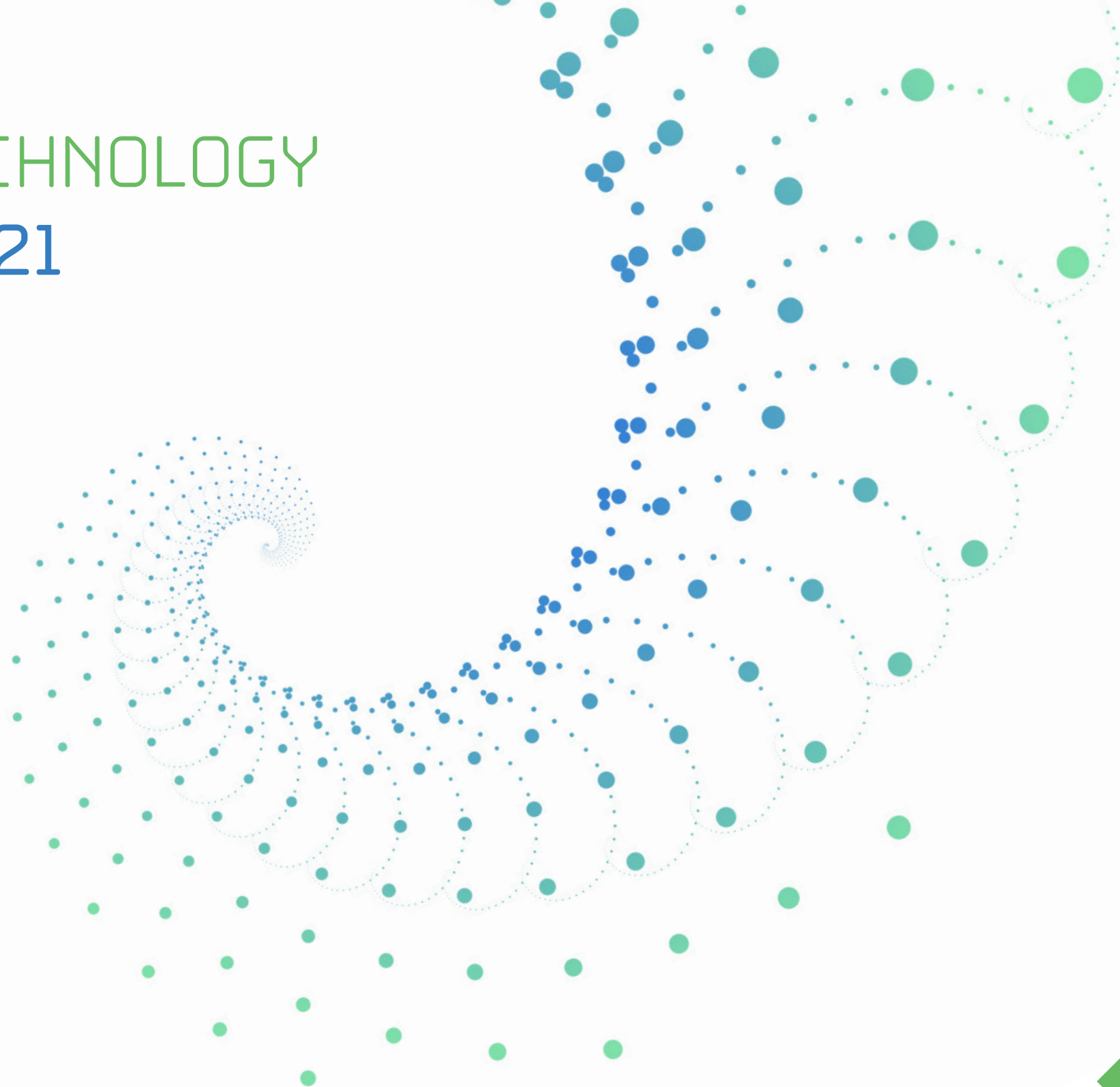


KOH YOUNG TECHNOLOGY ESG REPORT 2021

BUSINESS SUSTAINIABILITY



About this Report

Report Overview

KOH YOUNG TECHNOLOGY INC. (hereinafter ‘Koh Young Technology’) adopted a sustainability management system and published its first ESG Report (hereinafter, ‘the Report’) in 2020 to actively communicate with stakeholders and share information on its ESG status and has been publishing the Report every year. This third report, published in 2022, transparently discloses our ESG management activities regarding economic, environmental, social, and governance areas, and our performance over the past year, as well as our future plans.

Report Creation Standards

This Report was created in accordance with ‘Core’ option of the Global Reporting Initiative (GRI) Standards, which are standards for creating sustainability reports. In addition, it reflects the United Nations Sustainable Development Goals (UN SDGs) and Sustainability Accounting Standards Board (SASB) standards, which are global sustainability initiatives, to respond to stakeholder interest and demands.

Reporting Period

Regarding the reporting period, this Report provides information on our activities in economic, environmental, social, and governance areas from January 1 to December 31, 2021, and includes information through March 31, 2022 for some activities. The quantitative performance contains information from the last three years to enable an analysis of trends over time.

Reporting Scope

This Report contains the activities of our domestic sites as well as overseas sites. For the case of some performance indices, the reporting scope was limited to our domestic sites. The financial data is in line with the consolidation standards of the Korean International Financial Reporting Standards (K-IFRS), and our consolidated financial statements can be confirmed through the independent auditor’s audit report. In case of a change to past data that was reported in previous Reports, we recalculated past data based on 2021, and specified the reason for the change and results below the corresponding content.

Report Assurance

To secure the validity of the Report’s creation process and the reliability of the disclosed information, the Report was third-party verified by Samil PricewaterhouseCoopers Ltd., an independent verification organization. The verification results can be found in the Independent Assurance Statement on page 59 of the Report. In addition, the Year 2021 Greenhouse Gas (GHG) emissions data went through limited verification by DNV, which is a professional verification organization. The GHG Inventory Verification Statement can be found on page 55 of the Report.

Report Inquiries and Additional Information

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 - Gwanggyo R&D Center_ 18, Poeundaero 59-gil, Suji-gu, Yongin, Gyeonggi-do (Sanghyeon-dong)
 - Gwangmyeong Manufacturing center_ 9-10F, 108 Haan-ro, Gwangmyeong, Gyeonggi-do (ACE Gwangmyeong Tower)
- CEO: Kwangill Koh
- Date of Establishment: May 1, 2002
- KOSDAQ Listing Date: June 3, 2008
- Type of Business:
 - Manufacturing and sales of automated inspection and precise measurement systems and equipment.
 - Manufacturing and sales of medical equipment; Development, supply, and consulting of software, etc.
- Website: www.kohyoung.com/en
- SNS:    

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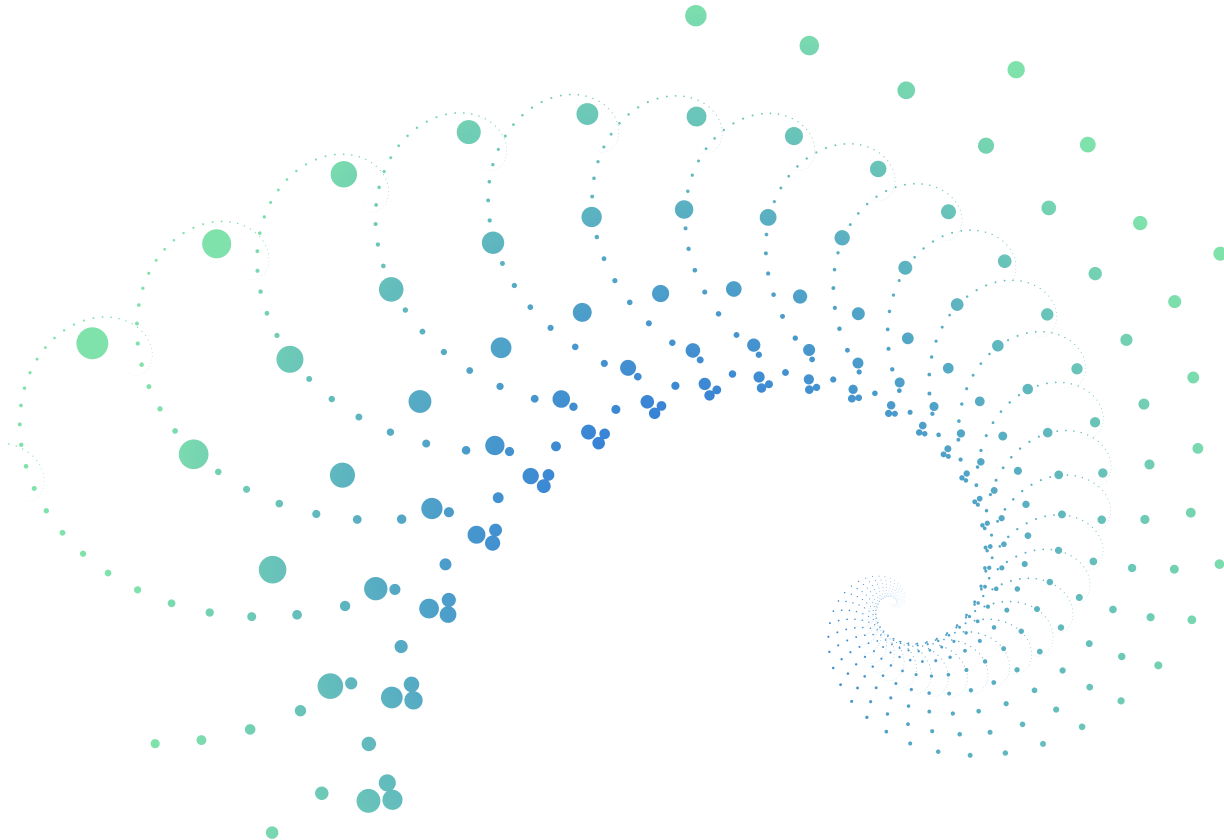
Interactive User's Guide

KOH YOUNG TECHNOLOGY ESG Report 2021 was published as an interactive PDF that includes functions such as navigating to relevant pages in the report and shortcuts to related websites.

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- Letter to Stakeholders
- Corporate Outline
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Letter to Stakeholders



Koh Young Technology
CEO **Kwangill Koh**

"On our journey towards a better, more sustainable future, we will continue to focus on resolving issues on non-financial values such as environment and society with our financial value. We believe that is the role we must take on for future generations."

Uncertainties continue in the business environment owing to COVID-19, which has been ongoing for two years, as well as the global supply chain crisis that swept the world last year. Moreover, as a result of rapid climate change, many stakeholders require companies to perform a more significant role in environment and society.

Even amid various crises and uncertainty in global affairs, Koh Young Technology has continued to grow. We have been carrying out management activities designed to satisfy the growing social demand to practice sustainable management and requests to reduce our environmental impact. Despite continued difficulties in the business environment, including global trade disputes, war-related issues, and border closures, we have laid the foundation for sales normalization in 2021.

Based on our world-leading technological competitiveness and steady R&D investments, we have developed innovative new technologies and applied them to our business. As a result, our existing businesses have strengthened their competitive advantage, as our new businesses are taking a firm hold in the market. Our technologies are being used in a new wave of interconnectivity and intelligence, and we are steadily preparing for future high value-added businesses.

ESG management is the first step and prerequisite for sustainable management. We believe there is now an express need for in-depth reflection on the social and environmental issues implied in stakeholder demands as well as the determination to resolve these issues through business and action.

In consideration of stakeholder's perspectives, we will strengthen our implementation of transparent and fair business practices while addressing the economic, social, and environmental values of stakeholders in the business value chain.

1

[First, we will consider environmental and social impact when carrying out business-related activities.](#)

To take responsibility for the impact that our decision-making and business activities will have on the present and future environment and society, we will identify potential future issues, use sufficient available resources to resolve the issues, and improve and change our business models appropriately.

2

[Second, we will prepare for future growth businesses to make new advances forward by making a proper decision and concentrating on certain areas.](#)

In the near future, AI software-based solution that automatically diagnoses and analyzes processes and that resolve issues independently will quickly be adopted to manage manufacturing process and to reduce defects by human error. We will concentrate our resources and capabilities to secure distinctive competitiveness in the inspection and measurement equipment market.

3

[Third, we will contribute to public interests, pursue joint growth, and fulfill our social responsibilities through ethical management practices.](#)

We will take part in resolving social issues through socially responsible management. We will seek ways to create win-win measures to enable a sustainable future with all stakeholders connected through the value chain, while fully establishing a healthy, autonomous organizational culture through internalization of an ethical mindset, leading to unmitigated fulfillment of our social responsibilities.

Dear stakeholders,

Koh Young Technology will enhance sustainability based on continued innovation and our management philosophy that values humankind, society, and the environment, and transparently communicate with our stakeholders to make wise decisions when we come across various opportunities in new markets.

Thank you.

Corporate Outline

Company Profile

Koh Young Technology, being fearless towards failure with challenge spirit and innovation spirit, was established in 2002. We provide 3D measurement-based inspection equipment and solutions and play a key role in quality management and process optimization for production sites in various industries. Through such differentiated technological competitiveness, we have secured a total 3,147 customers as of 2021, while maintaining the largest global market share in the 3D Solder Paste Inspection (SPI) market for 16 consecutive years and in the 3D Automated Optical Inspection (AOI) market for 6 straight years. In addition, we are steadily expanding our business areas by developing 3D Dispensing Process Inspection (DPI), Semiconductor Packaging Inspection (MEISTER Series), Medical Robotic System for Brain Surgery (KYMERO), and cutting-edge process optimization solution for the realization of smart factories (KSMART). We will continue to develop the world’s best products and contribute to the development of humanity and society.

1) Source: Market Insights Reports, 2021 SMT Inspection Market Research

No. of employees

766 persons
(Including part-time employees, headquarters, and overseas sites)

Financial performance

Sales

247.3
billion KRW

Operating income

41.4
billion KRW (consolidated)

ESG evaluation results

Korea KOSDAQ Awards

Best ESG Company Award

Sustainvest

AA

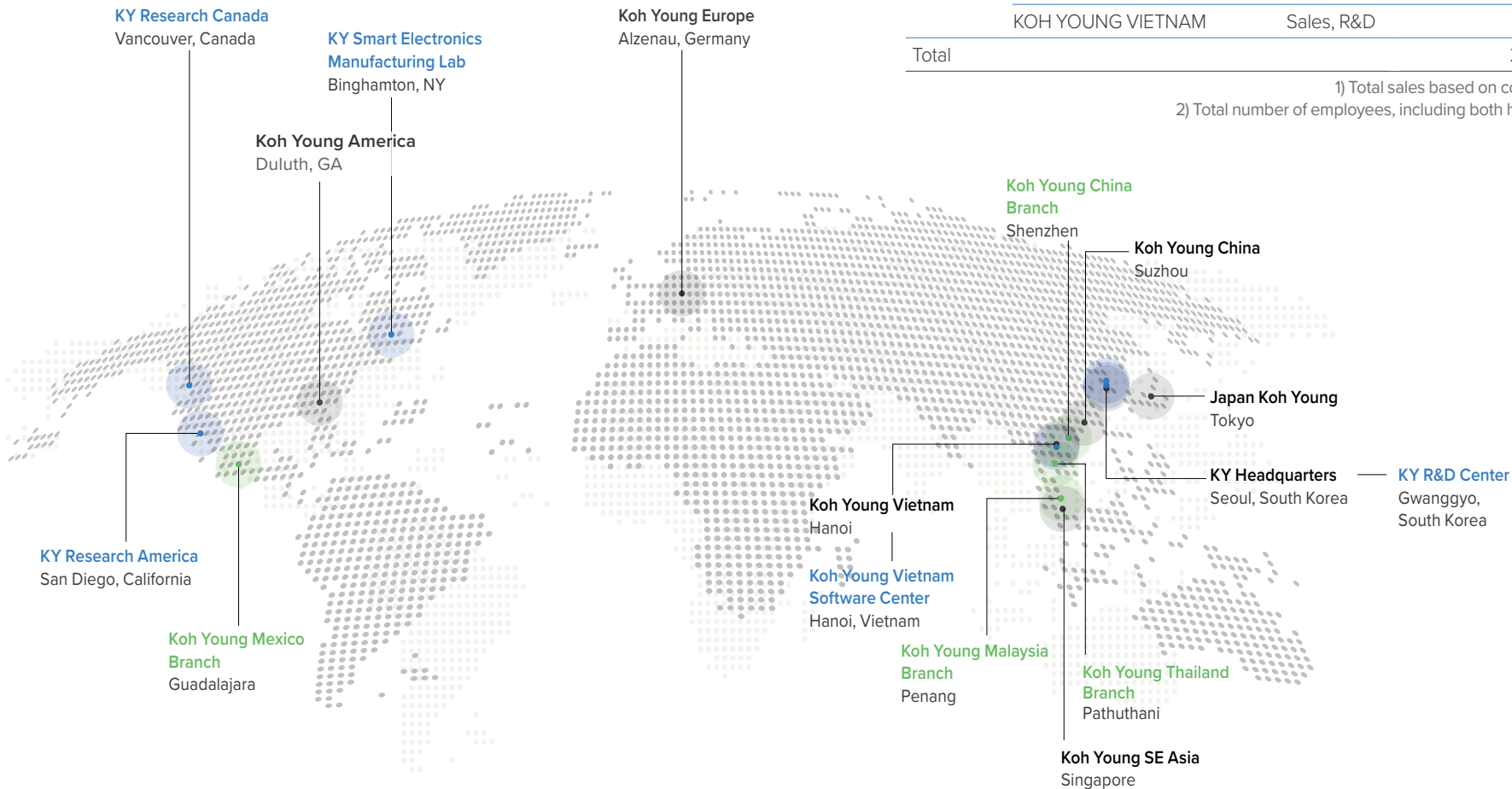
Korea Corporate Governance Service

B+

Global Network

With an aim to quickly respond to the needs of global customers, Koh Young Technology, which has its headquarters in South Korea, established overseas sites in the following 7 countries: the United States, Germany, Japan, Singapore, China, Vietnam, and Canada. Currently, our overseas sites make up the basis for our systematic sales and service networks, and they are carrying out R&D activities to match the needs and essential qualities of each country.

- Corporation
- R&D Center
- Branch



Corporate Outline

Key Milestones





- Letter to Stakeholders
- Corporate Outline
- **Product Portfolio**

Product Portfolio

Major Business Areas

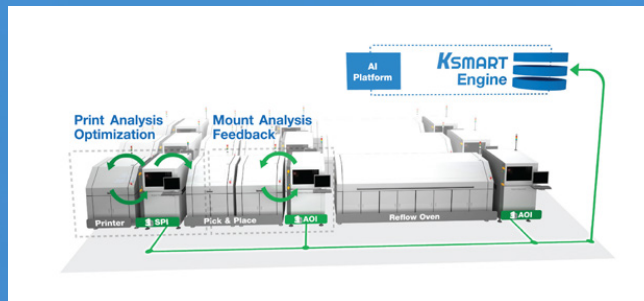
Precision Inspection and Measurement



• 3D Measurement Inspection Equipment

By automating inspection of solder paste conditions, mounted components, semiconductor components and bumps, and transparent material coating in 3D, we contribute to our customers' productivity enhancement and quality improvement, while also contributing to the environment by reducing the waste of resources discarded after defect detection.

Smart Factory



• Smart Factory Solution (KSMART)

By combining 3D measurement inspection with AI technology, we automatically optimize production processes and contribute to stabilizing production quality.

KYMERO's structure

Real-time Tool Tracking Sensor

Optical markers are tracked in real time using an in-house-developed camera-based optical sensor.

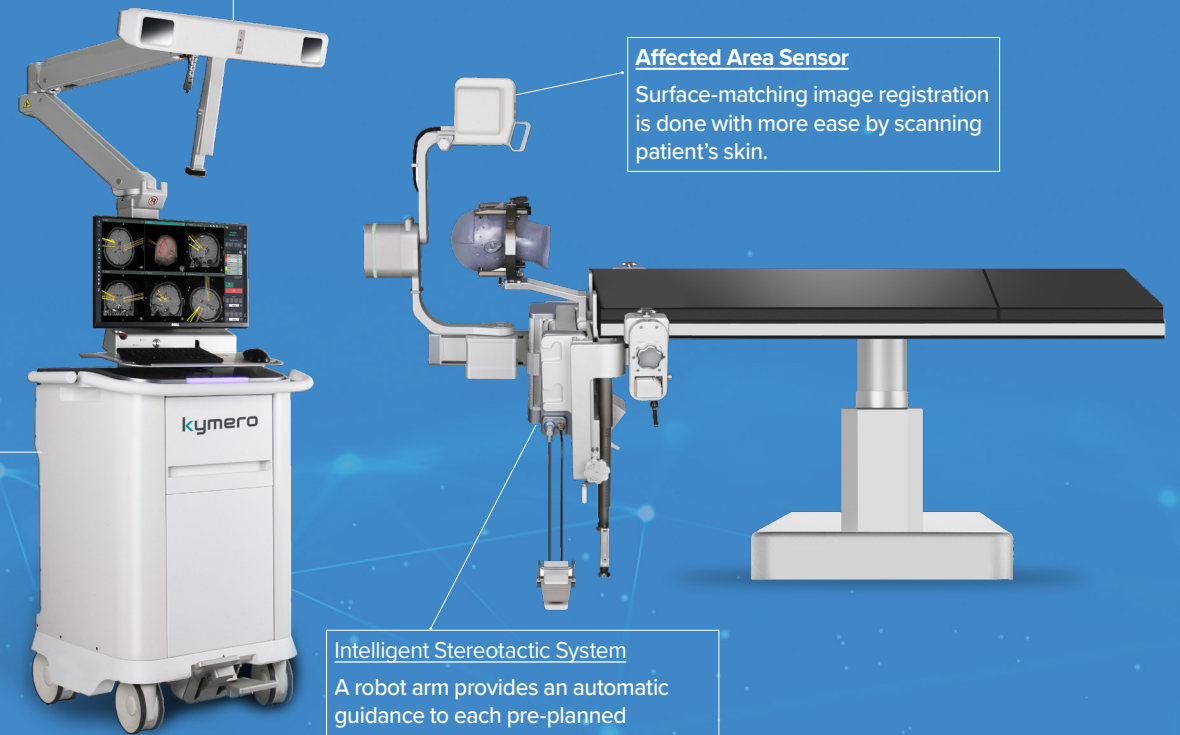
Navigation platform

Precise stereotactic surgeries are enabled by a navigation device and automatic guide robot. The navigation device can be used independently, allowing extensive use for several indications.

New Medical Area

• KYMERO

This medical robotic system for brain surgery uses surgically guided robot and navigation system to improve surgical precision. KYMERO performs preoperative surgical route generation and simulation. The posture and position of the patient and the surgical tools are then identified in real time to designate an accurate surgical path and provide automatic ongoing guidance. To provide innovative medical solutions based on distinctive technological capabilities, Koh Young Technology began developing a surgical robot in 2011 and received manufacturing and sales permission from the Ministry of Food and Drug Safety in 2016. After two years of domestic clinical trials, we sold the product for the first time to a university hospital in Korea in October 2020. As of April 2022, a total of 100 brain surgeries have been successfully conducted using KYMERO.



Affected Area Sensor

Surface-matching image registration is done with more ease by scanning patient's skin.

Intelligent Stereotactic System

A robot arm provides an automatic guidance to each pre-planned trajectory point.

2021 ESG Highlight

Chosen as an Outstanding ESG Management Company

Koh Young Technology, which has achieved various milestones in the areas of Environmental, Social, and Governance, aiming at sustainable management, was recognized as an outstanding ESG management company by the KOSDAQ-Listed Companies Association and an evaluation agency in December 2021. The KOSDAQ-Listed Companies Association presented Koh Young Technology with the 'Best ESG Company Award' at the 13th KOSDAQ Awards held on December 16, 2021, recognizing its steady sharing of information on the status of our ESG management activities with stakeholders in Korea and abroad through the publication of the ESG Report. The KOSDAQ Awards was established in 2004 by the KOSDAQ-Listed Companies Association and aims at discovering promising KOSDAQ companies to enhance investor trust in and the brand value of the KOSDAQ market. The Best ESG Company Award category was created in 2021. Sustainvest, a leading ESG evaluation agency in Korea, gave Koh Young Technology its highest rating of 'AA' in the 'ESG evaluation in the second half of 2021' in December 2021. Koh Young Technology was chosen as the highest-level ESG company for two consecutive years in 2020 and 2021. From among 1,004 companies that were subject to evaluation in the second half of the year, Koh Young Technology was included in the highest-level group that accounts for 11.2%. Sustainvest announces the ESG ratings of KOSPI and KOSDAQ-listed companies twice a year. It evaluates their level of advancement in environmental, social responsibility, and governance areas, and provides ratings in seven different grades, ranging from AA to E, by industry. Our receipt of the award and excellent rating is a significant achievement that reaffirms investor and market trust in our ESG management activities. We plan to leverage this as an opportunity to further strengthen our driving force behind sustainable management.



Received the 'Best ESG Company Award' from the KOSDAQ-Listed Companies Association



Chosen as an excellent company on ESG Evaluation by Sustainvest

Improving Environmental and Social Performance by Establishing an ESG Management System

Koh Young Technology views ESG management as macro system changes that are based on cooperation with internal and external stakeholders as well as the community, rather than efforts made by the company alone. For this reason, we are making our best efforts to present a sustainability synergy model that connects the company's growth with social value creation by clearly diagnosing and quickly responding to pending ESG issues.

Environmental (E)



To enhance energy efficiency, we replaced all general lighting fixtures at the Gwanggyo R&D Center with LED, reduced air handler and air refrigeration system operation hours, established a concentrated workspace for employees working on holidays, and raised indoor temperature levels during the summer. In addition, we made active improvement efforts to minimize direct and indirect GHG emissions from energy consumption. In addition to building a 130 kW-level photovoltaic power generation facility on the rooftop of the Gwanggyo R&D Center, we have been converting company vehicles to electric vehicles and established a charging infrastructure. To team leaders, we provide transportation funds instead of company vehicles to encourage the use of public transportation. Thanks to these efforts, Koh Young Technology's GHG emissions in Korea indicated a year-on-year decrease of 32 tCO₂eq in 2021. Furthermore, we replaced all food and beverage packaging materials at our company café with eco-friendly materials and installed washers for tumblers, thereby reducing the burden on the environment that is caused by the use of disposables.

Social (S)



We further objectified and systematized employees' job competency management methods. We are providing a stock grant as a long-term performance compensation system and are pursuing capability-centered compensation. By offering psychological counseling services, we support employees' mental health and stability. For suppliers, we are unifying work standards for newly-manufactured equipment and removing process waste from the perspective of 'support' and 'collaboration,' thereby raising productivity of the overall supply chain. In addition, we carried out quality improvement activities that resulted in a reduction in Customers' major product defect rate to between 1 and 2%. By sharing our Guidelines on Ethical Conduct and spreading ESG management through ethical management training, we are caring for our Partner companies in joint growth. We donated 1% of our net income to local communities and welfare organizations, and thus achieved our basic goal of social contribution activities.

Governance (G)

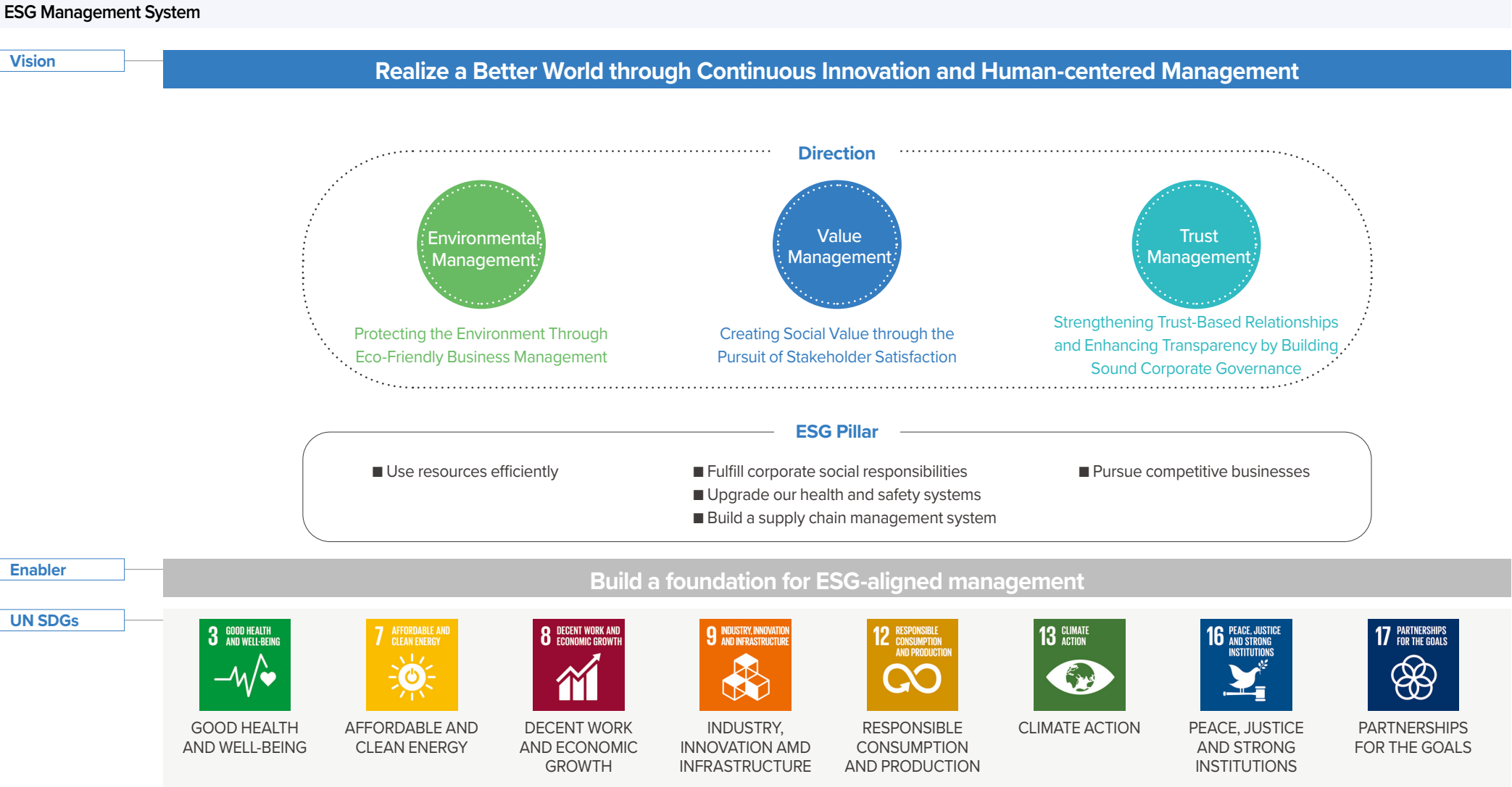


As part of our efforts to strengthen governance, we established the ESG Committee under the BOD that will be in charge of reviewing strategic ESG tasks, monitoring the execution status, and holding preliminary deliberations on ESG management safety. We also created the Independent Director Candidate Recommendation Committee, thereby laying a foundation for strict verification of a candidate's independence and expertise. Details regarding the status and activities of the ESG Committee and Independent Director Candidate Recommendation Committee are disclosed on our website. Consisting of ESG representatives from various teams, the working-level ESG council shares target tasks by area and examines them. By amending the Charter of Ethics and Ethical Code of Conduct, we expanded the application scope to include corporate ethics for all stakeholders, moving away from the previous focus on job ethics. We also established an online reporting system as an anonymous report and whistleblower protection system to handle human rights-related grievances.

- ESG Management System
 - Value Creation Process
 - Governance
 - Materiality Assessment

ESG Management System

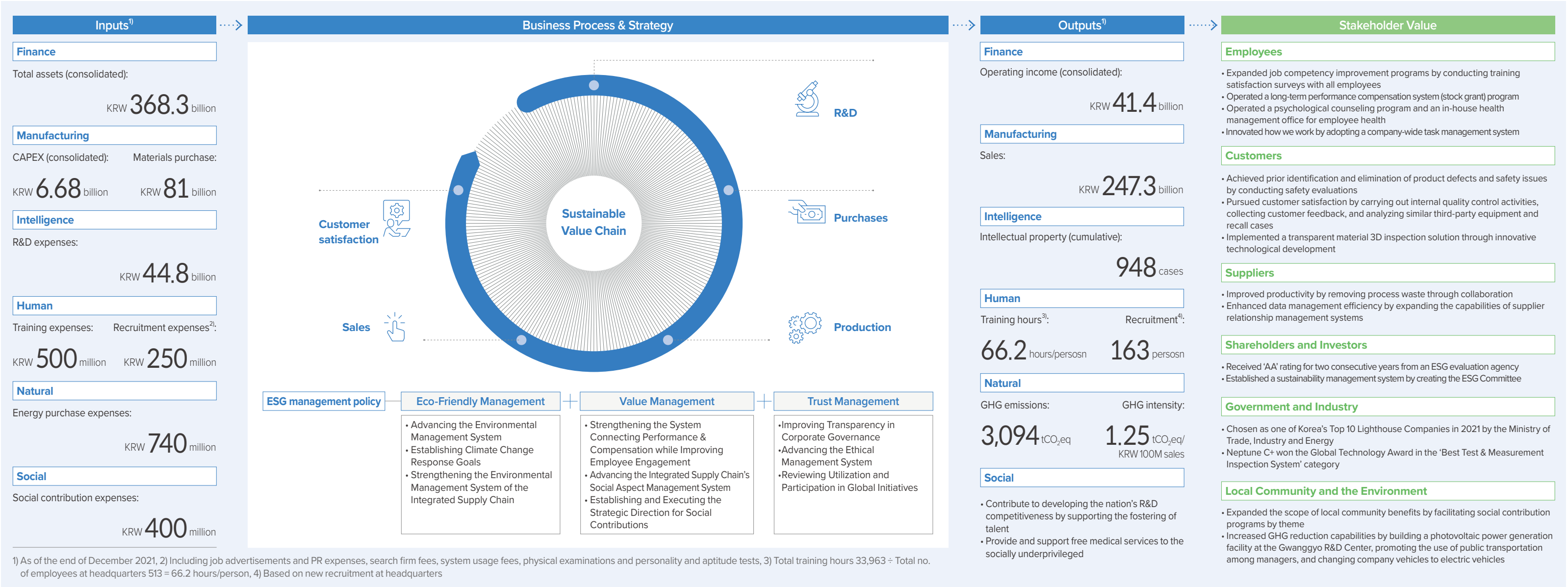
Koh Young Technology was founded on its mission of ‘Leading the SMART revolution to hasten the evolution of industrial and medical innovations for the benefit of mankind and society.’ Since our formation, we have pursued a human-centered management philosophy, pursuing economic, social, and environmental sustainability. In order to systemically refine and advance our ESG activities, we prepared an ESG management system that supports our humanitarian ideals. With the goal of achieving our ESG's management vision to ‘realize a better world through continuous innovation and human-centered management’, we have set a direction for each area of ESG and selected key tasks, which we have been implementing in stages.



- ESG Management System
- **Value Creation Process**
- Governance
- Materiality Assessment

Value Creation Process

Koh Young Technology creates sustainable value through business model innovation. To explain this effectively, this Report conceptualized the process of converting key capital to social and environmental values through our unique business model, based on the value creation process that constitutes the ‘integrated reporting’ framework of the Value Reporting Foundation (VRF).

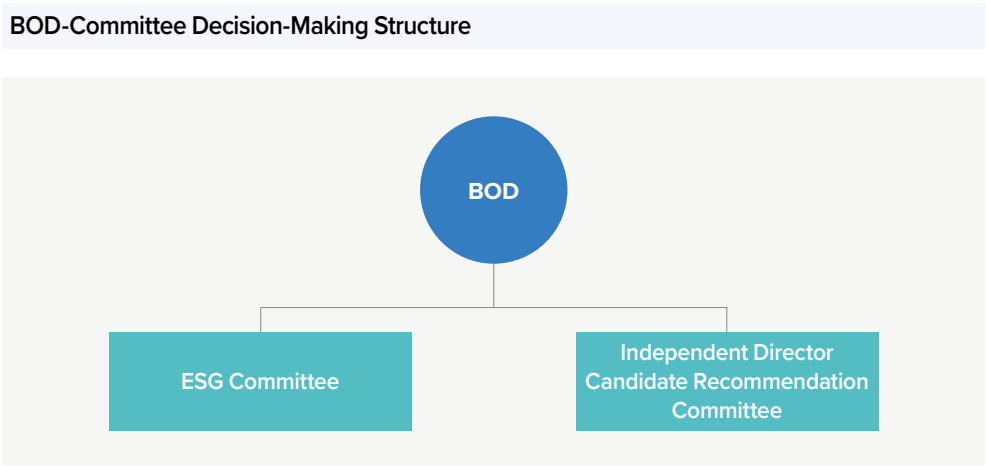


Governance

Our Decision-Making Structure

The Board of Directors of Koh Young Technology is delegated by shareholders with decision-making rights related to corporate management and performs its role as the top decision-making body in accordance with relevant laws and Articles of Association. As of June 2022, we have five executive directors and two independent directors. Additionally, the ratio of independent directors is 28.6% and meets the 25% requirement stated in the domestic Commercial Act. To develop BOD’s level of expertise, former Robostar CEO Jungho Kim, who has extensive business management expertise, was appointed as an independent director in 2022 through the Independent Director Candidate Recommendation Committee.

In 2021, the ESG Committee was established under the BOD to advance ESG management. It also created the Independent Director Candidate Recommendation Committee to strengthen the independence and roles of independent directors.



Composition of the Board of Directors

The BOD, the standing chief decision-making body of Koh Young Technology, deliberates on and makes decisions concerning important management issues. We are strengthening the transparency of corporate governance through independent directors verified for their independence and expertise participating as BOD members to enable appropriate decision-making.

Composition of the BOD						
(As of the end of March 2022)						
Name	Gender	Position	Career	Expertise	Period of Service	Date of Term Expiration
Kwangill Koh	Male	Executive Director (Chairperson of the Board of Directors)	• (Current) CEO, Koh Young Technology • Head of Research & SMT Business, Mirae Corp. • Head of Industrial Machines R&D Department, Central R&D Center, LG Electric • Ph.D. in Electrical Engineering, University of Pittsburgh	Overall management	2002-Present	Mar 31, 2023
Injoon Hwang	Male	Executive Director	• (Current) Head of the Finance Division, Koh Young Technology • POSCO Special Steel • B.A. in Accounting, Chung-Ang University	Finance	2002-Present	Mar 31, 2023
Jaeduk Shin	Male	Executive Director	• (Current) Head of the Global Sales & Support Division, Koh Young Technology • SK Teletech • B.S. in. Electrical Engineering, Korea University	Sales	2004-Present	Mar 31, 2023
Wooyoung Lim*	Male	Executive Director	• (Current) Head of Inspection Equipment PM, Koh Young Technology • Head of R&D Planning, Koh Young Technology • B.S. in Mechanical Engineering design, Sungkyunkwan University	R&D	2014-Present	Mar 31, 2025
Yuri Koh*	Female	Executive Director	• (Current) Head of Medical Business, Koh Young Technology • Head of Medical Overseas Business, Koh Young Technology • Ph.D. in Cognitive Science, Seoul National University (completion)	Medical	2015-Present	Mar 31, 2025
Youngbae Kim	Male	Independent director	• (Current) Independent director, Koh Young Technology • (Current) Dean, KAIST College of Business • Ph.D. in Management Engineering, KAIST • B.A. in Economics, Seoul National University	Business Management	2020-Present	Mar 31, 2023
Jungho Kim	Male	Independent director	• (Current) Independent director, Koh Young Technology • CEO, Robostar • Head of Robotics Business, LG Electric • B.S. in Electrical Engineering, Seoul National University	Business Management	2022-Present	Mar 31, 2025

* Appointed as an executive director at the regular BOD meeting held on March 14, 2022

Governance

BOD Operation

BOD meetings were held six times in 2021, and For all meetings held, 100% of the members participated and voted. Since 2020, we have been posting BOD status, activity details, and attendance rate in a timely manner on our website in both Korean and English so that anyone can access the information. Since 2021, we have held at least one BOD meeting each quarter to share information on the management status and to discuss pending management issues.

Agenda Discussed by the BOD		
Round	Date	Agenda
1	Feb 1, 2021	• Decision on Stock Grant Program • Report on the Business Performance of the 19th Period (Year 2020)
2	Mar 4, 2021	• Approval of the 19th Period Financial Statements (including consolidated) and Statements of Appropriations of Retained Earnings (plan) • Decision on Calling the 19th Regular General Meeting of Shareholders
3	Apr 7, 2021	• Equity Capital Increase to the Subsidiary in Japan (Japan Koh Young) • Equity Capital Increase to the Subsidiary in China (Koh Young Technology Suzhou)
4	Jul 21, 2021	• Report on the Business Performance of the Second Quarter of 2021 • Approval of ESG Strategy and Plan • Approval of the Establishment of ESG Committee under the BOD • Approval of the Establishment of Independent Director Candidate Recommendation Committee under the BOD • Approval of the Enactment of BOD Regulations
5	Sep 8, 2021	• Selection of Manufacturing Center Constructor • Approval of Borrowing for Manufacturing Center Construction
6	Nov 18, 2021	• Report on the Business Performance of the Third Quarter of 2021

BOD Diversity and Independence

The appointment of one female executive director in the BOD of Koh Young Technology served to increase gender diversity from all male members composition. To strengthen the independence of the BOD, we transparently disclose information on all directors at a general shareholders’ meeting when a director is being appointed. We also make public announcements about the referee, any transaction with the company, the relationship with the largest shareholder and others. Through the Independent Director Candidate Recommendation Committee that was created in 2021, we examined and deliberated on a group of candidates and then recommended two independent director candidates after a reputation inquiry, followed by a selection of the final candidate. In doing so, we are striving to form a more impartial and transparent BOD.

Remuneration and Compensation

Director remuneration is set according to position and duties. Through a resolution at a regular general shareholders’ meeting, the limit for directors’ remuneration is approved each year. The subject of approval for the general shareholders' meeting is the remuneration limit, while the actual amount of payment varies depending on basic remuneration and incentives. The BOD first determines the limit for directors’ remuneration by considering the previous year’s remuneration limit, the actual amount of payment, the results of the business and the expected economic conditions for the upcoming years, then the general shareholders’ meeting finalizes the limit for directors’ remuneration. The retirement allowance of the directors is determined by the executive retirement allowance payment rule that goes through a resolution at the general shareholders’ meeting. The incentive payment regulations set incentives based on quantitative indices, such as sales growth and operating profit margin, as well as non-quantitative indices, such as technology innovation, ethical management, and leadership.

ESG Committee

To generate sustainable corporate value through effective risk management, we introduced an agenda regarding ESG management and planning to the BOD in July 2020. In 2021, we established the ESG Committee under the BOD. The ESG Committee is responsible for preliminary deliberation and decision making on the ESG management agenda, as well as examining strategic ESG tasks and monitoring implementation.

Composition of the ESG Committee	
Chairperson	Independent Director Youngbae Kim
Members	Independent Director Jungho Kim
	Executive Director Injoon Hwang
	Executive Director Jaeduk Shin

Working-level ESG Council

We designated the Corporate Planning Department as an ESG Control Tower, and the Department oversees company-wide ESG-related work. In 2021, we formed the ‘Working-level ESG Council’ as a professional Center of Excellence organization, consisting of ESG staff in various teams. The Council discusses ESG-related issues through regular and irregular meetings, and professionally handles ESG-related work, including examining, monitoring, identifying, and reporting on target tasks and planning new tasks.

- ESG Management System
- Value Creation Process
- **Governance**
- Materiality Assessment

Governance

Improving Shareholder Value

Ownership Structure

As of December 31, 2021, shareholders who owned more than 5% of Koh Young Technology shares are: Koh Young Holdings, Allianz Global Investors GmbH, and Baillie Gifford Overseas Limited. Each shareholder’s number of owned shares and ownership ratio are as follows.

Status of share ownership of shareholders with greater than 5% of shares (As of December 31, 2021)		
Shareholder name	No. of shares owned	Ownership ratio (%)
KOH YOUNG HOLDINGS	13,731,160	20.00
ALLIANZ GLOBAL INVESTORS	5,165,961	7.52
BAILLIE GIFFORD	4,620,972	6.73

Minority shareholders individually own shares less than 1% of the total number of shares issued. Minority shareholders account for 33.01% based on the total number of shares issued and 99.50% based on the number of shareholders.

Status of minority shareholders (As of December 31, 2021)					
Shareholders (Person)			Owned shares (No.)		
No. of minority shareholders	Total no. of shareholders	Ratio (%)	No. of minority shares	Total no. of shares issued	Ratio (%)
19,874	19,974	99.5	22,659,746	68,654,755	33.01

※ Created based on shareholders’ list as of the end of 2021; a stock split was carried out on April 12, 2021 based on a split ratio of 5:1; reflecting a change in the number of shares that resulted from the split

Shareholder and Investor Participation

On an annual basis, Koh Young Technology shares major company information with shareholders and investors through the transparent disclosure of business reports. In 2021, we held a total 407 IR meetings, including 339 online and 43 face-to-face meetings as well as 25 IR events (including NDR). In doing so, we actively reflected shareholder requests, including strengthening ESG management and dividend policy, and enhancing shareholder value.

Dividend Policy

We determine the size of dividends based on a balanced consideration of the company’s growth and return of profits to shareholders by continually realizing profits. Pursuant to the Articles of Association, we provide dividends after the BOD resolution and an approval at a general shareholders’ meeting. The annual total cash dividend amount for 2021 is KRW 8.1 billion. Accordingly, the consolidated cash dividend payout ratio is 20.5% and the dividend yield is 0.5%

Major dividend indicators			
Category	2019	2020	2021
Face value of each share (KRW)	500	500	100
(Consolidated) Net income (KRW billion)	29.560	9.161	39.586
(Consolidated) Earnings per share (KRW)	2,192	678	586
Total cash dividend amount	7,429	7,436	8,112
(Consolidated) Cash dividend payout ratio (%)	25.1	81.2	20.5
Cash dividend yield (common shares)	0.5	0.6	0.5
Cash dividend per share (KRW)	550	550	120

Governance

Business Management System

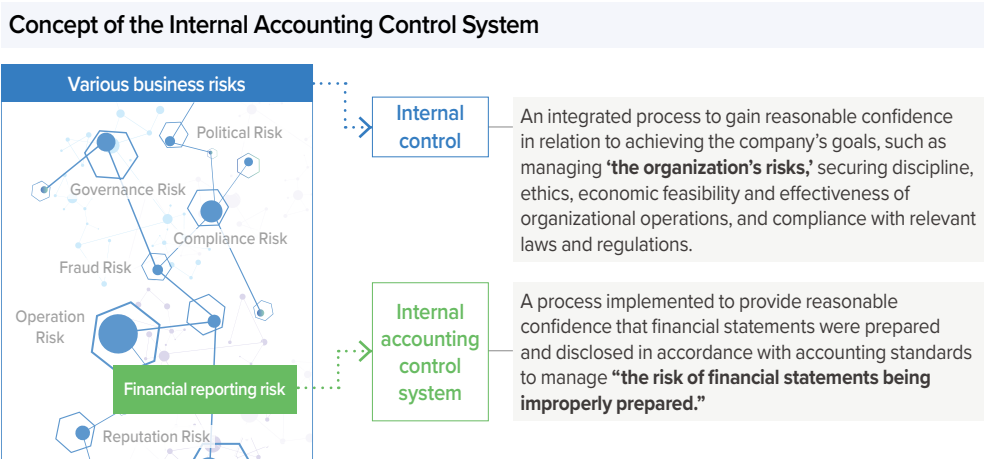
Auditor

Koh Young Technology currently has one full-time auditor who performs audit tasks. The auditor meets the necessary requirements as an auditor per the Commercial Act of Korea and does not own any of Koh Young Technology’s shares or engage in activities that would violate his independence. The standing auditor participates in major meetings, such as regular general meetings of shareholders, BOD meetings, and management meetings, to give audit reports as well as to monitor the transparency of corporate management and the process of decision-making.

Details of Major Activities of the Auditor		
Round	Date	Agenda
1	Feb 1, 2021	• Decision on Stock Grant Program • Report on the Business Performance of the 19th Period (Year 2020)
2	Mar 4, 2021	• Approval of the 19th Period Financial Statements (including consolidated) and Statements of Appropriations of Retained Earnings (plan) • Decision on Calling the 19th Regular General Meeting of Shareholders
3	Mar. 25, 2021	• Participation in the 19th general shareholders' meeting (audit reporting)
4	Apr 7, 2021	• Equity Capital Increase to the Subsidiary in Japan (Japan Koh Young) • Equity Capital Increase to the Subsidiary in China (Koh Young Technology Suzhou)
5	Jul 21, 2021	• Report on the Business Performance of the Second Quarter of 2021 • Approval of ESG Strategy and Plan • Approval of the Establishment of ESG Committee under the BOD • Approval of the Establishment of Independent Director Candidate Recommendation Committee under the BOD • Approval of the Enactment of BOD Regulations
6	Sep 8, 2021	• Selection of Manufacturing Center Constructor • Approval of Borrowing for Manufacturing Center Construction
7	Nov 18, 2021	• Report on the Business Performance of the Third Quarter of 2021

Internal Accounting Control System (K-SOX)

The U.S. enacted the Sarbanes-Oxley (SOX) Act, which mainly strengthens financial reporting and auditing, after a fraudulent accounting incident by a large U.S. corporation in the early 2000s. ‘SOX Section 404 (Management Assessment of Internal Controls)’ has a significant impact on companies as it stipulates a company’s internal assessment of its internal control system and an audit by an external auditor. South Korea adopted a similar internal accounting control system in 2003. With the enforcement of the new Act on External Audit of Stock Companies in 2018, internal accounting control system audits on listed companies became mandatory. With assets more than KRW 100 billion as of business year 2021, Koh Young Technology adopted an internal accounting control system in 2022. We identified risks in the overall financial, operation, and compliance processes, and established a risk control process through participation by employees in charge of major processes, including sales, purchasing, inventory, accounting, treasury, fixed asset management, and IT. We seek to provide accurate financial statements to capital markets and investors, without significant errors or wrongdoing, by operating a routine process in which top management identifies and improves on exceptions that may arise frequently during business activities.



Company-Wide Task Management System

We adopted the company-wide task management system in 2022 with the aim of enhancing task management transparency, spreading a horizontal organizational culture, and facilitating collaboration among participants. It is an effective tool for teams and individuals to manage projects and to track and resolve current work issues using a dashboard. As an IT company that should pursue an agile approach and achieve rapid collaboration, Koh Young Technology anticipates the following benefits from the company-wide task management system.

- View the company-wide work progress at a single glance
- Identify task history with more ease
- Quickly identify bottleneck points
- Reduce communication costs
- Unify business information collection systems

- ESG Management System
- Value Creation Process
- Governance
- **Materiality Assessment**

Materiality Assessment

Results of Materiality Assessment

We completed validation of the prioritized major report topics and categorized the 19 topics into 1st Tier (Very High) and 2nd Tier (High) according to materiality. .

Materiality Matrix



Major Report Topics and Scope of Stakeholder Impact

The ten topics included in the priority report areas present a corporate management direction of pursuing both business competitiveness and social responsibility and are concentrated in the Governance (G) and Social (S) areas. The outcomes, goals, and management cases related to the major report topics are disclosed in detail throughout this Report, and other sustainable management activity status is disclosed through the GRI Standards Index.

Area	Report topic	Tier	No.	Scope of stakeholder impact					Reported section
				Employees	Customers	Suppliers	Shareholders and investors	Local communities	
Environmental (E)	Strengthen hazardous substance management	2	18	●	●	●		●	Pillar 5
	Improve energy and resource efficiency		20		●	●	●	●	Pillar 5
	Establish a waste management and recycling system		21		●	●		●	Pillar 5
	Invest in environmental facilities *	3	23	●				●	Pillar 5
	Respond to climate change		25		●	●	●	●	Pillar 5
	Build a GHG management system		26		●	●	●	●	Pillar 5
	Establish a water resource management system		28		●	●	●	●	Pillar 5
Social (S)	Enhance product safety		1	●	●	●	●		Pillar 3
	Improve employee health and safety management		2	●		●			Pillar 3
	Support employee competency development	1	4	●					Pillar 2
	Customer satisfaction management*		5	●	●	●			Pillar 1
	Strengthen supply chain quality control		7		●	●	●		Pillar 4
	Strengthen win-win cooperation*		8	●	●	●			Pillar 4
	Enhance employee satisfaction*		12	●					Pillar 2
	Voluntary fair-trade compliance*		13			●			Pillar 4
	Increase employee participation	2	14	●					Pillar 2
	Expand employee diversity and inclusion		15	●					Pillar 2
	Strengthen the human rights management system		16	●	●	●		●	Pillar 2
	Create many quality jobs*		17	●				●	Pillar 2
	Participate in the local community and contribute to its development	3	24	●				●	Pillar 2
	Local community safety and health*		27	●				●	Pillar 3
Governance (G)	Implement competitive businesses		3	●	●		●		Pillar 1
	Strengthen the ethical management and compliance management system	1	6	●	●	●	●		Pillar 1
	Strengthen personal information protection		9	●					Pillar 1
	Reinforce the information security system		10	●	●	●			Pillar 1
	Reinforce the ESG management system*	2	11	●	●	●	●	●	ESG Management System
	Strengthen governance		19	●			●		Governance
	Promote BOD diversity, independence, and effectiveness	3	22	●			●		Governance

* New reporting topic in 2021 ESG REPORT

- Enhancing R&D Competitiveness
- Ethical and Compliance Management
- Risk Management

PILLAR 1.

Pursuing Competitive Business



SUSTAINABILITY CONTEXT

Koh Young Technology is striving to secure core technologies through continuous R&D to offer optimal solutions that can satisfy customer needs. We recognize the importance of legal and ethical responsibilities that a company must fulfill in the process of developing fundamental competitiveness and understand that business sustainability can be guaranteed when various risks that exist inside and outside a company are effectively managed.

MANAGEMENT APPROACH

- We will expand R&D investments to secure core technologies and outstanding talent and respond to customer demand through our global R&D centers. We will generate technological synergy by pursuing a key competitiveness-based spiral growth strategy. (Page 19-20)
- We have established a foundation for execution of strict anti-corruption policies through expanded application of the Charter of Ethics and Five Principles of a Clean Koh Young. We will block external threats by expanding information security systems and overhauling the business continuity management system. (Page 21-23)

MATERIAL TOPICS

Tier 1

- Implement competitive businesses
- Carry out customer satisfaction management
- Strengthen ethical management and compliance management systems
- Reinforce the information security system
- Strengthen personal information protection

RELATED SDGS

- **Goal 8. Decent Work and Economic Growth**
 - Detailed Goal 8.2. Achieve higher levels of productivity of economies through diversification, technological development, and innovation
- **Goal 9. Industry, Innovation, and Infrastructure**
 - Detailed Goal 9.5. Enhance scientific research and upgrade technological capabilities
- **Goal 16. Peace, Justice, and Strong Institutions**
 - Detailed Goal 16.5. Reduce all forms of corruption and bribery
 - Detailed Goal 16.6. Develop transparent institutions at all levels

KEY PERFORMANCE

Sales: Year-on-year increase of

37.8%



Ratio of R&D investment to sales

18.1%



Ratio of R&D personnel

44.5%



Intellectual properties:

7.1% YoY increase



Establishment of

**online reporting
system**



- Enhancing R&D Competitiveness
- Ethical and Compliance Management
- Risk Management

Enhancing R&D Competitiveness

R&D Capabilities

The COVID-19 pandemic, which changed our daily lives amid the tide of digital transformation, artificial intelligence, and the Fourth Industrial Revolution, is becoming a factor that further accelerates the development of information and communication technologies all across the globe. It is changing production and consumption patterns to online and non-face-to-face methods in almost all areas, including economy, industry, culture, and medical treatment. Semiconductors that process more information quickly and reliably are important to this end. Ranging from wearable devices that manage the health of individuals and smartphones to personal mobility and automobiles useful for social distancing, the semiconductors as well as electronic equipment and parts used are becoming more sophisticated. In addition, manufacturing processes are becoming more elaborate. These changes in the environment will have impact on the technological development of our key business, which is 3D precision inspection equipment, and other related solutions. Koh Young Technology understands the importance of designing and manufacturing-related core technologies and invests more than 10% of sales in R&D. R&D investments accounted for 18.1% of sales in 2021 and R&D personnel accounted for 45.4% of all employees. We will continue to lead the market by developing the industry’s best products and solutions through technological differentiation based on R&D capabilities.

R&D Investment Status (Unit: KRW Billion, %)			
Category	2019	2020	2021
R&D investments (based on consolidated financial statements)	30.2	32.2	44.8
Ratio of R&D investment (as compared to sales)	13.6	17.9	18.1

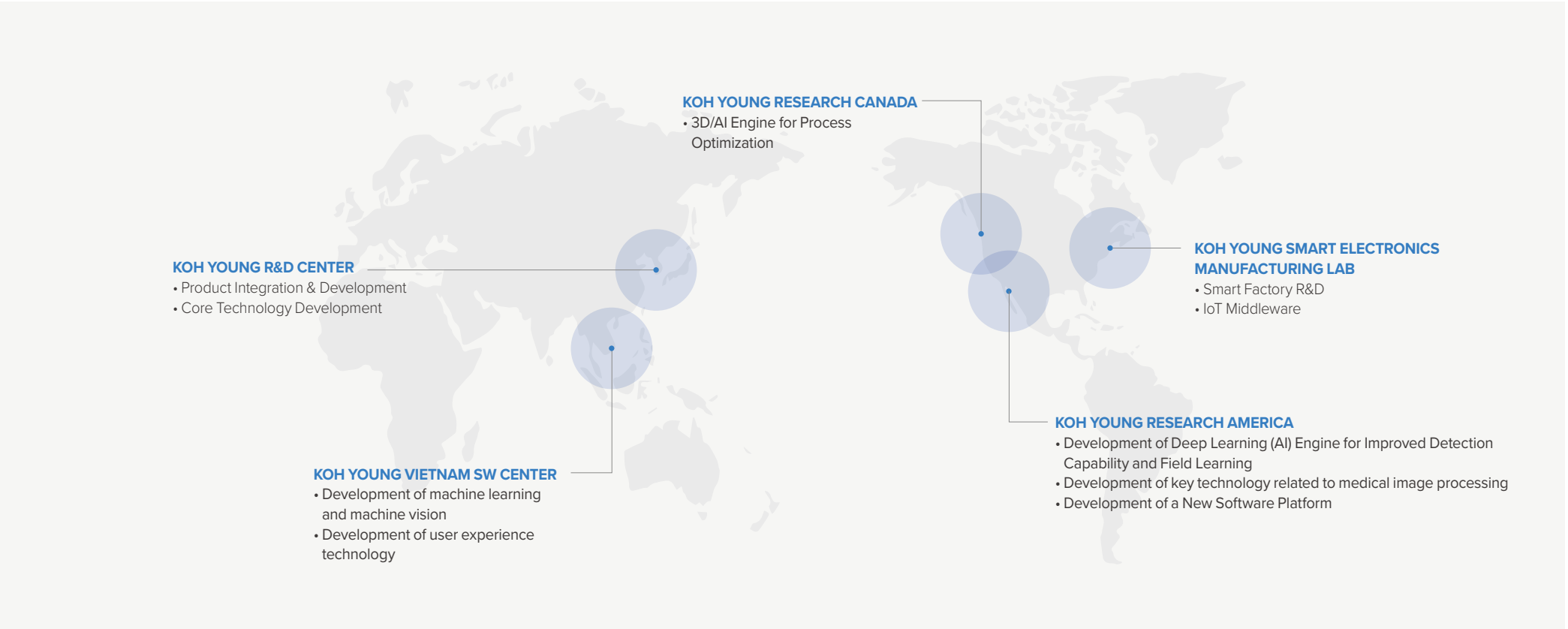
Ratio of R&D Personnel ¹⁾ (Unit: Person, %)			
Category	2019	2020	2021
Total employees	656	684	766
R&D employees	294	309	348
Ratio of R&D personnel	44.8	45.2	45.4

1) Including full-time and part-time employees

Customer-Centric R&D Policy

In accordance with our outside-in strategy, Koh Young Technology focuses on the planning and development of products and solutions strictly based on customer demand. Not long after Koh Young Technology’s establishment, we built a real-time company system to quickly meet the needs of customers around the world. We have continued to maintain these efforts by sending Service and R&D personnel to customer sites worldwide. In particular, 3D SPI, one of our key products, was developed and launched based on customer feedback, who stated that about 70% of the defects generated in the SMT process are related to the solder printing process. Furthermore, all new and ongoing R&D activities are aimed at resolving actual problems that customers and industries are currently experiencing, reflecting the actual demand. To identify customer demands and to develop the technologies necessary for new products and solutions, we operate five R&D centers across the globe. The Gwanggyo R&D Center located in South Korea guides the development of core technologies, while managing global R&D activities. We have two R&D centers in the United States (California and New York) and one in Vancouver, Canada. These R&D centers are in charge of developing the core technologies necessary for AI-based smart factories and precision medical solutions.

Status of our Global R&D Centers



- Enhancing R&D Competitiveness
 - Ethical and Compliance Management
 - Risk Management

Enhancing R&D Competitiveness

Generation of Business Synergy

Amid a higher need for smart factories as a result of the Fourth Industrial Revolution, a series of disputes among countries and the pandemic are further accelerating customers’ onshoring and supply chain rearrangement. Especially in the labor-intensive electronic components Surface Mount Technology (SMT) industry, it is essential to have software-based solutions that are designed to efficiently manage processes and lower quality defects. This can significantly help enhance the competitiveness of customers, who are dealing with global supply chain instability.

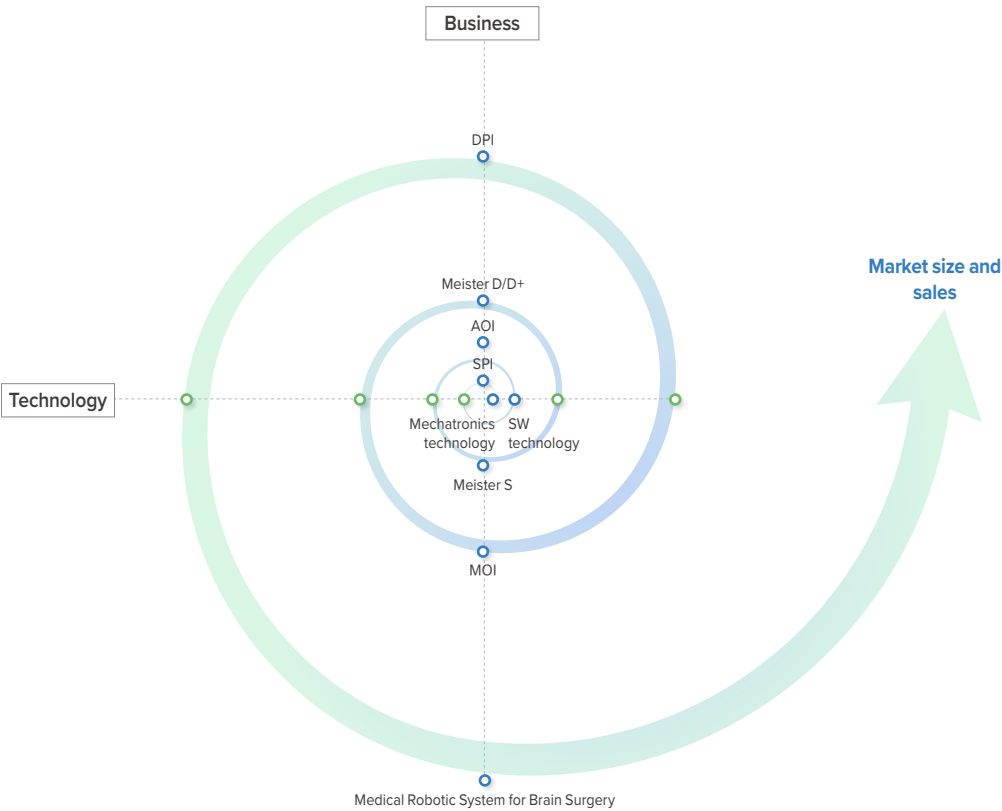
As a company that produces useful, reliable process data, Koh Young Technology supplies smart factory solutions (KSMART) that is based on AI technology combined with 3D precision measurement inspection equipment.

Our customers who use KSMART continue to have a competitive edge even in an era of uncertainty by reducing production time and improving process quality through the use of our AI-based process monitoring, diagnosis, and optimization solution.

Technology Roadmap for Synergy Creation

To rapidly respond to fast-moving technology trends and our customer needs, we are implementing a spiral growth strategy underpinned by our core competencies and technologies. In the early stages following our establishment, our 3D SPI project began based on our mechatronics capabilities. But then our business areas expanded into broader neighboring markets, such as 3D AOI, Semiconductor Packaging Inspection (MEISTER Series), 3D DPI, smart factory solution (KSMART), and Medical Robotic System for Brain Surgery (KYMERO).

Spiral Growth Strategy Based on Our Core Competitiveness



Protection of Intellectual Property Rights

Koh Young Technology strives to secure competitiveness through core technologies and protect our intellectual property rights. Our patents are concentrated in the area of 3D profilometric measurement technology. In line with current market trends and new business expansion, we are focusing our capabilities on securing patents related to AI and other next generation technologies. In the medical equipment area, we have implemented strategic risk management and patent development processes to overcome high barriers to entry. Furthermore, we are concentrating on best-in-class technologies targeting the global market as well as maintaining the qualitative values of patents held. As of the end of 2021, Koh Young Technology held 948 patents, utility model rights, trademarks, and designs, demonstrating our IP commitment. In 2021, we added 82 new patents – a 14% year-on-year growth rate. As a result, Koh Young Technology holds 664 registered patents.

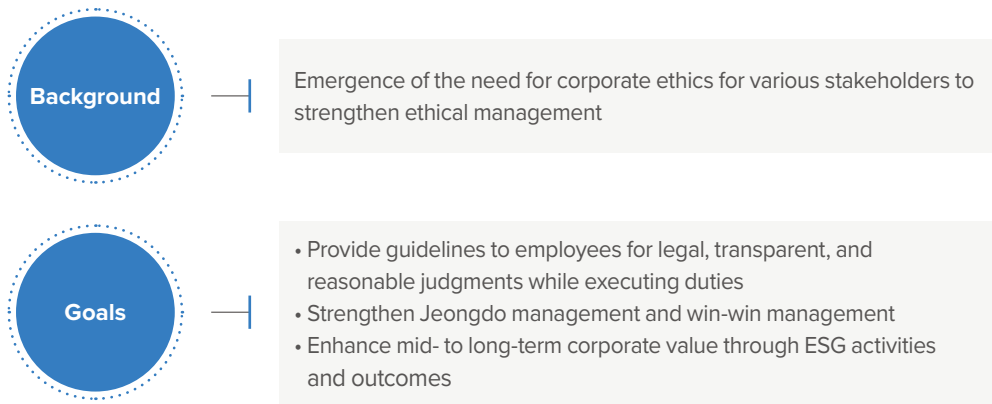
Status of Intellectual Property Ownership (Unit: Number of cases, cumulative)			
Category	2019	2020	2021
Trademark, design, utility model right registrations	67	71	77
Patent applications	277	232	207
Patent registrations	493	582	664
Total	837	885	948

Ethical and Compliance Management

Ethical Management System

In addition to strengthening ESG management, we have upgraded our ethical management system. We have expanded and amended the ‘Five Principles of a Clean Koh Young’ and the ‘Ethical Code of Conduct’ that were previously centered on job ethics to include corporate ethics for stakeholders in 2021. To express our commitment more firmly towards ethical management, we disclosed the revised version of our Charter of Ethics and Behavior Guidelines on our website and shared them with major suppliers. In 2022, all employees and major suppliers created a written pledge to practice ethics levels that comply with the Charter of Ethics and Behavior Guidelines. We are building a shared growth ecosystem based on ‘Jeongdo management’ (management by principle) and seek to fulfill our social responsibilities toward all stakeholders.

Advancement of the Ethical Management System



Charter of Ethics (Amendment of Five Principles of a Clean Koh Young)

- We think and act from the customer perspective at all times and strive to provide our customers with better products.
- We protect shareholder value through reasonable decision-making and transparent management activities.
- We respect each employee's autonomy and creativity, treat employees fairly according to their achievements and capabilities, and promote the organization's and individual's continued growth and development.
- We handle work honestly and impartially based on high ethical values, and do not provide or receive money, valuables, entertainment, or convenience in any form.
- As a member of the social community, we contribute to the local community's growth and development and actively take part in local community contribution activities.
- We actively examine the execution of the Charter of Ethics through self-diagnosis to make ethical management a part of our daily lives.

Ethical Code of Conduct (Revised Version)

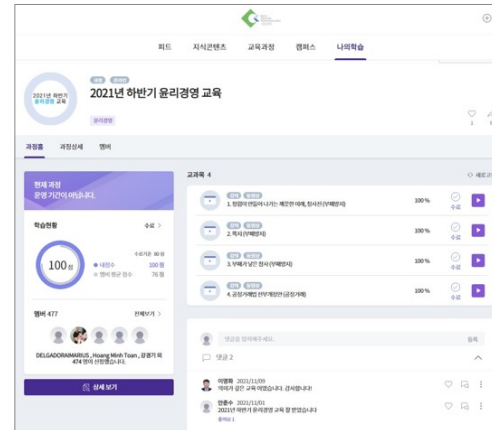
Preface of the Ethical Code of Conduct

- Principle 1. We comply with laws and ethical standards.
- Principle 2. We maintain a clean organizational culture.
- Principle 3. We respect our customers, shareholders, and employees.
- Principle 4. We place importance on the environment, safety, and health.
- Principle 5. We fulfill our social responsibilities as global corporate citizens.

Appendix. Obligation to comply with the Ethical Code of Conduct

Education on Ethical Management

We provide ethical management training to new and existing employees and examine violations of the Charter of Ethics and Behavior Guidelines. New employees participate once initially while all other employees participate twice a year in ethical management training. The subjects of our ethical management training in 2021 were anti-corruption, fair trade, ethical management, and corporate values.



Online ethical management training course for employees



Ethical management training materials

- Enhancing R&D Competitiveness
- **Ethical and Compliance Management**
- Risk Management

Ethical and Compliance Management

Online Reporting System

Koh Young Technology can receive reports on violations of ethical management and compliance management through a phone call, regular mail, or e-mail. This was previously conducted by internal stakeholders through the internal grievance consultation center, but we established an online reporting system on our website in 2021 for use by all internal and external stakeholders. The identity of the whistleblower is protected through anonymous posting, and whistleblower protection principles were established to prevent any disadvantage to those involved in providing the information.

Target of Reporting

Targeted activities include the act of receiving compensation from a stakeholder, unjust equity participation in a company we cooperate or trade with, illegal and undue use of the company’s assets, including issues with fairness and transparency in selection, as well as workplace bullying, sexual harassment, improper solicitation, and misuse or abuse of power as unethical acts related to internal and external stakeholders.

Whistleblower Protection Principles

Koh Young Technology does not disclose any information that exposes or implies the identity of a whistleblower without his or her consent. If a whistleblower is disadvantaged because of a report, the team in charge of ethical management takes all possible measures to minimize the disadvantage.

Reporting using Someone’s Real Name

When a report is made through the online reporting system, the whistleblower goes through a personal information collection and use consent process. The use of personal information is restricted to checking a report or conducting a fact-finding inquiry, or to inform the whistleblower of results of the inquiry.

Anonymous Reporting

If a whistleblower feels significantly burdened by the idea of disclosing personal information, he or she can use anonymous reporting. In this case, if an anonymous report is judged as a groundless slander due to lack of information on the subject of the report or reported content is not detailed or the facts are too vague, we may not proceed with receiving or investigating the report. We receive anonymous reports only through the KakaoTalk online reporting system.



KakaoTalk online reporting
system QR code

Case Whistleblower Protection Principles

■ Target of Protection

A whistleblower can be sufficiently protected only when he or she submits accurate evidence using his or her real name. In addition, we will strictly protect information on whistleblowers and other relevant persons. We protect the following whistleblower-related matters.

- The identity of the whistleblower
- The evidence presented by the whistleblower and the relevant collected information
- The matters that may hint at the whistleblower and/or other relevant persons, etc.

■ Protection Policies

- Whistleblower and reported content are handled with strict confidentiality, and all data is protected by a safe security system in accordance with the criteria of the Personal Information Protection Act. In addition, a minimum number of employees handle all reports.
- If it is acknowledged that a whistleblower was subject to disadvantageous action or punishment due to a report, the team in charge of ethical management will return conditions to the original state or take equivalent compensation measures.
- If a whistleblower makes a report on corruption or irregularity that he or she is involved in, we will handle the report by sufficiently considering extenuating circumstances.

- Enhancing R&D Competitiveness
- Ethical and Compliance Management
- **Risk Management**

Risk Management

Information Security System

Koh Young Technology conducts diverse information security activities in accordance with domestic and international systems and standards to protect various information, including personal information, against all forms of security breach threats. In 2021, we received an ISO 27001 follow-up evaluation in the first and the second half of the year and have maintained the certification. We are continually making efforts to strengthen the information security system.

Strengthening Security of the Corporate Information Network

To protect internal information assets from external security threats in accordance with information security policies, we conduct an IT infrastructure asset and web application vulnerability diagnosis as well as security breach response training twice a year, thereby improving emergency situation response capabilities. By building a web application firewall system, we are controlling and blocking unauthorized users’ access to major servers and databases. Through backup and recovery training, we are preventing data loss and securing business continuity. In addition, we have established a log management cycle that goes through IT log collection, analysis, and monitoring through our integrated log system to enable quicker recognition of internal and external threats and optimal responses to them.

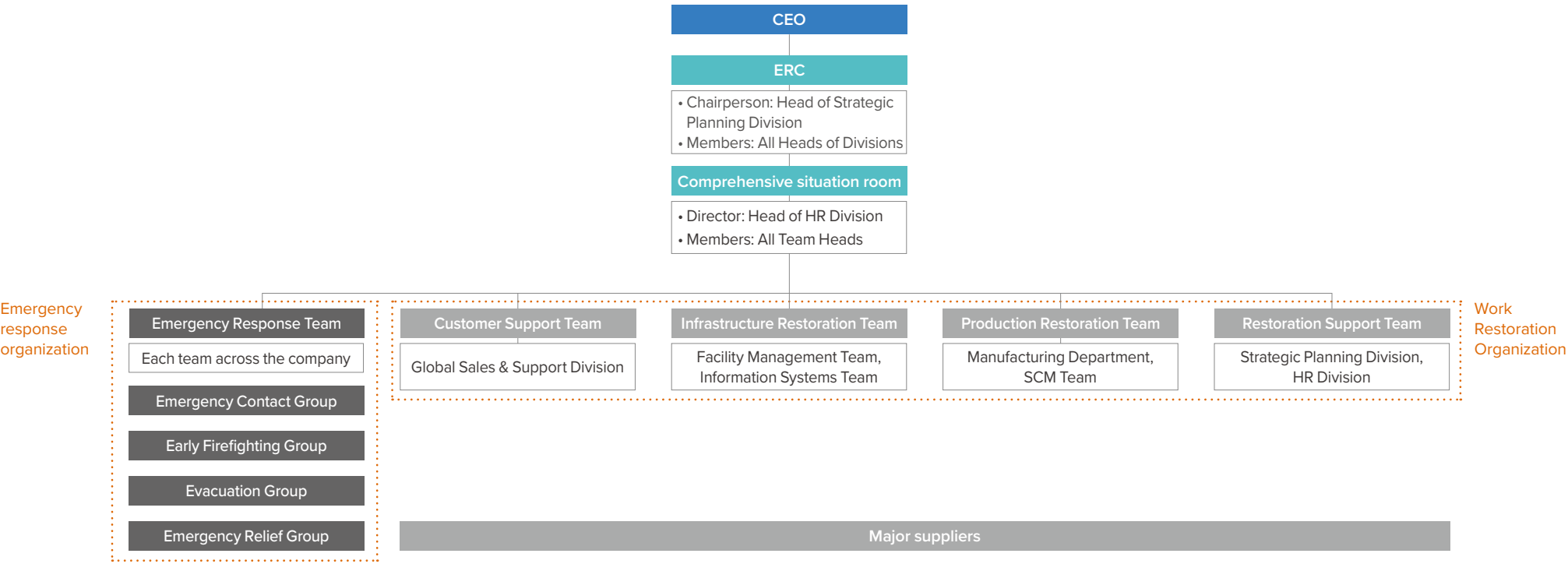
We plan to further advance our information protection management system in various areas, including maintenance and management of information security policies, distinction of whether collected logs and events are true or false and quick responses, inspection of supplier security levels, and evaluation of supply chain information security technologies.

Business Continuity Management

We operate a contingency plan to minimize and recover from damage within a short period in the case of emergencies due to unexpected incidents, such as natural disasters or industrial accidents. By taking rapid response measures in the event of a disaster, we are making sure that there is minimal to no impact on the products and services we provide to customers. For areas that present a high risk to business stability, we manage risk factors according to Business Continuity Planning (BCP). To identify risk factors more systematically, we established Business Continuity Management (BCM) and formed a response organization.

The Emergency Response Committee (ERC) is led by the Head of Strategic Planning Division and makes final decisions on such matters as the emergency response plan and work restoration plan as well as the execution of detailed procedures by organization and situation.

Business Continuity Management Organization



- Talent Management Policy
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

PILLAR 2.

Fulfilling Corporate Social Responsibilities



SUSTAINABILITY CONTEXT

Employees and the local community are the key stakeholders who form Koh Young Technology’s social capital. We continually discover and nurture outstanding talent based on respect for human rights, while pursuing equal opportunities and fair evaluations. We seek to strengthen socially responsible activities based on local communities where our workplaces are located.

MANAGEMENT APPROACH

- Our model talent are people who demonstrate innovation, teamwork, and professionalism. We discover and nurture outstanding talent through industry-academia cooperation internships, overseas recruitment, and an HR data-based decision-making system. (Page 25-26)
- We monitor employees’ job competencies and increase the effectiveness of education and training through in-house studio broadcasting facilities and e-learning websites (Page 27-28)
- Outstanding employees are selected and promoted, irrespective of seniority, and we carry out Communication Channel (C.C) and Group-Genius activities for smooth internal communication. (Page 29-30)
- We use an in-house grievance settlement system to resolve employees’ grievances and strive to establish a healthy corporate culture. (Page 31)
- We are making efforts to enhance the social value of the local communities through social contribution activities. (Page 32)

MATERIAL TOPICS

Tier 1

- Support the development of employee competencies

Tier 2

- Create many quality jobs
- Increase employee participation
- Enhance employee satisfaction
- Expand employee diversity and inclusion

Tier 3

- Participate in the local community and contribute to its development

RELATED SDGS

- **Goal 8. Decent Work and Economic Growth**
 - Detailed Goal 8.5. Achieve full and productive employment and decent work for all women and men and equal pay for work of equal value
- **Goal 16. Peace, Justice, and Strong Institutions**
 - Detailed Goal 16.a. Establish institutional mechanisms to protect and promote human rights
 - Detailed Goal 16.b. Prohibit discrimination and pursue equal opportunities
- **Goal 17. Partnerships to Achieve Objectives**
 - Detailed Goal 17.17. Promote civil society partnerships for local community development

KEY PERFORMANCE

Percentage of Master and
Doctoral degree holders in R&D
(Full-time employees):

50%



Annual average employee
training hours:

66.2 hours/person



Work-applied ideas that were
derived through Group-Genius
activities:

3,407 cases



Percentage of recently hired
female employees
(Full-time employees):

29.3%



Percentage of foreign employees
(Full-time employees):

32.1%



Social contribution
Activity amount:

KRW 400 million
(1% of net income)



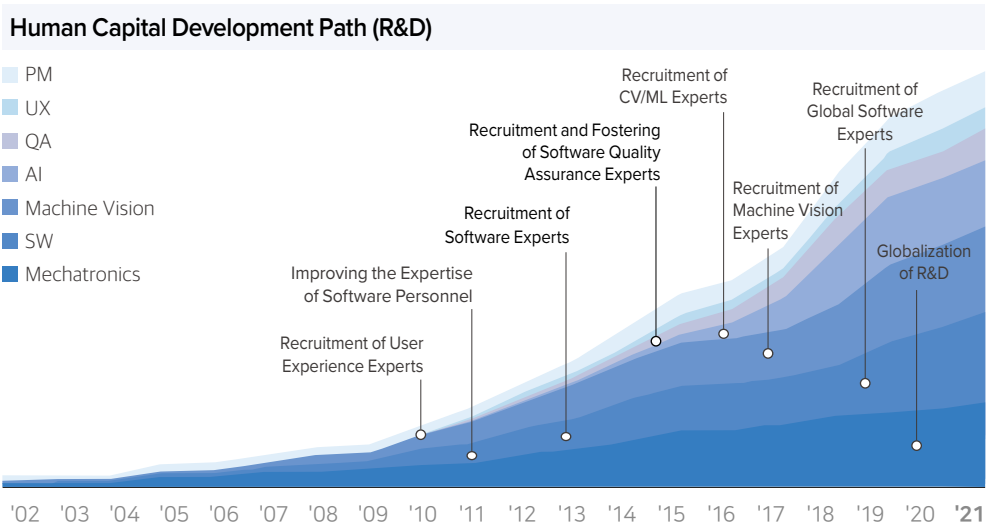
- **Talent Management Policy**
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

Talent Management Policy

Talent Recruitment Strategy

Recruitment Strategy

Securing excellent talent is an essential requirement for an organization’s sustainable development. We have talented individuals with expertise in different areas in each stage of growth. Our strategy for recruiting and managing excellent talent has developed in line with corporate growth since 2010. Koh Young Technology hires new university graduates and individuals with work experience in Korea on a rolling basis. We also operate a regular recommendation system by building a database of professors at globally renowned universities. We are currently collaborating with Binghamton University in the U.S. as well as KAIST, SeoulTech, and Sogang University in Korea in diverse fields such as AI, robotics, and computer vision. We recruited outstanding talent through internships in 2021. We offered internships to fresh university graduates to continually recruit excellent talent despite greater uncertainties caused by the COVID-19 pandemic, which enabled us to selectively recruit persons with outstanding capabilities. In addition, we conducted an industry-academia cooperation internship with Yonam Institute of Technology to secure talent who specialize in R&D, and internships for undergrad and master’s degree program students at KAIST and Binghamton to recruit excellent personnel in the areas of AI and machine vision. In this way, we are continuing efforts to nurture talent from a long-term perspective.



2010 Recruitment of User Experience Experts	Until 2009, Koh Young Technology was a mechatronics engineer-centered organization. However, in 2010, we realized that users experienced some difficulty in the process while using the product. To resolve such issues, we began actively recruiting user experience (UX) experts. In addition, we established a software-oriented organizational structure, which laid the foundation to improve the UX of products and to apply design thinking to product planning.
2011 Improving the Expertise of Software Personnel	To enhance the expertise of software personnel, we provided training in Capability Maturity Model Integration (CMMI). In doing so, software personnel were able to solidify their capabilities, not only for securing usability, but also reliability in planning and enhancing product development and functionality. As a result, we became the first domestic inspection equipment company to receive certification in CMMI Level 2, which refers to software and IT quality assessment standards.
2013 Recruitment of Software Experts	We established a software research center to secure enhanced quality in software and development expertise as a whole product in the processes of new product development and new business expansion. A software expert from a domestic professional software company was recruited as the new director of the research center. We also recruited many other relevant experts, thus building a foundation for our shift into a software-oriented organization.
2015 Recruitment and Fostering of Software Quality Assurance Experts	We established a department dedicated to software quality and recruited software quality assurance experts. In addition, we recruited new employees with software engineering backgrounds to nurture them as specialized Software Engineering in Test (SET) personnel. As of 2020, 14 Software Quality Assurance personnel are working at our headquarters.
2016 Recruitment of CV/ML Experts	The Computer Vision/Machine Learning (CV/ML) R&D Center was established in San Diego, United States. We then recruited an expert from a global company for his experience in productization in the corresponding area and assigned him to the role of director of the research center. Koh Young Research America has been continuously recruiting local research personnel with master’s and doctoral degrees. As of 2020, a total 17 employees work at Koh Young Research America. Going forward, Koh Young Research America will position itself as a research center capable of developing new business software products, including medical products. We have formed a team mainly consisting of software architects, who cannot be easily recruited in Korea, to design the next generation software platform.
2017 Recruitment of Machine Vision Experts	Under a new vision of securing General Machine Vision Solutions not restricted to SMT inspection equipment, the Vision Department, which was formerly a part of the software R&D center, was reorganized as an independent research lab — the Machine Vision R&D Center. Accordingly, we have been continuously recruiting experts in related fields.
2019 Recruitment of Global Software Experts	A software center was formed in Vietnam to perform software quality assurance, software coding, vision testing, UI design, and other such tasks. Two leader-level employees at the headquarters were dispatched to continue efforts to recruit talent who graduated from excellent colleges in Vietnam and are experts in the field. We are also providing internal and external training so that the team members can carry out independent product development projects.
2020 Globalization of R&D	The R&D Centers in the U.S. and Canada are strengthening their software commercialization capabilities by recruiting additional R&D experts with master’s and doctoral degrees in computer vision and machine learning. We are making efforts to secure a talent pool in Europe by using employees dispatched to Germany to recruit outstanding talent and secure technologies in the optical and control hardware sectors, in which there are supply limitations in Korea.
2021 Strengthening of Recruitment Capabilities and Recruitment Branding	To quickly acquire outstanding talent in advance even in the continuously changing business environment, we strengthened our internal recruiting capabilities and hired talent by using various personnel sourcing channels in Korea and abroad. In 2021, we carried out recruitment branding activities that reflected COVID-19 circumstances and the latest trends, including an online, real-time recruitment fair, Duty V-LOG, metaverse recruitment counseling, and SNS duty interview.

- **Talent Management Policy**
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

Talent Management Policy

Retention and Recruitment of Excellent Talent

Innovation, teamwork, and professionalism are deeply rooted in the foundation of Koh Young Technology’s organizational culture. We define talent as someone who creates market standards through creativity and innovation (Innovation), continually develops through communication and cooperation (Teamwork), and can provide top value to customers (Professionalism). Koh Young Technology’s talent actively encourages the development of individuals and the organization within the Group-Genius culture, while the company provides a wide array of career development programs and a pleasant work environment so that talent can achieve their dream of self-realization.

Koh Young Technology’s Model Talent

"Koh Young Technology’s Dream Team"



INNOVATION

A person who creates market standards through creativity and innovation

- An employee who continually demonstrates creativity and achieves innovation through an open mind and a challenging spirit.
- Koh Young Technology’s ultimate goal is to create new value that will be widely beneficial to humankind.



TEAMWORK

A person who achieves continuous innovation through teamwork

- An employee who becomes a member of the organization and ceaselessly creates and innovates through Group-Genius. Koh Young Technology’s culture is to understand each other, and to communicate and cooperate with each other.



PROFESSIONALISM

A person who provides customers with true value through use of their skills and passion

- The very best products result from one’s sense of ownership and passion to become the best in the area he or she is in charge of.
- We pursue a level of professionalism worthy of the Koh Young Technology name, which provides the world’s best technologies and products to global customers.

The Current Status of Our Talent

As of the end of 2021, Koh Young Technology has a total 703 full-time employees, indicating a 11.2% increase from 632 employees in 2020. The ratio of master’s and doctoral degree holders among full-time employees, including overseas sites, was 30%.

Master’s and Doctoral Degree Holders Among All Full-time Employees (Unit: Person, %)			
Category	2019	2020	2021
All full-time employees	609	632	703
Doctoral degree holders	50	52	53
Master’s degree holders	155	176	161
Bachelor’s degree holders	349	330	403
Others	55	74	86
Ratio of master’s/doctoral degree holders	34	36	30

The ratio of R&D personnel among all full-time employees was 48.5%. As of the end of 2021, the ratio of master’s and doctoral degree holders among R&D personnel was 50%. We are continually in need of talent with master’s and doctoral degrees as our key products have shifted from equipment-oriented solutions to software solutions. According to our plan to strengthen machine vision and AI-related organizations, we will continually recruit talent in these fields from various regions, including South Korea, the U.S., and Canada.

Master’s and Doctoral Degree Holders Among All Full-time R&D Employees (Unit: Person, %)			
Category	2019	2020	2021
All full-time employees	283	298	341
Doctoral degree holders	47	50	51
Master’s degree holders	124	121	121
Bachelor’s degree holders	105	117	150
Others	7	10	19
Ratio of master’s/doctoral degree holders	60	57	50

Category		Executive	Manager	senior	Junior
		[Executives]	[Team Leaders, Department Leaders]	[Managers-Section Chief]	[Staff, Assistant Managers]
VALUE	Common values	Core value internalization · Group-Genius · Vision sharing session			
		New executive onboarding	New team leader onboarding [Leadership essential]	Onboarding of new employees with job experience [1.5-day introductory training and mentoring program]	New employee training
LEADERSHIP	Competency	Leadership training for department leaders [Leadership diagnosis / feedback session / training and coaching / special lecture]		Performance leadership training	Self-directed leadership training
	Promotion	New executive leadership training [IGM 8NEEDs]	New team leader leadership training [HSG T.O.P]	New manager leadership training	New assistant manager leadership training
PROFESSIONAL	Common competency	Domain knowledge training [SMT technological competency-enhancement training, KPA equipment HW training & TS training equipment SW management method training]			
		Creative thinking / strengthening of planning capabilities / infographics / presentations / communication / 6 Sigma and other planning courses			
		Koh Young Technology Online Training Center · Reading Communication · Internal language course [opened around 3,000 e-learning and around 500 Reading Communication content, provided support for learning six languages – English, Chinese, Japanese, German, Vietnamese, and Spanish]			
		Legally mandatory training [Sexual harassment prevention training, industrial safety and health training, training to improve perceptions of the disabled, personal information protection training, retirement pension training, workplace bullying prevention training, ethical management training, etc.]			
	Professional competency	Software job training [Basic SW training / SW architect-nurturing program / intensive course for SW architects]			
		Marketing & Sales job training [B2 marketing / B2B sales / business negotiations / customer needs management course, etc.]			
		Project Management job training [Project management skills, Agile project management methodology, etc.]			

- **Talent Management Policy**
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

Talent Management Policy

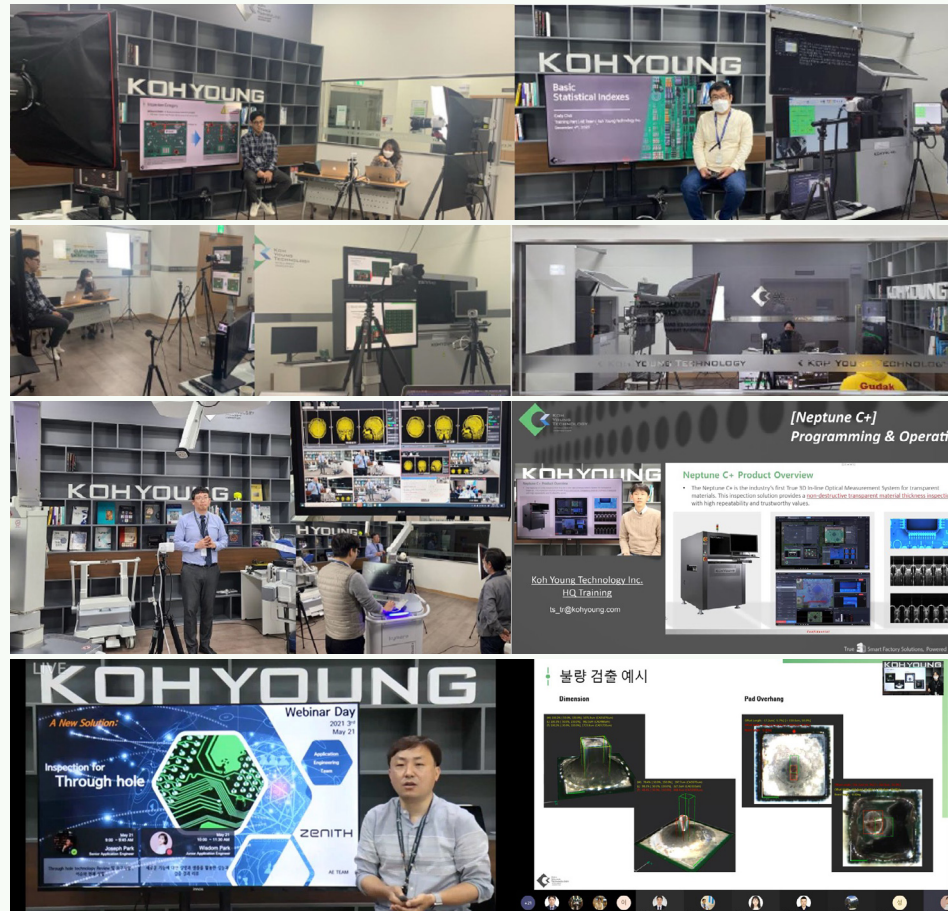
Training Status

In the case of leadership training, we provided six special lectures on leadership to team leaders and executives in 2021, in addition to running leadership programs for candidates for promotion and new assignments. Through a multifaceted leadership diagnosis and feedback at the beginning of each year, we strive to develop appropriate leadership based on the core values of innovation, teamwork, and professionalism. In 2021, we conducted a training requirement survey of all employees and provided opportunities to improve common job competencies, including document-creating skills and creative thinking, through our online self-learning system, in addition to offering professional competency training on individual duties, such as software, project management (PM), and marketing.

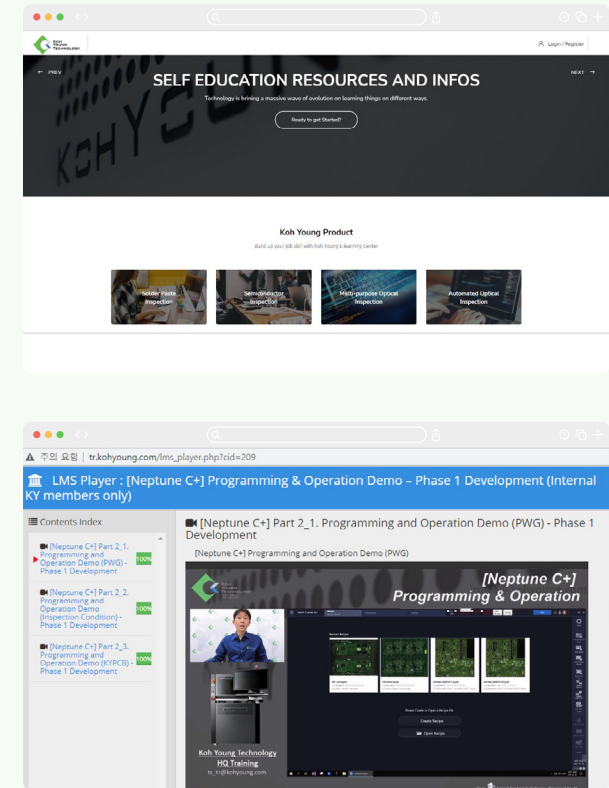
In addition, we improved broadcasting equipment in our internal studio to suit a virtual, non-face-to-face method focused on video content. We also developed a website dedicated to e-learning and provided new educational content. We enabled employees to voluntarily receive video-based foreign language education every month, along with Online Training Center education, for consistent competency development. We cover the full expenses of training for employees who complete the programs. The global business competency training that was offered in 2021 received a high level of interest, so that around 96% of the participating employees completed the training. Koh Young Technology employees participated in learning for a total of 33,963 hours in 2021 which translates into an average 66.2 hours per person.

Case Strengthening Online Non-Face-To-Face Training

■ Providing non-face-to-face training by establishing a studio and producing high-quality video training materials



■ Strengthening online training through the KY e-Learning Center



- **Talent Management Policy**
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

Talent Management Policy

Assessment and Compensation System

Koh Young Technology conducts semi-annual performance assessments for individuals and teams to measure their achievements as compared to their goals. Additionally, we perform job competency assessments for individuals annually to measure self-improvement levels. We conduct performance assessments for all employees in connection with three core values (innovation, teamwork, and professionalism) that make up our model talent. Without any gender discrimination, we evaluate employees after providing explanations so that both the assessor and assessed clearly understand their respective competency level. We are upgrading the assessment process by making job competencies more objective and systematic. Employee performance and competency assessments are connected to compensation. Through the HR system, an evaluated employee can raise objections to assessment results, after which assessment results are finalized based on an agreement.

Pursuing Competency-Centered Compensation

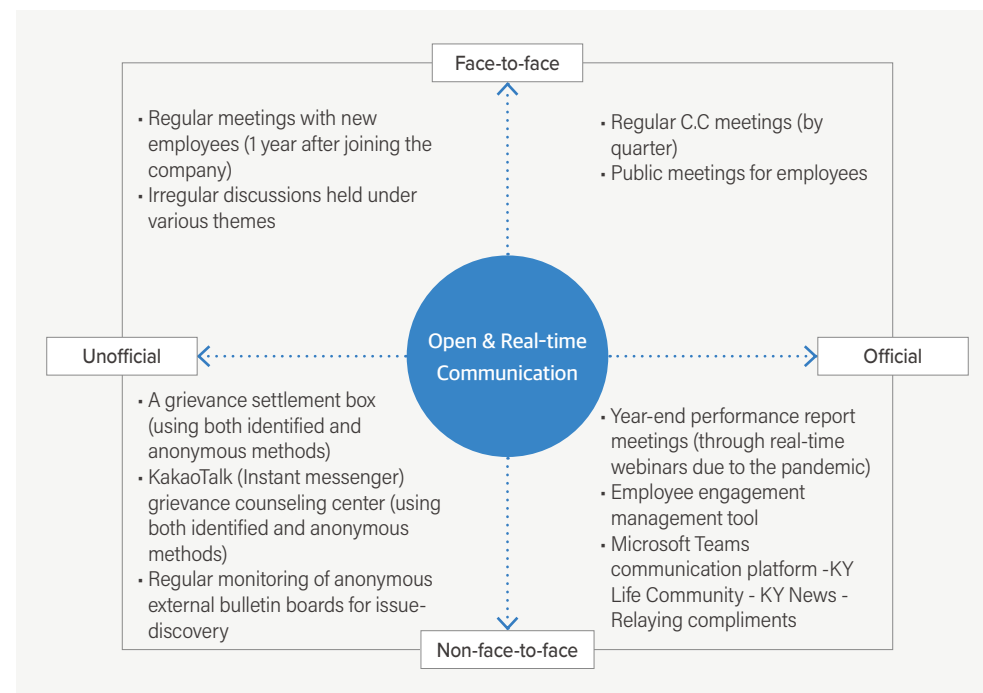
Assessment results are used to determine compensation and promotions. Typically, employees must spend a fixed amount of time in each position before being promoted. However, special promotion opportunities are guaranteed to employees who continually demonstrate excellent performance, regardless of the minimum term required. We pursue selective compensation for outstanding employees, singling out excellent employees for significant promotions and assigning positions based purely on skills and performance, rather than seniority. We began to operate a long-term performance compensation system in 2021. Our stock grant program provides treasury shares after a certain period to all employees and to outstanding talent. It seeks to enhance employees' sense of ownership by connecting the company's mid- to long-term performance with individual performance.

Employee Satisfaction Management

C.C (Communication Channel)

Koh Young Technology C.C. has fully established itself as a major communication channel between management and employees. It aims to improve internal infrastructure and to enhance employee satisfaction in work life by enhancing joint interests through cooperation. It mainly consists of elected members who represent all employees and users. A regular C.C meeting was held once a quarter in 2021. As a result, we adopted an agenda of six policies and incorporated them into our company management. Various employee opinions were delivered through C.C to contribute to enhancing employee satisfaction in work life, such as a COVID-19 vaccine leave, adequate temperature adjustments in offices, and early execution of health checkups.

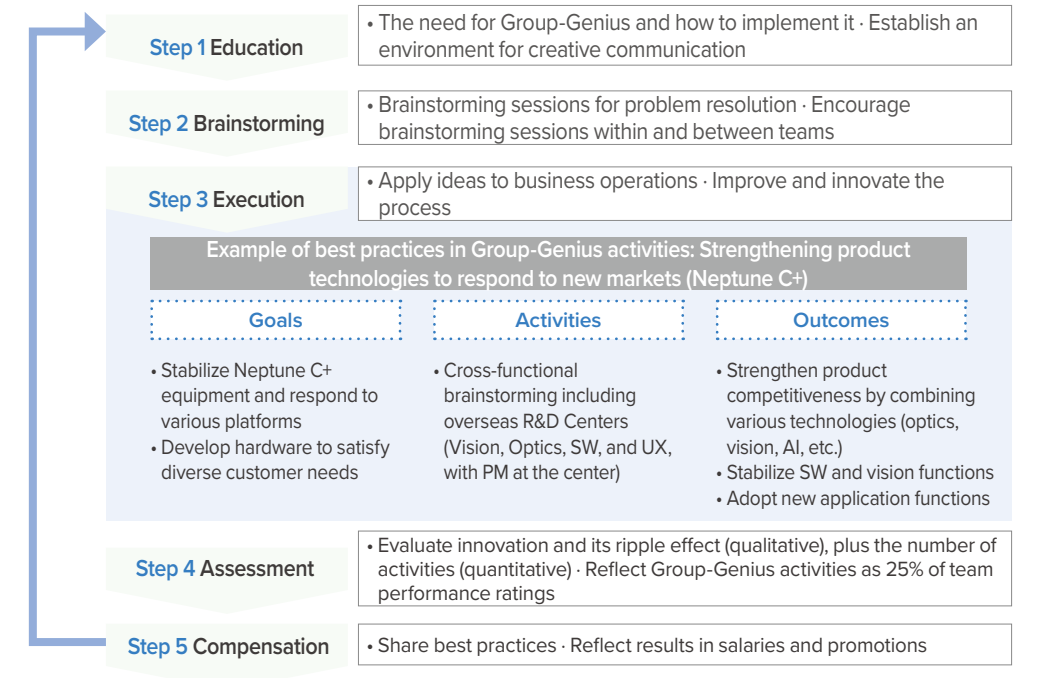
Internal Communication-Facilitating Systems



Group-Genius

Koh Young Technology is operating the Group-Genius program as our unique way of working and organizational culture. This program involves internal innovation activities that resolve issues based on employees' collective intelligence. All employees share information on pending issues and actively communicate on the issues to derive optimal solutions. Group-Genius activities are carried out based on collaboration among teams and members in a virtuous cycle system of education, brainstorming, execution, assessment, and compensation. In 2021, 3,407 out of 4,749 Group-Genius activities (71.7%) were applied to task operations. We plan to further develop Group-Genius as a creative and innovative work-related problem-solving method.

Virtuous Cycle of the Group-Genius Program



- **Talent Management Policy**
- Human Rights Management and Diversity Enhancement
- Participating in the Local Community

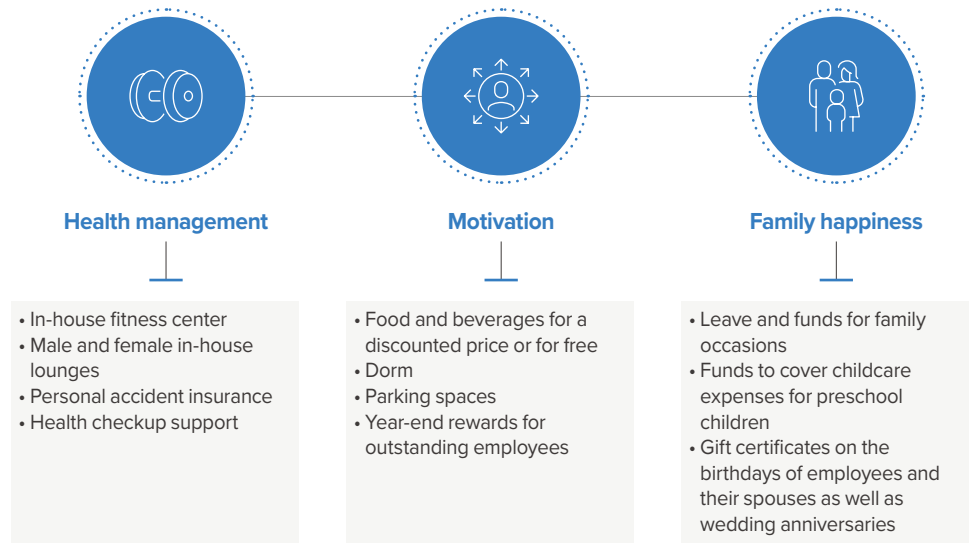
Talent Management Policy

Welfare Benefit Programs

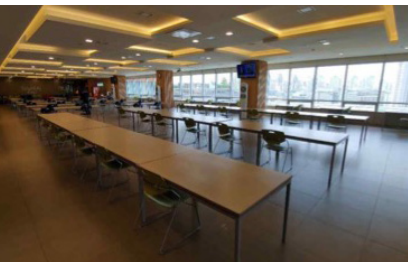
Koh Young Technology operates a wide array of welfare benefit programs so that employees can immerse themselves in their work while remaining physically and mentally healthy. Employees can use the company cafeteria, café, and lounge coffee machine at a discounted price or for free. They can also manage their stress levels by using the in-house fitness center and the in-house lounge that are separated for male and female employees. For single employees who have a long commute time because they live far away from work, we give them priority to use a dorm located near the Gwanggyo R&D Center. We also provide parking spaces for employees who drive their own cars.

We help employees remain safe and healthy with personal accident insurance and health checkups that we pay for. We also provide financial support to pay for preschool children’s childcare and provide gift certificates on the birthdays of employees and their spouses as well as wedding anniversaries, thus pursuing the happiness of the ‘Koh Young Technology Family.’

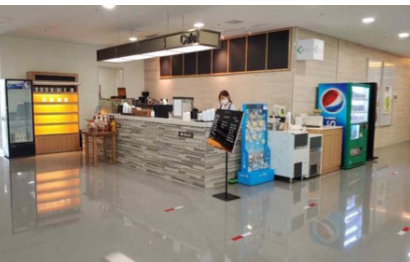
Welfare Benefit Programs



In-House Welfare Facilities



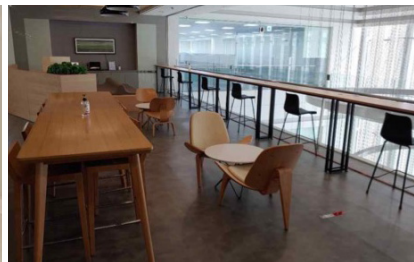
Cafeteria



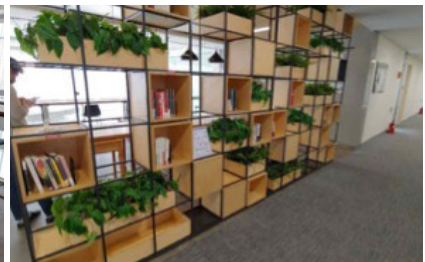
Café



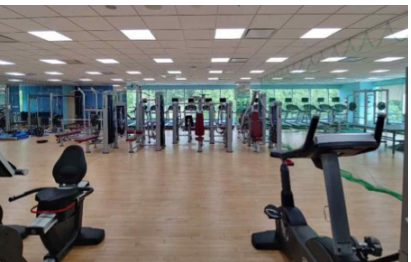
Coffee machine



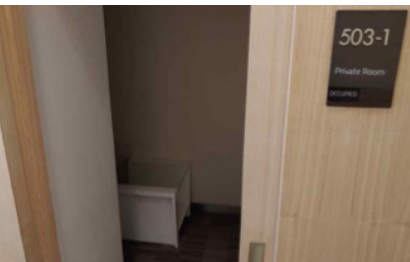
Lounge



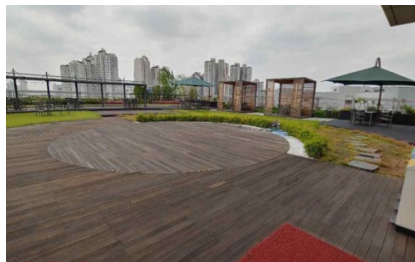
Library



Fitness center



Nursing room



Rooftop garden



Massage chair and eye massager



Entertainment facility

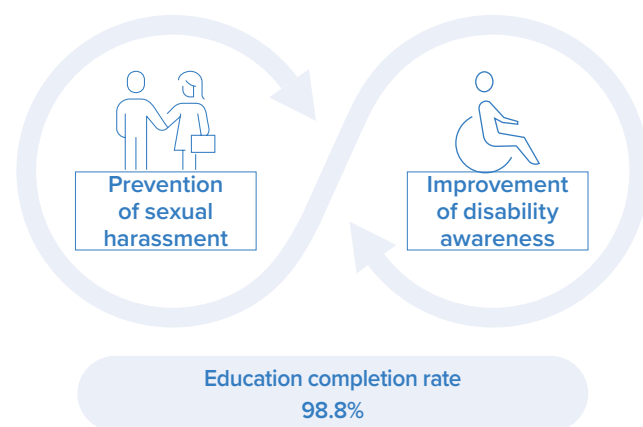
- Talent Management Policy
- **Human Rights Management and Diversity Enhancement**
- Participating in the Local Community

Human Rights Management and Diversity Enhancement

Human Rights Education

In 2021, we provided sexual harassment prevention education and online human rights education in relation to improving employees' disability awareness to all employees to promote mutual respect and to prohibit discrimination. Furthermore, we post educational materials on preventing workplace and sexual harassment and continually carry out campaigns that are aimed at spreading awareness.

Human Rights Education Status¹⁾

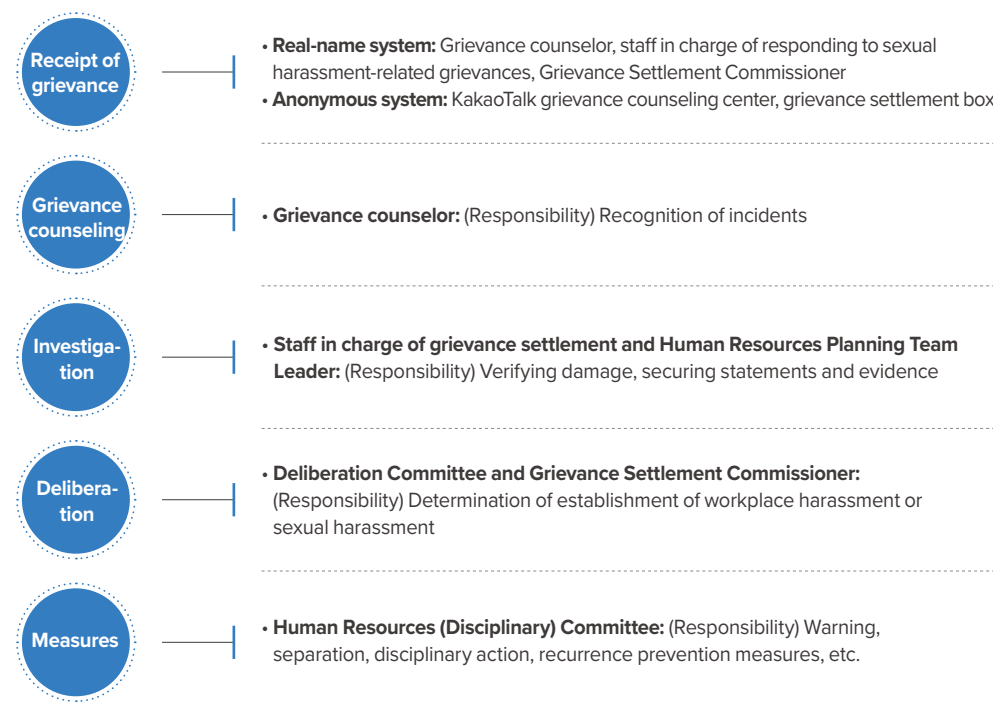


1) Based on full-time employees at headquarters. Excludes workers on leave and workers who have left the company.

Grievance Settlement System

Koh Young Technology operates various grievance settlement channels, such as the grievance settlement box, online grievance consultation center, grievance counselors, and special public hearings to collect employees' opinions. Received reports are handled through our grievance settlement process. In addition, we have systematized the roles of the Communication Channel (C.C) and are transparently disclosing grievance settlement activity details to employee members. Due to the continued spread of the pandemic in 2021, employees are sharing their opinions using the internal online bulletin board. We received a total 12 policy suggestions and adopted 6 of them as realizable suggestions.

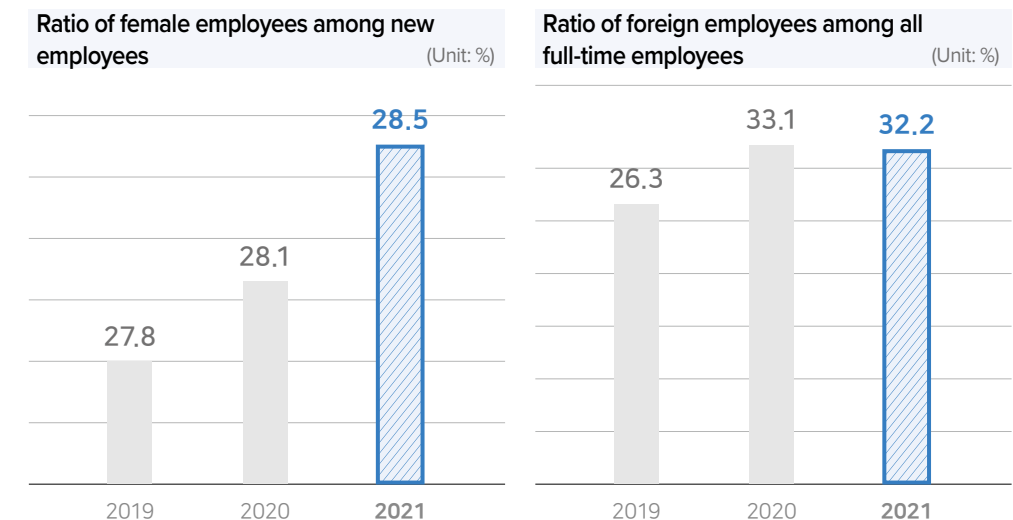
Grievance Settlement Process



Increased Diversity and Inclusiveness

By introducing a system to reduce working hours for parenting, while also allowing paternity and family care leave, Koh Young Technology is making every effort to build an enjoyable work environment for employees, regardless of gender. Furthermore, based on the principle of equal pay for equal work, wage discrimination does not occur based on gender. In 2021, the ratio of female employees was 18.8% (132 out of 703 total full-time employees), reflecting both the characteristics of the manufacturing industry and the company, in which the ratio of mechanical engineering-based R&D staff is high. However, we continued to actively practice family-friendly management and implement female-friendly policies, which led to an increase in the number of female engineers with machine vision and software majors. As a result, the ratio of female employees among new full-time employees was 28.5% in 2021.

To understand the demands of global customers and efficiently handle work at our overseas sites and R&D Centers, we are actively recruiting excellent foreign talent. For the past three years, the ratio of foreign employees among all full-time employees decreased 0.9% from 33.1% in 2020 to 32.2% in 2021.



Participating in the Local Community

Strengthening Social Contribution Programs

Koh Young Technology is generating social value by strengthening local community-based socially responsible management. Through a wide variety of social contribution activities in 2021, we donated KRW 400 million, which is 1% of our net income.

Social Contribution Activities that are Participated by Employees

We are contributing to society through volunteer activities and scholarship donations. In 2021, we donated scholarships aimed at nurturing talent to Yongin City, where our R&D Center with the largest number of Koh Young Technology employees is located. Social contribution activities participated in by employees were expanded in 2021. We opened a secondhand market using items that were donated by employees and total proceeds were donated to help the underprivileged in the local community (Sanghyeon 1-dong). In November 2021, employees voluntarily took part in Yong-in City's Kimchi-For-The-Winter Festival in an effort to give a helping hand to around 500 local households that were experiencing difficulties in the winter. Koh Young Technology will strive to fulfill its social responsibilities through continuous volunteer activities.



Social Contribution Activities Participated in by Employees

Non-Face-To-Face Volunteer Activities

Non-face-to-face volunteer activity programs that we created at the end of 2021 are being run as regular social contribution activity programs starting in 2022. Non-face-to-face volunteer activities involve Koh Young Technology employees creating and delivering 'grain hot packs,' 'moisturizing humidifiers,' and 'coloring tumblers' to underprivileged seniors and families. We delivered completed kits to our neighbors through Changemaker, an NGO.

Non-Face-To-Face Volunteer Activities from 2021 to 2022	
Program	Volunteer activity
Grain hot packs	• We meticulously created and delivered a gift to underprivileged seniors in the winter (seniors living alone, nursing hospitals, etc.) • Characteristic: Hot pack made of red beans and brown rice
Moisturizing humidifiers	• We provided help to the underprivileged who were suffering from skin disease and respiratory disease due to a poor living environment (seniors living alone, single mothers, parentless families, etc.) • Characteristic: Made of felt paper, the humidifier maintains humidity in the air through natural vaporization
Coloring tumblers	• Employees colored rough sketches that were completed by visually impaired students to deliver a sense of warmheartedness and caring • Characteristic: A one-and-only, exclusively designed tumbler with the completed drawing

- Health and Safety Policy
- Health and Safety Training and Evaluation
- Improving Product Safety

PILLAR 3.

Upgrading Our Health and Safety Systems



SUSTAINABILITY CONTEXT

Koh Young Technology makes its workplace safety and health policies a top priority, and comprehensively applies relevant policies to employees as well as all stakeholders who are in the business impact range. This is due to stricter domestic laws on safety and health, and also because safety and health issues are regarded as the most significant risks that can emerge at industrial sites.

MANAGEMENT APPROACH

- We established a health and safety management policy based on our humanitarian spirit and developed and applied current status diagnosis indexes ahead of the enforcement of the Serious Accidents Punishment Act. (Page 34)
- We are operating the Occupational Health and Safety Committee per relevant laws and enhancing employees' safety awareness by implementing health and safety training programs. (Page 34-35)
- We are protecting the health and safety of employees and customers through workplace risk assessments and product safety assessments. (Page 36)

MATERIAL TOPICS

- Tier 1
- Improve employee health and safety management
 - Enhance product safety
- Tier 2
- Improve the health and safety of the local community

RELATED SDGS

- **Goal 3. Good Health and Well-Being**
- Detailed Goal 3.9. Substantially reduce the number of deaths from hazardous chemicals and air, water and soil pollution or contamination

KEY PERFORMANCE

Accidents and diseases in the last three years:

Zero



Created

**in-house Health
Management Office**



**Strengthened
Safety Measures**

In Radiation-using Facilities (Interlock System)



Medical device risk management

**International standard
(ISO14971:2019) certification**



Health and Safety Policy

Health and Safety System

Koh Young Technology has a health and safety policy and management organization to establish a safe work environment. It gives top priority to its safety and health policies, and comprehensively applies relevant policies to employees as well as external stakeholders.

Health and Safety Management Policy

All executives and employees of Koh Young Technology practice respect for others in all corporate activities and comply with the following policies for healthy living:

The calligraphy '弘益人間' (Hongik Jeongnang) is written in a traditional, expressive style. It is centered within a light blue rectangular box that has a thin blue border. Below the calligraphy, there are three bullet points in English.

- The company's health and safety policy is that "Health and safety take precedence over all other policies, allowing for enhanced accident prevention."
- We never compromise on the safety of a single individual for any reason.
- Leaders are responsible for maintaining a healthy, safe environment, while all of us are responsible for providing support for these efforts.

Compliance with Health and Safety Laws

Ahead of the enforcement of the Serious Accidents Punishment Act in February 2022, we examined the level of execution at Koh Young Technology based on relevant articles.

Checklist on the Status of Responding to the Serious Accidents Punishment Act		
Article	Content	Status
Article 4 of the Act, Article 4 of the Enforcement Decree	Should establish objectives and managerial policies on safety and health	Established policies
Article 4, Item 4, Item 5 of the Enforcement Decree	Prepare human resources, facilities, and equipment for safety and health required for accident prevention, and manage budget planning and execution	Executed a budget of KRW 230 million in 2021
Article 4, Item 7 of the Enforcement Decree	Listen to the opinions of employees and decide whether to im-plement improvement measures	Strengthened operation of the Occupational Health and Safety Committee
Article 4, Item 9 of the Enforcement Decree	Where any work is contracted, outsourced, or entrusted to a third party, establish standards and procedures to secure health and safety and conduct an inspection at least once every half year	Completed an inspection
Article 5, Paragraph 2, Item 1 of the Enforcement Decree	Conduct an inspection to determine whether the duties under health and safety-related statutes or regulations have been ful-filled at least once every half year	Completed an inspection

Health and Safety Management Organization

Koh Young Technology operates the Occupational Health and Safety Committee to create a safe and healthy workplace. To enable the reflection of the voice of employees in our discussion process, we have employee representatives appointed to four out of the eight member positions on the Committee. The Health and Safety Officer leads the meetings as the committee chairperson and ensures that the main agenda items and improvements discussed in the meetings are applied in the field. Agenda items that are discussed during the meetings include matters related to establishing industrial accident prevention plans and educating workers on health and safety measures.

■ Operation of the Occupational Health and Safety Committee

To maintain employee wellness and to provide a safe work environment, we operate an occupational health and safety management system in accordance with occupational health and safety management regulations. By appointing a Health and Safety Officer, Managing Supervisor, Safety Staff, Safety Manager, Health Manager, etc., we comply with occupational safety and health-related laws and strive to prevent incidents. As a result, there have been no occupational injuries or work-related diseases among employees for the past three years. We are making active efforts to prevent occupational injuries and diseases in our workplaces and those of our suppliers through our systematic health and safety management system, such as securing a larger budget for health and safety and conducting health and safety evaluations for supplier safety.

Composition of the Occupational Health and Safety Committee					
Core Team			Element Team		
Post	Affiliation	Title	Post	Affiliation	Title
Chairperson	HR Division	Managing Director	Element Team Representative	SMT Business Depart-ment	Deputy General Manager
Safety Manager	HR Division	Manager	Member	Sales Management Team	Manager
Health Manager	HR Division	Nurse	Member	Optical Engineering Team	Assistant Manager
Member	HR Division	Manager	Member	Technical Support Department	Staff

Case Operation of the Health Management Office

We established the Health Management Office for employees for a healthy working life, and a permanently-stationed nurse provides help in protection against disease and accident under employee health management program, thereby creating a healthy work environment for all. The Health Management Office provides first aid, administration of over-the-counter pharmaceuticals, measurement of blood pressure and blood sugar levels, body composition analysis, height and weight measurements, and health management counseling. Also, a self-diagnosis kit can be used to immediately check for COVID-19 infection.

In addition, the psychological counseling service offered for employees' mental health focused mainly on counseling on employees' personalities and understanding of self. Since its launch in March 2021, a total of 76 employees have used the service. We will continue to identify employee needs and create an organizational environment that provides greater satisfaction to employees.



- Health and Safety Policy
- **Health and Safety Training and Evaluation**
- Improving Product Safety

Health and Safety Training and Evaluation

Health and Safety Training Program

Koh Young Technology provides occupational health and safety training to all employees to establish a safe work environment. New employees receive onsite occupational health and safety training, while all employees complete regular online occupational health and safety training once every quarter. For workers in charge of special processes, we conduct special health and safety education before they are placed in the field. For each manager performing health and safety-related duties, we provide separate job training.

We place the highest priority on establishing a safe work environment, and plan to continually provide health and safety training programs that are required in the field.

Online Occupational Health and Safety Training Program		
Program Name	Training Period	Training Hours
Regular safety training for workers – Office job, First quarter (manufacturing)	Jan 18-Feb 17, 2021	3 hours
Regular safety training for workers – Office job, Second quarter (manufacturing)	Apr 5-May 4, 2021	3 hours
Regular safety training for workers – Office job, Third quarter (manufacturing)	Jul 1-Sep 30, 2021	3 hours
Regular safety training for workers – Office job, Fourth quarter (manufacturing)	Oct 18-Dec 31, 2021	3 hours

Workplace Risk Assessment

To identify and minimize potential hazards and other risk factors that may arise in the workplace, including offices and laboratories, we conduct risk assessments in accordance with Article 7 of the Health and Safety Management Regulations. For effective risk management, we conduct regular assessments for all worksites, starting from square one, and carry out additional assessments upon the adoption or replacement of machines, facilities, equipment, and raw materials. Based on the results of these assessments, we establish risk reduction measures and remove potential hazards and other risk factors, thereby preventing injuries and illnesses that may arise in the workplace.

Furthermore, to help staff in charge of risk assessment accumulate the knowledge and experience necessary for assessment, we provide education on risk assessment methods.

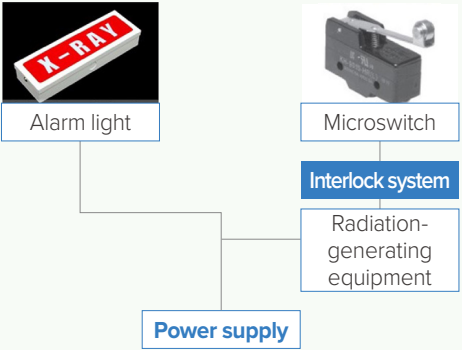
Potential Hazards and Other Risk Factors Subject to Risk Assessment	
Potential Hazards and other risk factors	Categorization
Machines (facilities)	• Area where there is a risk of getting stuck (winding, jammed in) • Falling, flying, overturning, or inversion of a machine/facility • Falling down (slipping, tripping, or false steps) • Risk of falling (opening)
Electricity	• Electric shock (exceeded safety voltage)
Chemical (substances)	• Liquid, mist • Fire, explosion
Work characteristics	• Operator Error • Suffocation risk, lack of oxygen • Handling of heavy items • Repetitive work
Work environment	• Climate, high or low temperatures • Lighting • Space and movement paths

Case Safety Measures for Facilities Using Radiation

Medical equipment that Koh Young Technology is producing includes radiation (X-ray)-generating equipment. Radiation-related product development and manufacturing should be conducted under the permission, management, and supervision of the Korea Institute of Nuclear Safety (KINS) according to regulations stipulated in the Nuclear Safety Act. We control facilities and personnel according to strict procedures in the process of developing the radiation-generating equipment. We therefore received permission for facilities that use the equipment from KINS and use the equipment only in designated locations. Relevant personnel must be registered as radiation work employees. Equipment development takes place only at three locations in the Gwanggyo R&D Center designated by the KINS, and these locations are equipped with lead (Pb) shielding so that radiation does not leak externally. In addition to performing regular inspections, we set up an alarm system that is visually identifiable in the event of radiation, as well as an interlock system that automatically blocks radiation generation when a facility door is opened.

■ Interlock System

The interlock system is connected to a high voltage-generating device and the door of a shielded room through a microswitch so that radiation can only be generated when the door is closed. When the door is closed, the interlock socket of the radiation-generating equipment control panel works normally in a ‘closed state.’ When the door is opened, the interlock socket changes to ‘opened state’ and generation of radiation comes to a halt.



- Health and Safety Policy
- Health and Safety Training and Evaluation
- **Improving Product Safety**

Improving Product Safety

Safety Assessment

We conduct safety assessments for product installation and accident prevention before a product is used to protect consumer safety. We also provide employees with training as part of our efforts to improve their awareness of product safety and health. In the Medical Business Division, which develops and manufactures medical equipment that has a direct impact on patients' lives, we carry out development and manufacturing activities in compliance with the intensive product risk management procedure and product lifecycle process that manage medical product safety and health within the established quality management system.

Assessment Process

Through annual safety assessments, we identify hazards and risk factors at workplaces, as well as diagnose the possibility and materiality of an injury or disease that might be caused by such factors. If a product defect or safety-related issue is found, a quality committee composed of employees from relevant teams, including the Technical Support Team, Supply Chain Management Team, Quality Management Team, and R&D Center, is convened to analyze risks for different tasks and establish recurrence prevention measures and action plans.



Efforts to Improve Safety

We are upgrading our internal risk management process to comply with ISO14971:2019 (application of risk management to medical devices), which is the latest international standard as of 2021. Accordingly, we identify, analyze, and evaluate forecastable risks throughout a product's entire lifecycle, beginning from the development phase, and apply appropriate risk reduction measures for all medical devices that we handle.

**Surface Mount
Technology Inspection
Equipment (SMT)**

- MEISTER S
- MEISTER D/D+
- NEPTUNE C/C+

- Improved the door handle for new equipment to prevent fingers from being caught in the door handle when the door is opened
- Although there was no accident in which fingers were caught in the door handle when it was used by employees onsite and by customers, improvements were made to prevent such an accident. Based on Group-Genius activities, we changed the door handle and cover structure.



Before improvement



After improvement

Case **KYMERO's Safety Improvement Case**

Since the launch of the Medical Robotic System for Brain Surgery (KYMERO) in 2016, we have carried out internal quality control activities, collected customer feedback, and used diverse information, such as reports on side effects or cases of recall of similar or equivalent equipment from other companies, to identify and analyze new risks that we were not aware of beforehand and to continue to implement control measures to reduce such risks. These activities were carried out in 100% compliance with the established internal risk management process. In 2022, we will achieve completion of the safety impact evaluation process for all medical devices that we handle and 100% compliance with the internal evaluation criteria of the ISO 14971:2019 international standard.

■ Safety Improvement Measures

- **Emergency Stop Button:** We applied a safety system so that when a user pushes the Emergency Stop Button located in the bottom of the monitor when there is a need for emergency stoppage of a surgical robot, the power of the motor in the robot is shut off to stop the robot.
- **TTS Handle Cushion:** We applied an impact-reducing cushion to prevent injuries in case a user's head bumps into the Tool Tracking Sensor (TTS) handle, which was designed to be long enough to reach the user's hand so that the user can easily operate the TTS primarily positioned above the user's head.



- Strengthening Win-Win Cooperation
- Improving the Purchasing Process

PILLAR 4.

Managing Risk in the Supply Chain



SUSTAINABILITY CONTEXT

As global supply chain instability continues, there is greater emphasis on the importance of suppliers, who lead Koh Young Technology's product competitiveness. We respect suppliers as our win-win partners, and share a quality and ethical mindset, while providing full support for productivity improvements. In addition, we are minimizing supply chain risks by carrying out diverse supplier support activities.

MANAGEMENT APPROACH

- We conduct a Quality Management System (QMS) Audit on key suppliers and prevent quality issues through 4M (Man, Machine, Material, Method) change management. (Page 38)
- We provide ethics education that includes our Charter of Ethics and the Five Principles of a Clean Koh Young to share with our suppliers the efforts we make to implement ethical management. (Page 39)
- We expanded Supplier Relationship Management (SRM) system functions to provide and receive data more accurately and efficiently. (Page 40)
- Through supplier rating evaluation and regular evaluation, we are enhancing the supply chain's sustainability. (Page 40)

MATERIAL TOPICS

Tier 1

- Strengthen win-win cooperation
- Strengthen supply chain quality control

Tier 2

- Voluntary fair trade compliance

RELATED SDGS

- **Goal 8. Decent Work and Economic Growth**
- Detailed Goal 8.3. Encourage the formalization and growth of micro-, small- and medium-sized enterprises

KEY PERFORMANCE

Supplier quality management
**Adopted and implemented
the supplier QMS Audit**



Supplier quality goal
Achieved **1.1%** defect ratio



Supplier training and work support
**Quality • Ethical management
training / Support for new
production**



Evaluation of supply chain sustainability
**Adopted and implemented a
supplier rating evaluation system**



- **Strengthening Win-Win Cooperation**
- Improving the Purchasing Process

Strengthening Win-Win Cooperation

Supplier Quality Improvement Activities

Quality System Inspection and Improvement

Koh Young Technology conducts a Quality System Audit (QSA) and Quality Process Audit (QPA) of suppliers. In 2021, we integrated QSA and QPA to adopt the Quality Management System (QMS) Audit and carried out inspection and improvement activities on four machinery and electronic device suppliers and four key suppliers. For key suppliers, we applied an audit process that considered each company's circumstances and inspected prior quality assurance activities and quality system construction.

Process for Inspecting Key Suppliers' Quality System

Step 1

Create an audit sheet



- Develop an audit tool that is adequate for supplier process inspection

Step 2

Establish a regular audit process



- Conduct a regular audit once a year and make improvements

Step 3

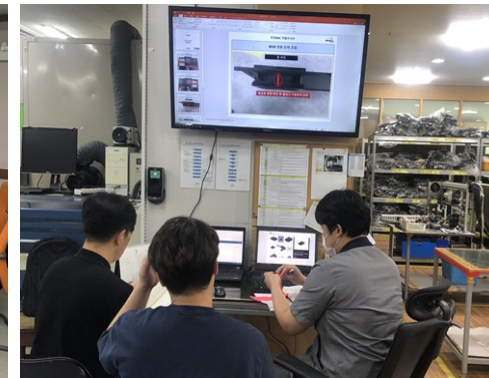
Audit key suppliers



- Inspect quality defect prevention and quality system establishment

System-based Quality Control Activities

Through systematization of supplier quality control, QMS Audits, and 4M changes, we are carrying out data-based quality activities. We are developing the supplier quality control system to be appropriate for process monitoring by applying data visualization techniques. We have been applying the QMS evaluation system since the second half of 2021 for the purpose of managing quality management system inspection results and improvement points. In addition, we operate a 4M change management system with an added email notification function to enable real-time confirmation of operator (Man), facility (Machine), material (Material), and condition (Method) changes in the production process. Through system-based quality control activities, we are now using a system to manage information that was previously shared via email and at the individual level, thereby enhancing data accessibility and usability.



Supplier Quality Control Activities

- **Strengthening Win-Win Cooperation**
- Improving the Purchasing Process

Strengthening Win-Win Cooperation

Supplier Training and Work Support

Quality Training

We conduct quality training in the process of supplier field inspections. This training consists of basic quality, quality mindset, quality standards and procedures, and quality costs. After the training, we share field inspection results with suppliers' top management and team leaders and discuss the direction of future improvements. In particular, for factors related to the quality control process including employees' quality mindset and worksite management status, deemed unsatisfactory, we conduct a final inspection three months later.

Supplier Ethical Management Training

To strengthen win-win cooperation and supply chain management fundamentals, we amended the Five Principles of a Clean Koh Young as well as the Charter of Ethics and Behavior Guidelines. By including stakeholders in the scope of corporate ethics, we are providing support and emphasizing the need for suppliers to understand our ethical management policy and to operate in line with the policy. We held ethical management training for major suppliers in December 2021 during which we shared the amended Charter of Ethics and Behavior Guidelines and the latest ESG management paradigm. The supplier ethical management training program was provided using our online, non-face-to-face training infrastructure to comply with the government's quarantine guidelines.

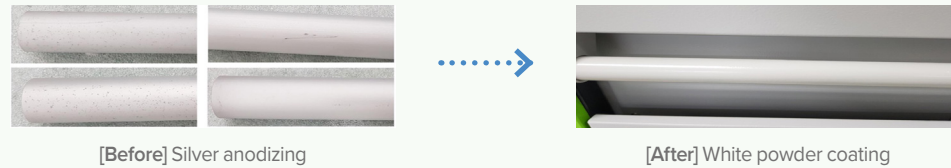


Online Ethical Management Training Materials for Suppliers

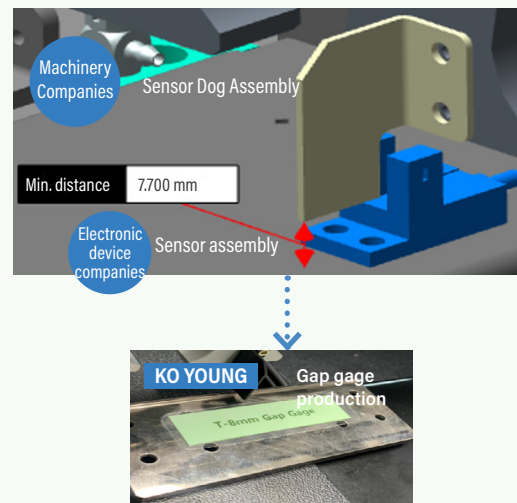
Case Removing Process Waste through Collaboration

Koh Young Technology handles prior identification and elimination of waste factors in internal processes of machinery, electronic device, and part suppliers, resulting in a reduction in raw material and part disposal costs and time loss of suppliers, thereby contributing to productivity and product quality improvements for both Koh Young Technology and its suppliers.

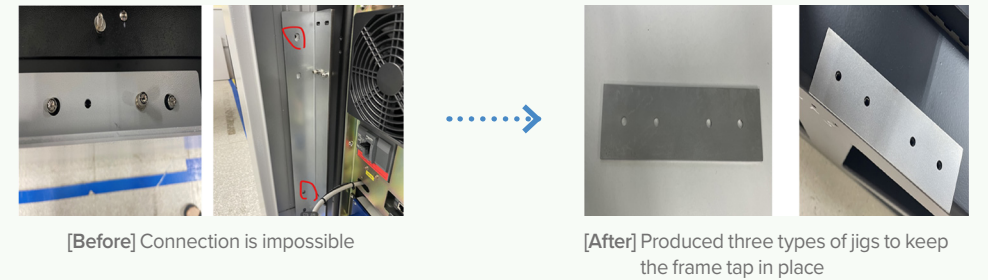
- By improving the post-treatment process of the wing cover handle of the Zenith 2 model, 3D AOI, we achieved an 80% reduction in cost incurred from discarding raw materials as a result of defects.



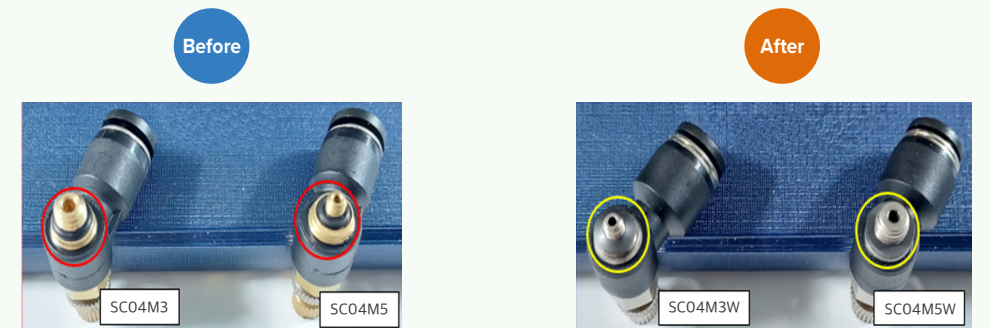
- We produced and supplied a gap gage and jig to machinery and electronic device companies to address sensor part assembly defects that occurred owing to a metal plate gap of the Zenith Alpha facility, resulting in a reduction in the parts disposal rate and loss of time that were caused by sensor damage.



- Adopted a new method of directly inspecting the frame manufacturer's taps to reduce rework loss for our machinery and electronic device suppliers caused by a frame's tap defects.



- To reduce rework loss of machinery suppliers due to frequent damage during KCC speed controller assembly, we changed the pneumatic part design to remove defects, resulting in improved process efficiency.



The screenshot shows the 'My Home' app interface on a tablet. The top status bar displays the time 12:42, battery level 90%, and signal strength. The app's header includes a back arrow, a search icon, and the text 'My Home'. Below the header, there is a 'My Home' section with a 'My Home' button and a 'My Home' button. The main content area is divided into several sections: 'My Home' (containing 'My Home' and 'My Home' buttons), 'My Home' (containing 'My Home' and 'My Home' buttons), 'My Home' (containing 'My Home' and 'My Home' buttons), and 'My Home' (containing 'My Home' and 'My Home' buttons). The bottom navigation bar includes icons for 'Home', 'My Home', 'My Home', 'My Home', and 'My Home'.

SRM system use on a mobile device

A bar chart comparing the performance of four companies (Company A, Company B, Company C, and Company D) against a goal. The y-axis represents a percentage value. The bars for Company A, Company B, and Company C are blue with diagonal hatching, while the bar for Company D is solid blue. Above the bars, the values are labeled: 0.6% for Company A, 0.2% for Company B, 0.6% for Company C, and 2.8% for Company D. In the center of the chart, two overlapping circles are present: a green circle labeled 'Goal' with a value of 1.4%, and a blue circle labeled 'Performance' with a value of 1.1%.

Company	Performance (%)
Company A	0.6%
Company B	0.2%
Company C	0.6%
Company D	2.8%

Goal: 1.4%

Performance: 1.1%

The diagram illustrates the four pillars of a business model, arranged in a 2x2 grid. Each pillar is represented by a box with a light blue background and a dark blue border. The boxes are connected by a central cross of light blue lines.

- Development** (Top Left):
 - Icon: A green gear with a circular arrow around it.
 - TECHNOLOGY
- Quality** (Top Right):
 - Icon: A green bar chart with an upward arrow.
 - QUALITY
- Production management** (Bottom Left):
 - Icon: A green truck with a box on its back.
 - DELIVERY
 - RESPONSIVENESS
- Cost innovation** (Bottom Right):
 - Icon: A green hand holding a bar chart.
 - COST
 - MANAGEMENT

- Reducing Environmental Impact
- Improving Energy Efficiency
- Reducing GHG Emissions

PILLAR 5.

Using Resources Efficiently



SUSTAINABILITY CONTEXT

Efficient use of raw (and subsidiary) materials and energy throughout the value chain can minimize environmental pollutants discharged during the manufacturing process and the customers' usage phase. Materials used in our production processes satisfy domestic and overseas standards and consider the environmental performance of customers who use the products. In addition, we are reducing GHG emissions through new and renewable energy facilities and energy-saving efforts at our workplaces, excluding manufacturing facilities.

MANAGEMENT APPROACH

- We comply with laws on chemicals management and evaluation, and established a hazardous substance management process as well as a Material Safety Data Sheet (MSDS). (Page 42)
- We choose licensed companies to outsource industrial waste treatment, and restrict employees' use of disposables, thereby reducing the negative environmental impact of daily activities. (Page 43)
- We are reducing the intensity of GHG emissions by saving energy and enhancing energy efficiency. (Page 44-46)

MATERIAL TOPICS

Tier 2

- Strengthen hazardous substance management

Tier 3

- Improve energy and resource efficiency
- Establish a waste management and recycling system
- Respond to climate change
- Build a GHG management system
- Invest in environmental facilities

RELATED SDGS

- **Goal 7. Sustainable Energy**
 - Detailed Goal 7.2. Expand the use of renewable energy
 - Detailed Goal 7.3. Improve energy efficiency
- **Goal 12. Responsible Consumption and Production**
 - Detailed Goal 12.2. Sustainable management and efficient use of resources
 - Detailed Goal 12.4. Environmentally sound management and reduction of chemicals and wastes
 - Detailed Goal 12.5. Reduce waste generation through reuse and recycling
- **Goal 13. Climate Action**
 - Detailed Goal 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

KEY PERFORMANCE

2021 Domestic
Carbon Reduction:

221 tCO₂eq



Conversion to EV/ hybrid:

10
Corporate Vehicles



Gwanggyo R&D Center
Energy Efficiency Project:
**Photovoltaic Generator
installation and
Replacement to LED**



Replacement of all
Disposables with:
**Eco-friendly
Biodegradable
Products**



Manager level
Implementation:
**Encouraging
Public Transportation**



At Café:
No more Disposables
But bring your own
Tumbler



- **Reducing Environmental Impact**
- Improving Energy Efficiency
- Reducing GHG Emissions

Reducing Environmental Impact

Waste Management

Koh Young Technology clearly defines detailed management procedures for all waste generated at the workplace, so we comply with relevant laws and regulations, while trying to reduce any negative impact on the environment. In particular, 100% of industrial waste generated through product and component damage or in the repair process, such as steel and aluminum, is treated by an outsourced professional company. Daily waste is also treated by a specialized waste-collection company, and all paper waste is recycled. To minimize wastes generated in daily life, we replaced 100% of disposables with eco-friendly biodegradable products starting in 2021 and installed washers for tumblers. In addition, we are encouraging employees to use a personal cup (tumbler) all the time and have halted use of disposables at the company Café.

Environmental Value-based Product Impact Management



**Reduction of carbon
emissions by 622kgCO₂eq**



**Reduction of carbon emissions
by 4,297kgCO₂eq**
(Washer used 84,266 times)

Case 'Emptying Carbon' for Ourselves, 'Filling Up with Green' for Myself

Koh Young Technology has embraced the 'sustainable consumption' trend that is spreading among Generation MZ (Millennials and Gen Z). It plans to add a vegetarian menu at its cafeteria on a trial basis starting in the second half of 2022 to enhance employees' health and environmental sustainability. In addition, we plan to reduce GHG emissions from food waste by reducing leftovers.

■ One Vegetarian Meal for Health and the Environment, Well Green Day

A person having a vegetarian meal once a week has the same carbon reduction effect as planting 15 pine trees in a year. If around 250 employees at Koh Young Technology's Gwanggyo R&D Center have a vegetarian meal once a month for a year, it can have the same effect as planting 865 pine trees a year.* On Well Green Day, we provide a low-carbon vegetarian menu that excludes meat, poultry, and seafood, while maintaining good taste and nutrition.

■ Reducing Leftovers, Green Action

The daily leftover quantity at the Gwanggyo R&D Center cafeteria is an average 265 g per person. This can be further reduced by 85 g if employees take only what they will eat and finish everything on their plate. Planned to be launched in July 2022, Green Action aims at reducing 7.2 tons of leftovers in a year to have the same effect as planting 2,400 pine trees.*



* Based on estimates made by the company running the cafeteria (Samsung Welstory)

- Reducing Environmental Impact
- **Improving Energy Efficiency**
- Reducing GHG Emissions

Improving Energy Efficiency

Energy-Saving Activities

Koh Young Technology pursues both economic and environmental performance by reducing energy usage and is transforming into an eco-friendly workplace.

Replace Lighting with LED Lighting Fixtures

In 2021, we completed the replacement of all 820 lighting fixtures in the Gwanggyo R&D Center with LED lighting. We expect this to result in GHG emission reduction of 68tCO₂eq per year. In addition, we are installing all LED lighting fixtures at our Yeosu manufacturing center in consideration of the benefits of LED lighting, which is scheduled to be completed by the end of 2022.

Utility Optimization

We are reducing energy use, costs and GHG emissions by reducing the operation hours of air handler and air refrigeration system. By reducing annual operation hours of 12 HVAC units and summer operation hours of air handler in the Gwanggyo R&D Center by one hour each, we anticipate a reduction of GHG emissions by around 40tCO₂eq per year. We have also set up a concentrated workspace for employees working on holidays and installed a separate air conditioner in the space, resulting in increased energy efficiency. We expect this to lead to GHG emission reduction of 18tCO₂eq per year. Additionally, we plan to reduce exhaust fan operation time in the underground parking lot of the Gwanggyo R&D Center starting in 2022. Adjustment of the operation cycle of 28 exhaust fans for air circulation from the previous 1 hour to 2 hours will reduce annual electric power consumption by 15,054kWh.

Energy-Saving Campaign at Global Sites

We are encouraging employees to actively take part in energy-saving activities. Our energy-saving campaign includes attaching power-saving signs on workplace light switches, patrolling areas where nobody is working to see if lights are off, attaching light switch floor plans, and other such promotional activities. We promote energy-saving at both our overseas and domestic sites and identify actions that can be commonly taken and encourage the execution of such actions.

Energy-Saving Actions at Global Sites

Energy-Saving Actions at Global Sites

1. Maintain indoor office temperatures at 25-26 degrees in the summer. (When humidity levels are extremely high, the temperature can be adjusted flexibly)
2. Clean the filter of indoor units of air-conditioners regularly.
3. Do not open windows when air-conditioning is in use.
4. Turn off unnecessary lights.
5. The last employee to leave the office should turn off the light.
6. Replace general lighting in a building with high-efficiency LED lighting.
7. When a small number of employees work on a holiday, refrain from using the air-conditioner as much as possible.
8. Refrain from using disposable paper cups and use tumblers.
9. When installing an air-conditioner, choose a product with an excellent energy consumption efficiency rating.
10. Operate the main cooling and heating facilities (air handler and air refrigeration system) only during regular work hours.



Increasing Use of New & Renewable Energy

We completed the installation of a photovoltaic power generation facility on the rooftop of the Gwanggyo R&D Center in 2021. We expect to produce electric power of an annual 170,820kWh from 288 photovoltaic modules with a generation capacity of 460W. We anticipate a reduction of annual GHG emissions by 78tCO₂eq through photovoltaic power generation. We plan to set up a photovoltaic power generation facility at our Yeosu manufacturing center as well, which will be completed at the end of 2022. This will contribute to increasing our new & renewable energy usage ratio as well as reducing energy consumption and GHG emissions.

Arrangement of Rooftop Photovoltaic Modules



Before building the facility



After building the facility

Reducing of GHG Emissions

GHG Emission Reduction Activities

In its ‘Climate Forecast*’, the Korea Meteorological Administration announced that Year 2022 summer temperatures will most likely be higher than the average year. We strengthened our energy-saving activities in preparation for increased use of air-conditioners and air refrigeration system as a result of rising temperatures and normalization of working at the office as COVID-19 becomes endemic. In addition, we are changing company vehicles to electric vehicles.

* Source: The Korea Meteorological Administration, three months forecast from June to August (May 23, 2022)

Koh Young Technology’s GHG Reduction Target for year 2021 is to reduce its emissions by 2.7% (83tCO₂eq) than the previous year. Despite various GHG emission reduction initiatives done, we recorded a total emissions of 3,094tCO₂eq, exceeded the target by 97tCO₂eq.

Energy consumption increased slightly in 2021 owing to increased production and sales activities of domestic and overseas sites. However, thanks to such efforts as electric vehicle use at domestic worksites, a policy that facilitates public transportation use by managers, energy-saving activities, and the expansion of new & renewable energy use, our total GHG emissions in 2021 increased only 0.5% from the previous year to record 3,094tCO₂eq. GHG emissions intensity as compared to sales in the same period decreased by 27.1% year-on-year to 1.25.

GHG reduction target for year 2021				(Unit: tCO ₂ eq)
Category	Target	Result	Difference	
Total emissions	2,997	3,094	97	



Countries all across the globe are steadily strengthening vehicle fuel efficiency and GHG emission regulations to counter climate change. We plan to change 20 company vehicles to electric vehicles and expect this to lead to GHG emission reduction effects of around 80tCO₂eq per year. In order to meet the demands of charging due to the adoption of electric vehicles, a total of 10 charging stations have been established in the underground parking lot at the Gwanggyo R&D Center. We are also setting up charging facilities at our Yeosu manufacturing center, which is under construction. We plan to change all internal combustion engine vehicles of the company to electric vehicles to expand on the positive environmental and economic impact.

Although our business in year 2022 has been showing its growth, Koh Young Technology’s GHG Reduction Target for year 2022 is to reduce its emissions by 60tCO₂eq, equivalent to 1.9%, than year 2021, and we will continue to strive to achieve the target.

GHG Emissions Management

Koh Young Technology has been managing GHG emission data since 2019 to respond to climate change risks. We identified the level of GHG emissions in the process of our domestic activities as well as other major sources of emissions and developed tools for data management. Based on these activities, we built a database that includes direct emissions (Scope 1), indirect emissions (Scope 2), and other environmental information. In 2021, we identified emissions sources of each workplace of seven overseas sites (U.S., Germany, Japan, China, Singapore, Vietnam, & Canada) as well as domestic sites, collected relevant data, and evaluated the potential for reduction to enhance our GHG emissions data management system. The Year 2021 GHG emissions information is disclosed following third-party verification by a professional organization, and the relevant verification statement can be found on page 55 of this report.

The worksites that are subject to GHG emissions calculations in 2021 are three worksites in Korea – Gasan Headquarters, Gwangmyeong Manufacturing Center, and Gwanggyo R&D Center – and seven overseas sites. The scope of the Year 2021 GHG emissions verification is direct and indirect GHG (Scope 1 and Scope 2) of workplaces owned or rented by Koh Young Technology. Direct emissions (Scope 1) include stationary emissions in worksites and mobile emissions from vehicle operation, while indirect emissions (Scope 2) include consumption of electricity and heat (steam).

GHG emissions *		(Unit: tCO ₂ eq)			
Category		2019	2020	2021	
Domestic	Scope 1	Gasan Headquarters	10	-	-
		Gwangmyeong Manufacturing Center	4	18	9
		Gwanggyo R&D Center	433	394	422
		Sub-total	447	412	431
	Scope 2	Gasan Headquarters	68	77	68
		Gwangmyeong Manufacturing Center	407	360	422
		Gwanggyo R&D Center	2,070	1,944	1,840
		Sub-total	2,545	2,382	2,330
	Total		2,992	2,793	2,761
	Overseas	Scope 1	U.S. (KYA)	50	31
Germany (KYE)			32	38	28
China (KYC)			-	-	-
Japan (JKY)			28	27	28
Singapore (KYSE)			3	2	3
Vietnam (KYV)			-	-	-
Canada (KYRC)			-	1	-
Sub-total			113	100	92
Scope 2		U.S. (KYA)	66	89	103
		Germany (KYE)	14	25	26
		China (KYC)	7	12	12
		Japan (JKY)	24	24	25
		Singapore (KYSE)	15	12	12
		Vietnam (KYV)	3	22	59
		Canada (KYRC)	-	2	4
		Sub-total	130	186	241
Total		242	286	333	
Total emissions		3,234	3,080	3,094	
Sales (KRW Billion)		222.1	179.5	247.3	
Emissions intensity (tCO ₂ eq/sales (KRW 100 million))		1.46	1.72	1.25	

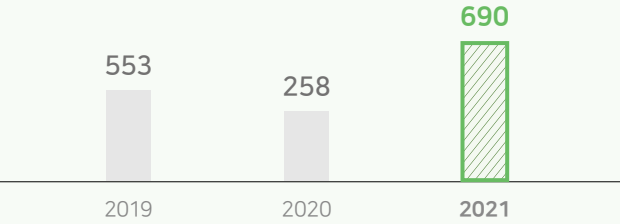
*The calorific value and GHG emission coefficient per energy source that were applied as domestic and overseas GHG emissions calculation criteria for the Year 2019-2020 were re-applied by updating them. As such, there is some difference from emissions information that was disclosed in the previous ESG Report.

Reducing of GHG Emissions

Case Carbon Compensation Magnification

From among ESG factors, Environmental is an area where we can use relatively accurate and objective information, such as energy use and GHG emissions. Koh Young Technology measures an environmental performance index called ‘carbon compensation magnification’ to forecast and manage the negative external effects that GHG, which is a climate change impact factor, has on financial performance in the mid- to long-term future. According to research¹⁾ conducted by the Korea Capital Market Institute in 2021, a company that has carbon compensation magnification of less than 1 is an environmentally limited company and a company that has carbon compensation magnification of 50 or more is an environmentally strong company. Carbon compensation magnification is calculated by dividing a company’s operating income by carbon compensation costs that reflect the negative external effects of GHG emissions. In other words, it is an index that shows how capable a company is at independently bearing the negative external effects that are triggered in the process of business activities. Koh Young Technology’s carbon compensation magnification in 2021 is 690 based on consolidated financial statements. This is because GHG emissions were relatively low compared to the operating income increase.

Koh Young Technology's carbon compensation magnification by year
(Unit: Magnification, based on consolidated financial statements)



Measurement criteria

- Carbon compensation costs = GHG emissions (tCO₂eq) × Social purification costs*
- Carbon compensation magnification = Operating income ÷ carbon compensation costs

* Social purification costs (negative external effects) of one ton of carbon emissions are assumed to be around \$17 (Matsumura et al. (2014)). When the Year 2021 average KRW/USD exchange rate of KRW 1,140 is applied, the negative external effects of one ton of carbon emissions are KRW 19,380.

1) Korea Capital Market Institute (2021), 'Measures on improving corporate disclosures to enhance ESG information usefulness', Sang-ho Lee



SUSTAINABILITY DATABOOK

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ENVIRONMENTAL DATA

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SOCIAL DATA

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FINANCIAL STATEMENTS

Environmental Data

Category		2019	2020	2021	GRI
Amount of gasoline (put into vehicles) (Unit: 1,000m ³)	Gasan Headquarters	0.005	-	0.042	302-1
	Gwangmyeong Manufacturing Center	0.002	0.008	0.004	
	Gwanggyo R&D Center	0.124	0.112	0.079	
	Overseas sites	0.027	0.030	0.039	
	Total	0.158	0.149	0.164	
Amount of gas/diesel (put into vehicles) (Unit: 1,000m ³)	Gasan Headquarters	-	-	-	302-1
	Gwangmyeong Manufacturing Center	-	0.001	0.000	
	Gwanggyo R&D Center	0.054	0.051	0.053	
	Overseas workplaces	-	-	-	
	Total	0.054	0.052	0.054	
Amount of electricity used1) (Unit: GWh)	Gasan Headquarters	0.147	0.166	0.149	302-1
	Gwangmyeong Manufacturing Center	0.873	0.773	0.918	
	Gwanggyo R&D Center	3.912	3.620	3.549	
	Overseas workplaces	0.301	0.441	0.543	
	Total	5.233	5.000	5.158	
Photovoltaic power generation amount2) (Unit: GWh)	Gasan Headquarters	-	-	-	302-1
	Gwangmyeong Manufacturing Center	-	-	-	
	Gwanggyo R&D Center	-	-	0.084	
	Overseas workplaces	-	-	-	
	Total	-	-	0.084	
Amount of Liquefied Natural Gas (LNG) used (Unit: 1,000 m ³ , volume)	Gasan Headquarters	-	-	-	302-1
	Gwangmyeong Manufacturing Center	-	-	-	
	Gwanggyo R&D Center	13.733	11.212	11.640	
	Overseas workplaces	-	-	-	
	Total	13.733	11.212	11.640	

Category		2019	2020	2021	GRI
Amount of heat (hot water) used (Unit: Gcal)	Gasan Headquarters	-	-	-	302-1
	Gwangmyeong Manufacturing Center	-	-	-	
	Gwanggyo R&D Center	1,630.80	1,698.80	1,392.00	
	Overseas workplaces	40.07	37.01	43.04	
	Total	1,670.9	1,735.8	1,435.0	
Amount of water consumption (Unit: ton)	Gasan Headquarters	-	-	-	303-5
	Gwangmyeong Manufacturing Center	32	34	50	
	Gwanggyo R&D Center	22,716	20,004	20,146	
	Overseas workplaces	110	139	229	
	Total	22,858	20,177	20,425	
GHG emissions (Scope 1, 2)3) (Unit: tCO ₂ eq)	Gasan Headquarters	78.2	77.4	68.3	305-1, 2
	Gwangmyeong Manufacturing Center	411.6	378.6	431.0	
	Gwanggyo R&D Center	2,502.3	2,337.4	2,261.6	
	Overseas workplaces	242.3	286.4	333.3	
	Total	3,234.4	3,079.8	3,094.2	
Weight of waste discharge _ industrial waste4) (Unit: ton)	Gasan Headquarters	-	-	-	306-2
	Gwangmyeong Manufacturing Center	2	-	3.55	
	Gwanggyo R&D Center	-	-	-	
	Overseas workplaces	-	-	-	
	Total	2	-	3.55	
Weight of waste discharge _ daily waste (Unit: ton)	Gasan Headquarters	-	-	-	306-2
	Gwangmyeong Manufacturing Center	-	-	-	
	Gwanggyo R&D Center	57.9	61.8	61.77	
	Overseas workplaces	1.5	11.2	7.7	
	Total	59.4	73.0	69.5	
Violation of environment-related laws and regulations (Unit: cases)		-	-	-	307-1

1) Electric power purchased from KEPCO. The unit of management was changed from TJ in 2019 to GWh in 2020.

2) Production began in July 2021 using the rooftop photovoltaic facility at the Gwanggyo R&D Center.

3) The Year 2020 overseas workplace GHG emissions figure was recalculated after identifying a calculation error in Scope 1 activity data when the previous ESG Report was published.

4) Industrial waste is generated only at the Gwangmyeong Manufacturing Center, where our factory is located. Industrial wastes generated in 2020 were treated together with wastes generated in 2022.

Social Data

Category			2019	2020	2021	GRI
Percentage of employees who received a performance evaluation ⁵⁾ (Unit: %)	By form of employment	Full-time employees	87.8	94.2	88.9	404-3
	Gender	Male (out of all male employees)	89.1	94.6	92.1	
		Female (out of all female employees)	80.6	95.3	73.5	
		Total (out of all employees)	87.8	94.2	88.9	
Diversity	Formation of governance bodies (Unit: Person, By gender/by age)	Male	40s	1	1	405-1
			50s	1	1	
			60s	3	3	
			Total	5	5	
		Female	Total	0	0	
			Total	7	5	
	Percentage of employees by gender ¹⁾ (Unit: %)	Male	82.8	82.0	81.1	
		Female	17.2	18.0	18.9	
	Percentage of employees by age ³⁾ (Unit: %)	Under 30	23.0	18.2	19.4	405-1
		30-50	73.8	71.9	69.9	
		Over 50	3.2	3.4	5.4	
	Percentage of employees by nationality ²⁾ (Unit: %)	Koreans	75.6	69.4	70.5	405-1
		Foreigners	22.2	33.1	32.1	
Training on human rights policies ³⁾ (Unit: Hour, %)	Hours of training (per person)		33.1	2	2	412-2
	Percentage of employees who completed training		32.1	93.1	98.8	

1) Based on employees at both the headquarters and overseas sites (including part-time employees)

2) Based on full-time employees at the headquarters and overseas sites (aggregating since 2020)

3) Based on employees at the headquarters (including part-time employees)

4) In the case of employees at Koh Young Research America, which is an organization affiliated with the headquarters, and as local residents, their ages are not disclosed.

5) Based on full-time employees at the headquarters

6) Employees of four suppliers working in domestic sites

Financial Statements

Consolidated Statement of Financial Position			(Unit: KRW)
Category	2019	2020	2021
Assets			
Current assets	225,797,248,359	193,413,611,632	272,142,026,690
Cash and cash equivalents	27,196,309,698	44,068,122,801	67,496,298,609
Short-term financial instruments	74,320,186,989	46,550,000,000	79,613,182,209
Financial assets measured at fair value through profit or loss			633,464,533
Trade receivables and other receivables	84,191,870,450	62,297,810,218	78,217,023,233
Inventories	36,331,528,748	36,372,234,129	42,459,445,026
Current income tax assets	987,941,706	1,378,737,077	629,949,508
Other financial assets	1,200,162,527	1,198,079,807	1,419,123,992
Other assets	1,569,248,241	1,548,627,600	1,673,539,580
Non-current assets	79,683,935,471	109,160,849,264	96,187,240,477
Long-term financial instruments		28,508,428,719	
Financial assets measured at fair value through profit or loss	2,843,603,995	3,170,886,951	1,457,168,711
Tangible assets	37,283,939,884	35,810,839,690	39,712,311,288
Right-of-use assets	12,859,241,668	12,485,101,015	25,498,723,067
Intangible assets	9,430,568,292	12,820,451,303	10,787,626,646
Deferred income tax assets	12,063,638,221	11,303,356,827	12,618,819,941
Other financial assets	5,016,694,411	4,893,251,469	5,917,404,951
Other assets	186,249,000	168,533,290	195,185,873
Total assets	305,481,183,830	302,574,460,896	368,329,267,167

Category	2019	2020	2021
Liabilities			
Current liabilities	38,413,934,857	31,177,645,637	47,498,158,914
Trade payables and other payables	24,044,469,464	20,792,792,940	24,544,890,140
Current income tax liabilities	5,349,831,589	28,285,156	11,380,336,791
Provisions	1,036,682,743	1,044,467,413	1,170,999,212
Other liabilities	7,982,951,061	9,312,100,128	10,401,932,771
Non-current liabilities	23,398,721,404	25,338,712,517	40,431,745,936
Long-term trade payables and other payables	612,049,998	1,022,625,948	425,834,273
Long-term borrowings		1,071,313,714	6,133,000,000
Deferred income tax liabilities	5,139,388	11,295,985	13,277,943
Net defined benefit liabilities	15,484,320,563	16,312,081,409	13,556,942,319
Non-current provisions			241,230,230
Other liabilities	7,297,211,455	6,921,395,461	20,061,461,171
Total liabilities	61,812,656,261	56,516,358,154	87,929,904,850
Stockholders' equity			
Controlling company shareholder's equity	243,668,527,569	246,058,102,742	280,399,362,317
Capital stock	6,858,975,500	6,865,475,500	6,865,475,500
Other paid-in-capital	27,184,543,742	27,419,831,742	28,832,199,746
Retained earnings	209,875,240,970	211,989,313,982	244,321,310,924
Other capital components	(250,232,643)	(216,518,482)	380,376,147
Non-controlling company shareholder's equity			
Total stockholders' equity	243,668,527,569	246,058,102,742	280,399,362,317
Total liabilities and stockholders' equity	305,481,183,830	302,574,460,896	368,329,267,167

Financial Statement

Consolidated Statement of Comprehensive Income			(Unit: KRW)
Category	2019	2020	2021
Sales	222,057,035,472	179,545,133,940	247,301,342,081
Cost of sales	80,865,005,061	66,422,474,786	90,089,912,772
Gross profit	141,192,030,411	113,122,659,154	157,211,429,309
Selling and administrative expenses	77,614,404,157	65,121,290,097	72,651,155,420
R&D expenses	30,246,313,954	32,158,465,788	43,208,999,068
Operating income	33,331,312,300	15,842,903,269	41,351,274,821
Financial revenues	1,550,700,310	1,164,548,951	776,442,796
Finance costs	295,067,053	257,713,849	300,818,985
Other non-operating income	8,019,001,083	5,619,629,732	13,701,626,176
Other non-operating expenses	4,610,314,965	11,131,484,745	4,905,439,286
Profit before income tax	37,995,631,675	11,237,883,358	50,623,085,522
Income tax expense	8,435,951,594	2,076,845,353	11,036,816,945
Net income	29,559,680,081	9,161,038,005	39,586,268,577
Current net income attributable to:			
Owners of the parent entity	29,559,680,081	9,161,038,005	39,586,268,577
Non-controlling interest			
Items that will not be reclassified to profit or loss (after-tax other comprehensive income)	(52,493,944)	415,639,318	778,663,144
Remeasurements of defined benefit plans (after-tax other comprehensive income)	(353,643,476)	381,925,157	181,768,515
Items that may be reclassified to profit or loss	(353,643,476)	381,925,157	181,768,515
Profit or loss on exchange differences on translation for overseas sites	301,149,532	33,714,161	596,894,629
Items that may be reclassified to profit or loss	301,149,532	33,714,161	596,894,629
Total comprehensive income	29,507,186,137	9,576,677,323	40,364,931,721

Category	2019	2020	2021
Total comprehensive income attributable to:	29,507,186,137	9,576,677,323	40,364,931,721
Owners of the parent entity			
Non-controlling interests			
Earnings per share			
Basic earnings per share (Unit: KRW)	438	136	586
Diluted earnings per share (Unit: KRW)	437	136	585

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Independent Auditor's Report

To Koh Young Technology Shareholders and BOD

Opinion

We audited the financial statements of Koh Young Technology (hereinafter “the Company”) which comprise the statements of financial position as of December 31, 2021, and December 31, 2020, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and notes that include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Korean Auditing Standards (“KGAAS”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Time-Specificity of Overseas Sales

As explained in Note 24 (Revenue from Contracts with Customers) of the financial statements, the Company's core business is manufacturing and sales of 3D inspection equipment, and most of the produced products are sold in overseas markets, including the United States. In 2021, overseas sales amounted to KRW 201,616 million, accounting for 87.6% of total sales of KRW 230,144, making overseas sales significant. In case of overseas sales, because it may take even several months depending on the means of shipment and because the time of control transfer is diverse according to contact conditions, there is a relatively high potential risk of an error in the time-specificity of revenue recognition. As such, we chose time-specificity of overseas sales as a key audit matter.

We carried out the following main audit process in relation to the aforementioned significant risk:

- Reviewed trade conditions in major sales contracts and consistency with the previous period to check if the time of control transfer when the Company recognizes revenue complies with accounting standards
- Inspected documents for samples extracted from sales cancellation and return details after the reporting period
- Comparison of transaction of overseas sales transaction, at around the end of the reporting period, with the supporting documents that are extracted based on the accuracy of transaction amount and the control transfer date (sales recognition date)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with KGAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The partner in charge of the audit resulting in this independent auditor's report is Myeongsoo Bang.

111, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul
Ernst & Young Han Young Corporation
CEO **Yong Geun Park**

March 14, 2022

This audit report is effective as of the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

GHG Inventory Verification Statement

Introduction

No.: AS_ PRJN-376114-2022-AST-KOR

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by KOH YOUNG TECHNOLOGY Inc. (“KOH YOUNG”) to verify the KOH YOUNG’s Greenhouse Gas Inventory Report (“the report”) in 2021, based on a limited level of assurance. KOH YOUNG is responsible for the preparation of the GHG emissions data on the basis set out within the ISO 14064-1:2018, WRI/ WBCSD GHG Protocol:2004 and IPCC Guidelines:2006 while DNV disclaims responsibilities with any independent party than the contracted parties under the agreement condition related to the verification statement.

Scope of Verification

The emissions data covered by this verification comprise Direct emissions (Scope 1 emissions) and Indirect emissions (Scope 2 emissions) within domestic and overseas business sites.

- **Organizational boundary**
 - Domestic sites: Gasan Headquarter, Gwanggyo R&D Center, Gwangmyeong Manufacturing Center
 - Overseas sites: America(KYA), Europe(KYE), China(KYC), Japan(JKY), Singapore(KYSEA), Vietnam(KYV), Canada(KYRC)
- **Operational boundary:** Direct emissions (Scope1: Stationary emissions, Mobile emissions), Indirect emissions (Scope 2: consumptions of Electricity and Steam)

Verification Approach

The verification has been conducted by DNV from May to June in 2022 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006. DNV planned and performed the work so as to obtain all the information and explanation required in providing verification opinion related to completion of GHG emissions and its inventories reported by KOH YOUNG. The standard of materiality assessment was 5% in this verification process. As part of the verification process, we have reviewed the followings:

- KOH YOUNG’s GHG inventory Report (data inserted based on operation, computed result of GHG emissions, parameter)
- KOH YOUNG’s processes in managing and collecting GHG data and in calculating and reporting emissions.

Conclusions

Upon conducting verification on information related to GHG emissions based on the verification principles, DNV didn’t find any inappropriately calculated or any parts containing material error. KOH YOUNG’s 2021 GHG emissions are as follows.

KOH YOUNG's GHG Emissions in Year 2021				(Unit: ton CO ₂ eq)
KOH YOUNG	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Total Emissions	
Domestic	431	2,330	2,761	
Overseas	92	241	333	
Total	523	2,571	3,094	

※ For the purpose of reporting GHG emissions in integer, the figures are rounded off and there might be a difference of ±1CO₂eq.
※ Total Emissions = Direct Emissions + Indirect Emissions

Supplementary to Verification Statement of AS_ PRJN-376114-2022-AST-KOR

KOH YOUNG's GHG Emissions per Sites in Year 2021				(Unit: ton CO ₂ eq)
KOH YOUNG	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Total Emissions	
Domestic	Gasan Headquarters	0	68	68
	Gwanggyo R&D Center	422	1,840	2,262
	Gwangmyeong Manufacturing Center	9	422	431
	Sub-total	431	2,330	2,761
Overseas	America (KYA)	33	103	136
	Europe (KYE)	28	26	55
	China (KYC)	0	12	12
	Japan (JKY)	28	25	53
	Singapore (KYSEA)	3	12	15
	Vietnam (KYV)	0	59	59
	Canada (KYRC)	0	4	4
	Sub-total	92	241	333
Total		523	2,571	3,094

※ For the purpose of reporting GHG emissions in integer, the figures are rounded off and there might be a difference of ±1CO₂eq.
※ Total Emissions = Direct Emissions (Scope 1) + Indirect Emissions (Scope 2)

20th June, 2022

Executive Director, DNV Business Assurance Korea Ltd. Lee, Jang Sup

J.S.

GRI Standards Index

Topic	No.	Disclosure Content	Page
Universal Standards			
GRI 102: General Disclosures			
Organizational Profile	102-1	Name of the organization	5
	102-2	Activities, brands, products, and services	5~8
	102-3	Location of headquarters	2, 5
	102-4	Location of operations	5
	102-5	Ownership and legal form	14
	102-6	Markets served	5, 7~8
	102-7	Scale of the organization	5, 49
	102-8	Information on employees and other workers	5, 49
	102-9	Supply chain	37~40
	102-10	Significant changes to the organization and its supply chain	14
	102-11	Precautionary Principle or approach	23, 41~46
	102-12	External initiatives	10, 58
	102-13	Membership of associations	6
Strategy	102-14	Statement from senior decision-maker	4
	102-15	Key impacts, risks, and opportunities	16~19, 24, 33, 37, 41
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	10, 21, 26
	102-17	Mechanisms for advice and concerns about ethics	22
Governance	102-18	Governance structure	12~13
	102-19	Delegating authority	12
	102-20	Executive-level responsibility for economic, environmental, and social topics	12~13
	102-22	Composition of the highest governance body and its committees	12
	102-23	Chair of the highest governance body	12
	102-26	Role of highest governance body in setting purpose, values, and strategy	12
	102-31	Review of economic, environmental, and social topics	13
	102-32	Highest governance body's role in sustainability reporting	13
	102-33	Communicating critical concerns	13, 15

Topic	No.	Disclosure Content	Page
Governance	102-34	Nature and total number of critical concerns	13, 15
	102-35	Remuneration policies	13
	102-36	Process for determining remuneration	13
Stakeholder Engagement	102-40	List of stakeholder groups	17
	102-41	Collective bargaining agreements	24
	102-42	Identifying and selecting stakeholders	16
	102-43	Approach to stakeholder engagement	16, 29
	102-44	Key topics and concerns raised	17
	102-45	Entities included in the consolidated financial statements	5
Reporting Practice	102-46	Defining report content and topic Boundaries	2, 17
	102-47	List of material topics	17
	102-48	Restatements of information	45, 48
	102-49	Changes in reporting	17
	102-50	Reporting period	2
	102-51	Date of most recent report	August 2021
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	2
	102-54	Claims of reporting in accordance with the GRI Standards	2
	102-55	GRI content index	56~57
Management Approach	102-56	External assurance	59
	103-1	Explanation of the material topic and its Boundary	17
	103-2	The management approach and its components	18, 24, 33, 37, 41
	103-3	Evaluation of the management approach	18, 24, 33, 37, 41

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GRI Standards Index

Topic	No.	Disclosure Content	Page	Remark
Topic-specific Standards				
Economic				
Economic Performance	201-1	Direct economic value generated and distributed	11	
	201-2	Financial implications and other risks and opportunities due to climate change	46	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	32	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	21	
	205-3	Confirmed incidents of corruption and actions taken	-	No corruption cases identified during the reporting period
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No cases of legal sanctions or fines for the violation during the reporting period

Topic	No.	Disclosure Content	Page	Remark
Topic-specific Standards				
Environmental				
Energy	302-1	Energy consumption within the organization	48	
	302-4	Reduction of energy consumption	44~45	
Water and Effluents (2018)	303-5	Water consumption	48	
Emissions	305-1	Direct (Scope 1) GHG emissions	45, 48	
	305-2	Energy indirect (Scope 2) GHG emissions	45, 48	
	305-4	GHG emissions intensity	45	
	305-5	Reduction of GHG emissions	45	
Effluents and Waste (2020)	306-1	Water discharge by quality and destination	43	
	306-2	Waste by type and disposal method	48	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	48	
Social				
Employment	401-1	New employee hires and employee turnover	49	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	30	
	401-3	Parental leave	49	

Topic	No.	Disclosure Content	Page	Remark
Topic-specific Standards				
Social				
Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	34	
	403-2	Hazard identification, risk assessment, and incident investigation	35	
	403-3	Occupational health services	35	
	403-4	Worker participation, consultation, and communication on occupational health and safety	34	
	403-5	Worker training on occupational health and safety	35	
	403-6	Promotion of worker health	30, 34	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	35	
	403-8	Workers covered by an occupational health and safety management system	34	
	403-9	Work-related injuries	49	
	403-10	Work-related ill health	49	
Training and Education	404-1	Average hours of training per year per employee	11	
	404-2	Programs for upgrading employee skills and transition assistance programs	27~28	
	404-3	Percentage of employees receiving regular performance and career development reviews	50	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	12, 50	
	405-2	Ratio of basic salary and remuneration of women to men	31	
Non-discrimination	406-1	Incidents of discrimination and corrective actions take	-	No discrimination cases received during the reporting period
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	31, 49	
Public Policy	415-1	Political contributions	-	In accordance with Article 31 of the Political Funds Act (Restrictions on Donation), corporations and organizations cannot donate political funds.
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	36	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No cases of legal sanctions or fines for the violation during the reporting period
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No cases of legal sanctions or fines for the violation during the reporting period
	417-3	Incidents of non-compliance concerning marketing communications	-	No cases of legal sanctions or fines for the violation during the reporting period
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No complaints regarding customer privacy and data loss
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	No cases of legal sanctions or fines for the violation during the reporting period

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Semiconductors

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metric	Category	Unit	Reporting Area
Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	Quantitative	tCO ₂ eq	(1) 523tCO ₂ eq (2) N/A
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance on those targets	Discussion and Analysis	n/a	ESG Committee (p.13), Reducing of GHG Emissions (p.45)
Energy Management in Manufacturing	TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	GJ,%	(1) 62,864GJ (2) 98.4% (3) 1.6%
Water Management	TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage ¹⁾ of each in regions with High or Extremely High Baseline Water Stress	Quantitative	1000m ³ , %	(1) 20.4 (2) 20.4
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	t, %	3.55 tons of industrial waste are processed through a consignment company, but not recycled
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Discussion and Analysis	n/a	Safety Measures for Facilities Using Radiation (p.35)
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	KRW or USD	No cases of payment of related sanctions and fines during the reporting period
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	%	(1) 33.7% (258 persons) (2) 33.5% (259 persons)
Product Lifecycle Management	TC-SC-410a.1	ercentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	%	Management of Hazardous Substances (p.42)
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	Unit by product category	As a manufacturer of inspection equipment, we do not directly produce system and memory semiconductors.
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	Management of Hazardous Substances (p.42)
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti- competitive behavior regulations	Quantitative	KRW or USD	No cases of payment of related sanctions and fines during the reporting period

1) KO YOUNG Technology does not purify the water taken through the water supply or operate any process that may leak. Therefore, the amount withdrawn through the water supply and the total consumption are the same.

Activity Metrics

Code	Accounting Metric	Category	Unit	Reporting Area
TC-SC-000.A	Total production ²⁾	Quantitative	KRW 100 million	Production result in 2021: KRW 871 billion
TC-SC-000.B	Percentage of production from owned facilities	Quantitative	%	100% produced at Gwangmyeong Manufacturing Center owned by KOH YOUNG TECHNOLOGY

2) In accordance with Goyoung Technology's security policy, it is indicated as the amount of production performance, not the volume of production.

Independent Assurance Statement

Independent Assurance Report on the Identified Sustainability Information in Koh Young Technology's ESG Report 2021 (English Translation of a Report Originally Issued in Korea)



To the management of Koh Young Technology Inc.

We have undertaken a limited assurance engagement in respect of the selected sustainability information(the 'Identified Sustainability Information') in the Koh Young Technology's ESG Report for the year ended December 31 2021 (the 'Report') listed below.

Identified Sustainability Information

The Identified Sustainability Information included in the Koh Young Technology's Report for the year ended December 31 2021 is summarized below:

- 'Information Included in Global Reporting Initiative (GRI) Standards Index' stated on pages 56~57
- 'Non-financial data' stated on pages 48~50 (Sustainability databook)
- 'Information Included in Sustainability Accounting Standards Board (SASB) Index' on pages 58

Our assurance was with respect to the year ended December 31 2021 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by Koh Young Technology to prepare the Identified Sustainability Information are 'GRI Standards with Core Option' and 'Sustainability Accounting Standards Board (SASB)' (the 'Criteria').

Koh Young Technology's Responsibility for the Identified Sustainability Information

Koh Young Technology is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Our Independence and Quality Control

We have complied with the ethical requirements of the Republic of Korea, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standards on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of Koh Young Technology's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, review of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made inquiries of the personnel responsible for internal reporting and data collection regarding Koh Young Technology's Identified Sustainability Information to understand their approaches to manage material issues
- Obtain understanding of the systems and processes in place for managing and reporting the Identified Sustainability Information of Headquarters in Seoul, R&D Center in Gwanggyo, and Manufacturing Center in Gwangmyeong.

- Review documents relevant to the risk assessment process, sustainability-related policies and standards, materiality assessment, engagement activities of the stakeholders and others
- Perform limited assurance on the Identified Sustainability Information based on inquiries and analytical reviews

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Koh Young Technology's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Koh Young Technology's Identified Sustainability Information the year ended December 31 2021 is not prepared, in all material respects, in accordance with the Criteria.

Restricted Use

This Report is prepared solely for the management of Koh Young Technology to assist in obtaining understanding of Koh Young Technology's sustainable management performance and activities. Accordingly, we accept no liability or responsibility to any third party, other than Koh Young Technology and its management, who gains access to this report.

Samuel PricewaterhouseCoopers

August 11, 2022

Seoul, Korea

This report is effective as of August 11, 2022, the report date. Certain subsequent events or circumstances, which may occur between the report date and the time of reading this report, could have a material impact on the Report on the Identified Sustainability Information. Accordingly, the readers of the report should understand that there is a possibility that the above report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

