasurement of the net defined benefit liability	(33,326,462)	139,071,300	(5,326,858,342)
2. Gain on valuation of equity securities measured at FVOCI	1,545,616,722	(130,386,296)	(44,317,198)
3. Changes in revaluation surplus	2,128,320,000	1,111,116,079	72,037,067,858
4. Items that may be reclassified subsequently to profit or loss	(2,490,301,914)	0	0
(2) Items that may be reclassified subsequently to profit or loss	4,189,225,137	4,317,631,225	4,275,137,895
1. Share of other comprehensive income(loss) of an associate	(51,867,749)	361,585,338	2,561,312,557
2. Exchange differences on transaction of foreign operations	4,241,092,886	3,956,045,887	1,713,825,338
Net Comprehensive Profit	40,011,496,506	43,908,400,916	82,860,539,908
Attribution of Comprehensive Revenue			
(1) Comprehensive Revenue, Equity attributable to owners of the Parent Company	38,904,287,584	43,455,204,722	89,310,053,609
(2) Comprehensive Revenue, Non-controlling interest	1,107,208,922	453,196,194	(6,449,513,701)
Profit per share			
(1) Basic profit (loss) per share (Unit : KRW)	1,619	1,812	794
(2) Diluted profit (loss) per share (Unit : KRW)	1,535	1,631	747

Awards and Memberships

Awards



2023 KOREAN STANDARD QUALITY EXCELLENCE INDEX
No.1 in the Agricultural Machinery Tractor and Combine category

- Daedong
- Date: 2023. 10. 20.
- Organized by:
KOREAN STANDARDS ASSOCIATION



한국무역협회
K I T A

Industry's First
'Top of \$600 Million Exports' Award

- Daedong
- Date: 2023. 12. 12.
- Organized by:
Ministry of Trade, Industry and Energy



Asia's First 'iF Design Award' Award

- Daedong
- Date: 2024. 2. 28
- Organized by:
International Forum Design

Memberships

Daedong				
FAIR COMPETITION FEDERATION	Korea Metal Industrial Employers Association	Nakdong River Environmental Protection Movement Headquarters	Agricultural Machinery Industry Cooperative	Daegu Enterprises Federation
Daegu-Gyeongbuk Environmental Engineers Association	Daegu Chamber of Commerce & Industry	Korean Nursing Association	Korea Industrial Safety Association	THE KOREA CHAMBER OF COMMERCE & INDUSTRY
Korea Association of Standards & Testing Organizations	Korea Customs Association	KOREA AGRICULTURAL MACHINERY INDUSTRY COOPERATIVE	Korean Society for Agricultural Machinery	Korea International Trade Association
Korea Environmental Conservation Institute	Korea Fire Safety Institute	Korea Electric Engineers Association	Federation of Middle Market Enterprises of Korea	KOREAN STANDARDS ASSOCIATION

GRI Standards Index

For the period from January 1, 2023 to December 31, 2023, Daedong Group applies the GRI Standards to report information on its sustainable management.

| GRI 1 used | GRI 1: Foundation 2021 | Applicable GRI Sector Standard(s) | Currently unavailable (as of June 2024 (publication date)), the GRI standards have not been published for the industry to which Daedong Group belongs)

UNIVERSAL STANDARDS

Category	Index	Content	Page	Remarks
GRI 2: General Disclosures				
The organization and its reporting practices	2-1	Organization information	6, 8, 11, 14, 17p	
	2-2	Reporting Scope	2p	
	2-3	Reporting period, cycle, and contact information	2p	
	2-4	Restatements of information	-	For modified data, separate annotations have been indicated
	2-5	External assurance	123-125p	
Activities and Workers	2-6	Activities, value chain and other business relationships	8-9, 11-12, 14-15, 17-18, 76p	
	2-7	Employees	100-101p	
	2-8	Workers who are not employees	100p	
Governance	2-9	Governance structure and composition	80-84p	
	2-10	Nomination and selection of the highest governance body	80-81, 83p	
	2-11	Chair of the highest governance body	80, 82-83p	Maintain the CEO's dual role as Chairman of the Board of Directors
	2-12	Role of the highest governance body in overseeing the management of impacts	20, 81p	
	2-13	Delegation of responsibility for managing impacts	20, 80-83p	
	2-14	Role of the highest governance body in sustainability reporting	20, 80-83p	
	2-15	Conflicts of interest	81-84p	
	2-16	Communication of critical concerns	80p	
	2-17	Collective knowledge of the highest governance body	84p	

Category	Index	Content	Page	Remarks
Governance	2-18	Evaluation of the performance of the highest governance body	82p	
	2-19	Remuneration policies	Refer to business reports (253-255p)	https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20240320002054
	2-20	Process to determine remuneration	Refer to business reports (253-255p)	https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20240320002054
	2-21	Statement on sustainable development strategy	105p	
	2-22	Policy commitments	7, 10, 13, 16p	
Strategy, Policy, and Practices	2-23	Embedding policy commitments	64, 85p	
	2-24	Processes to remediate negative impacts	64-65, 86p	
	2-25	Mechanisms for seeking advice and raising concerns	65p	
	2-26	Compliance with laws and regulations	64-65, 86p	
	2-27	Membership associations	86, 109p	
	2-28	Approach to stakeholder engagement	114p	
Stakeholder Engagement	2-29	Collective bargaining agreements	22p	
	2-30	Statement on sustainable development strategy	103p	
GRI 3: Material Topics				
Disclosures on material topics	3-1	Selection of material Issues	23p	
	3-2	List of material topics	23p	
	3-3	Management of material topics	26-37p	

GRI Standards Index

TOPIC STANDARDS

Category	Index	Content	Page	Remarks
Economic Performances				
Economic Performance	201-1	Direct economic value generated and distributed	8, 11, 14, 17, 111-113p	
	201-2	Financial implications and other risks and opportunities due to climate change	32p	
Indirect Economic Impacts	203-1	Development and impact of infrastructure investments and services supported	73, 106p	
Anticorruption	205-3	Confirmed incidents of corruption and actions taken	109p	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	109p	
Environmental Performances				
Materials	301-1	Materials used by weight or volume	46p	
Energy	302-1	Energy consumption within the company	95p	
		Energy intensity	95p	

Category	Index	Content	Page	Remarks
Environmental Performances				
Water and Effluents	303-1	Interactions with water as a shared resource	49p	
	303-3	Water withdrawal	49, 97p	
	303-5	Water consumption	49p	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	54p	
	305-1	Direct (Scope 1) GHG emissions	94p	
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	94p	
	305-4	GHG emissions intensity	94p	
	305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	96p	
Waste	306-2	Management of significant waste-related impacts	47-48p	
	306-3	Waste generated	48, 98p	
	306-4	Waste diverted from disposal	46, 48, 98p	
	306-5	Waste directed to disposal	46, 98p	

GRI Standards Index

TOPIC STANDARDS

Category	Index	Content	Page	Remarks
Social Performances				
Employment	401-1	New employee hires and employee turnover	57, 102p	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61p	
	401-3	Parental leave	104p	
Occupational Health and Safety	403-1	Occupational health and safety management system	66-67, 107p	
	403-4	Worker participation, consultation, and communication on occupational health and safety	71p	
	403-5	Worker training on occupational health and safety	107p	
	403-6	Promotion of worker health	70p	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	74, 77p	
	403-9	Work-related injuries	107p	
	404-1	Average hours of training per year per employee	106p	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	58p	
	404-3	Percentage of employees receiving regular performance and career development reviews	105p	

Category	Index	Content	Page	Remarks
Social Performances				
Diversity and Equal opportunity	405-1	Diversity of governance bodies and employees	100-101p	
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	72p	

TCFD Index

Every year, abnormal climate events are observed, with the expressions "maximum since weather observation" and "the hottest year in history." To respond to this climate crisis, Daedong group transparently discloses information on climate-related governance, strategy, risk management, metrics and targets by publishing ESG reports that reflect the four major recommendations of TCFD (Task Force on Climate-related Financial Disclosures).

Category	Contents	Page
Governance	a) Board's oversight of climate-related risks and opportunities	31p
	b) Management's role in assessing and managing climate-related risks and opportunities	
Strategy	a) Climate-related risks and opportunities the organization has identified over the short, medium, and long term	31-33p
	b) Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
	c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	a) Organization's processes for identifying and assessing climate-related risk	32, 92p
	b) Organization's processes for managing climate-related risk	
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
Metrics and Targets	a) Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	31, 94p
	b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions, and the related risks	
	c) Targets used by the organization to manage climate-related risks and opportunities and performance against targets	

UN SDGs Index

In line with the United Nations Sustainable Development Goals (UN SDGs), the Daedong Group is committed to fulfilling its international commitments consisting of 17 goals and 169 detailed goals to realize sustainable development around the world. The Daedong group is focusing its activities on contributing to 13 of them.

UN SDGs	Detailed Objectives	Daedong Group's Main Activities	Page
 1. End poverty in all its forms everywhere	1.5 Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	• Supporting the vulnerable in the community	73p
 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2. a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries	• After signing a free support agreement for agricultural machinery to build agricultural infrastructure in Cabo Verde, Africa, donation of agricultural machinery, dissemination of how to use agricultural machinery, and technical education will be implemented	73p
 3. Ensure healthy lives and promote well-being for all at all ages	3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	• Health counseling and tracking management of people with a disease • Conducting a hearing preservation program • Support for health checkups according to harmful factors by the special prosecutor for all workers	68-70p
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	• Daily inspection of wastewater generation and monitoring activities to prevent the inflow of oil components into the rainwater • Establishment and operation of chemical process • Reduction of emissions through operation of air pollution prevention facilities • Efficient management of emission and prevention facilities through the attachment of Internet of Things (IoT) measuring devices	50-51, 53-54p
 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Providing training by position and job for employee competency development	58p
 6. Ensure availability and sustainable management of water and sanitation for all	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	• Establishment and operation of wastewater treatment work processes • Water quality management of raw water and discharged water through periodic pH, BOD, TOC, SS measurements • Operation of wastewater treatment plant	49-50p
	6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	• Efforts to improve water efficiency by diagnosing workplace water stress	49p
 7. Ensure access to affordable, reliable, sustainable and modern energy for all	7.2 Increase substantially the share of renewable energy in the global energy mix	• Installation and operation of solar energy generation facilities • Equipped with an eco-friendly engine, using lithium-ion batteries	33, 55p
	7.3 Double the global rate of improvement in energy efficiency	• Energy optimization by incorporating autonomous work and driving technology into agricultural machinery, agricultural robots, and mobility	28p
 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	• Increasing technological competitiveness through the transition to parts and materials accordingly as the trend of electrification spreads • Improve economic productivity by leading future industries through smart technology	27-30p
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	• Support for education such as job skills and environmental safety to strengthen the competence of suppliers • Promoting a culture of fair trade and shared growth by stipulating the four subcontracting practices and setting them as essential items for the composition of the Fair Trade Agreement	77-78, 87p
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	• Protection of workers' labor rights by joining labor unions and holding labor-management councils	62p

UN SDGs Index

UN SDGs	Detailed Objectives	Daedong Group's Main Activities	Page
 10. Reduce inequality within and among countries	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	<ul style="list-style-type: none"> Respect for diversity and non-discrimination are specified in human rights policies, etc. Organizing the board of directors with diverse industry expertise 	64, 80, 82-83p
	12.2 Achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> Optimized raw and subsidiary inventory and usage management 	46, 48p
 12. Ensure sustainable consumption and production patterns	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	<ul style="list-style-type: none"> Providing training on chemicals/waste/atmosphere/water quality, etc. to change and enhance the environmental awareness of executives and employees Reducing the content of hazardous chemicals in powder coatings Installation of Environmental Pollutant Emission Monitoring System Establishment of pollution prevention processes and operation of prevention facilities 	42-54p
	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> Operation of Circular Economic Performance Management System Conduct waste management training for executives and employees and their suppliers Management of discharge and treatment performance by waste type 	46-48p
	13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> TCFD Recommendations Apply 2050 Declaration of Carbon Neutrality and Establishment of Roadmap 	32, 118p
 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.4 Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development	<ul style="list-style-type: none"> Plogging is conducted as part of the analysis of endangered wildlife types and biodiversity conservation activities near the area where domestic workplaces are located 	54p
	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	<ul style="list-style-type: none"> Practice transparent and responsible management through ethical and compliance management 	85-87p
 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Conducting ethics and compliance training for executives and employees 	86, 110p
	16.6 Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> Restrictions on board independence and concurrent position 	82-84p
	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	<ul style="list-style-type: none"> Operation of an internal reporting system for reporting grievances and ethical management issues, etc. of executives and employees 	63, 65, 86p
 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17.14 Enhance policy coherence for sustainable development	<ul style="list-style-type: none"> Compliance and support global initiatives for sustainable management practices Establishment and operation of ESG consultative bodies 	2, 20, 81, 119-120p
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	<ul style="list-style-type: none"> Strengthen communication with suppliers by holding partnership day Maximize customer satisfaction by conducting periodic customer satisfaction surveys related to quality and identifying customer VOC status 	37, 78p

Greenhouse Gas Assurance Statement

EVC-24-030

GHG Emission Verification Opinion

Daedong Co., Ltd.

35, Nonggongjungang-ro 34-gil, Nonggong-eup, Dalseong-gun,
Daegu, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korea Standards Association conducted limited guarantee level verification of Scope1 and Scope2 for Greenhouse Gas declaration of Daedong Co., Ltd., Daedong Gear Co., Ltd. and Daedong Mobility Co., Ltd.

- Reporting Target
 - Daedong Co., Ltd. : Daegu Headquarters, Changnyeong Development Headquarters, Seoul Office, Seoul Corporate Research Institute, Gyeongbuk Regional Headquarters, Jeonnam Regional Headquarters, Chungnam Regional Headquarters, Gangwon Regional Headquarters
 - Daedong Gear Co., Ltd. : Sacheon Plant
 - Daedong Mobility Co., Ltd. : A-factory, S-factory, Seoul office, Busan office
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
 - Scope1 : Stationary combustion, Mobile combustion, Process emissions(RTO)
 - * Process emission (RTO) is only for Daedong Co., Ltd.
 - Scope2 : Externally purchased power
- Year : January 1, 2023 to December 31, 2023

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to international standards and the standards and guidelines of the National Institute of Environmental Research.

- KS I ISO 14064-1:2018, KS I ISO 14064-3:2019
- Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (Recent Issue, Ministry of Environment)
- Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading System (Recent Issue, Ministry of Environment)
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- WRI(World Resources Institute) Greenhouse Gas Protocol

4. Level of assurance verification and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to Daedong (Daegu headquarters), Daedong Gear Co., Ltd. (Sacheon Plant), and Daedong Mobility Co., Ltd. (Ansung Plant)



- Method of confirmation :
 - Interview with greenhouse gas emissions manager and field staff
 - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
 - Tracking review of internal documents and basic data

Daedong Co., Ltd. and its affiliates should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

No errors or false facts were found in Daedong Co., Ltd. and its affiliates's GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

• Appendix. GHG emissions

(Unit : tCO2eq)

Division	Scope1	Scope2	Subtotal
Daedong	7,946	8,829	16,775
Daedong Gear	1,493	13,711	15,205
Daedong Mobility	1,062	1,740	2,803
Total	10,501	24,280	34,783

※ Note : There is a difference between the total amount of emissions for each business site and total amount of emissions by types because when GHG emission is calculated, decimal point is round down.

May 8, 2024

KOREAN STANDARDS ASSOCIATION



Greenhouse Gas Assurance Statement



GHG Verification Statement Independent Verification Statement

대동금속(주)

The Korea Management Registrar Inc. (hereinafter "KMR") has conducted the verification on the greenhouse gas (hereinafter "GHG") emission (Scope 1, 2) of 대동금속(주) (hereinafter "the Company") in 2023.

SCOPE

Verification of all places of business and emission facilities under the control of the company.

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventory
- Operational Guidelines for Reporting and Certification of Emissions in the GHG Emission Trading Scheme
- Verification Guidelines for GHG Emissions Trading Scheme Operation
- Guidelines for GHG Target Management Scheme Operation

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.



GHG Verification Statement Independent Verification Statement

OPINION

- GHG verification has been performed to meet the reasonable assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an "unmodified" opinion.
- Criticality: meets the criterion, which is less than 5%
- GHGs Emission(All places)

GHGs Emission	Direct emission (Scope 1)	Indirect emission (Scope 2)	Total (tCO ₂ -eq)	
2023	4,340	35,359	39,699	
Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2023	24	739	0	763

※ Note : There is a difference in the total amount of emissions and emissions by greenhouse gas and by workplace. (Total emissions are cut to a decimal point for each workplace unit and emissions are summed up for each workplace unit.)

RESULTS

- We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.
- The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.
- The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

March 27, 2024

Authorized By

E J Hwang
CEO Eun Ju Hwang



Third-Party Assurance Statement

To: The Stakeholders of Daedong Group(Daedong , Daedong Mobility, Daedong Metals, Daedong Gear)

Overview

The British Standards Institution (hereinafter referred to as the "Assurer") was requested to verify the Daedong Group 2024 ESG Report (hereinafter referred to as the "Report"). The Assurer is independent to Daedong Group and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the Daedong Group's report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the Daedong Group. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

Daedong Group is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Daedong Group only.

The Assurer is responsible for providing Daedong Group's management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of Daedong Group. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with Daedong Group includes the following:

- Report contents during the period from January 1st to December 31st 2023 included in the Report, some data of 2024 are included.
- key information and claims about the sustainability management policies, strategies, goals, and related business performance of the four Daedong Group companies: Daedong, Daedong Mobility, Daedong Metals, and Daedong Gear.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- Confirmation of the Report's compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance level and type are as follows:

- Moderate level based on AA1000 AS and Type 1 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by Daedong Group.

[Universal Standards]

2-1 to 2-5(The organization and its reporting practices), 2-6 to 2-8(Activities and workers), 2-9 to 2-21(Governance), 2-22 to 2-28(Strategy, policies and practices), 2-29 to 2-30(Stakeholder engagement), 3-1 to 3-3(Material Topics Disclosures)

[Topic Standards]

201-1&2, 203-1, 205-3, 206-1, 301-1, 302-1&3, 303-1,3&5, 304-1, 305-1,2,4&7, 306-2~5, 401-1~3, 403-1,4,5,6,7&9, 404-1~3, 405-1, 413-1

Third-Party Assurance Statement

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities:

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of Daedong Group's reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the Seoul Office of Daedong Group to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by Daedong Group. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with Daedong Group. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain Daedong Group's approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.

Inclusivity: Stakeholder Engagement and Opinion

Daedong Group has identified customers, employees, shareholders and investors, government agencies, local communities, and partners as key stakeholders. It operates communication channels for each stakeholder, collects expectations and various opinions from each key stakeholder group through the stakeholder participation process, reflects the main issues derived in decision-making related to sustainability, and discloses these processes through reports.

Materiality: Identification and reporting of material sustainability topics

Daedong Group has developed strategies for sustainable management and established a process to identify reporting issues. The Group identifies key issues through the global disclosure framework, ESG evaluation standards, industry-specific issues, media topics, ESG trends in the industry, internal status, and surveys of major stakeholders. They conduct both social-environmental impact assessments (Impact materiality assessments) and financial materiality assessments through a dual materiality approach. From this process, a pool of 19 issues was formed, with the top three selected as Key issues. The related activities and performance were then disclosed in the report.

Responsiveness: Responding to material sustainability topics and related impacts

Daedong Group has analyzed the background and impact on the business and stakeholders for the 3 Key ESG issues determined by the materiality assessment, and established response activity plans for each issue and reported the results in the report. In addition, Daedong Group is also disclosing its policies, activity results, and improvement measures for the three key ESG issues through reports.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

Daedong Group has established a process to understand and evaluate the impact on organizations and stakeholders related to core issues. The results of the analysis of the impact, risks, and opportunities of core issues are used in decision-making for the establishment of response strategies for each issue, and this disclose this process through reports.

Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- Daedong Group shared the ESG performance of four companies within Daedong Group (Daedong, Daedong Mobility, Daedong Metals, Daedong Gear) through its first ESG report. However, our team would like to suggest that the scope of the next ESG report be expanded to include information related to all subsidiaries of Daedong Group. Doing so will help provide a more accurate and comprehensive understanding of Daedong Group's overall ESG performance.
- Daedong Group operates subcommittees, including the ESG Committee, within the Board of Directors to strengthen sustainable corporate governance. For more effective ESG management, it will be more effective to clearly distribute the roles and responsibility structures of the governance body in establishing policies and goals for sustainable management, supervising and managing major impacts, and reviewing efficiency.
- Daedong Group has identified climate change response as a key issue through a materiality assessment and has disclosed its commitment to achieving carbon neutrality by 2050 in its report. To more effectively respond to climate change, Daedong Group can enhance its responsiveness by reporting mid- to long-term implementation strategies and specific plans for establishing the 2050 Net-Zero goal, strengthening climate change governance, and voluntarily reducing greenhouse gas emissions.

GRI-reporting

Daedong Group has self-declared compliance with GRI Standards. Based on the data and information provided by Daedong Group, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 14/06/2024

For and on behalf of BSI(British Standards Institution):

BSI representative

Lead Assurer
Sangwoo Nam



Managing Director
Seonghwan Lim



BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 809639



