

The logo consists of a stylized globe icon followed by the word "DAEYANG" in a bold, sans-serif font.

Sustainability Report 2023

About This Report

REPORT OVERVIEW

Since 2021, DAEYANG has published an annual sustainability report. This report marks our fourth edition, detailing both financial and non-financial achievements in our pursuit of ESG management. Grounded in our ESG vision, this report actively communicates and shares DAEYANG's key achievements and challenges in the realms of environmental, social, and governance (ESG) strategy with our stakeholders.

REPORTING PRINCIPLES

This report is prepared in accordance with the 2021 revision of the Global Reporting Initiative (GRI) Standards. Financial information is presented in compliance with the Korean-International Financial Reporting Standards (K-IFRS), with the reporting currency being the Korean Won (KRW).

SCOPE OF THE REPORT

The scope of this report covers DAEYANG's 1st Factory (Shinpyeong, Busan), 2nd Factory (Noksan, Busan), 3rd Factory (Yeon-su, Busan), and CRC (Magok, Seoul). It also includes our subsidiary, Korea Special Battery Co., Ltd., encompassing quality, environmental, safety, and health certification statuses.

REPORTING PERIOD

This report covers activities and performance from January 1, 2023, to December 31, 2023, with some information extending to June 2024. Quantitative data spans three years to provide a comprehensive understanding of trends. This report is published annually, with the previous edition released in June 2023.

ASSURANCE

To ensure credibility and fairness, this report has been independently verified by the ESG Innovation Network. Detailed information regarding the assurance process can be found in the third-party assurance statement on page 74.

INQUIRIES

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Publication Date: August 2024

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Interactive PDF

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CEO Message

At DAEYANG, our mission is to contribute to society through technological innovation. By adhering to and implementing the 10 principles outlined by the UN Global Compact, including human rights, labor, environment, and anti-corruption, we are committed to fulfilling our social responsibilities and achieving sustainable management.

Dear Valued Stakeholders,

We are pleased to present our fourth sustainability report, detailing DAEYANG's activities and performance in sustainable management since the publication of our first report in 2021. Now in our 47th year, DAEYANG continues to operate under the guiding principle of "social contribution through technological innovation."

From our beginnings in the electrical sector of the shipbuilding industry, we have evolved into a frontrunner across various sectors. We continue to make significant strides in defense communications and underwater technology, while also expanding into the automotive sensor field. Our ongoing investment in R&D fuels new business opportunities, and we are actively engaging in carbon footprint reduction through eco-friendly product development. DAEYANG is committed to upholding the 10 principles of the UN Global Compact by enhancing and strengthening our internal systems to further our commitment to social responsibility and ESG management.

As many of our customers develop and implement their carbon neutrality roadmaps, DAEYANG is aligning with these efforts. We are dedicated to establishing our own carbon neutrality roadmap and will collaborate closely with our partner companies to drive progress in this area.

DAEYANG is also focused on fostering open communication with shareholders and stakeholders. By enhancing internal control and risk assessment, we aim to build a robust governance structure, strengthen transparency, and further embed ESG management practices into our corporate culture.

Through this sustainability report, we will transparently disclose our activities and results, thereby building trust with our stakeholders and promoting a healthy ESG management culture. Our goal is to become a leading ESG management company, contributing to a sustainable future.

We sincerely appreciate your continued interest and support in DAEYANG's journey of innovation and change.



서영우

Company Overview

Affiliates

Company name	DAEYANG ELECTRIC. Co., Ltd.
Date of establishment	July 1 st , 1988
CEO	Seo, Young-woo
No. of employees	378 (as of Dec 31, 2023)
Headquarter	245, Jangpyeong-ro, Saha-gu, Busan, Republic of Korea
Phone	+82 51-200-5213, 5214
Offices	(Factory 1) 245, Jangpyeong-ro, Saha-gu, Busan, Republic of Korea (Factory 2) 45-16, Noksansandan 261-ro 14beon-gil, Gangseo-gu, Busan, Republic of Korea (Factory3) 16, Venture-ro 100beon-gil, Yeonsu-gu, Incheon, Republic of Korea (CRC) 36, Magokjungang 14-ro, Gangseo-gu, Seoul, Republic of Korea
Business areas	Marine lighting equipment, electronic systems for the Navy, Panels & switchboards, pressure sensors, etc.
Status of listing	Listing organization: Korea Exchange Date of listing: July 2011

Major changes of company within 3 years are as below:

Date	Major Changes
July 2021	Acquired EcoVadis Silver Rating
February 2022	Established Central R&BD Centre (Magok, Seoul)
March 2022	Awarded Presidential Citation for the 56th Exemplary Taxpayer
June 2022	Acquired EcoVadis Gold Rating
July 2023	Acquired EcoVadis Gold Rating
July 2023	Awarded the 2023 Industrial Innovation Technology Award
December 2023	Registered as a primary partner of Hyundai Motors

Korea Special Battery Co., Ltd.

Date of establishment	March 1997
Address	780, Ungnam-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea
Major business	Storage battery for submarine

Specially related company

DAEYANG INSTRUMENT Co., Ltd.

Date of establishment	March 1988
Address	45-16, Noksansandan 261-ro 14beon-gil, Gangseo-gu, Busan, Republic of Korea
Major business	Control equipment for industrial shipbuilding

DAEYANG SUPPLY Co., Ltd.

Date of establishment	January 1989
Address	233, Dusong-ro, Saha-gu, Busan, Republic of Korea
Major business	Products from DAEYANG affiliates and various industrial products

DECO Corporation

Date of establishment	April 2011
Address	107, 207, 14-dong, 37, Gwaegam-ro, Sasang-gu, Busan, Republic of Korea
Major business	Wholesale of electric machines, devices, or related equipment

Partner company

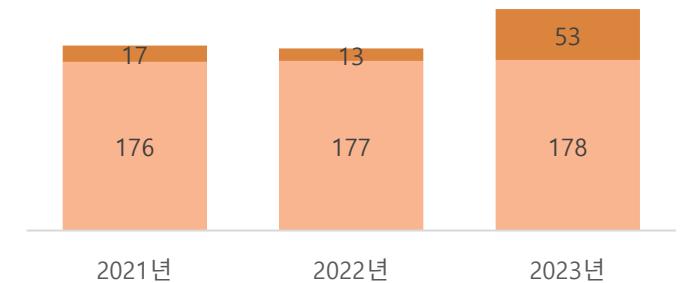
As of December, 31st, 2023

Type	2021	2022	2023
Number of Main Transaction Partners	176	177	178
Number of Newly Registered Partners	17	13	53

The main transaction partner companies are evaluated among those who se registration date exceeds one year and who have transaction records. Companies are registered as main transaction partners if they receive an evaluation of "Excellent" or "Good." As of December 2023, the number of main transaction partners stands at 178. In 2023, 53 new partner companies were registered; however, many were one-time transactions or designated by customers and are not classified as major transaction partners.

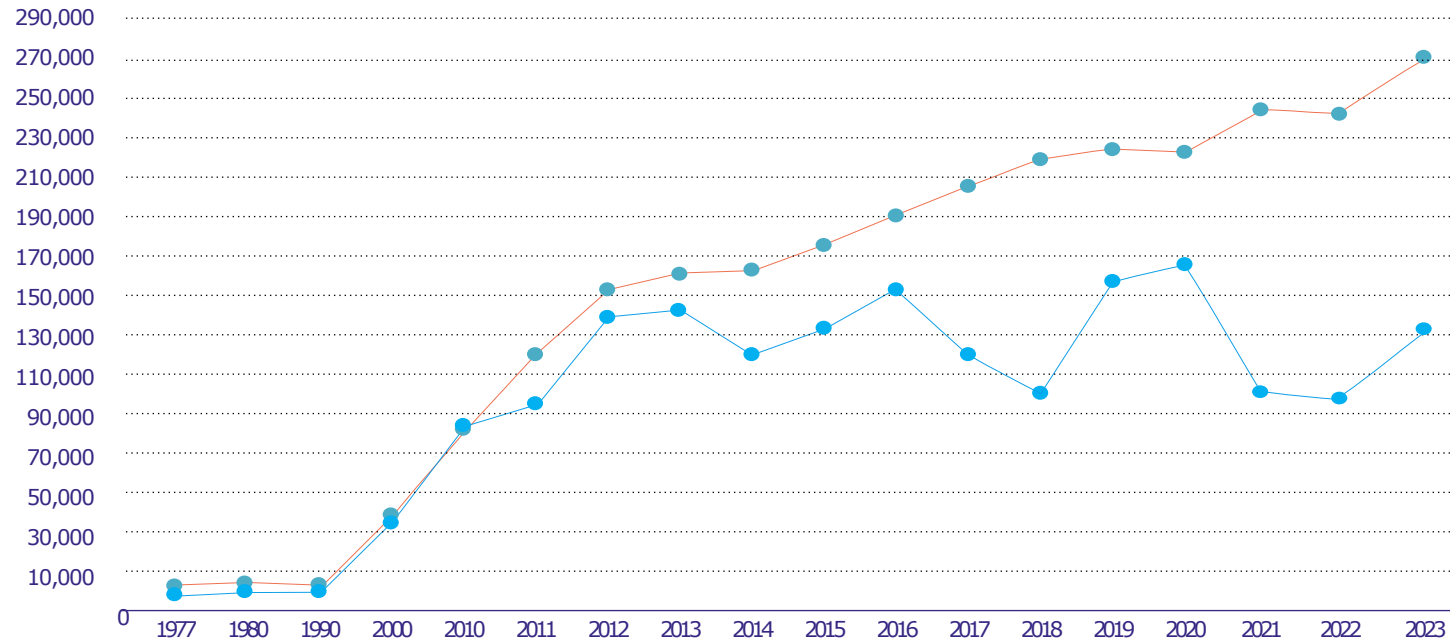
The Number of Partners

Major Newly registered

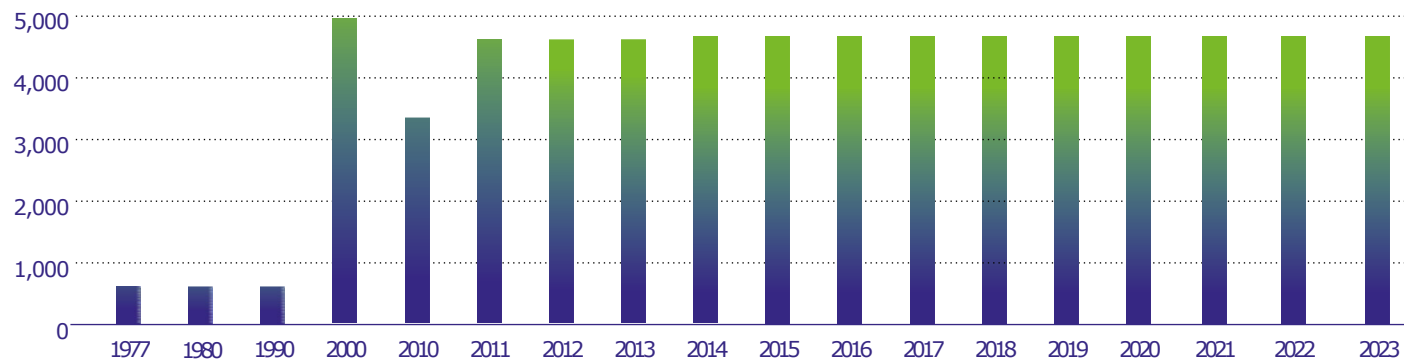
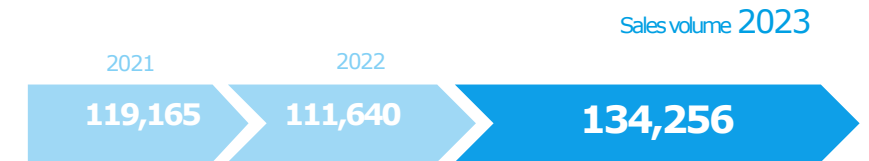
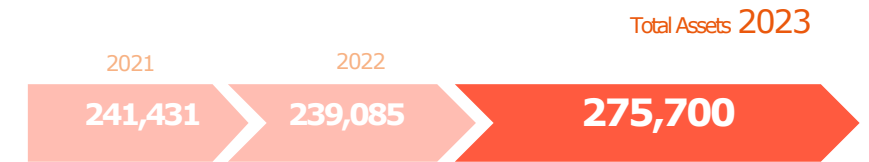


Company Overview

Financial Status



As of Dec, 2023 (Unit: Million KRW)



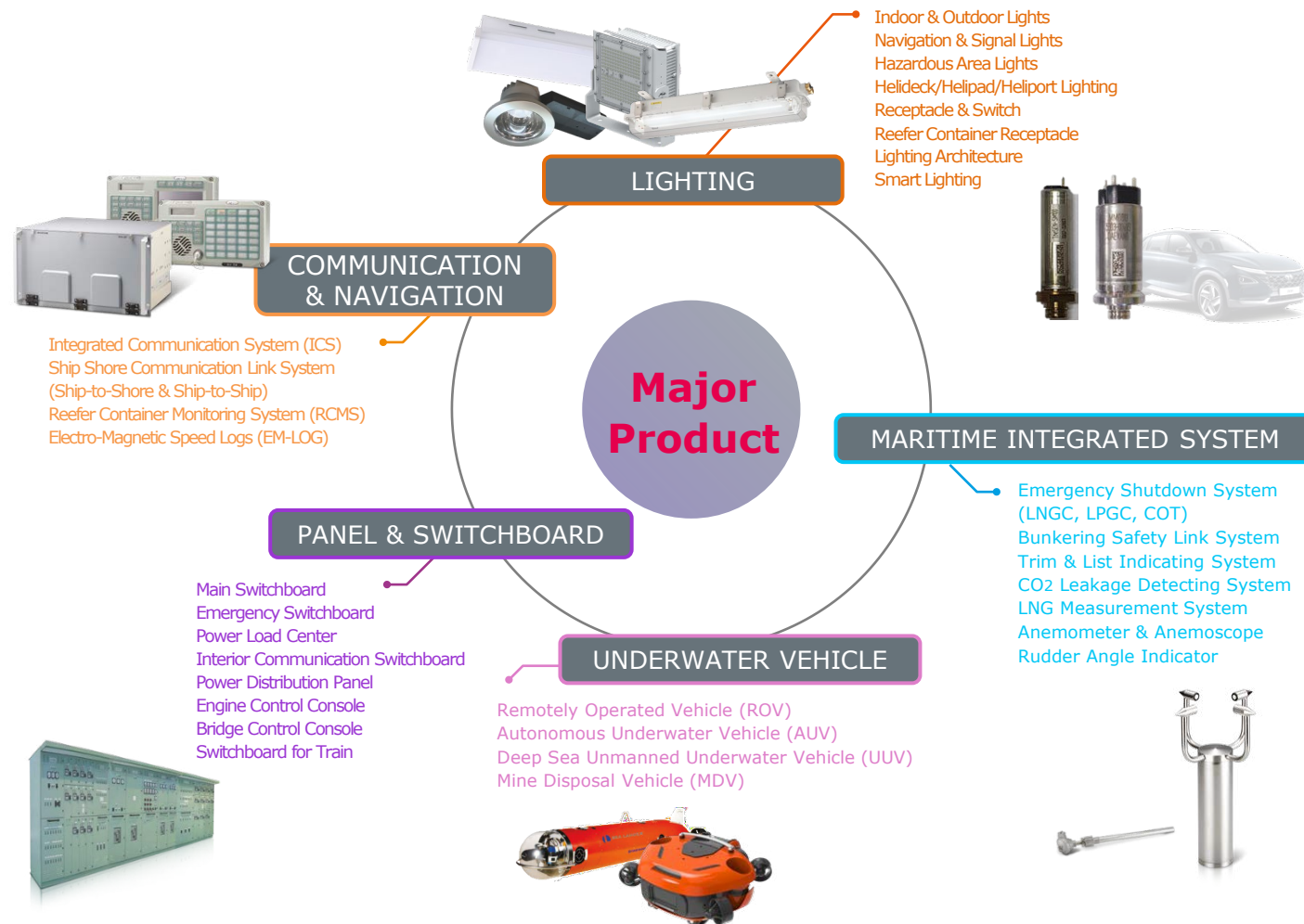
Company Overview

Major Product

DAEYANG manufactures and sells a diverse range of products across various industries, including shipbuilding, defense, rail, and automotive. Since its establishment, the company has solidified its leading position in the shipbuilding industry, particularly in lighting, and has expanded into electronic and electrical systems essential for military ships and submarines.

A significant portion of DAEYANG's sales comes from electronic and electrical systems for the defense industry and ship lighting. Our key customers in the shipbuilding sector include HD Hyundai Heavy Industries, Hanwha Ocean, Samsung Heavy Industries, and HJ Shipbuilding & Construction. In the automotive sector, our major clients are Hyundai Motors and Mando. Our subsidiary, Korea Special Battery Co., Ltd., focuses entirely on the defense industry, specializing in the manufacturing and sales of various types of storage batteries.

Business Unit	Major Product
Shipbuilding Industry	Lighting, etc.
Defense Industry	Communication Systems, Power Systems, Underwater Systems, Batteries, etc.
Train Industry	Power Systems, etc.
Automobile Industry	Sensor



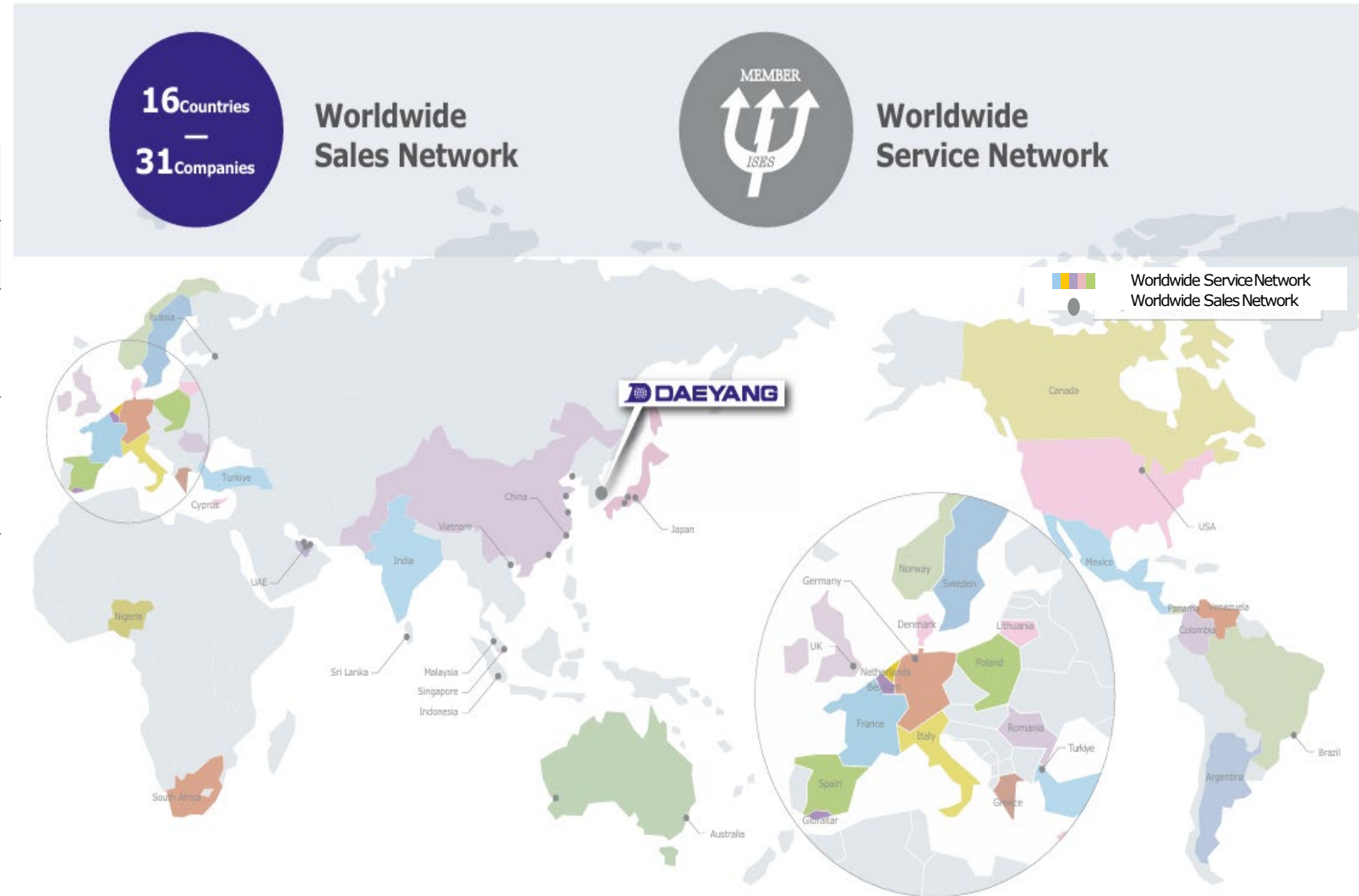
Global Network

Worldwide Sales Network / Worldwide Service Network

DAEYANG's headquarters, production facilities, affiliates, and subsidiaries are primarily based in Korea, with agency networks established in various countries, including Austria. As a member of the International Ship Electrical & Engineering Service Association (ISES), DAEYANG has developed an extensive service network to ensure prompt and efficient resolution of customer concerns.

DAEYANG ELECTRIC		Number of Affiliates	Locations
		1	Korea (Busan, Incheon, Seoul)
Domestic	Affiliate / Subsidiary	4	Busan (Noksan), Busan (Sasang), Busan (Gupyeong), Changwon (Seongsan)
Overseas	Others (Agent)	-	Austria, Brazil, China, Germany, India, Japan, Malaysia, Norway, Russia, Singapore, Sri Lanka, Türkiye, USA, Vietnam
	Others (Service Network)	-	Argentina, Austria, Belgium, Brazil, Canada, China, Colombia, Croatia, Faroe Islands, France, Germany, Gibraltar, Greece, Italy, Japan, Lithuania, Mexico, Netherlands, Nigeria, Panama, Poland, Romania, Singapore, South America, Spain, Sweden, Taiwan, Türkiye, United Kingdom, USA, Venezuela

* The number of affiliates includes both consolidated affiliates and specially related companies.



Global Network

Worldwide Service Network

Country	Company Name	Website
Argentina	Turbogen	www.turbogen.com
Australia	Read's Electric Company PTY. Ltd	www.readselectric.com
Belgium	Maintenance Partners NV	www.maintenancepartners.com
Brazil	Metalock Brasil	www.metalock.com.br
Canada	Hostmost Marine Services	www.hostmostgroup.com
China	Changshu Ruite Electric Co.,Ltd	www.cn-ruite.com
	Dalian Shun Ze Marine Electrical Engineering Co.	www.dlsz.cn
	Huludao Haitong electric equipment manufacturing Co., Ltd.	www.hldht.cn
	Jiangsu Hiscaler Electric Co., Ltd	www.hiscaler.com
	RMS Marine Service Company Ltd.	www.rmsmarineservice.com
	Saiernico Electric & Automation Ltd	www.saiernico.com
	Shanghai NSE Co. Ltd.	www.nse.net.cn
	TIANJIN HAIRUN MARINE TECHNICAL CO.	www.tjhairun.com
	Zhejiang Xin Ya Electric Development Co. Ltd.	www.xy-cd.com
Colombia	Electronica Maritima ITEC SAS	www.iteccolombia.com
Croatia	PELIG D.O.O.	www.pelig.hr
Faroe Islands	MP Teknik Sp/f	www.mpt.fo
France	MACOR (Amarix Group)	www.macor.fr
Germany	Ing.-Büero Querin GmbH	www.querin.com
	Karle & Fuhrmann	www.karle-fuhrmann.de
Gibraltar	Sandvik Marine Group	www.sandvikservice.com
Greece	Nova Electronics s.a.	www.novaelectronics.gr
Italy	A. Santamaria Spa	www.a-santamaria.it
	Eligroup	www.eligroup.net
	S.I.R.M. spa	www.sirmspa.it
Japan	Bemac Uzushio Electric Company Ltd	www.bemac-uzushio.com
Lithuania	RSB Novikontas Ltdd	www.novikontas.eu

Country	Company Name	Website
Mexico	Marine Radio Surveyors	www.marineradiosurveyors.com
Netherlands	Navico	www.navico.com
	PAT-KRUGER GROUP	www.pat-kruger.com
Nigeria	Radial Circle Telecommunications Ltd	www.radialcircle.com
Panama	BWSC Panama, S.A.	www.bwspanama.com
	Electromar Services SA	www.electromarpanama.com
	Intermaritime Group	www.intermaritime.org
Poland	Talleres Industriales SA	www.talleresindustriales.com
	Enamor	www.enamor.com.pl
	EPA Marine sp. z o.o	www.epamarine.pl
Romania	Navtron SRL	www.navtron.ro
Singapore	Cydelect Electrical Engineering PTE Ltd	www.cydelect.com.sg/cydelect
	Jason Electronics Pte. Ltd.	www.jason.com.sg
South Africa	SMD Telecommunications Pty (Ltd)	www.smd-marine.com
Spain	AAGE Hempel	www.aagehempel.com
	Crosscomar S.L.	www.crosscomar.com
	Hermanos Alfaro	www.halfaro.com
Sweden	Laholm Marine & Industry Services AB	www.lmis.se
Taiwan	Reson Electronics	www.reson.com.tw
Türkiye	Besiktas Marine	www.besiktasmarine.com
United Kingdom	S.I.R.M. UK	www.sirmspa.it
U.S.A	Belfor Holdings Inc.	www.belfor.com
	Koffler Electrical Mechanical Apparatus Repair	www.koffler.com
	Seaboard Controls INC	www.seaboardcontrols.com
	Simplex Americas LLC	www.simplexamericas.com
Venezuela	C.A. Metalmecanica Industrial y Naval	www.camin.com.ve
	Radio Marina de Venezuela	www.radiomarinagroup.com



Global Network

Worldwide Sales Network

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Stakeholder Engagement

DAEYANG recognizes the importance of communication with stakeholders in advancing sustainable management. We identify key stakeholders that significantly impact our business, including customers, employees, partner companies, government and related organizations, shareholders and investors, and the local community. To gather feedback from these groups, DAEYANG employs various communication channels. The insights and expectations gathered through these channels are integrated into our management activities, with regular monitoring conducted to ensure responsiveness. We are committed to continually enhancing our stakeholder engagement efforts.

Category	Stakeholder	Expectations	Communication Channels and Activities	Related Links and Reporting Channels
Internal	Employee	- Improved benefits and welfare - Enhanced organizational culture - Strengthened health and safety measures - Employee capability development - Fair performance management and rewards	- Labor-Management Council, Occupational Safety Council (Quarterly) - Employee satisfaction survey (Annually) - Town Hall Meetings with CEO and Executives (Annually) - DAEYANG NEWS (Monthly) - Troubleshooting and reporting system (Intranet)	Sustainability Report http://www.daeyang.co.kr/Sites/main/Page/Sub.aspx?MenuCode=70
External	Customer	- Enhanced customer satisfaction services and product quality - Development of eco-friendly and high-value-added products - Information protection - Provision of diverse product-related information	- Webpage - Marketing materials and product videos - Product exhibitions, VOC (Voice of Customer) sessions, and customer satisfaction surveys - Phone calls and emails	Disclosure and Public Announcements https://dart.fss.or.kr/dsa007/main.do
	Shareholder / Investor	- Improved management performance - Stable company management - Long-term growth	- Regular general meeting of stockholders - Electronic disclosures - Webpage	
	Partner Company	- Prompt and accurate payment - Mutual growth and cooperative coexistence - Fair trade practices	- Webpage - Phone calls and emails - Partner company visits and walk-around inspections	Online Reporting for Information Security breaches and Corruption http://www.daeyang.co.kr/Sites/main/Page/Sub.aspx?MenuCode=66
	Local Community	- Scholarship support - Donations - Corporate social responsibility activities for local communities (support for vulnerable groups)	- Operation of social contribution programs - Employee volunteering club	Customer Inquiry Portal https://www.daeyang.co.kr:16603/Sites/main/Page/Sub.aspx?MenuCode=31
	Government and Related Organization	- Create employment - Cooperate with policy and conduct government initiatives - Address safety and labor-related issues	- Local community council - Regular meetings	

Materiality Assessment

DAEYANG publishes its sustainability report to highlight the company's activities related to key issues that stakeholders deem important. For the first time, the company conducted a Double Materiality Assessment, which involves analyzing the impact of sustainability issues on the organization's external society and environment, as well as their impact on internal finances. The materiality assessment process began with identifying a pool of 30 key issues. This pool was developed through relevance analysis, which included media analysis of DAEYANG's sustainability issues, benchmarking reports from similar industries, and an internal review of relevant issues. Material topics were then selected and prioritized through a survey of internal and external stakeholders.

Selection of Material Topics

STEP 01. Deriving ESG Topics and Building the Issue Pool

- **Review of Global Sustainability Standards:**
Analyzed relevant standards such as GRI Standards, ISO 26000, and UN SDGs reporting guidelines.
- **Media Analysis:**
Assessed valid news articles, including both positive and negative coverage related to DAEYANG ELECTRIC in 2023.
- **Review of Material Topics Addressed by Similar Companies:**
Analyzed sustainability topics that are prominently featured in sustainability reports of both domestic and international companies in the same industry.
- **Internal Issue Analysis**
Conducted an in-depth review of past sustainability reports, management reports, and internal documents.

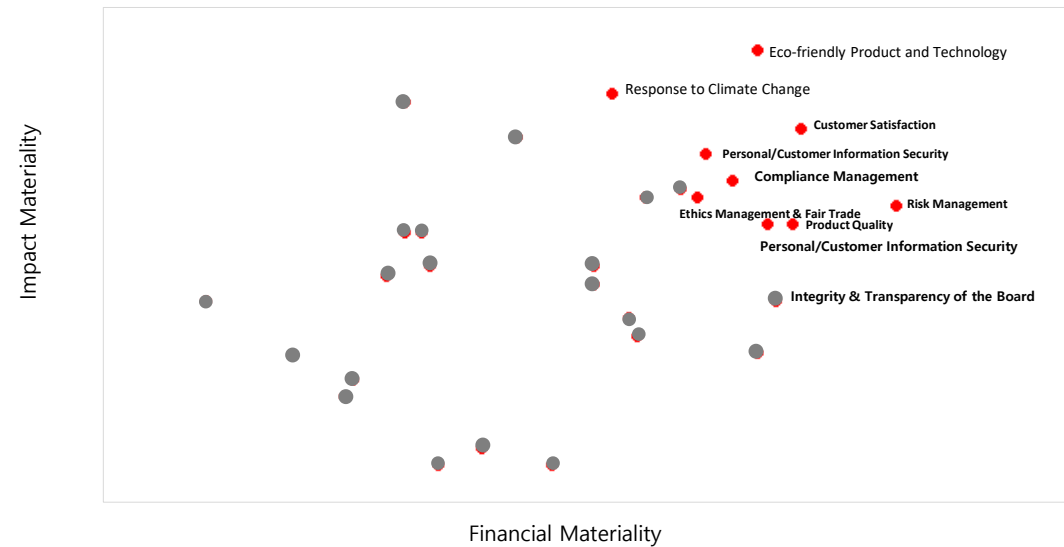
STEP 02. Double Materiality Assessment

- Conducted a stakeholder survey incorporating the principles of double materiality to identify material topics (issues) from both a financial perspective and in terms of their potential and actual positive or negative impacts on external stakeholders.
[Overview of Internal and External Stakeholder Survey]
 - **Method:** Online and offline surveys
 - **Participants:** Internal employees and external stakeholders (total of 156 participants)
 - **Duration:** May 16, 2024 – May 31, 2024
 - **Survey Content:**
 - **Impact Materiality:** Evaluated the impact of DAEYANG ELECTRIC's business activities on society and the environment.
 - **Financial Materiality:** Assessed the impact of external sustainability-related factors on the company's financial status.
- **Analysis of Impact on Business:**
 - Reviewed material topics addressed by similar companies both domestically and internationally.
 - Applied DAEYANG ELECTRIC's sustainability strategy to identify and analyze relevant issues.

STEP 03. Identification of Key Materiality Issues

- **Prioritization of Material Topics:** The management team and sustainability management personnel discussed the material topics. Based on the discussions, topics were added or removed as needed. After a final review, **the top 7 material topics were prioritized.**
- **2023 Materiality Assessment Results:** The final results, including management plans for sustainability issues, core performance metrics, and mid- to long-term plans, were finalized following a review by the management team.

Materiality Assessment



2023 Issue Pool

Environment (E)	Social (S)	Governance (G)
- Eco-friendly purchasing and efficient use of raw materials - Water and wastewater management - Biodiversity conservation - Response to climate change - Air pollution emission management - Waste reduction and promotion of recycling - Development of eco-friendly products and technologies	- Nurturing top talent and building employee capabilities - Fair recruitment and employment expansion - Improvement of employee benefits and working environment - Employee performance management and reward systems - Occupational safety management - Promoting harmonious labor-management relations - Strengthening social contribution activities - Fostering mutual growth with partner companies - Achieving quality competitiveness - Enhancing brand competitiveness - Customer satisfaction - Protection of customer information	- Expansion of ESG management - Ensuring the independence and strengthening the role of the ESG committee - Enhancing reliability and transparency of the governance structure - Strengthening diversity and expertise of the executive board - Human rights protection and respect - Compliance management - Ethical management and fair trade - Financial solvency and management stability - Risk management (financial and non-financial) - Local community-based facility investment and service - Nurturing new growth businesses

Key Materiality Topics

Category	Sustainability Topic	GRI	UN SDGs	Financial Materiality	Impact Materiality	Stakeholder Impact					
						Employees	Customers	Partners	Government or related organizations	Shareholders and investors	Local communities
Environment	Eco-friendly Products and Technology	305	9, 12	4.29	4.47	4.52	4.56	4.00	3.90	4.50	4.10
	Response to Climate Change	305	7, 11	4.42	4.12	4.48	4.36	3.69	3.80	4.17	4.17
Social	Occupational Health and Safety	403	3	4.23	4.35	4.55	4.34	4.00	3.80	4.08	4.07
	Informational Security	418		4.30	4.27	4.58	4.28	3.88	3.80	3.67	4.30
Governance	Ethics and Compliance Management	205	17	4.22	4.30	4.50	4.18	4.00	3.80	4.17	4.20
	Risk Management (Finance/Non-finance)	201		4.45	4.29	4.59	4.30	4.06	3.80	4.42	4.33
	Integrity & Transparency of the Board	2		4.31	4.18	4.48	4.20	3.81	3.70	4.42	4.13

Materiality Assessment

Materiality Topics Management

Category	Material Topics	Opportunities/Potential Risks	Activities	Objective	Key Performance Indicator	Page
Environment	Eco-friendly Product and technology GRI 305	There is a growing need for eco-friendly and high energy-efficient products due to carbon emissions restrictions. To respond to climate change, acquiring eco-friendly technology is crucial.	Recognizing the importance of eco-friendly products, technology capabilities are expanded, and legal risks are minimized by actively responding to environmental regulations.	· Eco-friendly product development	Sales revenue of eco-friendly products (index under review)	19 - 24
	Respond to climate change GRI 305	It is essential to respond to climate change to strengthen market competitiveness, given the global reinforcement of environmental regulations (IMO, EU, etc.).	Establishing strategies by analyzing risks and opportunities from climate change and integrating climate-related risks into the company-wide risk assessment system.	· 2050 Carbon Neutral	Greenhouse gas emissions, reductions, and intensity	25 - 27
Social	Occupational Health and Safety Management GRI 403	The implementation of the Serious Accidents Punishment Act emphasizes the need to achieve ZERO serious accidents at business sites, reinforcing corporate trust.	The company has established and manages a systematic health and safety management system through the acquisition and maintenance of the ISO 45001 safety and health management certification. Government-mandated compulsory training, as well as training required by ISO 45001, has been strengthened. Compliance with relevant laws and regulations is monitored through regular compliance assessments and risk evaluations, ensuring the preemptive prevention of safety accidents. Additionally, to align with the principles of the Serious Accidents Punishment Act, safety and health-related organizations have been established within each business unit. The company is also in the process of acquiring KOSHA-MS certification to further enhance workplace safety standards.	· Serious Accident ZERO · Safety Accident ZERO	Lost Time Injury Frequency Rate, number of serious accidents, safety training completion rate	43 - 44
	Information Security GRI 418	The acceleration of ICT development increases the risk of customer information leakage and cyber-attacks, requiring stronger internal data security systems.	To protect the confidentiality, integrity, and availability of information, the company implements access control, data protection, network security, and log monitoring-related activities. These are internally managed and undergo regular evaluations by external authorized organizations to ensure compliance and security.	· Prevention of personal and customer information leakage	Number of personal/customer information security breaches, legal restrictions or fines, information security training	49 - 50

Materiality Assessment

Materiality Topics Management

Category	Material Topics	Opportunities/Potential Risks	Activities	Objective	Key Performance Indicator	Page
Governance	Executive Board Integrity & Transparency GRI 2	Independence and transparent board operations are crucial for protecting shareholder rights and ensuring sustainable management.	Business performance and major decisions are regularly reported to stakeholders, ensuring open and transparent communication.	· Operation of the ESG Management Committee	Number of executive board meetings, attendance rate, number of major agendas	52 - 54
	Ethical Management and Compliance GRI 205	Workplace harassment, sexual harassment, and embezzlement pose significant management risks, making ethical responsibility and compliance essential.	An internal accounting management policy is established to ensure the signing and practice of ethics and the control of corruption. DAEYANG ELECTRIC operates an ethical management system, aligned with ISO 37001 standards, to promote compliance and internalize ethical practices among employees and partners. .	· Zero cases of anti-corruption breaches	Number of ethics trainings, reported and resolved corruption cases, legal restrictions or fines	55 – 56
	Risk Management (Financial/Non-financial) GRI 201	Financial risks (business, foreign currency, raw materials) and non-financial risks (environment, health, safety, ethics, natural disasters) require proactive identification and management.	Non-financial business risks are managed by a dedicated team that regularly establishes response measures for risk identification and resolution. The effectiveness of these practices is monitored on a quarterly basis and reported by the planning department through a business review report. Financial risks, including those related to foreign currency and capital, are managed by the accounting team.	· Effective management of financial and non-financial risks	Number of risk identification and response cases (index under review)	57 - 58

Environment

Environmental Management	18
Eco-friendly Product and Technology	19
Response to Climate Change	25
Usage Water and Waste Water	29
Biodiversity	30
Waste Management	31
Prevention of Environmental Pollution	33

DAEYANG includes environmental achievements in its management review report and sustainability report. The management review report is distributed to all teams, while the sustainability report is posted on the company's website, providing transparency on target achievement processes for all stakeholders.

Eco-friendly Product and Technology

DAEYANG boasts an R&D team of 94 employees, committing 4.6% of its revenue to bold R&D investments. This dedication allows the company to build a solid technological foundation for future growth. Some of the company's significant R&D achievements include South Korea's first 6,000-meter-level deep underwater unmanned submarine development, the acquisition of national defense standards for internal and external submarine integrated communication systems, and the development of pressure sensors. These projects represent major milestones in DAEYANG's R&D efforts and serve as new drivers for future growth.

*Note: As our affiliate exclusively supplies submarine storage batteries to the defense industry, all R&D organization details (excluding costs) are not disclosed, as they may be related to military secrets.

Eco-Friendly Product and Technological Development Policy

- DAEYANG assesses the environmental impact at every stage of the product life cycle, from raw and supplementary material selection to manufacturing processes, product use, and disposal. This ensures the development of eco-friendly products that reflect the company's commitment to corporate social responsibility
- Continuous improvements are made to reduce the environmental impact throughout the product's life cycle. Products are designed for easy dismantling and recycling once they reach the end of their life cycle.

Environmental Impact Evaluation and Eco-Friendly Product Development

DAEYANG designs its products and packaging to be dismantled efficiently and safely with minimal manpower and equipment. This facilitates easy recycling during product disposal.

- Domestic/Overseas Environmental Requirements:**
We adhere to domestic environmental laws, such as the Waste Management Act, Noise and Vibration Regulation Act, Clean Air Conservation Act, and local laws related to water quality, air, waste, and marine pollution. Stakeholder requirements are also integrated into product designs.
- Product Environmental Impact Assessment:**
We assess the environmental impact of product use and disposal, focusing on recycling potential, emissions reduction, and the feasibility of eco-friendly replacements or environmental technology.

Recycling & Reuse Program

DAEYANG designs its products to be easily dismantled, ensuring effective recycling and disposal when the product reaches the end of its life cycle. Customers are guided to separate industrial waste and recyclable materials through the User's Manual provided with each product.

R&D Headcount Status

Job Position	January 1st 2023	Increase	Decrease	December 31st, 2023
Executives	3	-	-	3
Senior Managers	77	-	1	76
Managers	9	8	2	15
Total	89	8	3	94

Major R&D Department Tasks

Team	Business Unit	Major Tasks
Communication Business Team	Electric & Electronics	Development of voyage communication devices and defense-related communication devices
Marine & Underwater Business Team		Development of marine and underwater devices, including those for defense
R&BD1 Team	Lighting	Development of new lighting products, such as LED and explosion-proof lighting
R&BD2 Team		Integration of design into lighting products to create synergies
Sensor R&BD Team	Sensor	Development of pressure sensors

R&D Achievements (Last 3 Years)

Research Task	Commercialization	Expected Impact	Launch Date
Pressure Sensor for Hydraulic Systems	MP10 Pressure Sensor	- Penetration of the domestic land market, reducing reliance on imports. - Development of heavy-pressure sensors for domestic land business	January 2021
Pressure Sensor for Hydrogen Car Stacks	HSOLP01 Pressure Sensor	- Market expansion into eco-friendly fuel car sectors - Penetration of the low-pressure sensor automobile market	March 2021

R&D Costs

(Unit: Million KRW)

	Category	2021	2022	2023
Assets	Raw material costs	-	-	-
	human resources	-	-	-
	depreciation	-	-	-
	consignment and service costs	-	-	-
	other expenses	-	-	-
Costs	Production costs	7,563	8,520	5,633
	SG&A	-	-	505
Total (% to revenue)		7,563 (6.3%)	8,520 (7.6%)	6,138 (4.6%)

※ R&D Costs of affiliates

(Unit: 1000 KRW)

	Category	2021	2022	2023
Assets	Raw material costs	-	-	-
	human resources	-	-	-
	depreciation	-	-	-
	consignment and service costs	-	-	-
	other expenses	-	-	-
Costs	Production costs	-	-	-
	SG&A	123,288	91,452	121,875
Total (% to revenue)		123,288 (0.7%)	91,452 (0.5%)	121,875 (0.6%)

Eco-friendly Product and Technology

Business Unit / Product Introduction

In the shipbuilding industry, our primary revenue generator is ship lighting. We hold a dominant market share in the domestic ship lighting sector, driven by our competitive advantage in advanced technology, a leading market position as a first mover, and 47 years of experience that has earned customer trust and enabled us to offer a wide range of products. However, as no companies in this sector have undergone an IPO, objective market share data is unavailable.

Certification Acquisition

The shipbuilding industry places great importance on certifications that objectively demonstrate product quality. Our company has acquired all relevant ship-related certifications required by domestic shipyards and continuously renews them to comply with additional regulations and certification standards, thereby building customer trust in the quality of our products.

Ongoing Cost Reduction

Each year, we set cost reduction targets, with our engineering, R&D, and purchasing teams leading the charge. We strengthen our price competitiveness for raw materials and continuously manage cost reductions through annual performance presentations focused on cost-saving achievements.

2-BIN Policy Execution

By implementing the 2-BIN policy for inventory management, we receive materials from partners at the right time, reducing stockholding costs and ensuring that products are delivered when customers need them.

Diverse Product Line

Our company offers a wide range of products, including lighting, electrical systems, and distribution panels. This enhances the purchasing efficiency of our customers and provides a competitive advantage over companies with less diverse product lines.

[Shipbuilding Business Order Value and Revenue Trend]

(Unit: Mln KRW)

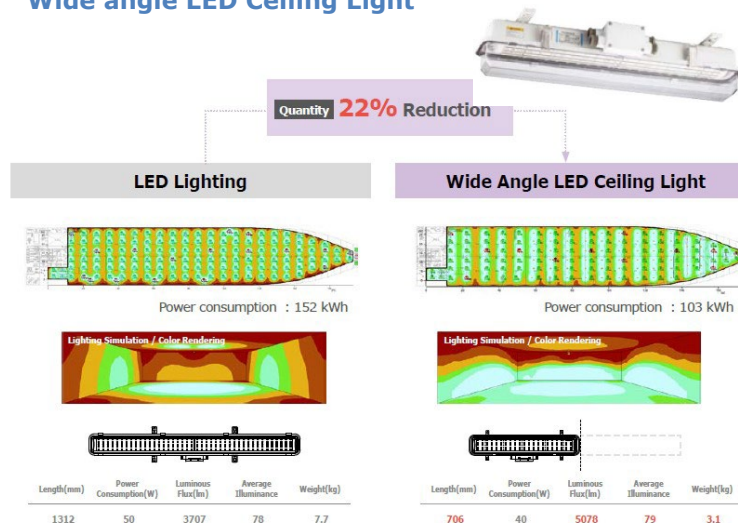
	2021	2022	2023
Order amount	52,758	67,448	73,954
sales	45,639	59,225	66,021

The revenue from the lighting unit increased compared to the previous year, along with an improvement in profit. Despite uncertainties in the global economy, such as continued currency deflation and prolonged supply and demand issues for raw materials and energy, we believe these challenges can be overcome. Our lighting factory, the oldest facility in operation, requires significant maintenance and equipment replacement. In 2023, we upgraded to LED lighting for energy efficiency and used eco-friendly materials for construction.

Eco-Friendly Products and Technology

LED Lighting: LED lighting contributes to carbon emissions reduction due to its high energy efficiency, saving electricity compared to traditional lighting methods. Recent advancements in optical design (e.g., wide-angle lens, asymmetric lens) have optimized luminous intensity, further enhancing efficiency and contributing to environmental sustainability.

Wide angle LED Ceiling Light



CO₂ Emission Reduction

(ton)

No.	1day(24h)	1year	20years
Convention Lighting	0.11	40	800
LED Lighting	0.06	22	440
Wide angle LED Ceiling Light	0.04	15	300

* CO₂ Emission : 391g/kWh

* U.S. Energy Information
<https://www.eia.gov/tools/faqs/faq.php?id=74&t=11>

Lighting Business Unit

Optical design



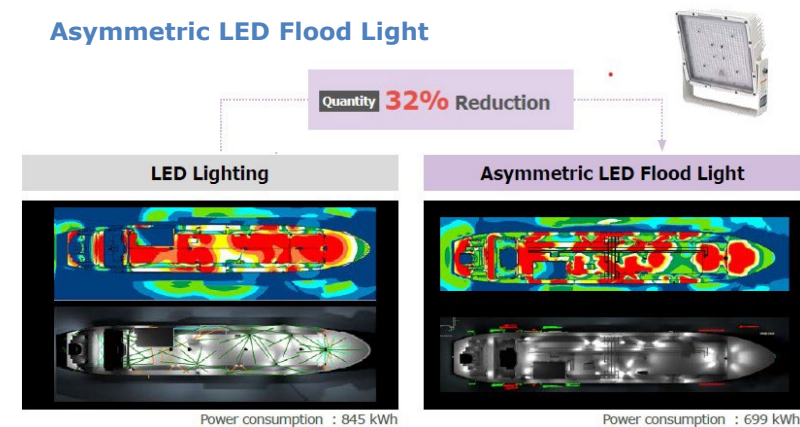
Weight Reduction



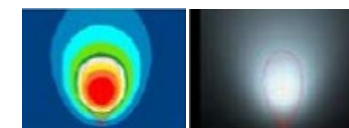
Enhanced Efficiency



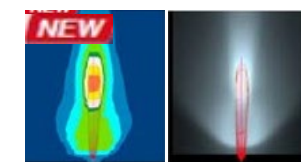
Asymmetric LED Flood Light



배광 분포곡선



EXISTING FLOODLIGHT
PF550L



Asymmetric LED Flood Light
PFOS600L



CO₂ 배출 감소

(ton)

No.	1day(24h)	1year	20years
Convention Lighting	0.51	186	3,720
LED Lighting	0.33	120	2,400
Asymmetric LED Flood Light	0.27	99	1,980

* CO₂ Emission : 391g/kWh

* U.S. Energy Information
<https://www.eia.gov/tools/faqs/faq.php?id=74&t=11>

Eco-friendly Product and Technology

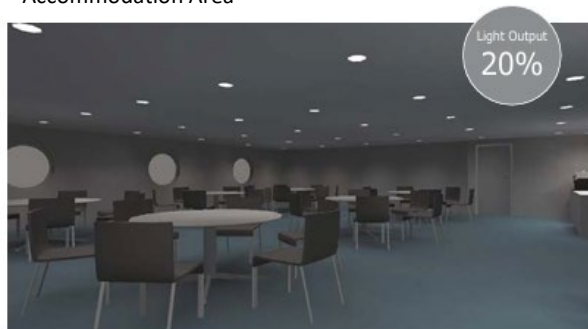
SMART LIGHT SYSTEM

The Smart Lighting system dynamically adjusts luminous intensity based on the specific section of the ship. Motion detection sensors installed in internal ship aisles activate the lights only when movement is detected, ensuring efficient energy use during commutes. In the engine room, time-optimized luminous control reduces brightness by 5% during non-working hours compared to normal operation. Cafeterias and shared spaces are equipped with manual brightness control switches, allowing users to adjust lighting based on their needs.

Additionally, the central lighting control program enables integrated control of individual and group lighting throughout the ship. This system also monitors the status of lighting equipment, detects alarms, and records any notable events.

The Energy Efficiency Technologies Information Portal, operated by the International Maritime Organization (IMO), highlights the importance of establishing energy-efficient lighting systems as a key solution for reducing fuel consumption in maritime operations. Consequently, there is an increasing emphasis on the need for high-efficiency lighting systems that provide optimal lighting onboard while minimizing both carbon dioxide emissions and fuel consumption. Implementing the Smart Lighting System on ships can reduce energy consumption by up to 71%.

Accommodation Area



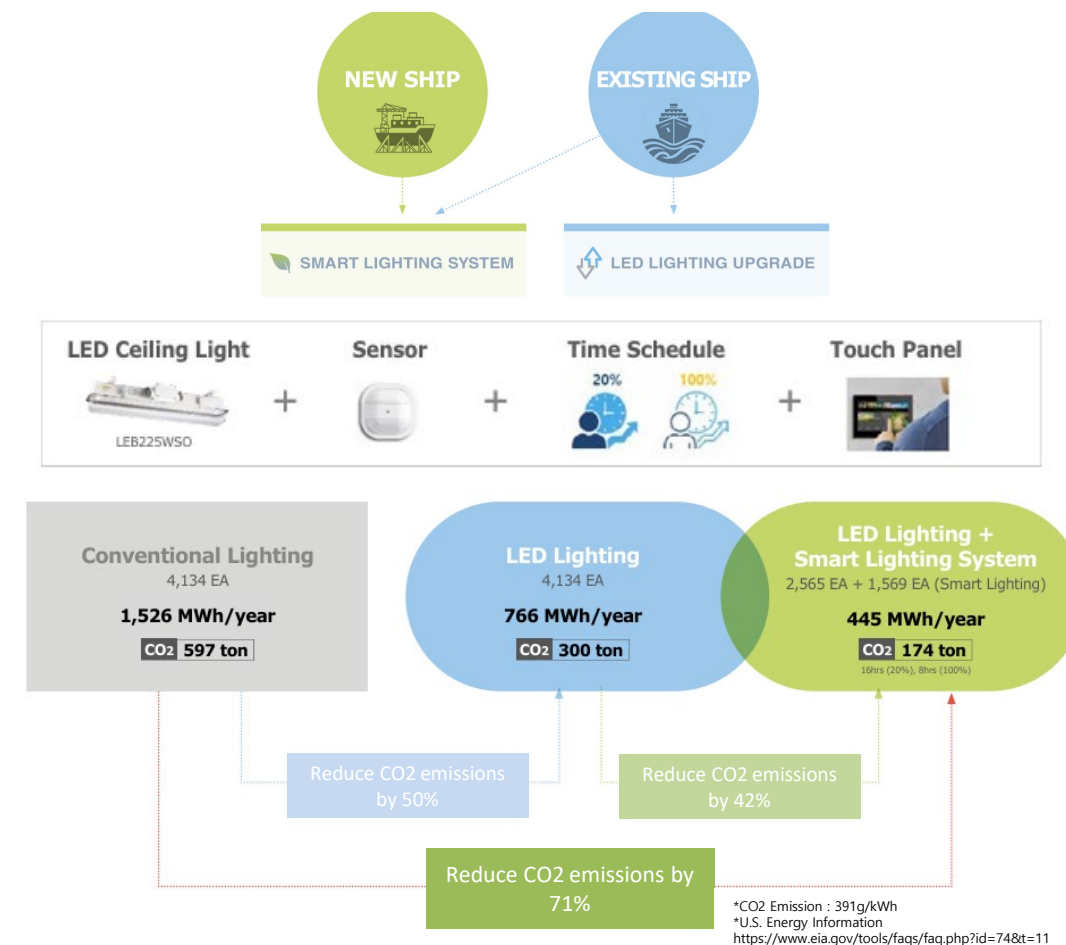
Machine Room, Deck, Aisle, Pipe Duct Area



Lighting Business Unit

Our solution to reduce greenhouse gas emissions

Reduce CO2 emissions by 71% through the use of LED Lighting + Smart Lighting System



Eco-friendly Product and Technology

SI Business Unit

Business Unit / Product Introduction

The SI Business Unit serves the defense industry by providing electric systems, lighting, and storage batteries for submarines. With a dedicated research center staffed by skilled professionals, the company develops military-grade products that meet stringent specifications. Given the high technological demands of the defense industry, these specialized research teams support every phase, from development and testing to operational support.

Once developed, products undergo a rigorous registration process to be classified as military-grade, followed by certification as a supplyable product. DAEYANG is a registered military product manufacturer, and obtaining this supplier status enhances the company's prospects for securing defense industry-related projects.

After securing orders, the company continuously refines and enhances the technology of its products, creating significant barriers to entry and ensuring stable, ongoing contracts. In alignment with industry requirements, DAEYANG is also working to acquire the defense quality management system certification to further strengthen its reputation and competitiveness.

In the railway vehicle sector, the main products include distribution boards, jumpers (electrical connectors between train cars), and lighting systems for railway vehicles. Our primary customer, Hyundai Rotem, is actively involved in both domestic and international railway projects, and we provide technical support from the initial stages of these overseas projects.

Although both the defense and railway industries faced revenue and profit declines, there has been a recovery this year. The defense sector, which had hit its lowest revenue levels in a decade, is expected to improve due to the collective efforts of all employees. DAEYANG recently secured a contract for the 'Link-22' project, led by Hanwha Systems. This project aims to improve the monitoring, control, and targeting efficiency of battleships, submarines, and aircraft by sharing and distributing real-time target information detected on water, underwater, and in the air. DAEYANG's expertise in manufacturing marine and ship electrical equipment has been recognized as a key contributor to the success of this communication technology.

Eco-Friendly Products and Technology

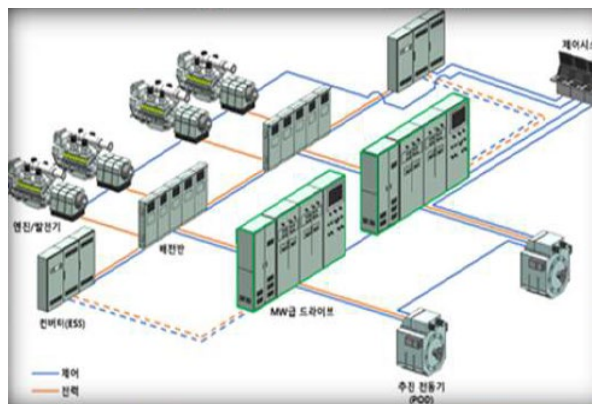
The International Maritime Organization (IMO) has established a strict roadmap aimed at reducing carbon emissions from ships by 70% by 2050, with a goal of achieving a 10% reduction by 2015 and an additional 10% reduction every five years thereafter. This timeline indicates that traditional diesel engines will no longer meet regulatory requirements, accelerating the shift toward eco-friendly hybrid ships.

The International Maritime Organization (IMO)'s Carbon Reduction Roadmap



Period	CO2 Reduction Goal (Based on the carbon emission of 2008)
2015 - 2019	10%
2020 - 2024	20%
2025 - 2030	30%
2030 - 2050	40%
2050 -	70%

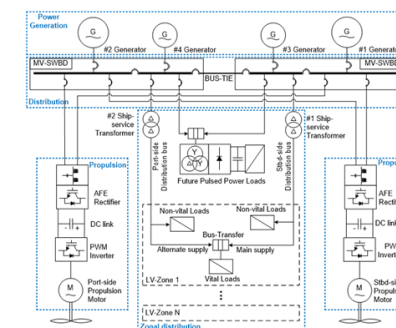
The SI Business Unit aligns with this eco-friendly ship paradigm and is currently involved in the design and production of interworking modules for power converters. This participation is part of a technology localization project focused on developing MW-level converter drives for hybrid ships to enhance energy efficiency.



Key Systems of Hybrid Ships

Integrated Design for Electricity Converting Devices for Hybrid Ships

- Design and integration of 3MW-level electricity converting devices
- Design of operation and interworking methods for 3MW-level devices
- Structural and functional design of 3MW-level electricity converting devices



Electricity Converting System for Hybrid Ships (Example)

Interworking Module Design for Ship-Based Electricity Converting Devices

- Integration and definition of interworking signals according to the ship's electrical system
- Signal definition for drivers and distribution panels for electric propulsion
- Signal definition for drivers and control panels for electric propulsion

Performance Evaluation of the Interworking Module for Electricity Converting Devices

- Test and performance evaluation for the interworking module



Screenshot of the performance test evaluation of the interworking module (Example)

Eco-friendly Product and Technology

Sensor Business Unit

Business Unit / Product Introduction

The Sensor Business Unit develops and supplies pressure sensors, a key component in the automotive industry, specifically for systems and complete vehicles. As the automotive industry shifts from gasoline and diesel-powered vehicles to eco-friendly alternatives, hydrogen-powered trucks, buses, and passenger vehicles are becoming increasingly commercialized. The Sensor Business Unit has over 15 years of experience in developing automotive pressure sensors, boasting advanced technology and automation processes required by the industry. The unit is also involved in the development of pressure sensors critical for hydrogen storage and control, which are supplied to domestic hydrogen-powered vehicles, including cars, buses, and trucks.

Quality (Q):

Our sensors are designed to operate in vehicles for up to ten years. The products must meet both initial development standards and ensure consistent quality during customer use. The Sensor Business Unit tests its products in conditions harsher than real-world environments to verify their reliability and durability.

Cost (C):

As cars evolve every three to seven years, incorporating advanced features and performance requirements, the cost of production must decrease. We focus on designing cost-competitive products, leveraging our development capabilities, equipment management with partners, and process optimization to respond to market and customer needs.

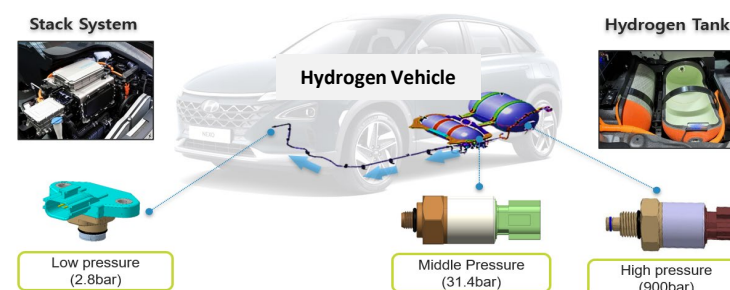
Delivery, Development (D):

DAEYANG has developed a variety of sensor devices, modules, and systems. Our core technologies for sensor development include Micro Electro Mechanical Systems (MEMS), SoC Design, Simulation, and Reliability Testing. With advanced production lines and equipment management systems, we ensure timely delivery of our products to both domestic and international supply chains.

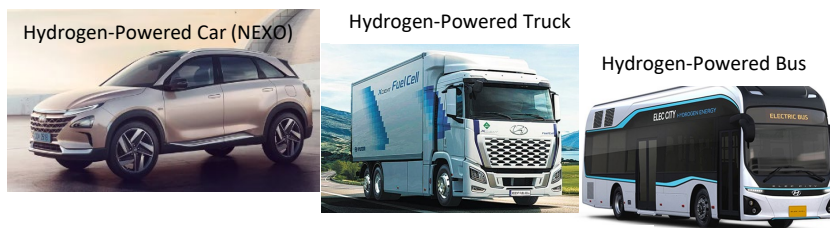
Eco-Friendly Products and Technology

Hydrogen-powered vehicles rely on the precise control of hydrogen supply and pressure. For this, three types of pressure sensors are required to manage hydrogen line pressure, ensuring optimal interaction between hydrogen and oxygen. These sensors must meet stringent quality standards to function effectively.

Three Types of Pressure Sensors for Hydrogen Vehicles



Vehicles Utilizing the Sensors



Hydrogen-Powered Transport Applications



Hydrogen-Powered Tram / Train

Hydrogen-Powered Aircraft

Industrial Technology Innovation Activity

In recognition of our successful localization of pressure sensors for automotive control systems, DAEYANG was awarded in the "Industrial Technology" category at the 28th Industrial Technology of the Year Awards (July 13, 2023), hosted by the Ministry of Trade, Industry, and Energy (MOTIE) and co-supervised by key industry organizations.

- Key Contribution for the Award:

Development of a smart pressure measurement module for an active control system, featuring a self-diagnosis and fail-safety signal processor and a MEMS-based sensor element.

Safety in vehicle operation depends not only on driving but also on the ability to reduce speed or stop effectively. The reliability and performance of sensors play a critical role in this, especially in markets previously dominated by imports. DAEYANG ELECTRIC has developed core sensor technologies that meet market price demands while exceeding the quality and performance of imported competitors. We plan to expand into electric vehicle markets and improve production processes and price competitiveness to enter overseas markets.

The 28th Industrial Technology of the Year Awards



*Source: Maeil Business Newspaper

Eco-friendly Product and Technology

ENS Business Unit

Business Unit / Product Introduction

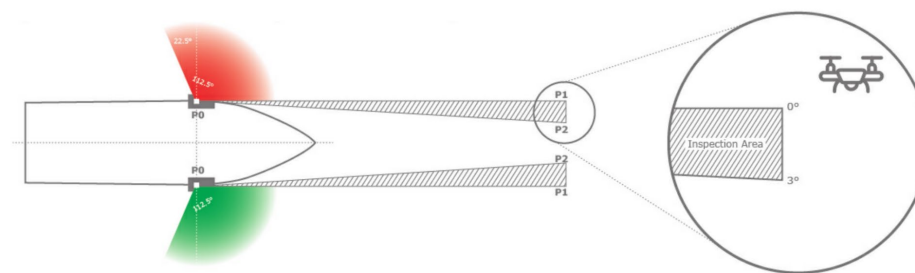
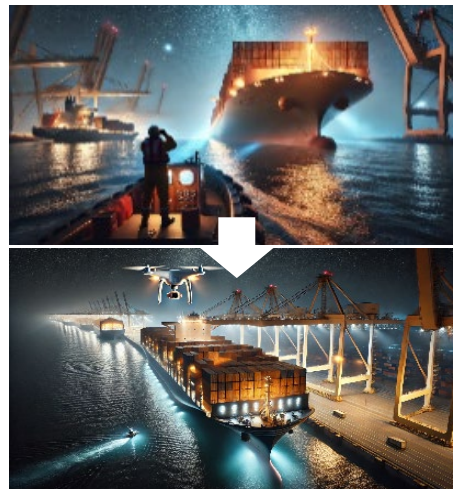
The ENS Business Unit, established in 2023 as part of the Seoul Central R&D Centre, provides services across various industries beyond marine applications. Recognizing eco-friendly growth markets as a key focus, the unit strives to offer practical solutions that contribute to a sustainable and safe future, emphasizing energy, environmental sustainability, and safety. Our mission is to develop eco-friendly, energy-efficient products that create visible impacts and build trust with our customers.

Drone-Based Inspection System for Voyage Lighting

The International Regulations for Preventing Collisions at Sea outline the specifications for voyage lighting, requiring stringent inspections. Traditional on-site inspections pose risks to personnel, who must climb hazardous areas or work over the sea. DAEYANG ELECTRIC has implemented drone technology to conduct these inspections safely and effectively, reducing workforce exposure to danger while maintaining regulatory compliance. This system improves operational efficiency and reduces human error, enabling consistent inspections, maintenance scheduling, and ESG management by minimizing dangerous working conditions and contributing to carbon emission reductions.

Eco-Friendly Products and Technology

Drone-Based Inspection System for Voyage Lighting



Automatic Sludge Removal System for Ship Diesel Engines

Diesel engines in vessels accumulate sludge in certain areas, leading to issues like lubricating oil leaks and increased fuel consumption. Ship attendants face hazardous conditions when using chemical liquids for manual cleaning. DAEYANG has developed an automatic sludge removal system that improves engine efficiency, reduces fuel and lubricating oil consumption, and eliminates the need for dangerous manual cleaning. This system enhances environmental sustainability, ensures safe working conditions, prevents environmental pollution, and supports effective waste management for compliance with environmental policies.

Automatic Sludge Removal System for Ship Diesel Engines



Environmental Issues Due to Sludge in Diesel Engines



Features of the Automatic Sludge Processing System

ADCS Features and Characteristics



Response to Climate Change

Policies for Energy and Greenhouse Gas

Recognizing global demands for carbon neutrality and the risks posed by climate change, DAEYANG ELECTRIC actively participates in international carbon neutrality efforts, particularly as greenhouse gas emission regulations continue to tighten.

Air-Pollution Emission Management

DAEYANG emits air pollutants during its manufacturing processes, including painting and welding. To minimize the emission of air pollutants and comply with legal standards, the company undertakes the following measures:

- Internal emission standards are set stricter than legal requirements to reduce pollutant emissions.
- Third-party professional evaluation organizations are commissioned to measure pollutants, adhering to monthly, quarterly, and biannual assessment standards.
- Regular daily inspections are conducted, and replacement schedules are maintained for consumables like filters and activated carbon, ensuring minimal environmental impact from aging facilities.

Greenhouse Gas Reduction Activities

DAEYANG sets energy consumption management targets and monitors consumption monthly, regularly checking target achievement status. If targets are not met, causes are analyzed, and improvement plans are developed and implemented by each team.

Renewable Energy

The company has incorporated “realization of carbon neutrality” into its environmental policy, investing in various initiatives to use renewable energy sources.

Establishment of Photovoltaic Power Generation Facilities

In 2021, a solar power generation facility was installed at the ENS business unit in Seoul. Since then, it has generated 22,893 kWh, with all electricity produced used internally.

G-SEED (Green Standard for Energy and Environmental Design) Certification

DAEYANG’s ENS business unit (Seoul Central R&D Centre) received G-SEED certification, which recognizes buildings with high environmental performance by evaluating their entire lifecycle—from planning and construction to maintenance and disposal.

Participation in the Carbon Neutrality Point Program

The company participates in the “Carbon Neutrality Point Policy” led by the Korea Environment Corporation, promoting activities like issuing electronic receipts and using reusable containers.

High-Efficiency Energy Product Certification

The company has acquired energy efficiency certifications for two external LED lighting products.

Monthly Energy Usage Monitoring

An “energy data management system” was developed to monitor energy consumption at various business sites. This system is used to identify energy reduction solutions.

Energy Education

The company conducts annual energy reduction training, including a session in June 2023 focused on Korea’s RE100 initiative.

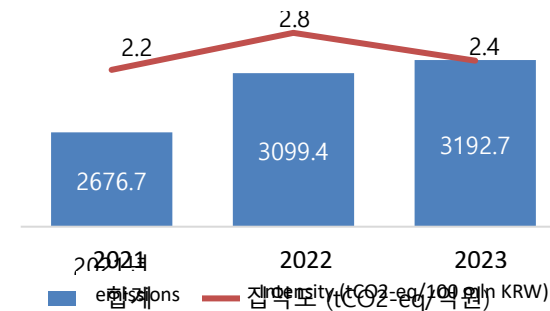
Greenhouse Gas Inventory

DAEYANG maintains an inventory of Scope 1 and Scope 2 emissions. For Scope 1, the company utilizes city gas, diesel, gasoline, and electricity (Scope 2). The CRC (Seoul) site, established on December 31st, 2021, uses steam and thermal energy supplied by the Seoul Energy Corporation. No other facilities within the company use thermal or steam energy. The monitoring scope for DAEYANG ELECTRIC’s greenhouse gas emissions includes all factories. To analyze energy consumption, the company has implemented a monitoring system that tracks electricity and city gas usage. Data is managed monthly, covering usage, increases/decreases, and any notable changes for each business site.

Greenhouse gas emissions have increased over the past three years, but emissions intensity relative to revenue decreased by 0.4 percentage points compared to 2022.

Greenhouse gas emission	2021	2022	2023
Scope1 (tCO2-eq)	305.8	356.7	384.2
Scope2 (tCO2-eq)	2370.9	2742.7	2808.5
Total	2676.7	3099.4	3192.7
Revenue (100 Million KRW)	119,166	111,640	134,256
Intensity (tCO2/100 mln KRW)	2.2	2.8	2.4

온실가스 배출량 및 집약도
Greenhouse Gas Emissions and Intensity



* Reason for Variance in Greenhouse Gas Data:

Scope 1: Data for 2021-2022 was recalculated to include emissions from corporate vehicles and the updated National GHG Emission Factor (2022).

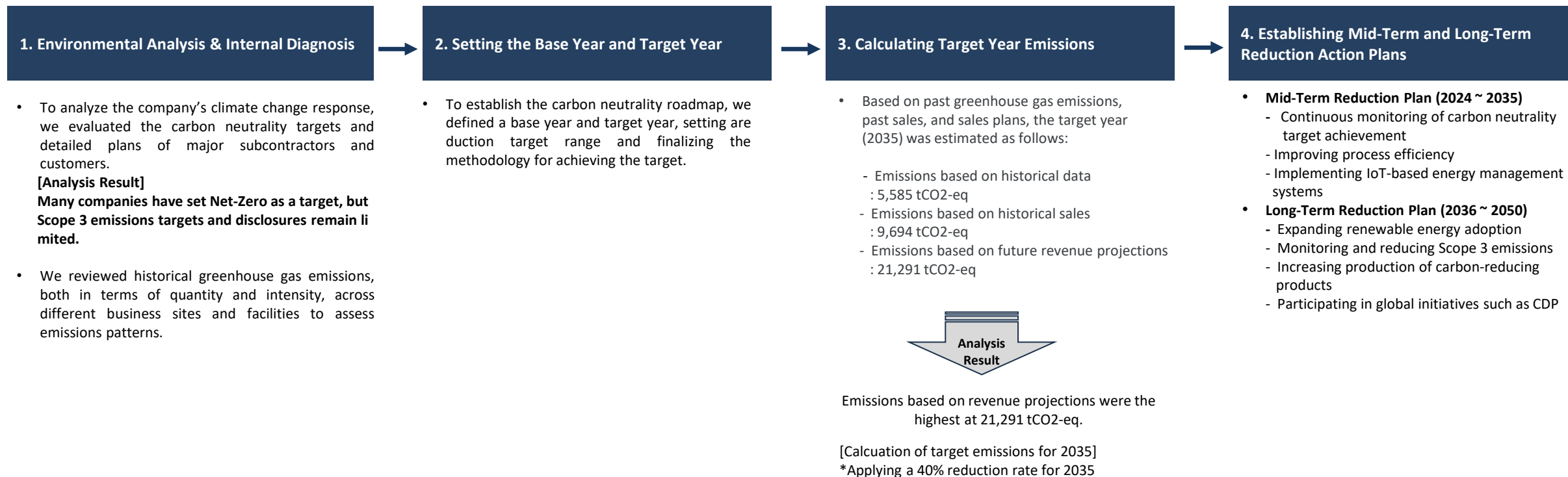
Scope 2: Data for 2021-2022 was recalculated after applying the National GHG Emission Factor (2022), and the operational scope of Factory 2 was reconfirmed. The energy consumption of affiliated companies was separated and recalculated.

Response to Climate Change

Establishment of Carbon Neutrality Roadmap

DAEYANG has developed a "2050 Carbon Neutrality Roadmap" to achieve its vision of carbon neutrality by 2050 and ultimately reach Net-Zero carbon emissions. Our goal is to reduce carbon emissions by 40% by 2030 and achieve full carbon neutrality by 2050. To meet this objective, the company plans to transition all business sites to 100% renewable energy (RE100) by 2050 through several key initiatives. These include improving the efficiency of existing facilities, establishing solar power generation, developing low-carbon products, reducing supply chain carbon emissions, and diversifying procurement portfolios by expanding power purchase agreements (PPA), renewable energy certificates (REC), and direct procurement. Through these mid- and long-term targets and action plans, we aim to achieve sustainable management, respond to climate change, and meet stakeholder needs while complying with regulations.

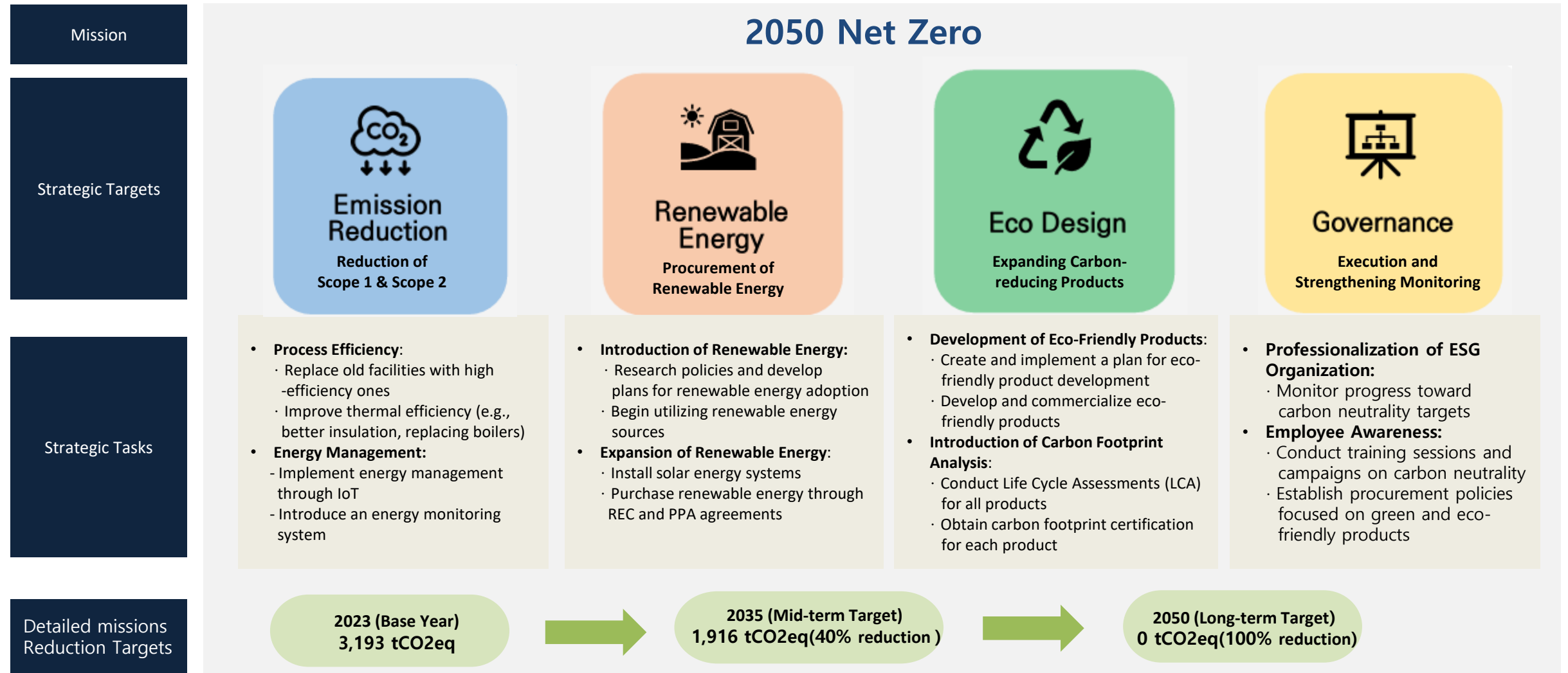
Process for Establishing the Carbon Neutrality Roadmap



Response to Climate Change

Carbon Neutrality Strategy Structure

DAEYANG has developed a comprehensive strategy with four strategic targets and action plans to preemptively respond to climate change and minimize associated risks. This plan outlines a detailed approach to achieving carbon neutrality by 2050.



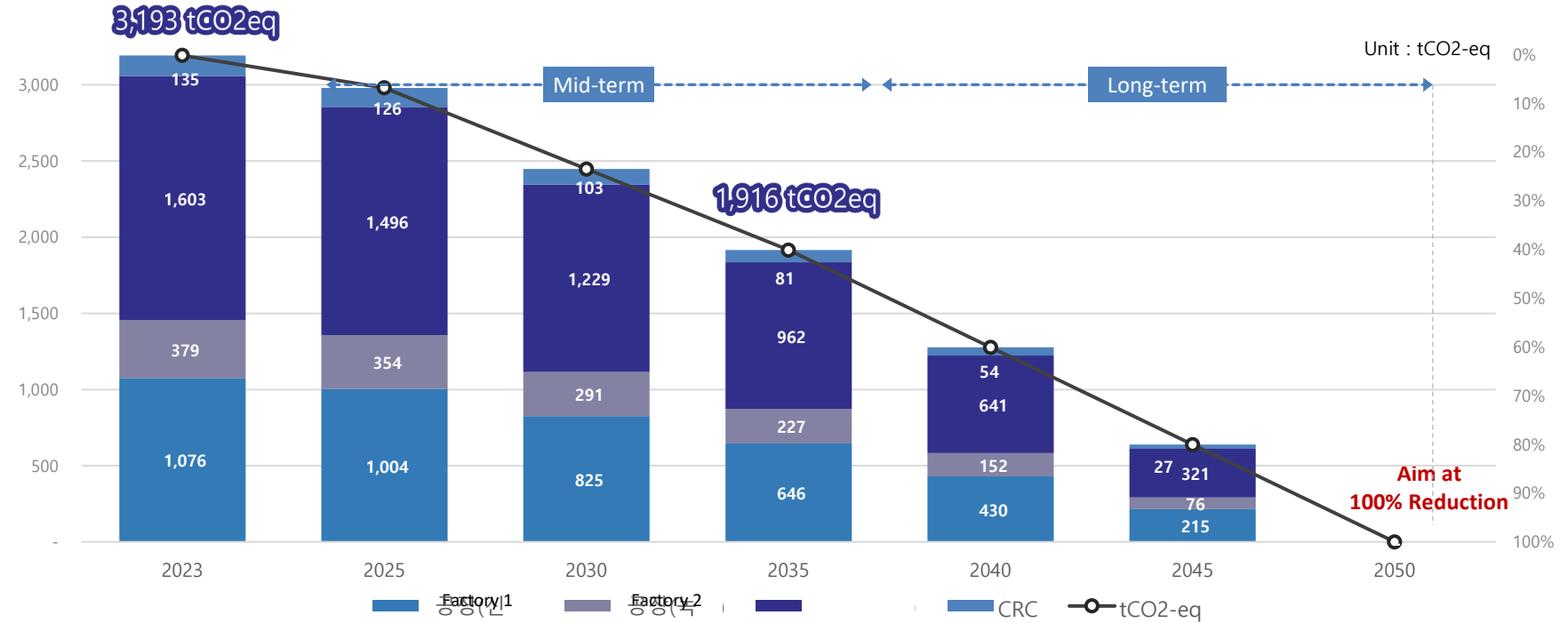
Response to Climate Change

2050 Carbon Neutrality Roadmap



Target Greenhouse Gas Emissions and Reduction Goals

Unit: tCO ₂ -eq	2023 (Base Year)	2035년 (Mid-term Target)	2035 (Long-term Target)
Target Emissions	3,193	1,916	0
Cumulative Reduction Rates	-	40%	100%



중기 감축이행수단(2024~2035)

- **Monitoring:**
Continuous tracking of carbon neutrality progress and target achievement
- **Process Efficiency:**
 - Introduce high-efficiency system boilers
 - Strengthen thermal insulation for high-temperature equipment
 - Replace existing equipment with high-efficiency devices
- **Energy Management:**
Implement energy management systems through IoT technology



장기 감축이행수단(2036~2050)

- **Introduction of Renewable Energy:**
 - Research and develop policies and plans for renewable energy adoption
 - Procure renewable energy via REC (Renewable Energy Certificates) and PPA (Power Purchase Agreements)
- **Monitoring Scope 3 Emissions:**
 - Track and manage indirect emissions throughout the value chain
- **Expansion of Low-Carbon Products:**
 - Develop and produce eco-friendly products
 - Perform Life Cycle Assessments (LCA) for all products to measure environmental impact
- **Participation in Global Initiatives:**
 - Engage in global environmental initiatives such as the Carbon Disclosure Project (CDP)

Usage Water and Waste Water

Water Usage Policies

As climate change exacerbates water shortages, DAEYANG ELECTRIC places great importance on minimizing water consumption and maximizing efficiency. To achieve sustainable water use, the company conducts the following activities:

- **Regular Facility Checks:** We regularly inspect water facilities to ensure operational efficiency and reduce water usage through improved standards.
- **Employee Training:** Employees receive water resource management training to maximize water usage efficiency and prevent unnecessary wastage due to leaks.

Water Pollutant Treatment

Dirty Water Treatment

Sanitary wastewater from the business sites is discharged through the city's sewage system.

Wastewater Treatment

Wastewater generated from processes like painting and the automatic press line is stored onsite and treated weekly by a professional third-party wastewater treatment company. All wastewater data is registered with the Ministry of Environment's electronic system (mulbaro.or.kr), and regular facility checks ensure compliance with **The Water Environment Conservation Act** and related regulations.

Rainwater Treatment

Rainwater from business sites is directed to the city's rainwater system. Regular maintenance of drainage pipes prevents foreign materials from contaminating the water.

Actions in Case of Emergency

The company follows an emergency scenario to minimize secondary pollution from rainwater and dirty water pipes due to abnormalities in wastewater generation facilities. Prompt corrective action is taken to minimize the environmental impact, with recovery solutions implemented.

Water Usage and Wastewater Emissions

Water Usage Reduction Efforts

Most of the water used at DAEYANG is for domestic and product testing purposes. To reduce consumption, pollutants are removed from products before waterproof testing, and clean water is reused where possible. We have also installed systems to prevent pollution in water tanks used for product tests.

Wastewater Reduction Efforts

The installation of oil skimmers has increased the lifespan of the water used for washing raw materials, reducing overall water consumption.

Wastewater Quality Assessment

Wastewater is regularly tested by third-party laboratories to ensure compliance with legal standards. In 2023, no harmful pollutants were detected.

Rainwater Collection System

In compliance with **The Promotion of and Support for Water Reuse Act**, DAEYANG installed a rainwater collection system at the CRC building in Seoul, operational since December 31st, 2021.

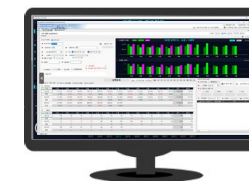
- The location of drainage system: CRC (Seoul)
- Completion of establishment: November 8th, 2021
- Starting date: December 31st, 2021
- Rainwater collection method: initial rainwater removal + sterilization

Establishment of Drainage System

The company installed a compliant drainage system at the CRC building in 2023, meeting the requirements of the **Sewerage Act** and **The Water Quality and Aquatic Ecosystem Conservation Act**. The system ensures a slope of more than 1% between public and internal sewage connections.

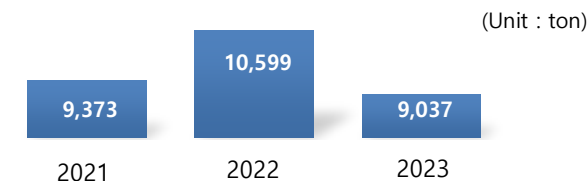
Water and Wastewater Reduction Target Management

The company monitors water usage across all sites, sets reduction targets, and implements action plans. Monthly analyses track changes in water usage, ensuring that reduction efforts remain on target.



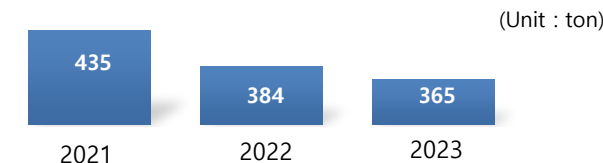
Water Consumption

In 2023, DAEYANG achieved its water usage reduction target by consuming 9,037 tons, a 14.7% reduction from the previous year. The 2023 target was set at 10,069 tons (a 10% reduction from 2022 levels), and the performance exceeded the target by 106%.



Wastewater Emissions

Wastewater emissions were reduced by 4.8% compared to the previous year, thanks to improved wastewater treatment standards, better washing quality, and changes to cleaning detergents. Though the target for 2023 (345,150 tons) was not fully achieved, the performance (365,000 tons) **marked a 94.6% completion of the target**.



Biodiversity



Biodiversity
Policy

Biodiversity and Nature Policy

DAEYANG acknowledges the critical role of biodiversity in sustainable development and recognizes the potential environmental impact of its business activities. Understanding the need for biodiversity protection in decision-making, the company takes all necessary measures to minimize its operational impact on the environment.

- Ensure biodiversity is protected, minimized, and restored across all operations. Each new project will undergo a biodiversity assessment to evaluate its status and value.
- Adhere to all local biodiversity protection laws at business sites, especially those situated in important habitats.
- Operate in critical habitats without causing harm or biodiversity loss, aiming for "No Net Loss" in these areas.
- Refrain from installing or operating business facilities in areas designated for biodiversity protection.
- Actively promote conservation, restoration, and expansion of biodiversity through company initiatives.
- Prioritize and protect rare, endemic, and endangered species through targeted mitigation efforts.
- Share biodiversity-related performance and issues with stakeholders to increase knowledge and understanding of biodiversity protection.
- Conserve biodiversity by efficiently utilizing natural resources and bioproducts, contributing to the restoration of natural ecosystems.

Forest Destruction Prevention

DAEYANG ELECTRICS prohibits deforestation within its business sites. To prevent forest degradation, the company develops green spaces and parks within its sites to preserve biodiversity.

Biodiversity Activities

To predict and analyze the environmental impact of newly constructed or expanded business sites, DAEYANG conducts environmental impact assessments in line with relevant regulations. Based on the findings, the company identifies key risks and implements mitigation plans to minimize impact on both local communities and the environment.

Endangered species are prioritized at business sites, with the following specific numbers: **Factory 1**: 5 species, **Factory 2**: 5 species, **Factory 3**: 9 species, **CRC**: 9 species. The company ensures all operations comply with local laws to protect biodiversity, especially for species classified as **Category I** and **Category II** endangered wildlife. DAEYANG remains committed to prioritizing the protection of rare and endemic species.

Living and sewage wastewater are processed through separate systems, ensuring no negative impact on biodiversity conservation or natural ecosystems. The company promotes environmental awareness among employees, encouraging actions that protect the environment and ecosystems.

Green spaces within business sites serve as vital urban ecosystems, offering employees direct interaction with biodiversity. DAEYANG plans biodiversity training programs and social activities to raise awareness of biodiversity as a valuable resource, fostering coexistence between people and nature for sustainable biodiversity conservation.

Data on Biodiversity Protection

DAEYANG monitors biodiversity priority species and ensures that operational activities do not harm these sensitive areas. The breakdown of protected species near each factory includes:

Category		Unit	2021	2022	2023
The number of species protected under the biodiversity program near the company	Factory 1	Species	10	10	5
	Factory 2		7	7	5
	Factory 3		5	5	9
	CRC		3	3	9
	Total		22	25	28
The number of biodiversity harm cases			0	0	0

Species of endangered wildlife at business sites

Site	City	District	Name	classes of vertebrates	Wildlife
Factory 1 (5 Species)	Busan	Saha-gu	padlock	Amphibians	II
			hawk	Birds	I
			Black kite	Birds	II
			fairy pitta	Birds	II
Factory 2 (5 Species)	Busan	Gangseo-gu	Leopard cat	Mammals	II
			Black kite	Birds	II
			Vulture	Birds	II
			Sparrow Hawk	Birds	II
			fairy pitta	Birds	II
Factory 3 (9 Species)	Incheon	Yeonsu-gu	Black Paradise Flycatcher	Birds	II
			padlock	Amphibians	II
			Tundra Bean Goose	Birds	II
			subbute	Birds	II
			Haematopus	Birds	II
			Numenius madagascariensis	Birds	II
			Chroicocephalus sandersi	Birds	II
			Eurasian eagle-owl	Birds	II
			otter	Mammals	I
CRC (9 species)	Seoul	Gangseo-gu	Leopard cat	Mammals	II
			Suweon tree frog	Amphibians	I
			Seoul Frog	Amphibians	II
			padlock	Amphibians	II
			Tundra Bean Goose	Birds	II
			Circus cyaneus	Birds	II
			Sparrow Hawk	Birds	II
			Goshawk	Birds	II
			crested lark	Birds	II
			Leopard cat	Mammals	II

*Reference: The 5th national nature environment research, Enforcement Decree of the Wildlife Protection and Management Act (Table)

Waste Management

Waste Management Standards

DAEYANG has established comprehensive standards for the storage, transportation, and treatment of waste to minimize waste generation from business activities and ensure efficient waste treatment.

- Designated and non-incinerable wastes are handled by certified third-party contractors.
- The contracted companies, authorized to manage specific types of waste, are regularly inspected for compliance with operational management standards and waste treatment practices.

Waste Reduction and Recycling Initiatives

Waste is classified into general waste, living waste, designated waste, and recyclable waste to ensure proper handling and storage. Improperly packaged waste is reclassified, rewrapped, and managed accordingly to prevent cross-contamination.

Metals like steel, aluminum, and brass are 100% recycled. General waste, including waste oil, powdered paint, and synthetic resins, is treated and recycled by designated third-party companies.

Product Design and Environmental Impact Management

At the product design stage, DAEYANG conducts environmental impact assessments. Products that score high on the environmental impact scale are categorized under key environmental factors, with strategies in place to minimize negative impacts.

Criteria for Environmental Impact Assessment:

- **Level of Environmental Impact:** Assesses the impact from product use and disposal.
- **Recycling Potential:** Evaluates the recyclability and reduction of emissions.
- **Improvement Potential:** Considers the use of eco-friendly materials and environmental technologies.

Waste Treatment System

Designated and Non-Incinerable Waste are managed by authorized third parties. The company uses the Allbaro system (an integrated waste treatment system by the Ministry of Environment) to monitor waste generation, delivery, and treatment, aiming to reduce emissions and boost recycling efforts. When new waste is generated, it is reported according to the related law based on the details of its composition.

Designated and Other Wastes

The designated wastes generated during the production process, such as waste paints, oils, and waste powdered paints, are managed by third-party services. We strictly monitor and ensure that these wastes are disposed of in full compliance with relevant laws.

General Waste

General waste is categorized into incinerated waste (living waste, synthetic resins, rubbers, and woods), recyclable items, and reclaimed waste. Synthetic resins are incinerated, while recyclable materials are handled by recycling companies. Efforts are made to minimize reclaimed waste and limit the use of single-use items, with daily recycling monitoring at business sites.

Waste Emission and Treatment Overview

Wastes generated by DAEYANG are categorized and treated according to the following frequencies and methods:

Waste Type	Detail	Waste Clearing Frequency	Waste Clearing Method
Waste from business sites	General waste	Once a week	incinerated
	Waste wood		
Designated waste	Waste paints	Frequently	Incinerated in a high temperature
	Waste oil		incinerated
Waste paper	Paper	Twice a week	recycled
Recyclables	Waste plastic bags		

Waste Emission Trends

Waste generation has been increasing year over year. In 2023, waste emissions increased by 5.3% compared to the previous year. Despite this rise, DAEYANG ELECTRICS actively managed recycling efforts to reduce the amount of general waste compared to the previous year.

- **2023 Waste Reduction Target:** 75.5 tons (5% reduction compared to 2022).
- **2023 Performance:** 83.7 tons (5.3% reduction compared to 2022, achieving 90.2% of the target).

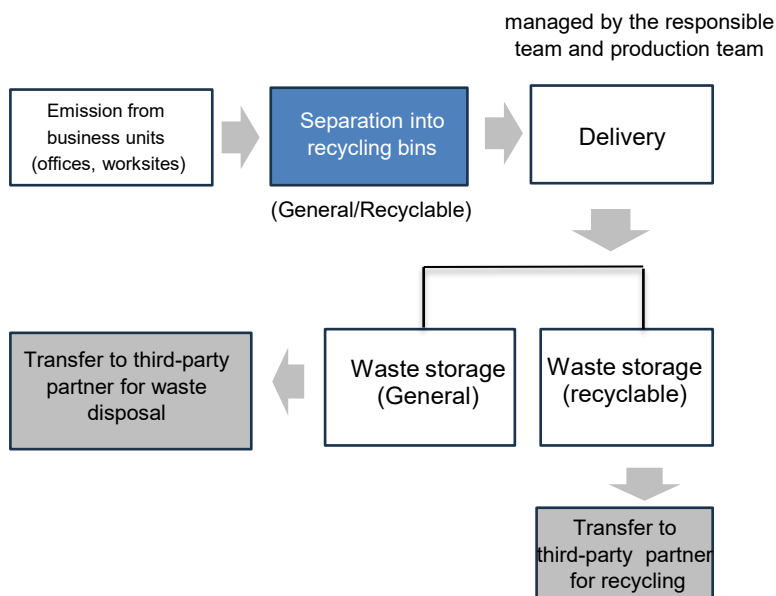
	Content	2021	2022	2023
Generated Wastes	General wastes emission	39.0	64.9	59.8
	Desinated wastes emission	18.4	14.6	23.9
	Others	0.0	0.0	0.0
	Total	57.5	79.5	83.7
Cleared Wastes	Incineration	22.5	10.8	12
	Landfill	0.0	0.0	3
	Recycling	35.0	68.7	68.5
	Total	57.5	79.5	83.7

Waste Management

Waste Emission Reduction Activity

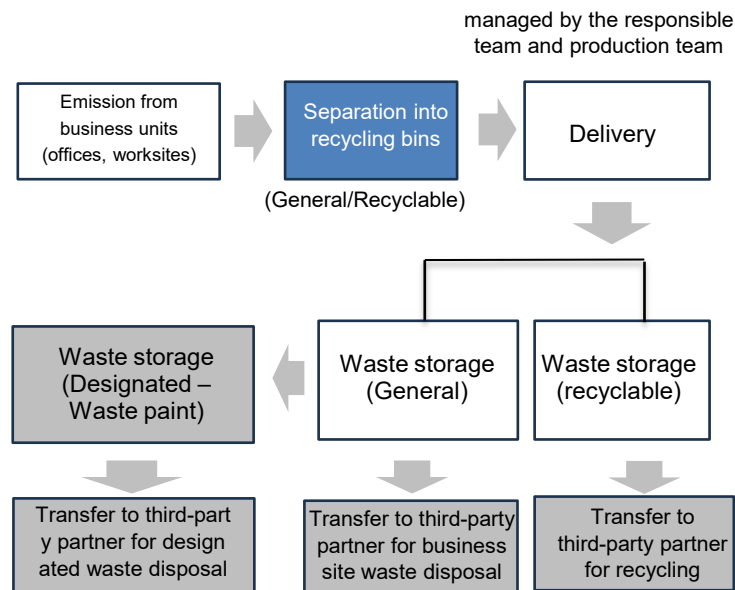
Business Site Waste (General Wastes)

To ensure strict recycling of waste generated at each factory, recycling bins are installed to properly separate and manage waste. General waste is directed toward recycling efforts to reduce overall waste generation.



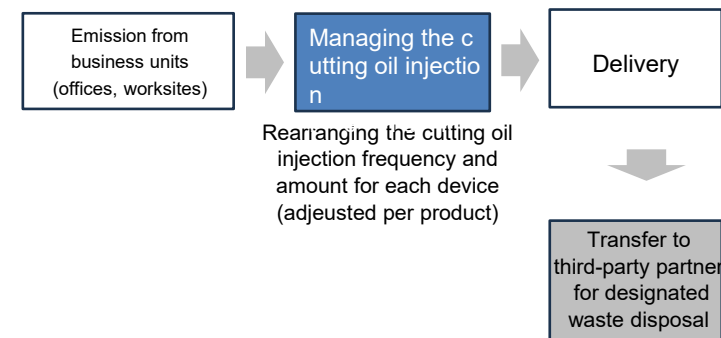
Designated Waste (Waste Paints)

The company sets up separate bins for general waste and designated waste, such as waste paints. These bins include containers for waste paint cans, sacks, and vinyl contaminated with paint. This system prevents the mixing of designated and general business waste, thereby reducing emissions of designated waste.



Designated Waste (Waste Oil)

The company reduces waste oil emissions and prevents pollution by optimizing the frequency and amount of cutting oil injected into devices. This prevents over-supplementation of cutting oil, which is generated from the operation of MC and NC devices in processing line 3 at Factory 1.



Prevention of Environmental Pollution

Raw/Subsidiary Materials and Environmental Policy

- The company minimizes unnecessary use of natural resources in the raw and subsidiary materials used during the production of products and services.
- The company monitors whether any raw or subsidiary materials are produced in ways that cause environmental pollution or illegally damage natural resources.

Raising Efficiency in Raw Material and Resource Usage

DAEYANG efficiently manages raw and subsidiary materials used in production and implements the following actions to minimize unnecessary natural resource use:

- Conducts resource efficiency initiatives for plastic and wood pallets, enabling their collection and recycling during stock receipt and delivery processes.
- Separates and recycles steel generated during the manufacturing process.
- Designs products for long-term use to minimize discarded parts when products malfunction or reach the end of their lifecycle, ensuring that recyclable components can be reused.
- Promotes activities to reduce waste from raw and subsidiary materials, starting from the design phase through to production.
- Reduces scrap material by transitioning from steel processing methods to using coil materials.

Chemical Material Use Policy

DAEYANG strives to strictly manage and minimize harmful chemicals. All harmful substances used in the manufacturing process are categorized according to domestic and international standards. The company implements internal policies such as the **Chemical Material Management Process**, **Dangerous Goods Management Guide**, and **MSDS Guide**, which are applied across all sites for handling, transportation, and disposal of chemicals.

Environmental Pollution Policy

Local Pollution Prevention

- DAEYANG recognizes the environmental impact of its activities and takes steps to prevent pollution by conducting environmental impact assessments and implementing improvements based on the results.
- Regular training is conducted, including emergency drills to prepare for environmental hazards.

Eco-Friendly Purchasing

The company sources eco-friendly parts from partners who have achieved ISO 14001 certification, integrating environmental considerations into the partner evaluation process.

Research for Eco-Friendly Products

The lighting business unit is researching and developing various LED products to replace fluorescent lamps, which contain harmful chemicals like mercury.

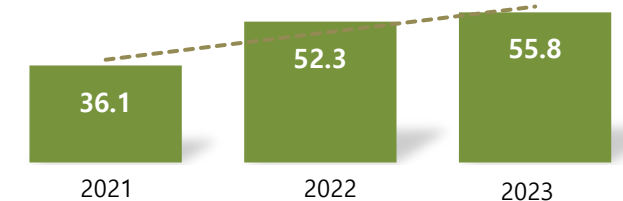
LED lights are environmentally friendly, as they use semiconductor technology to emit visible light without harmful chemicals. The company plans to phase out fluorescent lamps and stop production by 2026.

(Unit: mIn KRW, %)

Item	2021		2022		2023	
	Revenue	%	Revenue	%	Revenue	%
LED Lights	18,649	36.1	30,964	52.3	38,388	55.8
Explosion-proof Lighting	7,188	13.9	4,611	7.8	3,226	4.7
Other ship-related lightings	25,853	50.0	23,650	39.9	27,148	39.5

The ratio of eco-friendly LED products to total revenue

(Unit : %)



Prevention of Environmental Pollution

Harmful Chemicals Management Activity

DAEYANG supports various initiatives to ensure the safe use of chemicals and to maintain a secure working environment. Regular on-site inspections and improvements to the working environment are conducted to ensure the safety of chemical handling. To safely manage chemical treatment facilities, the company has established safety protocols and carefully monitors the entire process, from chemical intake to final disposal, tracking usage and inventory throughout.

Labeling, Storage, Treatment, and Delivery of Harmful Chemicals

- MSDS (Material Safety Data Sheets) warning signs are displayed in areas where chemicals are stored and used, with additional warnings on small containers when chemicals are repackaged.
- The amount of stored flammable materials is recorded and managed monthly to ensure proper control.

MSDS Acquisition and Delivery

- MSDS documents are acquired from suppliers when purchasing chemicals. The delivery of any chemical substance is prohibited if it is not accompanied by an MSDS.
- Harmful chemicals are delivered by certified vehicles, and the driver must be licensed to handle hazardous materials.

Chemical Disposal:

Designated wastes are stored in clearly marked areas and labeled for identification, in compliance with waste management regulations.

Local Environmental Pollution Protection and Environmental Investment Activities

Operating Hours Management for Pollutant Emission Facilities:

In response to yellow dust and fine dust alerts, the company reduces the operating hours of pollutant-emitting facilities in compliance with legal regulations.

Environmental Regulation Compliance Assessment:

Compliance assessments are conducted biannually to ensure adherence to environmental laws. The company has implemented pollution prevention facilities to treat environmental pollutants in accordance with legal standards.

Breach of Environmental Regulations, Pollution, and Harmful Material Leaks:

DAEYANG strives to protect biodiversity and prevent local pollution. There have been no significant breaches of environmental law, pollution incidents, or harmful material leaks reported by the Nakdong River Basin Environmental Office or other relevant authorities.

Regular Inspections of Harmful Substance Treatment Facilities:

Every two years, the company conducts regular inspections of facilities that handle hazardous substances. The Korea Occupational Safety and Health Agency deemed these facilities compliant during an inspection on December 21st, 2023.

Prevention of Chemical-Related Accidents and Solutions:

- A dedicated chemical manager is assigned to oversee hazardous substances, and regular training is provided according to relevant laws.
- Training is conducted at least once a year, focusing on accident scenarios related to chemical substances, with additional regular MSDS training.
- In the event of a chemical accident, immediate action is taken in accordance with emergency procedures.
- Periodic inspections are carried out to prevent accidents, with records maintained for future reference.
- Workers are provided with certified protective equipment to prevent exposure to harmful chemicals.

Status on Environmental Pollution, Fines, and Legal Breach

For the past three reporting years, DAEYANG has had no environmental pollution accidents, legal breaches, or incidents resulting in fines or penalties. The company continues to operate in full compliance with environmental regulations.

Status	2021	2022	2023
Number of environmental accidents	0	0	0
Amount of fines	0	0	0
Number of non-financial sanctions	0	0	0
Number of legal breaches	0	0	0
Number of lawsuits raised	0	0	0

Social

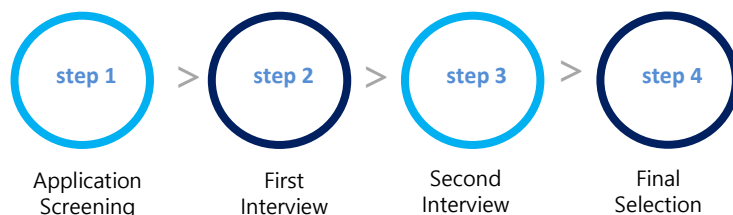
• Employment and Employee Working Environment	36
• Labor and Human Rights	38
• Education and Training	40
• Participation in Local Community	42
• Occupational Health and Safety	43
• Customer Satisfaction, Marketing and Labeling	45
• Supply Chain/Sustainable Procurement	46
• Product and Service Quality	48
• Informational Security	49

Employment and Employee Working Environment

DAEYANG offers a fair and competitive compensation package through a performance-based evaluation system, rather than a hierarchy-based approach. This is grounded in fair human resource and performance management practices. At the beginning of each year, salaries and incentives are determined by considering the previous year's business performance and individual performance evaluations. This approach fosters a culture of excellence, rewarding employees with differentiated compensation based on transparent standards. Entry-level salaries are reviewed and adjusted annually to remain competitive within the industry and to attract top talent.

Employment

DAEYANG conducts ad-hoc recruitment through its corporate online recruitment platform. Job postings, including qualifications, hiring dates, and available positions, are announced to address the staffing needs of each subsidiary. The recruitment process involves the following steps:



- **Step 1. Application Screening:**
Basic capabilities, qualifications, a can-do mindset, creativity, and relevant experience as expressed in the resume are carefully evaluated.
- **Step 2. First Interview**
Primary evaluation of job-related skills and expertise is conducted by department managers.
- **Step 3. Second Interview:**
Characteristics and attitudes are assessed by the responsible executives.
- **Step 4. Final Selection**
A comprehensive review of all documents and interview results is performed to make the final selection, followed by notifying the successful candidates.

Welfare and Employee Well-being

DAEYANG is committed to enhancing employee welfare and well-being through a range of policies and benefits, including:



Congratulatory and Condolence Expenses

Financial support is provided for personal or family events, such as weddings, 60th birthdays, and bereavements.



Educational Support

School expenses are provided for employees' children based on the employee's years of service.



Medical Expenses

Medical costs for employees and their families are covered.



In-Company Club Activities

Regular financial support is provided for club activities to promote employee well-being, health, and social engagement.



Recognition Programs

Awards, including the Daeyang Person Award and Best Employee Awards, are presented on the company foundation day and year-end. Long-serving employees are recognized at five-year intervals.



Unscheduled Recognition

Exceptional achievements, educational excellence, and significant contributions are acknowledged through non-scheduled awards and compensations.



Leave Policy

Paid leaves are granted for personal or family events, summer breaks, and special occasions. The policy encourages voluntary vacation planning and offers a more flexible approach to time off.



Legal Counseling

Employees have access to legal counseling services through the company's legal advisory agency.



Commute Support

A commute bus service is provided to alleviate the challenges of rush hour travel.

Working Hours and Breaks

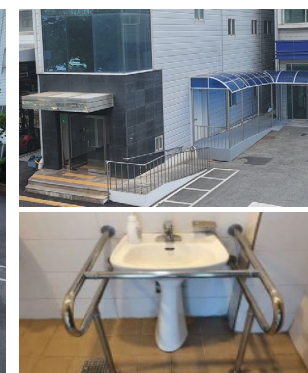
The standard working hours are 8 hours per day, excluding lunch breaks, amounting to a 40-hour workweek. Overtime and night work, defined as work performed between 10 PM and 6 AM, are compensated accordingly.

Equal Treatment for Permanent and Non-Permanent Employees

DAEYANG is committed to providing equal treatment to all employees, regardless of their employment status. Health insurance, medical services, and compensation policies are applied consistently across all business units. Benefits are based on years of service rather than employment type. Treasury stock is provided to employees after a specified period of service.

Facilities for Employees with Disabilities

DAEYANG provides an accessible working environment for employees with disabilities by offering designated parking spaces, wheelchair ramps, and adapted restroom facilities.



Treasury Stock and Stock Options

To promote economic benefit, labor cooperation, and productivity, DAEYANG offers treasury stocks to new employees after a specified period of service. Executives are granted stock options, which become exercisable after two years, reflecting the company's growth.

Employment and Employee Working Environment

Diversity and Equal Opportunity

In adherence to the Equal Employment Act, DAEYANG is committed to enhancing the status and welfare of working women by ensuring equal opportunities and treatment for all employees, regardless of gender. The company actively protects maternity rights and fosters skill development. Our key initiatives include:

- Providing equal opportunities in recruitment and employment.
- Ensuring equal pay for work of equal value within the same industry.
- Prohibiting discrimination in training, placement, and promotion.
- Preventing discrimination in retirement and dismissal processes.
- Complying with relevant laws, such as the Labor Standards Act and the Equal Employment Act.

Support for Birth and Childcare

- **Maternity Leave:** Up to 2 years of leave is provided for employees with children up to the second grade of elementary school.
- **Reduced Working Hours During Pregnancy:** Reduced working hours are available (2 hours per day) for employees in their early (before 12 weeks) and late stages of pregnancy (after 36 weeks).
- **Reduced Working Hours for Childcare:** Female employees can apply for a 2-hour reduction in daily working hours to accommodate childcare needs.
- **Maternity Leave Before and After Pregnancy:** Maternity leave is granted for both prenatal and postnatal periods.
- **Spousal Maternity Leave:** Male employees are entitled to leave following the birth of their child to support their spouse.
- **Infertility Treatment Leave:** Up to 3 days of leave are provided for employees undergoing infertility treatment.
- **Leave for Miscarriage or Stillbirth:** Leave is granted for health care and recovery following a miscarriage or stillbirth.
- **Regular Health Screening for Pregnant Women:** Short leave is permitted for regular health check-ups during pregnancy.
- **Breastfeeding Time Provision:** Additional breastfeeding time is provided outside of regular breaks (e.g., lunch breaks).

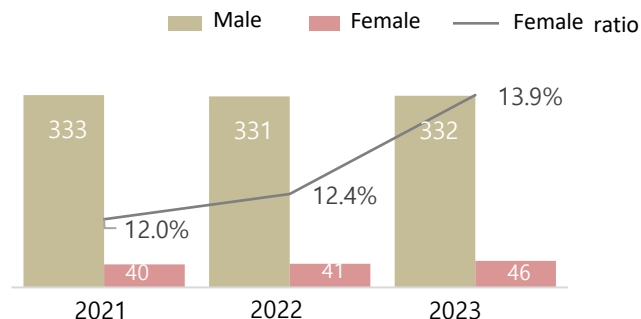
Employment Status and Gender Ratio

The average years of service at DAEYANG has decreased to 12 years and 8 months due to a rise in retirements and resignations, alongside an increase in new hires. The ratio of female employees has been increasing annually, reaching 13.9% as of 2023.

Years of service	2021	2022	2023
Average Service Year	13 years 4 months	13 years 2 months	12 years 8 months
Male	13 years 5 months	13 years 5 months	13 years 5 months
Female	12 years 8 months	11 years 2 months	9 years 9 months

Number of Employees by Gender (Unit: Number of person)

성별	2021	2022	2023
Male	333	331	332
Female	40	41	46

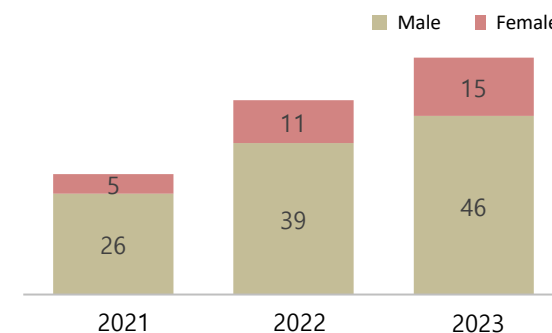


Recruitment, Turnover, and Retirement

The number of new hires and retirements at DAEYANG has been on the rise. In 2023, a total of 61 employees were hired through regular recruitment, while 98 employees left the company voluntarily or retired. The following sections provide a detailed breakdown of recruitment by gender and the status of resignations and retirements.

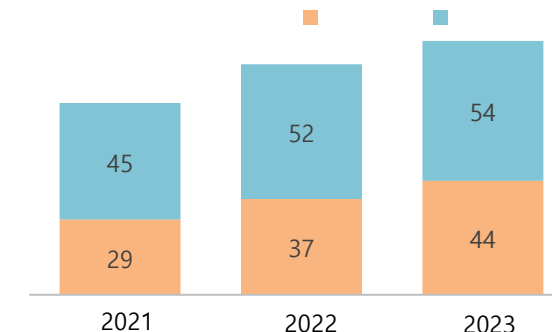
New Recruitments by Gender

(Unit: Number of person)



Turnover/Retirement

(Unit: Number of person)



Labor and Human Rights

Human Rights Policy

DAEYANG established its Human Rights Management Charter on January 4th, 2021, serving as a standard for behavior and decision-making for all employees. The Human Rights Policy was further revised in June 2024 to protect and enhance individual dignity and rights. DAEYANG extends its commitment to human rights by incorporating protection clauses into the CSR Code of Conduct for partner companies. The company is committed to continuously strengthening its human rights management system through the ongoing improvement of procedures and guidelines to embed human rights into its business practices.



Human Rights Policy

Human Rights Policy (Amended on June 28th, 2024)

- Prohibition of discrimination
- Equal opportunity
- Prohibition of workplace harassment
- Prohibition of sexual harassment
- Guarantee of freedom of association and collective bargaining
- Prohibition of child labor and forced labor
- Compliance with labor standards
- Responsible supply chain management
- Work-life balance
- Protection of human rights in local communities
- Protection of customer rights
- Protection of environmental rights

<Human Rights Charter>

- We proclaim the Human Rights Management Charter and pledge to promote and embed human rights management throughout the organization.
- We respect and support international human rights standards, including the United Nations Universal Declaration of Human Rights.
- We do not discriminate against any stakeholders, including employees, based on nationality, race, religion, disability, gender (including sexual orientation), age, social status, or political beliefs.
- We ensure freedom of association and collective bargaining for the protection and enhancement of human rights, fostering stable employment.
- We strictly prohibit any form of forced or child labor.
- We prioritize the health and safety of our employees by maintaining a safe and hygienic working environment.
- We respect the human rights of all stakeholders, including business partners and local communities.
- We prioritize the protection of victims of sexual harassment or workplace harassment and strive to prevent secondary harm.
- We are committed to protecting personal information collected for business purposes.
- We prioritize the prevention of human rights violations and take prompt and appropriate measures for remediation if violations occur.

Human Rights Training for Employees

DAEYANG provides regular human rights training to employees, covering topics such as sexual harassment prevention, disability awareness, and the prohibition of workplace harassment. In 2021, all managerial-level employees completed training on "Understanding the UN Convention on the Rights of the Child" conducted by the National Human Rights Commission of Korea. By 2022, this training was extended to all office employees across all business sites.

[Current Status of Human Rights Education]

- **2021:** "Understanding the UN Convention on the Rights of the Child" (24 employees), "Protection of Workplace Harassment" (372 employees)
- **2022:** "Understanding the UN Convention on the Rights of the Child" (190 employees), "Protection of Workplace Sexual Harassment" (363 employees), "Company Ethics Training" (37 employees)
- **2023:** "Protection of Workplace Sexual Harassment" (360 employees), "Company Ethics Training" (289 employees)

Human Rights Risk Evaluation

DAEYANG operates exclusively in domestic locations and strictly adheres to all human rights-related laws and regulations. Regular risk assessments are conducted across all business activities to identify and mitigate potential violations related to workload, working hours, forced labor, harassment, or bullying.

Protection Against Discrimination and Harassment

DAEYANG is committed to safeguarding employee rights and ensuring a workplace free from discrimination and harassment based on gender, disability, religion, or other external factors. Established guidelines and procedures are in place to protect employees from workplace harassment and sexual harassment. The "Guidelines for Protection Against Sexual Harassment" (effective May 11, 2022) ensure victim support and protection.

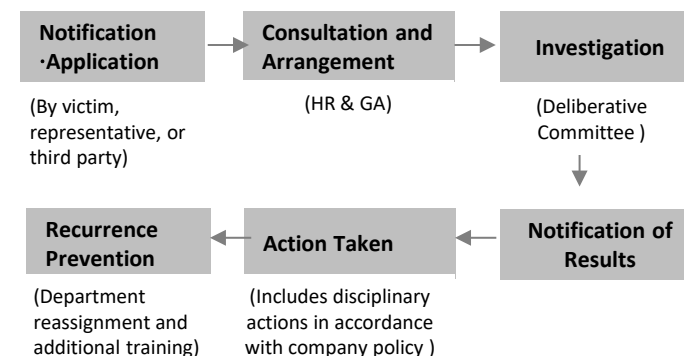
Grievance Procedure Policy

DAEYANG provides multiple channels for reporting human rights-related concerns, including intranet, website, email, phone, and mail. The company ensures prompt and effective resolution of grievances, offering a grievance procedure for individuals or communities potentially affected. Informants, victims, and supporters are safeguarded against any employment related disadvantages arising from their participation, consultation, or cooperation in the investigation process.

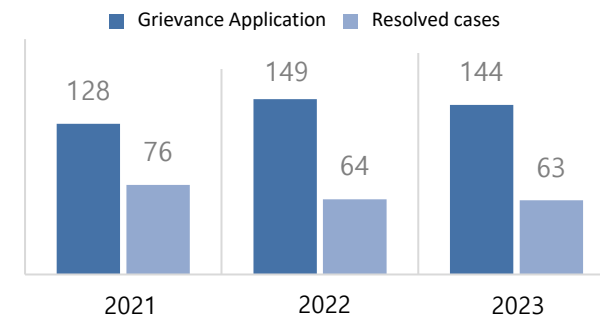
[Reporting Channels for Human Rights Violations]

- **Intranet:** Super-Helper Report Center
- **Website:** <https://www.daeyang.co.kr>
- **Email:** chjung@daeyang.co.kr
- **Phone:** +82 51-200-5319
- **Mail:** 245, Jangpyeong-ro, Saha-gu, Busan, Republic of Korea

Grievance Handling System Procedures



Comparison of Grievance Application Cases and Resolved Cases



Types of Grievances

(Unit: # of cases)

Types of Grievances	2021	2022	2023
Facility and Equipment	41	36	31
Welfare	32	38	40
Work-related	43	74	72
Others	12	1	1
Total	128	149	144

Labor and Human Rights

Child Labor, Forced Labor, and Human Trafficking

DAEYANG upholds the principle of not allowing pregnant women or employees under the age of 18 to work between 10 pm and 6 am or on public holidays. As a result, the company has no business sites at high risk for child labor or forced labor. We require our partners to adhere to the five core principles of the International Labour Organization (ILO), which include the elimination of child and forced labor, the freedom of association and the effective recognition of the right to collective bargaining, and the elimination of discrimination. Additionally, partners are expected to comply with the human rights and labor laws of the nation or region in which they operate. **For external security service providers, while we have not yet conducted human rights training, we plan to include this requirement in future contracts, mandating such training to promote human rights awareness.**

Labor-Management Relations Policy

DAEYANG is committed to fostering a company culture where employees and the organization grow together. To maintain healthy labor-management relations, we have established various policies and guidelines that focus on employees' health and safety, working conditions (including wages, incentives, working hours, and information sharing), and career development. Our policies include:

- Labor-management relations policies
- Employment rules
- Reward policy
- Human resource management policy
- Labor-Management Council operation policy

Selection of Employee Representatives for the Labor-Management Relations Council

The most recent employee representative for the Labor-Management Relations Council was elected on December 22, 2022, through a fair and transparent process. The representative received the majority of votes from all eligible voters, including a majority of valid votes.

Work-Related Disputes and Strikes

DAEYANG operates without risk of breaching or infringing on association and collective bargaining rights at any of its business sites, including Factories 1, 2, and 3. **Over the past three years, there have been no labor-related disputes or strikes, resulting in no labor loss due to such activities.** We remain dedicated to fostering healthy labor-management relationships.

Employee Engagement and Communication Channels

- DAEYANG NEWS: Published monthly
- INSIGHT REPORT: Published monthly
- Management Town Hall: Held annually
- Labor-Management Council: Meets quarterly
- Occupational Health and Safety Council: Meets quarterly

Labor-Management Council Operation

In accordance with the Act on the Mutual Participation and Cooperation by Workers and Employers, DAEYANG has established a Labor-Management Council to foster a culture of trust and cooperation. This council serves as a platform for enhancing mutual interests through the active participation and collaboration of both employees and employers. **To ensure effective council operation, we have implemented necessary measures for structured and organized engagement.**

[Labor-Management Council 2023 Meetings]

- **February 23, 2023:** Updated operational guidelines on proposal policy, discussed company-wide educational initiatives for 2023, selected recipients for employee child scholarships, and recognized exemplary employees of the Sinpyeong-Janglim Industrial Complex.
- **June 8, 2023:** Introduced a pre-designation policy (default option) for the construction of a specialized LED-smart factory at Factory 1.
- **August 24, 2023:** Strengthened company-wide job requirements and organizational development education; initiated open recruitment for new and experienced employees.
- **December 14, 2023:** Conducted employee performance reviews and announced the building dedication ceremony for the LINK-22 license production facility.

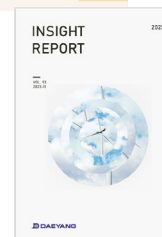
DAEYANG NEWS Publication

DAEYANG publishes "DAEYANG NEWS" monthly to keep employees informed about internal and external company matters. This publication includes management messages, company vision, the latest news, major events, and relevant knowledge, promoting a better understanding of the company's operations and the external environment.



INSIGHT REPORT Publication

The "INSIGHT REPORT" provides employees with an understanding of the external environment influencing the business. It collects and shares relevant issues, fostering an open forum for ideas and enhancing awareness of the external landscape. This initiative creates opportunities for employee collaboration and communication.



Management Town Hall

At the beginning of each year, DAEYANG holds a town hall meeting to discuss important topics such as health and safety, education, career management, and human rights issues. Any concerns raised during the town hall are addressed by the relevant teams, prioritizing trust and importance to ensure timely resolution.

[Townhall Meeting in 2023]

- Date: Jan 3rd 2023 – Jan 5th 2023
- Participants: 80 employees

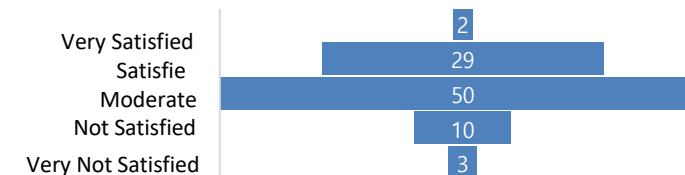
Employee Satisfaction Survey

DAEYANG conducts an annual employee satisfaction survey to gauge overall workplace satisfaction, address any instances of discrimination within job units, and provide personal problem counseling. The survey also explores employees' career development concerns and their expected service years. This process helps identify the current status of the organizational culture and highlights areas that may need improvement. By addressing unreasonable and inefficient factors, we aim to create a working environment where all employees can focus on their roles voluntarily and effectively.

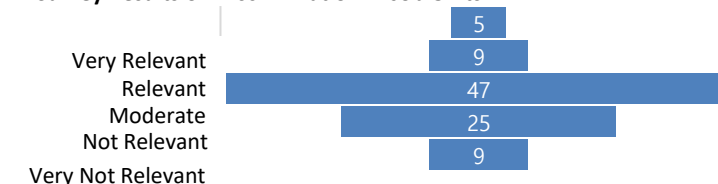
[Employee Satisfaction Survey in 2023]

- Date: November 30th 2023 – December 13th 2023
- Participants: 101 employees

Survey Results on Overall Workplace Satisfaction



Survey Results on Discrimination in Job Units



Education and Training

Policy on Education and Training

To enhance business competitiveness and the continuous development of its employees, DAEYANG provides equal educational opportunities to both permanent and non-permanent employees, offering a range of welfare benefits to all. Each year, the company assesses job importance and capability gaps, identifies training needs, and establishes a learning and development plan to systematically support employees.

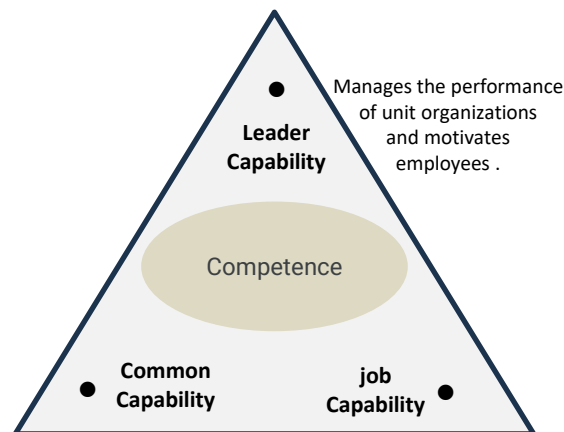
- **Chapter 9, Article 32 of the Human Resources Policy (Education and Training):**
All employees are required to receive training in accordance with the employee education and training policy to develop the knowledge, skills, and competencies relevant to their job positions.
- **Chapter 6, Article 33 of the Employment Policy (Education and Training):**
All employees must participate in training programs to acquire the necessary knowledge and skills for their roles.

Capability Structure

Management Philosophy :

Social contribution through technological innovation

Objective : Fast, Innovative and Strong Product Development



Essential skills all employees need to achieve the company's vision and strategy.

Functional skills required for employees to successfully perform their roles.

Education and Training Policy

The company's educational programs are categorized into common capability, leader capability, and job-specific functional capability. Employees are encouraged to pursue training that aligns with their career development goals for each position and job category. **However, programs that support transitions to other companies are not offered.**

Common Capability	- Hard-working - Innovation - Goal-oriented
Leadership Capability	- Provides business direction - Successful business execution - Organizational management - Talent management - Activating core values
Job Position capability	- Office Position (Facility operation, accident response, spot improvement) - Production Position (automation, welding, painting, etc.)

Policy on Credit Accumulation

To provide equal learning opportunities and support customized career development, DAEYANG has implemented an essential credit requirement policy for long-term employee capability building.

Job Capability Strengthening Program

In response to the rapidly changing external environment, DAEYANG endeavors to enhance the job capabilities of its employees. In 2023, the company introduced an in-depth R&D capability enhancement program to improve the design skills of project leaders in the design and R&D departments.

Talent Nurturing and Capability Strengthening

Job Match Evaluation and Career Development

Through job match evaluations and career development planning, the company identifies the necessary skills of employees and provides training to enhance work performance and support both short- and long-term career growth.

Career Path and Transitional Assignment

DAEYANG provides a career development index for all employees and enforces a minimum mandatory training hours policy to encourage skill acquisition. The company manages career paths and credit accumulation guidelines, serving as facilitators for official transitions within the organization.

Investment in R&D

By investing heavily in R&D and pursuing various innovation activities, the company creates new opportunities in a rapidly changing market. Enhanced technology improves product and service satisfaction, thereby strengthening economic creation capabilities in new areas.

Nurturing New Employees

To facilitate the swift adaptation of new employees and enhance their job skills, DAEYANG ELECTRIC has partnered with a governmental organization since 2022 to implement a Work and Study Dual Policy. This program is systematically managed to ensure effective outcomes.

[New Employee Nurturing Program – Work and Study Dual Policy]

- **Training Center:** Korea Maritime & Ocean University
- **Training Duration:** 15 months (December 2022 – February 2024)
- **Training Hours:** 800 hours total
- **OJT (On-the-Job Training):** More than 40 hours per month
- **OFF-JT (Off-the-Job Training):** Once a month, basic job capability training is conducted at Korea Maritime & Ocean University (including business manners, communication skills, presentation skills, ISO 9001, ISO 14001, ISO 45001, etc.)

If a new employee joins internally, an OJT plan is immediately developed, and production site training is provided to enhance job understanding. To encourage internal OJT, mentors receive a monthly allowance.

Education and Training

Education Status

In 2023, on-site education, which had been limited due to COVID-19, was largely reinstated. Compulsory training, common education, leadership training, and job-specific education were conducted. As a result, the average training hours per employee increased from 19 hours in 2022 to 62 hours in 2023. The key focus areas for 2023 included:

- **Job Level-Up for All Employees:** Enhancing skills across the workforce.
- **R&D Project Leader Development:** Targeting research engineering positions.
- **Presentation Skills:** Designed for new team leaders.
- **AI Capability Enhancement:** Focusing on shipbuilding industry experts in research engineering positions.
- **Compulsory Training on Human Rights, Environment, and Safety:** Including workplace harassment prevention.

[2023 Education Status]

- **Average Training Hours per Employee:** 62.2 hours
- **Average Training Cost per Employee:** 436,000 KRW

Education Status by Job Category and Gender:

Administration	Number of trainees (people)	662
	Training time (hours)	11,925
	Admin Training Hours per Person ¹⁾	48
Production	Number of trainees (people)	145
	Training time (hours)	2,176
	Production Site Training Hours per Person ²⁾	17
Male	Number of trainees (people)	701
	Training time (hours)	12,281
	Training Hours per Male Employee ³⁾	37
Female	Number of trainees (people)	106
	Training time (hours)	1,820
	Training Hours per Female Employee ⁴⁾	40

1) Admin Training Hours per Person

(Admin Training Hours / Number of Admin Employees) × 100

2) Production Site Training Hours per Person

(Production Site Training Hours / Number of Production Site Workers) × 100

3) Training Hours per Male Employee

(Male Worker Training Hours / Total Number of Male Workers) × 100

4) Training Hours per Female Employee

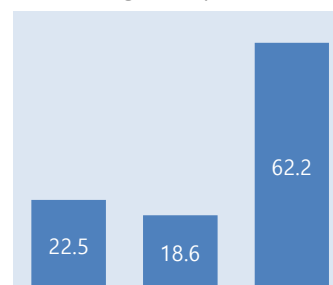
(Female Worker Training Hours / Total Number of Female Workers) × 100

All-Employee Group Training in 2023

- **Target of Education:** Daeyang Electrics Co., Ltd, Daeyang Instrument Co., Ltd., Daeyang Supply Co., Ltd., Deco Corporation
- **Duration:** August 22 – 23, 2023 (1 night, 2 days)
- **Number of Participants:** 389
- **Location:** Gyeongju Kyowon Dream Center
- **Program:** Company-wide Job Level-Up

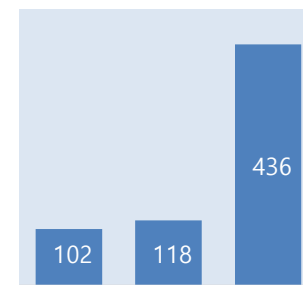


Training Hours per Person



((Unit: Hour))

Training Costs per Person



(Unit: 1000 KRW)

Fair Evaluation and Reward Structure

DAEYANG emphasizes fair people management by basing rewards on job-focused performance evaluations rather than just years of service. At the beginning of each year, annual salaries and incentives are determined by the previous year's performance and individual HR evaluation results. This approach motivates employees to perform at their best by offering differentiated rewards. The starting salary for new hires is set at the upper range of the industry to attract top talent.

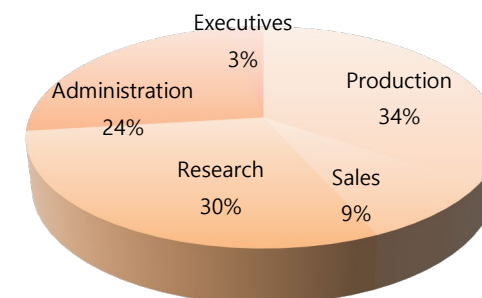
Performance-Linked Reward Policy

DAEYANG strives to provide fair rewards aligned with performance. At the end of each year, the company resets Key Performance Indicators (KPIs) to address any ambiguities in performance evaluations and continually updates the reward policy to ensure fair assessment of all work performance. Additionally, 20% of the business profit is distributed among employees to boost motivation.

Work performance and career development reviews are conducted for all employees except for the following:

- Employees on leave of absence
- Employees with less than six months of service
- Employees about to leave the company
- Non-permanent employees

Performance Review by Job Position



Participation in Local Community

Social Contribution Policy

In today's business landscape, participation in and development of local communities—both directly and indirectly affected by company operations—has become a key element of corporate social responsibility. At DAEYANG, we believe that our social contribution efforts are directly tied to our success. As a result, we continuously support local welfare facilities and scholarship programs through donations. All charitable donations and sponsorships are conducted in accordance with clear internal standards and procedures, and **we prohibit donations or sponsorships with political motivations.**

(Unit: 1000 KRW)

Donation Status				
내용		2021	2022	2023
Cash Donations	Scholarships for Busan Technical High School	20,000	0	0
	Scholarships for Korea Maritime & Ocean University	0	40,000	40,000
	Donations to Maria Village	11,280	11,780	10,321
	Donations to Donga Newspaper for Children	600	600	600
	Donations to Cheonma Rehabilitation Center	4,440	4,440	4,440
	Donations to Junior Leaders	4,800	4,800	4,800
	Other Donations			1,000 ¹⁾
	Total Contributions	41,120	61,620	61,161
Employee Volunteering	Number of Volunteers	18	18	27
	Volunteering Hours per Person ²⁾	-	-	-

Social Contribution Activities

Today, community involvement and development activities that directly or indirectly impact business operations have become essential components of corporate social responsibility. At DAEYANG, we believe that our success is closely linked to our social contributions. In line with this philosophy, we continuously support local welfare facilities and scholarship programs. All charitable donations and sponsorships are carried out following fair internal procedures, ensuring transparency and integrity. Furthermore, we strictly prohibit any donations or sponsorships with political motives.

Relationship Activities

The female worker organization, "Hanareumhoi," has been twinned with Maria Village, a local homeless care facility, to donate annually. Funds are raised through charity events for employees during year-end and festival periods. In May 2022, Maria Village presented DAEYANG with an appreciation plaque for its long-term, continuous support.

Support for Vulnerable Groups

The volunteer group "Daeyang Sarang-nanumhoi" regularly visits Cheonma Rehabilitation Center, a local facility for disabled individuals, assisting with rehabilitation efforts and other volunteer work. They recently provided emergency supplies to the center.

Expanding Employment through Work-Study Scholarships

In 2022, DAEYANG partnered with Korea Maritime and Ocean University to nurture future talent in the shipbuilding industry. The company pledged donations through 2025 to support this initiative. Additionally, it collaborates with the university to foster industry-university cooperation, offering internships and practical work experience that will help expand local employment opportunities.

Junior Leader Support Program

This sponsorship initiative supports talented students facing financial hardship, helping them pursue their dreams through a matching sponsorship model. The program aims to help local students reach their full potential.

Local Community Participation and Potential Negative Impact

All business sites participate in community engagement, impact assessments, and development programs. Currently, the company focuses on donation programs for vulnerable groups and local organizations. There have been no reports of significant negative impacts from any business sites. DAEYANG remains committed to continuously assessing community needs and refining its programs.

Future Direction

DAEYANG is developing mid- and long-term strategies to ensure sustainable positive interactions with local communities. Our future direction includes:

Expanding Social Contribution Programs

We aim to create new programs that promote broader social responsibility while expanding current initiatives, such as environmental protection projects and educational programs for teenagers.

Strengthening Cooperation with Local Communities

We will deepen our partnerships with local communities by aligning their needs with our capabilities. Through tailored, community-specific projects, we strive to maximize positive social impact and contribute to sustainable development.

Supporting Local Companies and Employment Growth

We will continue to support the growth of local businesses and our partner companies, while creating additional opportunities that positively impact the local economy. This will enhance the economic independence of the community and foster sustainable social progress.

Enhancing Trust and Value

By transparently communicating our community participation through ESG reporting, we aim to build trust and deliver value to our investors and stakeholders.

These initiatives will help DAEYANG maintain positive, sustainable relationships with local communities and position the company as a key contributor to sustainable development.

The company has established a risk and opportunity assessment process, along with target management, to identify potential health and safety risks and opportunities. Each high-risk factor is analyzed for its causes and effects, and specific improvement activities are implemented to reduce the risks. These actions are integrated into the company's overall targets to ensure continuous improvement in health and safety management.

Occupational Health and Safety

Occupational Health and Safety Impact Prevention and Alleviation

Proactive Prevention of Harmful Factors through Daily Safety Checks

The company has implemented an ERP system to monitor safety conditions in real time across all business sites. For critical risks identified during assessments, safety checks are conducted before any work begins, using health and safety checklists to prevent accidents.

Digitized Safety Work Permit System

Safety work permits are fully digitized, enabling construction teams to voluntarily check and receive approvals for construction types, devices, safety details, and protective measures, helping to prevent accidents in advance.

Continuous Improvement of Health and Safety Culture

The company provides protective shields for employees exposed to health and safety risks, manages hazardous substances, and operates a labor health and safety committee. Additionally, the company implements noise and vibration management guidelines, conducts work-related stress assessments, regular safety training, mandatory health check-ups for all employees, and ensures regular equipment safety inspections. Continuous efforts are made to improve the health and safety culture and prevent accidents caused by neglect of safety standards.

Ensuring Safety with Renovations at Factory 1

Factory 1, the headquarters, underwent significant renovations in 2023 following employee requests for equipment repair and building updates. Inspections and replacements of fire detectors were conducted, as well as relocating fire alarms. Document storage racks were replaced with mobile racks to prevent VDT syndrome when accessing records, enhancing the safety of employees.

Health and Safety Incidents (Injuries, Diseases)

The company identifies the root causes of any incidents and operates a comprehensive management process to prevent recurrence. In 2021, there was one injury (right-side distal phalangeal cutting accident), and the responsible device was removed. There were no incidents in 2022 and 2023.

Office Healthcare Services

Health Allowance Provision

In cases of illness or accidents, the company offers partial medical expense coverage to promote living stabilization and motivation. This support is available to both permanent and non-permanent employees who have worked for more than one year. The benefit extends to the employee, spouse, non-married children, parents, grandparents, and in-laws. Each person can receive up to 1 million KRW annually. In 2023, a total of 127 employees benefited from this support.

Comprehensive Health Screening Costs

For employees over the age of 50, the company covers the costs of comprehensive health screenings to help prevent diseases and promote well-being.

Occupational Health and Safety-Related Communication, Consulting, and Employee Participation

Health Screening and External Professional Health Consulting

The company provides regular and special health checkups tailored to work characteristics. Based on these results, the company works to prevent work-related stress and mental health problems through external professional health and psychological counseling programs. In particular, for employees with C1-level conditions like noise-induced deafness, the company actively monitors and works to improve their condition to D1 (minor abnormal findings due to occupation), ensuring ongoing health monitoring and protection.

[2023 Health Screening Status]

- **Regular Screenings:** 323 employees
- **Special Screenings:** 77 employees
- **Comprehensive Screenings:** 49 employees
- **Number of Employees Who Received Health Counseling:** 332 employees

Employee Health Enhancement

Health Facilities and Stress Counseling

Each business site is equipped with a rest area featuring massage chairs, as well as sports equipment on the top floor and in hallways, allowing employees to relax and improve their health. Additionally, external instructors conduct stress management training sessions, and employees are offered counseling after undergoing stress assessments.

Occupational Health and Safety-Related Employee Training

Mandatory Training on Health and Safety Management Systems

Every employee receives annual training covering:

- Health and safety principles and objectives
- Risk assessment results and corrective actions
- Risk/opportunity assessments and action plans
- Material Safety Data Sheets (MSDS)
- Safety precautions
- Compliance with laws and regulations
- Accident, incident, and near-miss reports
- Hands-on ISO45001 training (for new employees)

Health and Safety Compulsory Training

- 27 managers participated in compulsory training.
- Monthly health and safety training sessions are conducted for both office and site workers.

[2023 Health and Safety Training Calendar for Office/Production Workers]

Safety Training	Training		# of employees	
	Production Workers (2hrs /month)	Office Workers (1hr / month)	Production Workers	Office Workers
Jan	Maintenance of dangerous machines and devices		121	233
Feb	Identifying and researching near-miss incidents	Occupational Health and Safety Act	121	234
Mar	Presentation on near-miss case studies	Risk Assessment	121	234
Apr	Training on prevention of impacted disasters (Jamming incidents)		121	235
May	Practical training on using heart defibrillators		120	233
Jun	MSDS (Material Safety Data Sheets)		120	234
July	Industrial robot safety training		120	234
Aug	Employee health management training		122	235
Sep	Crane operation health and safety training	Fire drill	122	239
Oct	Stretching exercises and postural tips for work		124	241
Nov	Prevention of electrical shock incidents		124	249
Dec	Training on preventing wintertime accidents		127	251

Customer Satisfaction, Marketing, and Labeling

Product and Service Responsibility



Guideline for
Customer Safety

Technical Support and Pre-Service

To enhance customer satisfaction and promptly respond to customer needs and feedback, the company provides technical support and pre-service after product delivery. If an issue arises, the company quickly identifies the cause and implements solutions to prevent recurrence.

Product Recall

The company continuously monitors customer complaints, and in the event of a product defect with a high risk of accidents, voluntary recalls are conducted to proactively ensure customer safety. When a recall is initiated, customers are informed about the defect, corrective measures, and the availability of free services.

Customer Complaint Processing (Claims and After-Sales Service)

Customer claims and after-sales service requests submitted via the company website, email, or phone are logged into the intranet for immediate review and resolution. The company also conducts monthly analyses of customer complaints to improve product quality continuously.

Health and Safety Impact Assessment for Products and Services

During the development of new products, DAEYANG assesses critical customer requirements related to health, safety, performance, and reliability. These critical features are rechecked and reviewed during the product development process. **For instance, in the development of the KSS-III Batch-II ICS product, four safety-related critical characteristics were thoroughly reviewed and addressed throughout the development phase.**

Compliance with Social and Economic Laws and Regulations

DAEYANG has had no violations in the social or economic sectors, and therefore, has not faced any financial or non-financial penalties.

Maximizing Customer Satisfaction

Customer Satisfaction Survey

The company conducts an annual customer satisfaction survey covering service, quality, delivery, and courtesy. By gathering specific feedback, the company builds a strong foundation to enhance customer satisfaction and identify actionable steps to meet customer expectations. In 2023, customer satisfaction scores declined slightly (-3 points) compared to the previous year, with lower satisfaction levels reported among international customers. The company is now encouraging relevant teams to address and resolve the key issues raised in customer feedback.

Customer Satisfaction Process

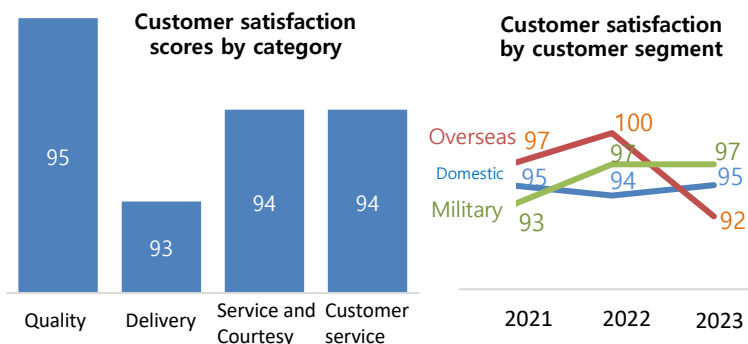
Customer Satisfaction Planning -> Survey Administration -> Result Analysis -> Customer Feedback -> Complaint Resolution

Stakeholder Feedback on Customer Complaints

- **Delivery Date Compliance for Urgent Orders:** Regular meetings and discussions are held within business units to ensure timely delivery, with delivery achievement rates monitored as key performance indicators.
- **Capability for Design Changes:** Dedicated resources are assigned to handle design changes, strengthening the company's responsiveness.

[2023 Product and Service Customer Satisfaction Survey]

- **Date:** November 2023
- **Scope:** Domestic (11 companies), Overseas (13 companies), Military (5 companies)
- **Method:** Online and offline face-to-face surveys



DAEYANG Webpage

Product Information

DAEYANG offers a download center on its website where customers can access product brochures, videos, and manuals for easy reference.

Responsible PR/Marketing Efforts

DAEYANG upholds ethical standards in advertising, rejecting illegal or exaggerated marketing practices to build trust with customers. The company ensures that its product contracts are free from counterfeits, imitations, or unauthorized components (including fake quality certificates). All product certifications undergo formal verification processes to ensure authenticity and quality. Over the past years, there have been no fines or administrative measures related to dishonest, excessive, or false advertising, nor any breaches of marketing or labeling laws.

Figure: Breaches of marketing/labeling laws

Breaches	2021	2022	2023
Number of breaches of marketing/labeling laws	0	0	0
Number of breaches identified internally	0	0	0
Number of sanctions or fines due to law breaches	0	0	0

Health and Safety Impact-Related Breaches for Products and Services

In the past three years, DAEYANG has recorded zero cases of breaches regarding laws or voluntary principles related to the health and safety impacts of its products and services.

Breaches	2021	2022	2023
Number of breaches of related laws or voluntary policies	0	0	0
Number of sanctions or fines due to breaches	0	0	0

Supply Chain/Sustainable Procurement

Sustainable Procurement Policy



Sustainable
Procurement Policy

DAEYANG recognizes the critical role of supply chain management in sustainability. The company has established procurement principles and standards that consider the social (e.g., human rights, labor practices) and environmental impacts of its suppliers, partners, and business associates. This policy is applicable not only to DAEYANG's employees and business units but also to the procurement teams and policies of its partners and business associates.

CSR Evaluation for Partners



CSR Code of Conduct for

DAEYANG has implemented a CSR Code of Conduct responsibility across its entire supply chain, including contractors, suppliers, and other partners. CSR evaluations of partner companies began in 2021 with a limited number of partners and have expanded annually. Starting in 2023, social and environmental criteria were incorporated into the registration process for new partners, and an ESG assessment was introduced. Additionally, the company formalizes its CSR commitments with partners, encouraging adherence to fair trade practices and compliance with environmental regulations.

Number of Partners in the Supply Chain Receiving CSR Due Diligence

- 2021: 3 companies
- 2022: 7 companies
- 2023: 2 companies (a decrease from the previous year)

Reason for the Decrease

The company scheduled CSR evaluations for specific business units annually: the SI business unit in 2021, the Lighting business unit in 2022, and the Sensor business unit in 2023. Due to the smaller scale of the Sensor business unit, the number of partners subject to evaluation in 2023 was relatively low, resulting in a decrease in overall evaluations. From 2024, DAEYANG plans to conduct integrated CSR due diligence across all business units.

Supply Chain Management

New Partner Evaluation and Registration

New partners are classified into categories such as seller, manufacturer/processor, and assembly partners. They undergo a rigorous evaluation process that includes document screening and on-site inspections, focusing on criteria such as general product quality, engineering design capabilities, production management, facility management, quality control, nonconforming item handling, environmental and safety practices, and financial stability. From 2023, ESG (Environmental, Social, and Governance) assessments have been introduced, covering areas like environmental performance, health and safety, anti-corruption, and human rights. Partners that fail to meet these criteria are restricted from entering contracts.

Ongoing Management of Partners

Based on factors like strategic importance, transaction history, and quality performance, DAEYANG manages its supply chain through both documentation and on-site inspections every 1 to 3 years. These reviews cover quality, pricing, delivery, design, production processes, environmental and safety practices, social practices, and conflict minerals.

On-Site Inspections for Environmental and Social Impact

Due to the COVID-19 pandemic, on-site inspections were paused from 2021 to 2022. In 2023, partner evaluations were conducted through document reviews only. Starting in 2024, in alignment with the *Act on Corporate Due Diligence in Supply Chains*, the company will resume on-site inspections to thoroughly assess environmental and social impacts.

Mutual Growth and Cooperation

Enhancing ESG Capabilities of Procurement Personnel

Since 2022, DAEYANG has been training its procurement team members to raise awareness and understanding of sustainable procurement practices. This ensures that ESG principles are incorporated into their day-to-day activities and shared with partners.

Enhancing ESG Capabilities of Suppliers

From August to October 2022, the company hosted sessions with its partners to share insights on ESG strategies tailored for small and medium-sized businesses. These sessions included training on ESG trends, key issues, best practices, and future policy directions, strengthening their understanding and application of ESG principles.

Diversity, Equality, and Inclusivity in the Supply Chain

As part of its commitment to fostering diversity, equality, and inclusivity, DAEYANG has updated its partner management process to prevent any discrimination during the selection of new partners. The company actively seeks to collaborate with women-owned, minority-owned, and other vulnerable-owned businesses to enhance the diversity of its supply chain.

Negative Environmental and Social Impact of Supply Chain and Actions Taken

There have been no suppliers identified with actual or potential negative impacts on the environment or society.

Content	2021	2022	2023
Number of suppliers assessed for environmental and social impact	47	36	44
Number of suppliers identified with serious negative environmental or social impact	0	0	0
Number of critical negative environmental or social impacts identified	0	0	0
Number of suppliers who agreed to implement corrective actions based on assessment results	0	0	0
Number of suppliers with serious negative environmental or social impacts where contracts were terminated	0	0	0

Suppliers with the Risk of Breaching Freedom of Assembly, Association, Child Labor, and Forced Labor

There are no business sites or partners identified with a high risk of breaching freedom of assembly and association, or engaging in child labor or forced labor.

Content	2021	2022	2023
Number of suppliers at risk of violating freedom of assembly and association	0	0	0
Number of suppliers with a high risk of child labor	0	0	0
Number of suppliers with a high risk of forced labor	0	0	0

Supply Chain/Sustainable Procurement

Procurement Practice

The domestic material supply ratio for all factories of DAEYANG ELECTRICS Co., Ltd. is as follows. For the affiliate KOREA SPECIAL BATTERY Co., Ltd., which exclusively supplies submarine storage batteries (100% for the defense industry), raw material information related to military secrets is not disclosed.

(Unit: Mln KRW, %)

Category		2021	2022	2023
Total purchasing cost		75,726	73,940	97,551
Major raw material procurement status	Lamp parts	3,513	4,405	3,788
	Ballast stabilizers	4,964	4,769	5,595
	Globes	2,299	2,299	1,748
	Lamps	1,622	1,074	1,281
	Relays	1,769	1,378	1,162
	Breakers	11,295	1,399	3,315
	Switches /sockets	1,119	1,965	2,239
	Others	49,146	56,651	78,424

Note: Local standards are classified into domestic and overseas



Conflict Mineral Management Policy

Conflict Mineral Policy

DAEYANG has established a conflict minerals policy to ensure that no minerals linked to armed groups in conflict regions are included in its supply chain for production.

Supplier Conflict Mineral Usage Assessment

To regularly identify, assess, and mitigate conflict mineral risks in the supply chain, conflict mineral usage is a mandatory item in the supplier evaluation process. Suppliers handling conflict minerals are required to disclose relevant information through the Supply Chain Management (SCM) system.

Status of Conflict Mineral Suppliers

DAEYANG conducts regular investigations into the use of conflict minerals among its partner companies. The latest assessment, completed on December 15th, 2023, revealed that 14 partners handle conflict minerals. All supplied minerals are sourced from regions outside of conflict areas.

List of partner companies using conflict minerals

(As of December 15th, 2023)

Partner company	tin	gold	Tantalum	Tungsten	Country of origin
G*** (Cast)	●				The country of origin cannot be identified due to the use of scrap materials (containing a very small amount of foreign matter).
J*** (Cast)	●				
D*** (Cast)	●				
D*** (Plating)	●	●			Only minerals sourced from outside conflict regions are used.
S*** (PCB)	●	●	●		China (Cast, Gold), Taiwan (Tantalum), South-east Asia (Cast), Europe (Gold)
S*** (PCB)	●				Malaysia, Indonesia
E*** (PCB)	●				Indonesia
T*** (PCB)	●	●	●	●	Only minerals sourced from outside conflict regions are used.
S*** (Fluorescent light)	●	●	●	●	Only minerals sourced from outside conflict regions are used.
K*** (Filament)	●			●	Japan
T*** (Tools)				●	China, Germany
B*** (Tools, Fluorescent light)				●	Only minerals sourced from outside conflict regions are used.
D***		●			South Korea
B*** (Condenser)	●	●			South Korea, Indonesia

Product and Service Quality

Quality Guideline

DAEYANG is committed to establishing a robust quality system and management process to deliver the highest quality products to its customers. The company's quality guideline emphasizes eco-friendly product development, strengthening partner quality, and continuous product and service improvement. By focusing on these areas, DAEYANG aims to enhance customer trust and provide sustainable product and service quality.

Quality Guidelines

Development of Eco-Friendly Products

From the selection of raw materials and components, the company prioritizes recyclability and minimizing environmental impact, while ensuring the durability and safety of the product.

Quality Stabilization of Partners

Through continuous quality improvement efforts with partners, the company helps its partners maintain consistent quality standards, thereby enhancing overall competitiveness.

Continuous Improvement of Products and Services

The company regularly monitors and assesses the sustainability performance of its products and services, ensuring responsibility towards environmental, social, and economic factors.

Health and Safety in Products and Services

DAEYANG places customer safety as its top priority across the entire value chain, including research and development, raw material procurement, production, sales and distribution, and after-sales service. At the development stage, the company identifies and manages key aspects such as product health, safety, performance, and reliability. A comprehensive user manual is provided to ensure customers understand product safety measures. In the event of a manufacturing defect, DAEYANG takes proactive steps by voluntarily recalling products to ensure customer protection. Over the past three years, no safety-related product recalls have occurred.

Safety Recalls	2021	2022	2023
Number of safety recalls	0	0	0
Number of products recalled for safety-related issues	0	0	0
Financial sanctions related to product safety (fines, penalties, etc.)	0	0	0

Quality Certification Acquisition

DAEYANG maintains multiple quality management system certifications, including ISO 9001, for each business unit. These certifications are renewed every three years, and the company conducts internal assessments twice annually to ensure continual improvement of processes.

Quality Certification Status by Business Site

Certification	Certified Business Site	Expiration Date	Certification Organization
ISO 9001 (Quality Management System)	Factory 1, 2	Oct 1st 2023 - Sep 30th 2026	LRQA
	Korea Speical Battery (Subsidiary)	Mar 3rd 2023 – Mar 2nd 2026	KOSRE
Defense Quality Management System (DQMS)	Factory 2	Nov 28th 2022 – Nov 27th 2025	The Defense Acquisition Program Administration
	Korea Speical Battery (Subsidiary)	Aprl 20th 2022 - Apr 18th 2025	
ISO/TS 22163 (Railway Industry Standard)	Factory 2	Aug 11th 2021 – Aug 10th 2024	TUV Rheinland
IATF 16949 (Automotive Quality Management System)	Factory 3	Sep 2nd 2020 - Sep 1st 2023	KMR
ISO 26262 (Functional Safety Assessment)	Factory 3	Dec 22nd 2019 - Continued	SGS-TUV SAAR
IECEx CoC Certificate Service Facility	Factory 1	Dec 17th 2013 - Continued	KGS



Informational Security



Personal Information
Protection Guideline

Customer and Personal Information Protection Policy

DAEYANG follows strict corporate ethics principles, personal information guidelines, and internal information management policies. These are managed systematically to ensure customer and personal data protection. Additionally, the company implements specific security management policies and technological safeguards, particularly for the defense industry, to prevent information breaches and ensure data security.

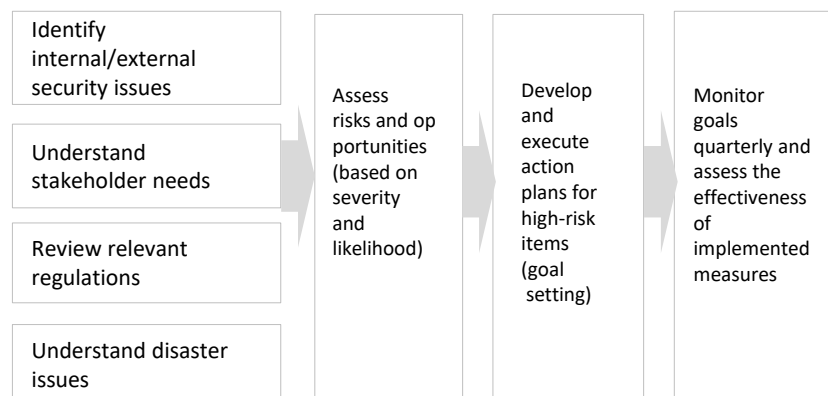
Security Accident Response Process

DAEYANG has a robust security system in place to respond swiftly to any security incidents, such as malware infections or hacking attempts. In the event of an incident, the company follows predefined emergency response procedures to minimize damage and implements preventive measures to avoid recurrence. The Information Protection Department is responsible for developing and maintaining security manuals that address both internal and external threats.

Informational Security Risk Assessment

The company actively identifies internal and external security issues, stakeholder concerns, regulatory requirements, and disaster situations that could pose risks to its information assets. DAEYANG ELECTRICS conducts thorough risk assessments to prioritize these risks, setting appropriate goals and developing response strategies. The effectiveness of these measures is monitored and reviewed on a quarterly basis.

Risk/Opportunity Assessment Procedure



Prevention Activities for Informational Security Breach

Customer Personal Information Management

Personal data is processed, shared, and retained only with customer consent. When the retention period expires, documents containing personal information are destroyed securely using paper shredders.

Information Protection Pledge

To prevent information leakage, employees sign an annual information protection pledge. Third parties working with DAEYANG must also sign confidentiality agreements, ensuring the protection of sensitive information.

Awareness on Information Security

All employees undergo mandatory information security training annually to strengthen their security awareness. The company also provides specialized training for personnel in charge of information and communication security.

Regular Information Security Inspections

DAEYANG conducts annual information security inspections led by the Defense Acquisition Program Administration. Improvements are made based on these evaluations. Additionally, the company receives daily monitoring reports from the Korean Association for Industrial Technology Security to detect hacking attempts or unauthorized access.

Mock Invasion and Phishing Tests

To assess the readiness of employees and systems, the company conducts simulated cyberattacks, including phishing tests, in collaboration with national professional organizations.

Personal Information Leakage Reporting System

DAEYANG operates the anonymous "Super Helper" reporting system, allowing employees to report any concerns regarding potential information security breaches.

Due Diligence for Information Security

The company evaluates information security practices to protect customer and third-party data from unauthorized access or disclosure. It uses technologies such as Network Access Control (NAC), Role-Based Access Control (RBAC), and Multi-Factor Authentication (MFA). The company follows a minimum-privilege principle for data access, and all partner companies' data access activities are logged and monitored. During contract agreements, security expectations are clearly outlined and evaluated through surveys and interviews. Additionally, the company uses Endpoint Detection and Response (EDR) tools to continuously monitor security statuses.



Information Security Prevention Activity



Informational Security

Control Procedures and Audits to Prevent Information Security Breaches

DAEYANG ensures the stable operation of its information systems and has established an information protection management system to minimize losses from security incidents. The company has implemented control procedures to manage security risks, conducting regular monitoring and reviews of its information protection activities. Additionally, regular security training is provided to employees.

Internal Control Activities

At the end of each year, DAEYANG evaluates its information security activities, and at the start of the following year, the company updates its information security policy to ensure compliance with relevant laws and regulations. To protect the confidentiality, integrity, and availability of information, the company implements access control, data protection, network security, and logging and monitoring activities. These actions are regularly recorded and reported. The network security audits include enhanced firewall systems and EDR (Endpoint Detection and Response) tools, which are continuously updated with patches.

External Audits by Authorized Organizations:

The company's internal control activities are audited by both internal and external organizations. The Defense Acquisition Program Administration conducts security audits, focusing on physical and logical access controls. The company also undergoes annual data access and control audits by accounting firms, while vulnerability assessments and penetration tests are conducted quarterly.

[2023 External Audits]

- Korea Internet & Security Agency: SME Software Security Vulnerability Diagnosis (July 17, 2023)
- Korean Association for Industrial Technology Security: Web Vulnerability Check (May 22-26, 2023)
- AhnLab (Supervised by the Defense Acquisition Program Administration) : Infrastructure Vulnerability Check (October 20, 2023)
- Shinwoo Accounting Corporation: IT General Controls (ITGC) Auditing (March 19, 2024)

Technical and Managerial Solutions for Personal Information Protection

Technical Solutions

DAEYANG has implemented technical measures to protect customer data from loss, theft, leakage, alteration, or damage. Personal information is secured with passwords, encrypted files, and transmitted data. Critical information is further safeguarded with additional security functions, including password algorithms for safe transmission of personal information over networks. To prevent external intrusions such as hacking, intrusion prevention systems are installed on all servers.

Managerial Solutions

Access to users' personal information is restricted to a minimal number of personnel, including:

- Personal information managers and employees responsible for related tasks.
 - Employees who require personal information for work purposes.
- Employees handling personal information receive regular internal and external training on new security technologies and personal data protection responsibilities.

Retention and Usage Period for Personal Information

As a rule, DAEYANG destroys personal information once the purpose of its collection has been fulfilled. However, in cases where the law requires retention beyond the original purpose, the company may retain personal information in compliance with relevant commercial laws and regulations.

Information Protection Achievements

In 2023, DAEYANG S was provided with security monitoring services, malware detection, and ransomware detection by the Korean Association for Industrial Technology Security. Since 2022, the company has conducted quarterly information security training, including mandatory military-related training. **Over the last three years, DAEYANG has reported zero incidents involving customer data breaches, information security violations, or company data damage.**

Content		2021	2022	2023
Personal/ Customer Data Security Breach Incidents	Confirmed number of cases (Factory 1)	0	0	0
	Confirmed number of cases (Factory 2)	0	0	0
	Confirmed number of cases (Factory 3)	0	0	0
	Confirmed number of cases (ENS)	0	0	0
Legal Sanctions and Fines for Information Security Breaches	Number of legal sanction cases related to breaches of customer/personal data protection laws	0	0	0
	Total amount of fines due to Breaches	0	0	0
Information Security Training	Number of information security training sessions Held	3	5	5
	Number of employees who completed the information security training	32	310	372
	Number of breaches of information security-related laws	0	0	0

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Governance

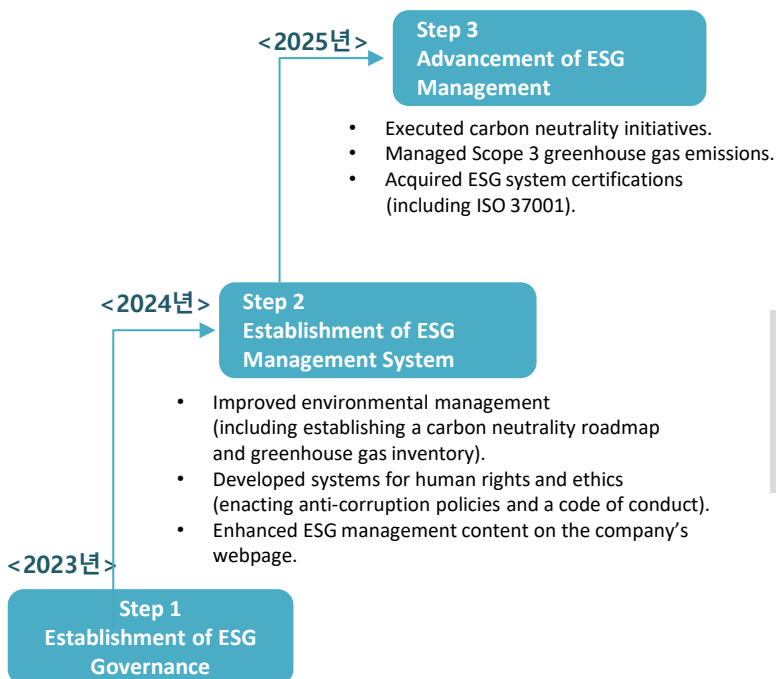
Board Operation	52
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Integrated Risk Management	57

Board Operation

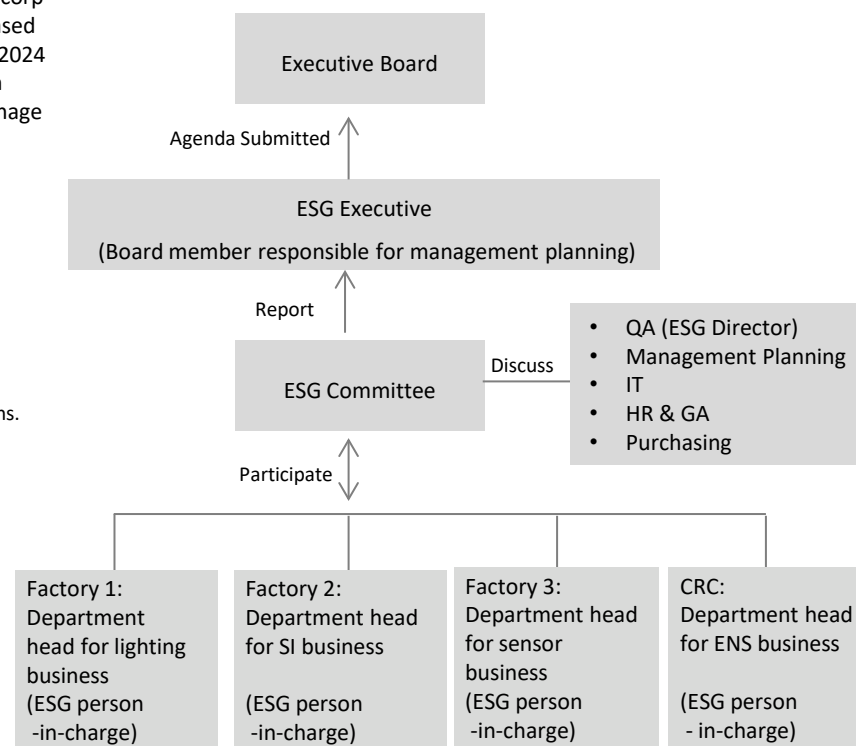
Establishment of ESG Management Structure

DAEYANG S recognizes that ESG management is essential for sustainable growth. To manage ESG-centered decision-making, risks, and performance, the company began by establishing ESG governance in 2023 as a first step. This included incorporating current ESG-related teams and reviewing areas for improvement based on external evaluations, such as those by ECOVADIS and Hyundai Motors. In 2024 (Step 2), the company plans to enhance systems related to ethics and human rights, and by 2025 (Step 3), it aims to fully implement and advance ESG management.

[ESG Management Roadmap]



Establishment of ESG Governance



ESG Vision

DAEYANG aims to be a pioneer in creating a sustainable future for humanity, advancing beyond social contribution through technological innovation and delivering the best products and services. By leading in environmental sustainability, safety, compliance management, and carbon neutrality, the company will gain the trust and satisfaction of its stakeholders.

Management Philosophy

Social contribution through technological innovation.

ESG Vision

Leading the future of technology through sustainable ESG management.

ESG Goal

To become the world's leading technology company in environmental, safety, and compliance management.

Strategy

- Development of eco-friendly products.
- Achievement of carbon neutrality in collaboration with customers.
- Strengthening mutual prosperity management with partners.

Strategic Actions

- Leading the development of eco-friendly products.
- Realizing Net-Zero carbon emissions.
- Enhancing safety and human rights management.
- Strengthening compliance management.
- Fostering mutual prosperity management with partners.

Board Operation

Transparency and Integrity of the Board

Election of the Board

The board members of DAEYANG are legitimately elected by recommendation at the General Meeting of Stockholders. The board consists of three directors and one auditor, comprising two full-time directors, one outside director, and one auditor.

There are no smaller committees under the board. The company strives to elect executives with expertise in various fields. Cheol-byeong Park, an accountant with extensive experience in the field, has contributed to transparent accounting policies through his monitoring and advice based on his professional background.

Board Transparency

DAEYANG is committed to establishing a transparent and healthy governance structure. To achieve this, the company selects board members who possess diversity, professionalism, and independence, ensuring they represent various stakeholders, including shareholders and customers.

The board, as of 2023, is composed of two internal executives and one outside director, making up a total of three directors. This lean structure minimizes excessive costs and facilitates faster decision-making while ensuring management transparency with 33% outside director representation.

The board acts as the primary decision-making body, supporting the company's continuous and balanced growth by providing checks and balances through its monitoring role.

Independence of the Board

DAEYANG not only adheres to the legal standards set by the Commercial Law of South Korea but also follows international standards to ensure the independence of its board.

The outside director must meet legal requirements and uphold exemplary ethics and professionalism, representing stakeholders' rights without any conflicts of interest. Outside directors are elected through a rigorous qualification process involving legal oversight during the regular meeting of stockholders.

Independent from management, the outside directors monitor company operations, contributing to enhanced company value. They are required to dedicate sufficient time and effort to their roles and must seek prior approval before holding additional executive positions in other companies.

Independence of the Auditor

Su-chang Jung, the company's auditor, is qualified and holds company stock. He conducts independent audits of accounting and business operations. He has the authority to request reports on sales and performs his role with sufficient independence from the board and other departments.

Role of the Executive Decision-Making Organization

The chairman of the board is the CEO of the company. None of the board members have any transactional relationship with the company.

The board is responsible for executing business tasks, making major decisions regarding the company's business activities, and monitoring sustainability and ESG-related risks.

Starting in 2024, the sustainability report and climate change-related risks and strategies will be reported regularly to the management and the board.

The board continuously monitors ESG-related performance and oversees the company's response to significant ESG issues.

Training Status of the Board

Given the extensive knowledge and professional experience of DAEYANG ELECTRICS' outside directors, no additional training has been conducted. However, the company operates internal and external training policies for board members and auditors to enhance professionalism. Beginning in 2024, the company will actively promote ESG education for the board to raise awareness and manage eligibility requirements.

Current Board Member Status

As of March 28th, 2024

Category	Name	Recommender	Gender	Responsibility	Major Experience	Expiration Date	Transactional Relationship with the Company	Relationship with the largest or major shareholder
Internal Director (Chairperson of the board)	Seo, Yeong-woo	Executive Board	Male	Executive Director	CEO of the DAEYANG Electric Co., Ltd.	March 29 th , 2025	N/A	Himself
Internal Director	Park, Jung-gui	Executive Board	Male	Planning	Director of Management Support, DAEYANG Electric Co., Ltd.	March 29 th , 2025	N/A	N/A
External Director	Park, Cheol-byung	Executive Board	Male	-	CEO of Seong-do Accounting Firm ('02)	March 29 th , 2025	N/A	N/A
Auditor	Jang, Su-chang	Executive Board	Male	Audit	Former National Tax Service Busan Regional Office ('09)	March 28 th , 2027	N/A	N/A

Board Operation

Board Major Decisions and Activity Details

The board meetings are convened by the CEO, with the meeting date announced to all directors and auditors at least three Days in advance. A resolution is passed with the majority attendance of directors and requires approval from the majority of those present. In 2023, a total of 10 board meetings were held, with full participation from both internal and outside directors. All 14major agendas were resolved with 100% agreement.

Year	Number of Board Meeting	Participation Rate	# of Major Agendas
2021	6	100%	11
2022	8	100%	12
2023	10	100%	14

Session	Date	Agenda Detail	Number of external directors participated	Approval Status	For and Against
2022 1st	Feb 28th, 2022	Report on the operation condition of the Internal Accounting Management Policy	1(1)	Approved	For
2022 2nd	Feb 28th, 2022	The 34th Year Closing Board Meeting	1(1)	Approved	For
2022 3rd	Feb 28th, 2022	Decision on the 34th Cash Dividend	1(1)	Approved	For
2022 4th	Mar 14th, 2022	34th Regular Shareholder Meeting	1(1)	Approved	For
2022 5th	Mar 29th, 2022	Results of the 34th Regular Shareholder Meeting	1(1)	Approved	For
2022 6th	Mar 29th, 2022	Election of the Chief Executive Officer	1(1)	Approved	For
2022 7th	Jun 23rd, 2022	Decision on Treasury Stock Dispositions	1(1)	Approved	For
2022 8th	Dec 26th, 2022	Decision on Treasury Stock Dispositions	1(1)	Approved	For
2023 1st	Feb 28th, 2023	The 35th Year Closing Board Meeting	1(1)	Approved	For
2023 2nd	Mar 13th, 2023	Report on the operation condition of the Internal Accounting Management Policy	1(1)	Approved	For
2023 3rd	Mar 14th, 2023	35th Regular Shareholder Meeting	1(1)	Approved	For
2023 4th	Mar 28th, 2023	The 35th Year Closing Board Meeting	1(1)	Approved	For
2023 5th	Mar 29th, 2023	Results of the 35th Regular Shareholder Meeting	1(1)	Approved	For
2023 6th	Mar 29th, 2023	Provision of Stock Options	1(1)	Approved	For
2023 7th	Apr 21st, 2023	Contracting of Treasury Stock Acquisition	1(1)	Approved	For
2023 8th	Jun 26th 2023	Decision on Treasury Stock Dispositions	1(1)	Approved	For
2023 9th	Dec 15th, 2023	Closure of Register of Shareholders or Designation of Record Date	1(1)	Approved	For
2023 10th	Dec 26th, 2023	Decision on Treasury Stock Dispositions	1(1)	Approved	For

Shareholder Meeting Minute

Date of Meeting	Agenda	Approval
The 35 th Regular Shareholder Meeting (March 29 th , 2023)	1 st Agenda: Approval of the 35 th Financial Statement	Approved as proposed
	2 nd Agenda: Partial Amendments to the Articles of Association	Approved as proposed
	3 rd Agenda: Setting Remuneration Limits for Executive Directors	Approved as proposed
	4 th Agenda: Setting Remuneration Limits for Auditors	Approved as proposed
	5 th Agenda: Approval for the Provision of Stock Options	Approved as proposed
The 34 th Regular Shareholder Meeting (March 29 th , 2022)	1 st Agenda: Approval of the 34 th Financial Statement	Approved as proposed
	2 nd Agenda: The Election of Executive Directors	Approved as proposed
	3 rd Agenda: Setting Remuneration Limits for Executive Directors	Approved as proposed
	4 th Agenda: Setting Remuneration Limits for Auditors	Approved as proposed
	5 th Agenda: Approval for the Provision of Stock Options	Approved as proposed
The 33 rd Regular S hareholder Meeting (March 19 th , 2021)	1 st Agenda: Approval of the 33 rd Financial Statement	Approved as proposed
	2 nd Agenda: Partial Amendments to the Articles of Association	Approved as proposed
	3 rd Agenda: Election of Auditor Sung-kwon Paik	Approved as proposed
	4 th Agenda: Setting Remuneration Limits for Executive Directors	Approved as proposed
	5 th Agenda: Setting Remuneration Limits for Auditors	Approved as proposed
	6 th Agenda: Approval for the Provision of Stock Options	Approved as proposed

Remuneration Policy and Decision Process

DAEYANG determines executive remuneration within the limits approved by the shareholders' meeting. Remuneration is based on KPI evaluations, which include metrics such as orders, revenue, and operating profit, and is divided into annual salary and bonuses. Executive annual salaries are determined by job level, while bonuses are tied to performance. Employee salary data is kept confidential as per internal policy. For outside directors, to ensure independence and transparency, a fixed remuneration is provided within the limits set by the shareholders' meeting, without any performance-based bonuses.

Remuneration for the Executive Board

The total approved annual remuneration limit for registered directors and auditors in 2023 is 1.5 billion KRW and 100 million KRW, respectively. Individual remuneration paid to any board member does not exceed 500 million KRW.

(Unit: MIn KRW)

category	Number of People	Total Remuneration A mount	Average Remuneration per Person	Note
Registered Director	2	325	162	Excluding outside directors, auditor committee members
Outside Director	1	36	36	Excluding auditor committee members
Member of Auditor Committee	-	-	-	-
Auditor	1	39	30	-

Anti-Corruption / Compliance Management / Fair Trade

Ethics Management

DAEYANG is committed to maintaining transparent and ethical corporate practices, seeking the mutual development of both the company and society. To achieve this, we have established ethics guidelines that inform employees about corruption, conflicts of interest, fraud, money laundering, anti-competitive behavior, and information security.

<Ethics Charter>

- We uphold clear and transparent standards in our work, performing our duties with the utmost responsibility and integrity.
- We respect and support international standards on human rights, including the UN Universal Declaration of Human Rights.
- We provide safe products, the best services, and accurate information to deliver customer value while thoroughly protecting private information.
- We respect the individuality of all employees, offering fair working conditions and a safe work environment.
- As global citizens, we contribute to sustainable development by fulfilling our social responsibilities, fostering a thriving ecosystem for all stakeholders.

Ethics Oath

DAEYANG requires all employees across all business sites to take an ethics oath annually to reinforce their understanding and commitment to ethical practices.

<Ethics Oath>

- I recognize that ethics management is a prerequisite for the company's survival and sustainable growth, and I will do my utmost to uphold this principle.
- I take pride in being a part of DAEYANG and will strive for personal and company growth through ethical conduct and self-development
- I will respect the dignity of every individual and contribute to creating a positive and healthy workplace culture.
- I will avoid any unethical practices in work-related relationships, striving to build mutual trust and healthy partnerships with the company.
- By establishing proper values and consistently practicing the code of ethics, I will work to ensure that DAEYANG is respected by all internal and external stakeholders.

Anti-Corruption Policy

DAEYANG is committed to establishing a transparent management culture by reinforcing our existing ethics guidelines and implementing an anti-corruption system to foster ethical practices across the company.

<Anti-Corruption Guidelines>

- We prohibit all forms of bribery.
- We prevent conflicts of interest between personal and company interests.
- We maintain transparency in all transactions and contracts.
- We promote fair competition and comply with anti-trust laws.

Anti-Corruption Activities

Establishment of Anti-Corruption Systems

- Amended ethics management guidelines (May 23rd, 2024)
- Enacted new anti-corruption management guidelines (May 31st, 2024)
- Enacted new gift and hospitality policies (May 31st, 2024)
- Enacted new corruption risk assessment guidelines (May 31st, 2024)
- Introduced due diligence for anti-corruption measures (May 31st, 2024)

Employee Corruption Risk Assessment

The corruption risk assessment is applied to all business sites and work-related partners (customers, service providers, contractors, consultants, etc.). Anti-corruption personnel and executors are appointed in each team to conduct these assessments. For those with a high corruption risk, improvement targets and actions are established.

[Major Corruption Risks]

- Bribery and conflicts of interest
- Embezzlement (cash theft, asset misappropriation, false expenses)
- False reporting (falsifying work-related documents and certifications)

Partner Anti-Corruption Management

Since 2021, DAEYANG has inspected partner companies on their ethics management, anti-corruption risks, and environmental, health, and safety practices, working towards ensuring transparent and fair transactions.

Internal Accounting Management Policy

Introduced in 2022 to proactively assess risks and improve the company's work processes, preventing negative impacts.

Employee Survey on Ethics and Corruption

In the first half of 2024, DAEYANG conducted its first internal survey to assess employee awareness of ethics management and corruption risks. The survey will be conducted biannually, with results informing future corruption risk management efforts.

[2024 Employee Survey on Ethics and Corruption]

- **Duration:** July 8th-10th, 2024
- **Participants:** 107 employees
- **Number of Questions:** 16

- | | | |
|---|---|---------------------------------------|
| • I believe that, over the past year, personal connections (such as academic ties, acquaintances, family relationships, or shared religion) have influenced promotions and HR evaluations within the company. | Yes  | 3persons (2.8%)
104persons (97.2%) |
| • I find the company's policies regarding gifts, hospitality, and expense claims to be unclear. | Yes  | 0persons (0%)
107persons (100%) |
| • I think the company has not adequately disclosed whether employee corruption incidents have occurred in the past year. | Yes  | 5persons (4.7%)
102persons (95.3%) |
| • I feel that even if corruption occurs, the likelihood of being caught is low. | Yes  | 5persons (4.7%)
102persons (95.3%) |
| • Over the past year, I believe the company has not effectively protected internal whistleblowers. | Yes  | 1persons (0.9%)
105persons (99.1%) |
| • I think the responses to corruption reports over the past year have been excessive or overly critical. | Yes  | 1persons (0.9%)
106persons (99.1%) |

Anti-Corruption / Compliance Management / Fair Trade

Report policy on irrationality and fraud

DAEYANG provides various channels that the internal employees and external stakeholders can access to when it comes to the corruption and bribe, fair trade, informational security. To ensure prompt and fair solving, the company enhances the access by establishing reporting channels in internal intranet, email, phone, and company web page. For all reported cases, without any consent of the reporter, any information that expose or implies the reporter is not disclosed, and the company strictly ban the revenge and provide physiological and legal support. For the reporting claim, the company keeps absolute confidentiality and it is dealt with fair and transparent investigation. From 2021, DAEYANG has operated channel that can report employee's corruption, conflicts of interest and anti-competitions. Regarding the reporting channel, the anonymity is guaranteed, and ban on unfair treatment and disadvantage is applied, and the company informs about the claim process after the reporting.

[Report Detail]

- Improper solicitation and bribery (including the breach of the anti-graft law)
- Employee corruption
- False construction, Shoddy construction, material supply-related corruption
- Abuse of power, bullying, sexual harassment and sexual violence and discrimination
- Other budget waste, Injury to dignity
- Breach of confidential information security

[Illegality & Corruption Reporting Process]



Compliance Management

Laws and regulations are becoming more trickier and stricter. In order to review the legal risk in advance and prevent them, DAEYANG strives to let all their employees to have a basic understanding on law and let them consider legal illegibility when they do the work. From 2023, the company have identified the legal issues in the management field every year and established process to find the management risks. Regularly the business-related law and issues are identified, and through the risk assessment, the high-risk legal issues are actively responded so that the company is able to preemptively execute the compliance management. Still the company has to improve in identifying and understanding the related law, so we will improve this by continuously study international law trend and conducting trainings.

Protection of Intellectual Property

The intellectual property is the core competition source of industry and hot issue that includes various interest relations. DAEYANG, according to the FAIR TRADE ACTIONS IN SUBCONTRACTING ACT, improves and operates the technical data requiring system that properly protects subcontracting company's technology and technological data

Ethics Training (Ethics Management / Anti-Discrimination)

DAEYANG conducts regular ethics training each year to reinforce ethical standards and practices among employees.

[2023 Ethics Training Status]

- **Code of Ethics:** 325 employees (all employees)
- **Prevention of Workplace Harassment:** 378 employees (all employees)
- **Prevention of Sexual Harassment:** 378 employees (all employees)
- **Disability Awareness Training:** 1 employee (person in charge)
- **Workplace Etiquette (Business Manner):** 8 employees (new hires)

Ethics Management Performance (Corruption/Non-Fair Transaction Case ZERO)

DAEYANG is committed to fair competition, actively banning corruption, bribery, conflicts of interest, fraud, money laundering, and anti-competitive practices. The company prohibits price-fixing with competitors and defamation of competitors.

As a result of these efforts, there have been **no violations of fair competition laws**, no fines, and no lawsuits related to unfair trade practices over the past three years. Moving forward, the company will continue adhering to all laws and regulations both domestically and internationally, ensuring ethical business practices and fostering mutual growth with competitors.

Fair Trade Policy

Fair Trade

DAEYANG ELECTRICS complies with fair trade regulations to promote a sustainable market economy, ensuring stability, fairness, and efficiency in transactions. The company also strives to increase transparency and reliability in all its business dealings.

Fair Trade Policy (Amended June 28th, 2024)

- **Equal Opportunity**
- **Fair Trade**
- **Mutual Prosperity**
- **Ban on Unfair Competition**

<Guidelines on Fair Trade>

- Recognizing compliance with fair trade laws as the core principle of business operations.
- Ensuring fair trade in transactions with partners, avoiding any abuse of transactional power and refraining from unfair requests for technical data.
- Prohibiting collusion with competitors by exchanging sensitive information such as pricing, quantities, or bidding details.
- Avoiding unfair support to affiliates, ensuring the reasonability and fairness of transaction terms and conditions.

Compliance with Tax Regulations

In line with legal requirements, DAEYANG strictly adheres to domestic and international tax regulations, fulfilling its obligation to pay taxes transparently and in full. To ensure tax transparency, the company regularly discloses business reports through the Financial Supervisory Service's electronic disclosure system (DART). The company works closely with both internal and external tax experts to review all major tax matters, protecting stakeholders by ensuring the appropriateness of its tax reporting.

In recognition of its **integral tax payment practices**, DAEYANG was awarded by the President in March 2022.

<Tax Policy>

- Strict adherence to national tax laws.
- Compliance with all tax reporting and payment obligations, ensuring integrity in all transactions.
- Maintenance of a transparent relationship with tax authorities, utilizing both internal and external tax experts to proactively manage tax risks.

Integrated Risk Management

Integrated Risk Management System

DAEYANG has established a company-wide systematic risk management and monitoring system aimed at achieving business stability through proactive identification and management of economic, social, and operational risks. Each year, PESTLE analysis is conducted both at a macroscopic and microscopic level to assess external and internal environments, identifying risks and opportunities based on stakeholder needs and operational processes. For high-risk issues, targets and action plans are implemented to preemptively manage risks across all business areas.

Risk Management Process



Risk Range		Risk Factor	Risk Management
Management Risk	HR & GA	Compliance with the SERIOUS ACCIDENTS PUNISHMENT ACT and carbon neutrality measures.	KOSHA certification improvements and carbon neutrality roadmap consultation.
	IT	AI use, information leakage, and system intrusion threats.	AI activity guidelines, firewall log analysis, and cybersecurity measures with external assessments.
	Accounting	Currency fluctuation risks	Natural hedging through standardization of foreign currency sales and purchases.
	Sales	Increased competition from Chinese Competitors	Technological differentiation and cost reduction to strengthen price competitiveness
	R&BD/ Engineering	Development of carbon-neutral technologies.	Development of carbon-reducing smart lighting systems.
	Production	Price pressure from Chinese competitors and rising raw material costs	Technological differentiation and global sourcing for cost reduction
	Quality	Risk of delivery delays due to quality issues	Expansion of internal assessors and enhanced training in quality management
Environment/Safety/Health Risk		Strengthened environmental monitoring, hazardous substance management, and safety inspections	Regular environmental law compliance assessments, digital systems for hazardous machine monitoring, and managing substances below designated thresholds.
Disaster Risk		Natural disasters (typhoons, earthquakes, floods), fire, infrastructure damage, infectious diseases, war, and social unrest	Regular inspections for water/electricity leakage, risk assessments for explosion-prone equipment, and infectious disease prevention training.
Legal Compliance Risk		Transition of non-permanent employees to permanent status, minimum wage increases, defense technology regulations, CLEAN AIR CONSERVATION ACT amendments, waste disposal charges, and fire protection inspections	Compulsory education from consignment organizations, defense technology training, self-air quality assessments, waste disposal contracts, fire protection inspections, and disaster prevention contracts with professionals.

Integrated Risk Management

Financial Risk Management

Major Market Threats

The consolidated company's primary industries—shipbuilding, marine, and defense—are highly sensitive to external factors. In the shipbuilding industry, market demand is closely tied to the global volume of goods transported. For the marine market, the primary products include lighting systems for oil drilling ships, which are heavily influenced by fluctuations in oil prices. Similarly, in the defense sector, business is directly affected by the growth or reduction of naval-related projects, with external security threats also playing a significant role in shaping market demand.

Interest Rate Risk

Interest rate fluctuations may impact the interest earned on deposits and interest expenses on loans with adjustable rates.

[Solution] The amount of adjustable rate debt held by the consolidated companies is not significant enough to affect cash flow or net profit. The controlling company operates with zero debt, and all affiliate loans are fixed-rate, rendering interest rate fluctuations inconsequential.

Price Risk

The company struggles to pass rising raw material costs onto customers, increasing the risk of margin compression.

Additionally, economic downturns may lead to competitive price reductions.

[Solution] Consolidated companies, supplying to large firms, have standardized pricing. To mitigate the inability to pass on raw material cost increases, the company focuses on product improvement, new product development, and import substitution strategies.

Currency Risk

Exposure to foreign exchange fluctuations due to sales activities in multiple currencies (USD, JPY, EUR, GBP, SGD, CNY)

[Solution] The objective of foreign currency risk management is to minimize profit fluctuations and uncertainty caused by exchange rate changes. A sensitivity analysis is conducted to assess the impact of a 10% change in the Korean Won on net profit.

(consolidated)

구분	End of the current period		End of the previous period	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	1,783,540	(1,783,540)	1,443,087	(1,443,087)
JPY	143,732	(143,732)	384,507	(384,507)
GBP	1	(1)	-	-
EUR	(73,778)	73,778	(45,394)	45,394
SGD	2,561	(2,561)	2,472	(2,472)
합계	1,856,056	(1,856,056)	1,784,672	(1,784,672)

Internal Accounting Management Policy

To ensure the reliability of financial reporting, DAEYANG introduced an internal accounting control system in compliance with the "Act on External Audit of Stock Companies." Implemented in 2022, the system is currently in its third year of operation, overseen by the company's auditor.

Risk and Control Measures

The company identifies potential risks in each sub-process of internal accounting and assesses them by risk level (Low, Medium) For assessed risks, control activities are applied preemptively to enhance the reliability of financial information.

Key risks and controls for each process are outlined below:

Process	Sub-process	Major risks	Control
Fixed Asset Management	Acquisition, Asset Management, Depreciation, Disposal, R&D, Lease Assets	Errors in tangible asset data leading to incorrect depreciation and asset valuation	Restricted access to DIS ERP For accounting personnel responsible for asset management
Tax Management	Corporate Tax, VAT, Withholding Tax, Local Tax	Miscalculation of deferred tax assets and liabilities, potentially distorting corporate tax expense and income	Regular review of deferred tax asset realizability and calculations
Fund Management	Account Management, Fund Planning, Collection, Expense, Corporate Card, Capital Transactions, Foreign Currency Management	Unapproved dividend payments causing financial loss	Dividend plans are pre-approved by shareholders, based on performance forecasts, historical dividend trends, and available resources
Financial Reporting	Customer Data, Account Management, Financial Statement Preparation, Closing Procedures	Statements prepared after the closing date may lead to inaccurate financial data	Daily statement closing procedures managed by the accounting team, with deadlines enforced
Investment Management	Acquisition, Recordkeeping, Assessment, and Disposal of Investment Assets	Unauthorized disposal of investment assets could lead to capital losses	A disposal plan for investment assets must be established, and approval from the CEO is required to ensure proper oversight and compliance



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ESG Data

Financial Performance

Financial Performance		Unit	2021	2022	2023
Financial Status (Consolidated)	Assets	Million KRW	260,003	261,112	297,950
	Liabilities		33,313	42,643	72,272
	Equity		226,690	218,469	225,678
Financial Status (Separate)	Assets	Million KRW	241,432	239,086	275,700
	Liabilities		24,560	30,929	60,885
	Equity		216,872	208,157	214,815
Income Statement (Consolidated)	Sales Revenue	Million KRW	136,605	130,396	154,347
	Operating Profit (Loss)		7,259	(9,886)	3,734
	Net Income (Loss)		8,837	(7,496)	8,379
Income Statement (Separate)	Sales Revenue	Million KRW	119,166	111,640	134,256
	Operating Profit (Loss)		6,763	(10,772)	2,801
	Net Income (Loss)		20,808	(7,847)	7,568
Corporate Tax (Consolidated)	Tax Pre-adjustment Profit (Loss)	Million KRW	9,837	(11,319)	9,810
	Corporate Tax (Profit)		1,088	(11,656)	8,914
Corporate Tax (Separate)	Tax Pre-adjustment Profit (Loss)	Million KRW	21,895	(11,656)	8,914
	Corporate Tax (Profit)		1,088	(3,808)	1,346
Salary and Welfare (Separate Financial)	Salary and Welfare	Million KRW	24,508	24,471	24,746

DAEYANG's performance declined in 2021, and in 2022, the company recorded its largest loss since its founding. In response, an emergency management system was implemented, focusing on reducing unnecessary costs, managing raw material prices, providing risk awareness training, resetting roles and responsibilities (R&R), and fostering a stronger corporate culture. Thanks to the collective efforts of all employees, the company returned to profitability. However, we are not satisfied with merely achieving sufficient competitiveness; we are committed to striving for the highest level of competitiveness.

Environment

Category	Content		Unit	2021	2022	2023
Raw Material	Raw Material Usage	Stainless Steel (304, 316L)	kg	383,123	471,534	625,903
		AL (Aluminum)		29,889	16,265	24,227
		Steel (EGI, CR, SS400, S45C, SKD, etc.)		691,589	605,582	777,826
		Copper (pure copper, brass, bronze, phosphor bronze)		19,472	13,553	5,397
	Raw Material Usage Intensity	Total Usage	kg	1,124,073	1,106,934	1,433,353
		Revenue	million KRW	119,166	111,640	134,256
		Intensity	kg/million KRW	943	992	1,068
Recycled Product Or Packing Material	Packing Material Usage	Plastic buffer	kg	419	446	669
	Recycled	Pallet		266	271	175
Energy	Direct Energy Consumption	City gas	MWh	1,438.9	1,683.6	1,848.2
		Gasoline		124.0	153.3	142.7
		Diesel		53.0	49.4	50.3
		Others		-	-	-
		Total		1,615.9	1,886.3	2,041.2
	Indirect Energy Consumption	Electricity	MWh	13,302.0	15,387.5	15,757.2
		Total		13,302.0	15,387.5	15,757.2
	Total Energy Usage		MWh	14,917.9	17,273.8	17,798.4
	Energy Consumption Intensity	Revenue	Million KRW	119,166	111,640	134,256
		Intensity	MWh/Million KRW	12.5	15.5	13.3
	Energy Consumption Reduction (Fuel, electricity, air conditioning and heating)	Electricity	%	-	△ 16	△ 2
		Others		-	0	0
	Renewable Energy Consumption	Factory 1 (Sinpyeong)	kWh	0	0	0
		Factory 2 (Noksan)		0	0	0
		Factory 3 (Incheon)		0	0	0
		CRC (Seoul)		-	12,384	10,509
Water usage and wastewater	Water Usage	Total Water Usage	ton	9,373	10,599	9,037
		Recycled or reused water total amount	ton	0	0	0
	Waste Water	Wastewater discharge	ton	435	384	365
		Wastewater reuse	ton	0	0	0
Biodiversity	Biodiversity protection	The number of species protected for biodiversity	개	22	25	28
	Damage to biodiversity	Number of damages		0	0	0

1) The energy data differs from the previous year's report because last year, the unit 'toe' was used for measurement.

2) The renewable energy data for CRC (Seoul) does not include 2021 figures, as the facility was established on December 31st, 2021.

ESG Data

Environment

Category	Content		Unit	2021	2022	2023
Greenhouse gas emissions	Direct greenhouse gas emissions (Scope 1)	Factory 1 (Sinpyeong)	tCO2-eq	156.5	158.8	173.2
		Factory 2 (Noksan)		62.0	60.4	46.4
		Factory 3 (Incheon)		87.3	137.5	164.6
		CRC (Seoul)		-	-	-
		Total		305.8	356.7	384.2
	Indirect greenhouse gas emissions (Scope 2)	Factory 1 (Sinpyeong)	tCO2-eq	887.1	908.7	902.8
		Factory 2 (Noksan)		370.9	361.5	332.7
		Factory 3 (Incheon)		1,112.2	1,321.7	1,438.2
		CRC (Seoul)		0.7	150.7	134.8
		Total		2,370.9	2,742.7	2,808.5
	Other indirect greenhouse gas emissions (Scope 3)	Factory 1 (Sinpyeong)	tCO2-eq	0	0	0
		Factory 2 (Noksan)		0	0	0
		Factory 3 (Incheon)		0	0	0
		CRC (Seoul)		0	0	0
		Total		0	0	0
	Total		tCO2-eq	2,676.7	3,099.4	3,192.7
	Greenhouse gas emissions Intensity	Revenue	100 Million KRW	119,166	111,640	134,256
		Intensity	tCO2-eq/100 million KRW	2.2	2.8	2.4
	Greenhouse gas variation	Scope 1	%	30	17	8
		Scope 2		3	16	2
		Scope 3		0	0	0
		Total variation		0	32	10
Air pollution	Air pollutant emission	Dust	ton	0.085	0.035	0.022
		Sox		0	0	0
		Nox		0	0	0
		Others		0	0	0
Harmful chemicals emission	Harmful waste discharge	Material A (Powdered paints)	ton	N/A	N/A	N/A
		Material B		N/A	N/A	N/A
		Material C		N/A	N/A	N/A
		Total		N/A	N/A	N/A

- Other indirect greenhouse gas emissions (Scope 3) are not calculated.
- Hazardous waste and discharge are not subject to hazardous chemical substance inspections as they are below the regulated discharge threshold.

Category	Content		Unit	2021	2022	2023
Waste	Waste Generation	General waste disposal	ton	39.0	64.9	59.8
		Designated waste disposal	ton	18.4	14.6	23.9
		Others	ton	0	0	0
		Total	ton	57.4	79.5	83.7
	Waste Discharge	Incineration	ton	22.5	10.8	12.0
		Landfill	ton	0	0	3.0
		Recycling	ton	35.0	68.7	68.5
		Total	ton	57.5	79.5	83.7
	Recovered Waste	Total recovered waste	ton	0	0	0
Environmental Pollution	Environmental Pollution	Hazardous substance leak incidents	cases	0	0	0
		Environmental pollution accidents	cases	0	0	0
		Civil complaints	cases	0	0	0
	Legal violations, sanctions, fines	Legal violations	cases	0	0	0
		Penalties for legal violations	KRW	0	0	0
Environmental Pollution Prevention	Pollution Management	Environmental management costs	KRW	109,355	110,028	94,347
		Environmental investment costs (facilities etc.)	KRW	36,742	-	26,477
	Environmental Training	Energy/Climate crisis training attendees	people	371	372	378
		Water-saving education attendees	people	371	372	378
	ISO 14001 Certification	Total business sites	sites	4	4	4
		Certified sites	sites	4	4	4
		Certification rate (%)	%	100	100	100

ESG Data

Social

Category	Content		Unit	2021	2022	2023
Employee Recruitment /Retention	Employees	Total Employees	persons	373	372	378
	Non-employee workers		persons	15	15	15
	Years of Service	Average Length of Service	# of years	13.4	13.2	12.8
		Male	# of years	13.5	13.5	13.5
		Female	# of years	12.8	11.2	9.9
	New Hires & Turnover	Male New Hires	persons	26	39	46
		Female New Hires	persons	5	11	15
		Total Turnover	%	7.8	9.9	11.6
		Voluntary Turnover Rate	%	7.8	9.9	11.6
		Retirees	Persons	45	52	54
		Retiree Rate	%	12.1	14.0	14.3
Work Environment	Parental Leave	Males on Paternity Leave	persons	8	7	3
		Females on Maternity Leave	persons	0	0	0
		Males on Parental Leave	persons	0	3	5
		Females on Parental Leave	persons	3	0	1
		Total Eligible for Parental Leave	persons	27	34	37
		Males Returning to Work after Parental Leave	persons	0	1	1
		Females Returning to Work after Parental Leave	persons	3	1	0
		Return Rate	%	100.0	100.0	33.0
	Remote/Hybrid Work	Hybird work (Remote work) Employees	persons	180	26	0
	Health Insurance Coverage	Health Insurance Coverage (Factory 1)	Persons	194	181	183
		Health Insurance Coverage (Factory 2)	Persons	135	130	132
		Health Insurance Coverage (Factory 3)	Persons	44	57	59
		Health Insurance Coverage (ENS)	Persons	N/A	4	4
		Total Health Insurance Coverage	points	373	372	378
	Organizational Culture Survey	Employee Satisfaction Survey Score	points	73	67	64
	Welfare Expenses	Welfare Expenses	million KRW	24,507	24,471	24,746
		Welfare Expenses to Revenue Ratio	%	20.6	21.9	18.4
Child labor Forced labor	Human Rights/Child Labor /Human Trafficking	Reports of Child Labor/Forced Labor	# of cases	0	0	0
		Reports of Child/Forced Labor Incidents	# of cases	0	0	0
Labor Relations & Freedom of Association and collective bargaining	Communication/Negotiation	Management Communication Meetings Held	# of meetings	1	1	1
		Labor Union Meetings Held	# of meetings	4	4	4
		Health and Safety Committee Meetings Held	# of meetings	4	4	4
	Labor Relations	Number of Labor Disputes	# of cases	0	0	0
		Number of Strikes and Lost Work Days Due to Disputes	# of cases	0	0	0

Workers who are not classified as employees include those performing janitorial, cleaning, and cafeteria-related tasks.

Category	Content		Unit	2021	2022	2023
Diversity and Equal Opportunity	Employment Type	Permanent employees	persons	360	348	356
		Non-permanent employees	persons	13	24	22
		Gender (Male)	persons	333	331	332
		Gender (Female)	persons	40	41	46
		Age (Under 30)	persons	35	39	43
		Age (Between 30 and 50)	persons	250	231	230
		Age (Above 50)	persons	88	102	105
	Female Employees	Female Managers	persons	2	2	2
		Female Executives	persons	0	0	0
		Female Board Members	persons	0	0	0
	Gender Pay Gap	Average Male Salary	million KRW	51	53	52
		Average Female Salary	million KRW	41	43	43
		Salary gap	million KRW	1	1	1
	Senior Management Ratio	Management (Executives and Team Leaders)	persons	38	43	43
		Percentage of Senior Management Hired Locally	%	10.6	12.4	12.1
Anti-Discrimination	Vulnerable Groups Employment	Number of Employees with disabilities	persons	3	4	4
		Disability Employment Rate	%	0.8	1.1	1.1
	Anti- Discrimination Training	Number of Employees Trained	persons	373	372	378
		Participation Rate	%	100.0	100.0	100.0
	Anti- Discrimination Measures	Number of Reports Filed	number of cases	0	0	0
		Number of Corrective Actions	number of cases	0	0	0
Labor	Labor Reports	Total Working Hours	hours	613,912	698,608	699,337
		Days of Loss due to Work-related Injuries, Deaths, and Health Issues	days	183	0	0
		Number of Accidents	number of cases	1	0	0
		Number of Child or Forced Labor Incidents	number of cases	0	0	0
		Number of Human Trafficking Incidents	number of cases	0	0	0
	Labor Rights	Risk of Union Rights Violations or Collective Bargaining Erosion	number of cases	0	0	0
	Salary	Ratio of Above Minimum Wage in Local Areas	%	155.5	156.7	153.7
Human Rights	Human Rights Training	Number of Employees Trained in Human Rights	persons	373	562	378
		Participation Rate for Human Rights Training	%	100.0	100.0	100.0

- 1) Region of the business site: Since all business sites are located domestically, the information provided is based on company-wide data.
- 2) Region of the business site: Since all business sites are located domestically, the information provided is based on office works of company-wide data.

ESG Data

Social

Category		Content	Unit	2021	2022	2023
Career Management and Training	Employee Training Time	Total Training Time	Hours	8,615	6,761	22,961
		Average Training Time per Employee	Hours	22.5	18.6	62.2
	Employee Training Cost	Total Training Expenses	1000 KRW	38,128	43,864	164,956
		Average Training Cost per Employee	1000 KRW	102	118	436
	Regular Evaluation on performance	Number of Target Employees	Persons	343	334	323
		Percentage of Employees Evaluated (Production)	%	35.9	34.1	34.4
		Percentage of Employees Evaluated (Sales)	%	8.7	9.9	9.0
		Percentage of Employees Evaluated (R&D)	%	21.6	26.6	29.7
		Percentage of Employees Evaluated (Office)	%	30.6	26.6	24.1
		Percentage of Employees Evaluated (Executive)	%	3.2	2.7	2.8
Local Community Participation	Item Donations	Donated items	Number of items	-	-	-
		Busan Public High School Scholarship	1000 KRW	20,000	-	-
	Cash Donations	Korea Maritime and Ocean University Scholarship	1000 KRW	0	40,000	40,000
		Maria Village Donation	1000 KRW	11,280	11,780	10,321
		Children's Daily Newspaper Donation	1000 KRW	600	600	600
		Cheonma Rehabilitation Center Donation	1000 KRW	4,440	4,440	4,440
		i-Leader Support	1000 KRW	4,800	4,800	4,800
		Others	1000 KRW	0	0	1,000
		Total	1000 KRW	41,120	61,620	61,161
	Employee Volunteering Work	Number of Volunteers	Persons	0	0	0
		Average Volunteer Hours per Employee	Hours	0	0	0
Marketing and Labeling	Responsible Marketing	Number of Regulatory Violations (Legal)	Number of cases	0	0	0
		Number of Regulatory Violations (Internal)	Number of cases	0	0	0
		Penalties/Fines due to Regulatory Violations	KRW	0	0	0

- Employees on leave for more than 6 months are excluded from the count of permanent employees.
- Employee volunteer activities have been put on hold for external activities since COVID-19.

Category		Content	Unit	2021	2022	2023
Occupational Health and Safety	Occupational Safety	Total number of employees	Persons	373	372	378
		Number of employee fatalities	Persons	0	0	0
		Number of partner fatalities	Persons	0	0	0
		Number of safety incidents	Cases	1	0	0
		Number of injured persons	Persons	1	0	0
		Injury rate	%	0.0	0.0	0.0
		Industrial accident rate	%	0.3	0.0	0.0
		LTI Frequency	hours	417	0	0
		LTI Severity	hours	35	0	0
	Health and Safety Management System	Number of business sites subject to safety and health certification	Number of sites	4	4	4
		Number of certified business sites	Number of sites	4	4	4
		Certification rate	%	100.0	100.0	100.0
	Legal breaches	Number of product/service regulation or voluntary standard violations	Cases	0	0	0
		Number of occupational safety regulation violations	cases	0	0	0
		Fines/penalties related to occupational safety violations	1000 KRW	0	0	0
	Health and Safety Education	Number of employees subject to safety training	Persons	373	372	378
		Number of employees trained in safety and health management	Persons	28	27	30
		Completion rate of safety and health training	%	100.0	100.0	100.0
Customer Health and Safety	Quality Management System	Number of business sites subject to quality certification	sites	4	4	4
		Number of certified business sites	sites	4	4	4
		Certification rate	%	100.0	100.0	100.0
	Product Safety	Number of product safety recall incidents	cases	0	0	0
		Number of products recalled due to incidents	Number of items	0	0	0
		Number of punitive actions for product safety violations (fines, penalties, etc.)	1000 KRW	0	0	0
	Customer Satisfaction	Customer satisfaction survey results (Total)	points	95	97	94
		Domestic		95	94	95
		Overseas		97	100	92
		Military		93	97	97

- LTI Frequency: Number of incidents / Annual working hours * 1,000,000 (hours)
- LTI Severity: Working loss days / Annual working hours * 1,000 (hours)

ESG Data

Social

Category		Content	Unit	2021	2022	2023
Supplier	Number of Suppliers	Total number of suppliers	Number	176	177	178
		Number of newly registered suppliers	Number	17	13	53
Social/ Environment Impact Assessment for Partners	Negative environmental/ social impact within supply chain (actual/potential)	Number of Suppliers Evaluated	Number	47	36	44
		Number of suppliers who underwent on-site Inspections	Number	3	7	2
		Number of suppliers identified with significant negative environmental/social impact	Number	0	0	0
		Number of suppliers confirmed with significant negative environmental/social impact	Number	0	0	0
		Number of suppliers requiring corrective action	Number	0	0	0
		Number of suppliers with contracts terminated due to negative impact	Number	0	0	0
Sustainable Procurement	CSR evaluations for new suppliers	Number of suppliers newly evaluated for CSR	Number	4	2	2
	Companies with signed contracts or CSR agreements	Targeted companies	Number	35	35	10
		Number of companies with signed contracts or CSR agreements	Number	15	40	11
Social/ Environ- mental Integrated Activity	Number of procurement staff trained in ESG	Subjectd employees	People	5	6	6
		Completed	People	0	2	3
		Ratio	%	0.0	33.3	50.0
	ESG capacity- building for partners	ESG education for partners	Number	0	0	0
		ESG capacity-building meetings and Conferences	Number	0	8	9
	Number of ESG best practice sharing or incentives provided to suppliers		Events	0	0	0
	Procurement CSR performance integrated with KPIs		Yes/No	X	X	X
Conflict Mineral Management	Number of suppliers dealing with conflict minerals			0	15	14
	Suppliers providing conflict mineral information		Suppliers	0	0	0
	Suppliers undergoing on-site conflict mineral inspections		Suppliers	0	0	0
Fair Trade	Fair Trade Agreement Targets (Number of partner companies)		Companies	9	3	4
	Partners signing Fair Trade agreements		Companies	9	3	4
	Fair Trade Agreement signing rate		%	100.0	100.0	100.0

Governance

Category	Content			Unit	2021	2022	2023	
Governance	Board activity	the number of board meetings		Number of meetings	6	8	10	
		board meeting participation		%	100.0	100.0	100.0	
		the number of major agendas		Number of agendas	11	12	14	
Anti-Corruption	Corruption risk assessment	Ratio of busines sites evaluated		%	0.0	0.0	0.0	
		major risk identified during assessment		Number of risks	0	0	0	
	Ethics due dilligence (anti-corruption)	the number of business sites inspected		Number of business sites	0	0	0	
		The number of third-party ethics due dilligence companies		Number of Companies	0	2	0	
		ratio		%	0.0	0.0	0.0	
Ethiccs	Ethics Training	Number of employees trained		Number of people	373	372	378	
		Completion rate		%	100.0	100.0	100.0	
		Rate of employees signed to ethics guideline		%	100.0	100.0	100.0	
	Corruption case and Actions Taken (Anti-corruption, bribery, conflicts of interest, etc.)	Number of corruption cases reported	Factory 1	Number of cases	0	0	0	
			Factory 2	Number of cases	0	0	0	
			Factory 3	Number of cases	0	0	0	
			CRC	Number of cases	0	0	0	
		Number of fire and discipline cases		Number of cases	0	0	0	
		Internal report cases		Number of cases	0	0	0	
	Legal sanctions, Fines	Corruption	Number of sanctions		Number of cases	0	0	0
			Fines		KRW	0	0	0
		Export restrictions	number of violations		Number of cases	0	0	0
			Fines		KRW	0	0	0
		Use/ distribution of counterfeit parts	number of crackdowns detected		Number of cases	0	0	0
Fines			KRW	0	0	0		
Anti-competition	Unfair Trade	Number of pending or completed lawsuits		Number of cases	0	0	0	
Informational security	Personal/ customer information security breaches	informational security incidents	Factory 1	Number of cases	0	0	0	
			Factory 2	Number of cases	0	0	0	
			Factory 3	Number of cases	0	0	0	
			CRC	Number of cases	0	0	0	
	Legal sanctions or fines	Number of legal sanctions		Number of cases	0	0	0	
		Fines		KRW	0	0	0	
	Informational security training	number of trainings		Number of trainings	3	5	5	
Number of people completed the training		Number of people	32	310	372			

GRI Standard Index

Universal Standards

GRI Standard 2021		비고
GRI 1: Foundation 2021	Description	The data from January 1, 2023, to December 31, 2023, is reported in accordance with the GRI Standards 2021. For some key activities and achievements, information from prior to 2023 or the first quarter of 2024 is partially included.
	GRI 1	GRI 1: Foundation 2021
	GRI sector standards	Not available, as industry-standard reports for DAEYANG's sector have not yet been published.

Topic	No.	Disclosure	Page	Note
The organization and its reporting practices	2-1	Organizational details	6, 7, 8, 9, 10, 60	
	2-2	Entities included in the organization's sustainability reporting	6	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	25, 60	Recalculation was conducted due to the inclusion of additional greenhouse gas emission sources and the adjustment of the organizational boundary for company sites. Measurement unit for energy consumption has been updated (toe -> MWh)
	2-5	External assurance	74	
Activities and workers	2-6	Activities, value chain and other business relationships	6	
	2-7	Employees	62	
	2-8	Workers who are not employees	62	
Governance	2-9	Governance structure and composition	53	
	2-10	Nomination and selection of the highest governance body	53	
	2-11	Chair of the highest governance body	53	
	2-12	Role of the highest governance body in overseeing the management of impacts	53	
	2-13	Delegation of responsibility for managing impacts	53	
	2-14	Role of the highest governance body in sustainability reporting	53	
	2-15	Conflicts of interest	53	
	2-16	Communication of critical concerns	54	
	2-17	Collective knowledge of the highest governance body	54	
	2-18	Evaluation of the performance of the highest governance body	54	
	2-19	Remuneration policies	54	
	2-20	Process to determine remuneration	54	
	2-21	Annual total compensation ratio	-	CEO compensation details are not disclosed as they are considered confidential company information.
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	18, 27, 28, 52	
	2-24	Embedding policy commitments	18, 27, 28, 52	
	2-25	Processes to remediate negative impacts	57, 58	
	2-26	Mechanisms for seeking advice and raising concerns	38	
	2-27	Compliance with laws and regulations	56	
	2-28	Membership associations	73	

GRI Standard Index

Topic	No.	Disclosure	Page	Note
GRI 2: Stakeholder engagement	2-29	Approach to stakeholder engagement	12	
	2-30	Collective bargaining agreements	39	
GRI 3: Disclosures on material topics	3-1	Process to determine material topics	13	
	3-2	List of material topics	14	
	3-3	Management of material topics	15, 16	

Topic Specific Standards

Topic	No.	Disclosure	Page	Note
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	62	
	202-2	Proportion of senior management hired from the local community	62	
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	42	
GRI 205: Anticorruption	205-1	Operations assessed for risks related to corruption	55	
	205-2	Communication and training about anti-corruption policies and procedures	55	
	205-3	Confirmed incidents of corruption and actions taken	55	
GRI 206: Anticompetitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	55	
GRI 207: Tax	207-1	Approach to tax	56, 72	
	207-2	Tax governance, control and risk management	56	
	207-3	Stakeholder engagement and management of concerns related to tax	56	
	207-4	Country-by-country reporting	60	
GRI 301: Rwa Materials	301-1	Weight or volume of raw materials used	60	
	301-3	Recycled products and their packaging	60	
GRI 302: Energy	302-1	Energy consumption within the enterprise	60	
	302-2	Management of water discharge-related impacts	-	Scope 3 is not calculated. It will be calculated from 2024.
	302-3	Energy intensity	60	
	302-4	Reduction of energy consumption	18, 72	
GRI 303: Water and Wastewater	303-4	Water discharge	29	
	303-5	Water consumption	29	

GRI Standard Index

Topic	No.	Disclosure	Page	Note
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	30	
	304-2	Significant impacts of activities, products and services on biodiversity	30	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	30	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	25, 26, 27, 28, 61	
	305-2	Energy indirect (Scope 2) GHG emissions	25, 26, 27, 28, 61	
	305-3	Other indirect (Scope 3) GHG emissions	-	Scope 3 is not calculated. It will be calculated from 2024.
	305-4	GHG emissions intensity	61	
	305-5	Reduction of GHG emissions	18	
	305-7	NOx, SOx, and other significant air emissions	61	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	31	
	306-2	Management of significant waste-related impacts	31	
	306-3	Waste generate	31, 61	
	306-4	Waste diverted from disposal	31, 61	
	306-5	Waste directed to disposal	31, 61	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	46, 64	
	308-2	Negative environmental impacts in the supply chain and actions taken	46	
GRI 401: Employment	401-1	New employee hires and employee turnover	36, 37, 62	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	36	
	401-3	Parental leave	36, 37, 62	
GRI 403: Occupational Safety and Health	403-1	Industrial safety and health management system	43	
	403-2	Hazard identification, risk assessment, accident investigation	43	
	403-3	Workplace health services	43, 44	
	403-4	Worker participation, counseling, and communication on workplace safety and health	43	
	403-5	Worker training related to occupational safety and health	44, 63	
	403-6	Worker health promotion	44	
	403-7	Prevention and mitigation of occupational safety and health impacts directly affected by business relationships	44	
	403-8	산업안전보건경영시스템의 적용을 받는 근로자	43, 63	
	403-9	Workers covered by industrial safety and health management system	43, 63	
	403-10	Work-related injury	43, 63	

GRI Standard Index

Topic	No.	Disclosure	Page	Note
GRI 404: Training and education	404-1	Average training hours per employee	40, 41, 63	
	404-2	Programs for upgrading employee skills and transition assistance programs	40, 41	
	404-3	Percentage of employees receiving regular performance and career development reviews	41, 63	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and workers	37, 62	
	405-2	Ratio of basic salary and remuneration of female to male	62	
GRI 406: Nondiscrimination	406-1	Incidents of discrimination and corrective actions taken	38	
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38, 46	
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	38, 46	
GRI 409: Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	38, 46	
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	38	
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	42	
	413-2	Operations with significant actual and potential negative impacts on local communities	42	
GRI 414: Assessment of Supplier Social Impact	414-1	New suppliers that were screened using social criteria	46, 64	
	414-2	Negative social impacts in the supply chain and actions taken	46, 64	
GRI 415: Public policy	415-1	Political contributions	42	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	45	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	45	
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	45	
	417-2	Incidents of non-compliance concerning product and service information and labeling	45	
	417-3	Incidents of non-compliance concerning marketing communications	45	
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	49, 50	

UNGC 10대 원칙

DAEYANG fully supports and abides by the 10 Principles of the UN Global Compact, an international initiative addressing corporate social responsibility in the areas of human rights, labor, environment, and anti-corruption.

Topic	Principle	Content	Page
Human Right	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	38
	Principle 2	make sure that they are not complicit in human rights abuses.	38
Labour Standards	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	38
	Principle 4	the elimination of all forms of forced and compulsory labour;	39
	Principle 5	the effective abolition of child labour; and	39
	Principle 6	the elimination of discrimination in respect of employment and occupation.	8
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	18
	Principle 8	undertake initiatives to promote greater environmental responsibility; and	18
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.	19~24, p. 33
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	55

UN SDGs Index

Daeyang Electric Industry is carrying out activities to contribute to 13 of the 17 UN SDGs (1, 3, 4, 6, 7, 8, 10, 11, 12, 13, 15, 16) for sustainable development around the world.

UN SDGs	Targets	DAEYANG's Activities	Page
 1 NO POVERTY 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..	We provide scholarships and donations to support vulnerable groups in the local community. We also plan to develop and expand programs that promote social responsibility.	42
 3 GOOD HEALTH AND WELL-BEING 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.	We offer health management, medical care support, health check-ups, and counseling services to enhance the mental and physical well-being of our employees.	44
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	We adhere to regulations such as the Dangerous Substances Control Process, Dangerous Substance Control Guide, and MSDS Safety Guide to ensure a safe working environment.	34
 4 QUALITY EDUCATION 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.	We implement annual career development plans for individual employees, identifying the necessary skills and providing common, leadership, and job-specific training.	40, 41
	4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable Situations	We conduct human rights education in partnership with the National Human Rights Commission of Korea.	38
 5 GENDER EQUALITY Achieve gender equality and empower all women and girls	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.	We enforce a policy on the prevention of sexual harassment (enacted on May 10th, 2022) and conduct regular sexual harassment prevention training.	38
 6 CLEAN WATER AND SANITATION 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	We have installed facilities for raw material wash water reduction, rainwater usage, and drainage to minimize wastewater and promote water recycling.	29
 7 AFFORDABLE AND CLEAN ENERGY 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.	We have established various investment plans for the use of renewable energy, such as investing in solar power facilities in alignment with our carbon neutrality roadmap.	25 ~ 28
	7.3 Double the global rate of improvement in energy efficiency.	We have obtained high energy efficiency certificates for products (including two external LED products) and manage energy consumption through an energy data management system.	18, 72
 8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	We manage wage differences between male and female employees and track the employment rate of disabled persons, striving to reduce any gaps.	62
	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	Our employment policy explicitly prohibits child and forced labor, in full compliance with the Labor Standards Act.	38

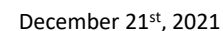
UN SDGs Index

UN SDGs	Targets	DAEYANG's Activities	Page
 Reduce inequality within and among countries	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	We operate a troubleshooting policy and have established a human rights management policy and human rights charter. We continuously work to internalize human rights management within our organization.	38, 39
 Make cities and human settlements inclusive, safe, resilient and sustainable	11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	We provide a commute bus service to promote the use of public transportation, enhance road safety, and improve employee convenience.	36
 Ensure sustainable consumption and production patterns	12.2 Achieve the sustainable management and efficient use of natural resources 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse	We have acquired and maintain the internationally recognized standard for environmental management systems (ISO 14001). We manage data for waste and recycling, ensuring that general waste is recycled through a dedicated partner.	18 31, 32
 Take urgent action to combat climate change and its impact	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	In pursuit of our vision of achieving "2050 Carbon Neutrality," we have established the "2050 Carbon Neutrality Roadmap" to reduce carbon emissions and ultimately achieve Net-Zero.	25 ~ 28
 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	We regularly monitor the number of endangered species, establish biodiversity policies, and maintain a garden within our company premises to support biodiversity.	30
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all 16.5 Substantially reduce corruption and bribery in all their forms 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	We have established an evaluation structure and guidelines for anti-corruption management to eradicate all forms of corruption. For the first time, we conducted a survey on ethical management to assess the current status of corruption. We promote inclusive management and stakeholder engagement through the Labor-Management Council and the Committee for Occupational Health and Safety.	55, 56 55, 56 39, 43

Industry Innovation Technology Award



July 13th, 2023



Current Memberships Status

No	Organization	Note
1	Busan Marine Equipment Association	Supports member organizations through initiatives such as exhibitions.
2	Korea Marine Equipment Association	Provides support for member organizations, including participation in exhibitions.
3	Korea Illumination Industry Cooperative	-
4	Korea Association of Machinery Industry	Gathers industry information, identifies and supports technology development initiatives, and assists with Foreign marketing.
5	Busan Enterprises Federation	-
6	The KOSDAQ Listed Companies Association	Supports matters related to stock listings.
7	Korea Electrical Manufacturer's Cooperative	-
8	The Korean Society of Ocean Engineers	Collects the latest technological research and business information related to ocean engineering.
9	The Korean Operations Research and Management Science Society	-
10	Korea Plant Industries Association	Collects trend information for the plant industry.
11	ISES (INTERNATIONAL SHIP ELECTRICAL & ENGINEERING SERVICE ASSOCIATION)	Establishes a global service network.
12	Society of Naval Architects of Korea (Individual membership)	Acts as a cooperative director (regular, individual member).
13	Society of Naval Architects of Korea (Corporate membership)	Monitors technological trends.
14	Korea Industrial Technology Association	Registers and manages affiliated research institutes.
15	Sinpyeong-Janglim Industrial Complex Council	Shares information on general affairs and accounting within the industrial complex.

No	Organization	Note
16	Busan-Ulsan-Yangsan Defense and Security Council	Serves as a council for defense companies in Busan, Ulsan, and Yangsan.
17	Korea Fire Safety Institute	Provides free education for fire safety managers.
18	Korean Standards Association	Manages KS certification registration and maintenance.
19	Korea International Trade Association	Assists with exhibition support applications and export verification.
20	The Korean Society of Marine Engineering	Shares information on eco-friendly ship systems and applies for government-supported projects related to eco-friendly ships. Gathers R&D information from leading companies (ABB, Siemens, GE).
21	Korea Research Association for Unmanned Vehicle	Collects trends in domestic unmanned and underwater robot companies. Shares information on trends, R&D direction, and government support policies. Includes participation from Ministry of Science and ICT-related organizations.
22	Busan Robot Industry Association	Collects information on new trends in the robot industry.
23	Korean Marine Robot Technology Society	Shares information on marine and underwater robots.
24	Korea Defense Industry Association	Works with government-related organizations for defense industry development.
25	Korea Rolling Stock Industries Association	Shares member information and supports sales for Hyundai Rotem.
26	West Busan Regional Council for Teenage Crime Prevention	-

Third-party Assurance Statement

Third-party Assurance Statement

To the Readers of DAEYANG ELECTRIC Co., Ltd.'s Sustainability Report,

Introduction and Objective of Work

The non-profit professional verification organization, the ESG Innovation Network ("The Assurance Provider"), was commissioned by DAEYANG ELECTRIC Co., Ltd. ("DAEYANG ELECTRIC") to provide independent assurance of its '2023 DAEYANG ELECTRIC Sustainability Report' ("the report"). The accuracy and content of the report are the responsibility of DAEYANG ELECTRIC. The Assurance Provider did not participate in the preparation of the report and is solely responsible for this third-party assurance statement.

Assurance Standard

This assurance engagement was conducted in accordance with "AccountAbility's AA1000AS v3," evaluating the application of the four principles: Inclusivity, Materiality, Responsiveness, and Impact. The scope was a Type 1 engagement, focusing on the accuracy and reliability of data and information systems. A moderate level of assurance was applied, based on limited background verification. Additionally, this assurance confirmed the report's adherence to the GRI Standards (2021), an internationally recognized reporting framework.

Assurance Scope

As an independent assurance organization, we strictly adhered to the assurance standards' processes and guidelines. The scope of our assurance included the following:

- Adherence to the four AA1000AS principles: Inclusivity, Materiality, Responsiveness, and Impact
- Reliability of processes and management systems used to collect, analyze, and review data and information
- Reliability and quality of the information reported

Methodology

The Assurance Provider established a systematic assurance plan, executing it by documenting data, activities, results, and schedules. Our validation was conducted using the following methodologies:

- Collection, compilation, analysis, and review of data and information
- Review of supporting documents and proof related to sampled data and information
- Interviews with the team responsible for compiling the report

Our Findings

Based on the methodologies and assurance activities carried out, our validation opinions are as follows:

Application of the Four Principles:

- **Inclusivity:** The report appropriately includes stakeholders' participation in identifying key sustainability issues. Core stakeholders, such as employees, customers, shareholders, investors, partner companies, the local community, and government-related organizations, are well-represented.
- **Materiality:** The report identifies and prioritizes significant sustainability issues, employing a Double Materiality Assessment that considers both financial and impact materiality. It effectively highlights critical issues like eco-friendly products and technology, occupational health and safety, ethical management, and compliance.
- **Responsiveness:** The report adequately reflects how the organization has responded to key sustainability issues, demonstrating that these issues are integrated into the company's activities.
- **Impact:** The report systematically analyzes and evaluates the impacts of the organization's activities on both the company and society.

The assurance process finds that DAEYANG ELECTRIC has an appropriate system for collecting, compiling, analyzing, and reviewing data and information.

The data and information presented in the report are deemed reliable, with no significant errors or biases detected.

Key Areas for Ongoing Development

The following recommendation is provided without impacting the assurance result: It is advisable for DAEYANG ELECTRIC to establish and operate a dedicated Sustainability or ESG Management Committee to regularly review the company's sustainability performance and planning.

Statement of Independence, Impartiality, and Competence

The Assurance Provider conducted this assurance independently, with no business relationship or conflict of interest with DAEYANG ELECTRIC. Our team possesses extensive experience in sustainability, CSR, and ESG management, and comprises highly qualified members with a thorough understanding of assurance standards and methodologies.

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